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FRANCHISE DISCLOSURE DOCUMENT

2018 NOV 16 PM 2 41

~~VAPOR SHARK FRANCHISING, LLC~~
~~A Florida Limited Liability Company~~
~~5000 SW 75th Avenue, Suite 120 Miami, FL 33155~~
~~(855) 827-3669~~
~~franchise@vaporshark.com~~
~~www.vaporshark.com/franchise~~

	<u>VAPOR SHARK FRANCHISING, LLC</u> <u>A Florida Limited Liability Company</u> <u>5000 SW 75th Avenue, Suite 120 Miami, FL 33155</u> <u>(855) 827-3669</u> <u>franchise@vaporshark.com</u> <u>www.vaporshark.com/franchise</u>
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~~As a franchisee, you will operate~~The franchise offered is a retail business offering and selling electronic cigarettes, e-liquids and related electronic cigarette accessories and items

The total investment necessary to begin operation of a single Vapor Shark franchised business ranges from \$118,775 00 to \$200,000 00 This includes initial payments between \$67,500 00 ~~65,000.00~~ and ~~\$80,000 00~~ which 85,000.00 that must be paid to the franchisor and/or its affiliates If you sign an area development agreement to develop more than one Vapor Shark franchised business pursuant to a development schedule, you must also pay an area development fee equal to (a) \$5,000 multiplied by (b) the number of Vapor Shark franchised businesses to be developed under the area development agreement (not including the first franchised business).

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

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact Christopher Jason Henshaw at 5000 SW 75th Avenue, Suite 120, Miami, FL 33155, (855) 8273669 827-3669, or at 7900 Oak Lane, Suite 401, Miami Lakes, FL 33016 following the

Franchisor's move to a new principal office later in 2018.

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

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

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

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

ISSUANCE DATE May 18, 201722, 2018

STATE COVER PAGE

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

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

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

3-Please consider the following RISK FACTORS before you buy this franchise

1 1-~~THE~~ FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN FLORIDA OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN FLORIDA THAN IN YOUR OWN STATE

2 2-~~THE~~ FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT FLORIDA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3-

3. 4-~~3~~-THE FRANCHISOR WAS FORMED IN DECEMBER, 2013 AND HAS ~~THREE~~FOUR YEARS OF OPERATING HISTORY AND RECORD OF PERFORMANCE A FRANCHISEE WILL BE REQUIRED TO MAKE AN INITIAL INVESTMENT OF FROM \$118,775 00 to \$200,000 00 WHICH EXCEEDS THE FRANCHISOR'S NET WORTH AS OF DECEMBER 31, ~~2016~~2017 OF \$~~28,000 00~~ 4,446

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4. 0-4-~~THE~~ FRANCHISOR HAS LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND THE FRANCHISOR'S PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES

~~+ 5 YOU MUST COMPLY WITH MINIMUM AND/OR MAXIMUM PRICES SET BY THE FRANCHISOR FOR THE GOODS AND SERVICES YOU SELL THIS REQUIREMENT MAY REDUCE YOUR ANTICIPATED REVENUE AND NET INCOME.~~

~~6~~

5. ~~2-6~~ EFFECTIVE AUGUST 8, 2016, THE PRODUCTS AUTHORIZED FOR SALE AT YOUR FRANCHISED BUSINESS IN THE UNITED STATES ARE NOW REGULATED BY THE U.S.

~~++~~ FOOD AND DRUG ADMINISTRATION ("FDA") AS TOBACCO PRODUCTS, INCLUDING COMPONENTS OR PARTS OF THESE PRODUCTS. THESE FDA REGULATIONS INCLUDE THE FILING OF DETAILED PREMARKET TOBACCO APPLICATIONS BY MANUFACTURERS NOT LATER THAN AUGUST 8, 2018 FOR EACH PRODUCT NOT IN THE MARKET AS OF FEBRUARY 15, 2007. 2022. IT IS CURRENTLY UNKNOWN WHETHER THIS COMPLIANCE PERIOD WILL CHANGE, WHETHER THE SPECIFIC CONTENT REQUIREMENTS FOR THESE APPLICATIONS WILL BE PROVIDED BY FDA, OR WHETHER FDA WILL HAVE THE NECESSARY RESOURCES TO PROCESS ALL APPLICATIONS ~~WITHIN THE 12 MONTH PERIOD FROM AUGUST 8, 2018 TO AUGUST 8, 2019 AS PROVIDED~~ AS REQUIRED BY FDA'S "DEEMING" REGULATIONS

~~14~~

6. ~~2-7~~ THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Effective Date SEE FOLLOWING PAGE

STATE EFFECTIVE DATES

The ~~following states listed below may require registration or filing of this~~ that the ~~Franchise Disclosure Document. If this offering is registered in any of these states, the effective date of the registration may differ from the date of issuance of this Disclosure Document as stated below. Some of these states may require different or additional disclosures or revisions to the agreement. The effective date of this Disclosure Document for any state that is not included in this list is as shown on the cover of this Disclosure Document. (See the State Addenda to this Disclosure Document for certain states.)~~

California ————— Effective Date June 16, 2016
 Connecticut ————— Effective Date
 Florida ————— Effective Date April 2, 2017
 Hawaii ————— Effective Date August 15, 2016 be registered or filed with the state or be exempt from registration. California, Hawaii, Illinois — Effective Date April 28, 2016
 Indiana ————— Effective Date
 Kentucky ————— Effective Date
 Maine ————— Effective Date
 Maryland ————— Effective Date August 1, 2016, Indiana, Maryland, Michigan
 Effective Date May 3, 2017, Minnesota — Effective Date
 Nebraska ————— Effective Date
 New York ————— Effective Date September 15, 2016
 North Carolina ————— Effective Date, New York, North Dakota Effective Date,
 Rhode Island ————— Effective Date
 South Carolina ————— Effective Date
 South Dakota ————— Effective Date
 Texas ————— Effective Date March 30, 2015
 Utah ————— Effective Date
 Virginia ————— Effective Date, South Dakota, Virginia, Washington Effective Date November 19, 2015, and Wisconsin Effective Date May 3, 2016.

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This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws with the following effective dates.

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Exhibit "B"	Agents for Service of Process
Exhibit "C"	Franchise Agreement
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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, the words "Vapor Shark," "Franchisor," "we," "our" and "us" refer to Vapor Shark Franchising, LLC, the franchisor "You" and "your" refer to the person who buys the franchise, whether as an individual or as a corporation, limited liability company or other business entity. If you are a corporation, limited liability company or other business entity, your owners must sign our Guaranty and Assumption of Obligations, which means that all of the provisions of the ~~Franchise Agreement~~franchise agreement (Exhibit "C") (the "Franchise Agreement") also will apply to your owners.

The Franchisor and Parent Company

We were formed as a limited liability company in Florida on January 1, 2014. We are owned by ~~The Hand Media, Inc. d/b/a Vapor Shark, LLC, a Delaware limited liability company,~~ our parent company Vapor Shark, LLC was converted from a Florida corporation. The Hand Media, Inc. on July 6, 2017. The Hand Media, Inc. was formed on December 30, 2008. Our principal business address is 5000 SW 75th Avenue, Suite 120, Miami, FL ~~33155. We do 33155,~~ although we currently plan to move to a new principal business address, 7900 Oak Lane, Suite 401, Miami Lakes, FL 33016, later in 2018. We conduct business under the names Vapor Shark Franchising, LLC and "Vapor Shark." We have offered franchises since 2014. If we have an agent in your state for service of process, we disclose that agent in Exhibit "B."

We franchise the right to operate businesses ("Franchised Businesses") that offer and sell electronic cigarettes, e-liquids and electronic cigarette accessories and related items. Franchised Businesses typically require between 900 to 1,500 ~~to 2,000~~ square feet of space and are usually located in shopping centers, strip malls or in free standing buildings ~~(Kiosks are not permitted).~~ The franchise operates. Franchised Businesses operate using our standards and business methods, called our "System."

We have no other business activities and have not offered franchises in other lines of business, and we do not own or operate a Vapor Shark business, although our affiliates do.

Our _____ Predecessors _____ and _____ Affiliates _____

We have no predecessors.

Our affiliate and parent company, ~~The Hand Media, Inc. 5000 SW 75th Avenue, Suite 120, Miami, Florida 33155,~~ and Vapor Shark, LLC ("VS"), provides management services to

~~8~~seven Vapor Shark retail stores in Florida, which are owned by the companies below ~~The Hand Media, Inc.~~ VS has a principal business address at 5000 SW 75th Avenue, Suite 120, Miami, Florida 33155, but currently plans to move to a new principal address, 7900 Oak Lane, Suite 401, Miami Lakes, FL 33016 later in 2018. VS began providing services to Vapor Shark retail stores in 2012. Also, ~~The Hand Media, Inc.~~ VS provides services to Vapor Shark Internet Sales, LLC and our affiliate JB Vapor Enterprises, LLC ~~The Hand Media, Inc.~~ both of which are affiliates discussed in greater detail below. VS is registered to do business as "Vapor Shark" and has registered both Federal and Florida trademarks relating to "Vapor Shark" and "VaporShark"

VS is owned by Turning Point Brands, Inc. ("TPB"), a publicly-traded company marketing tobacco products (including vapor products) as well as non-tobacco herbal smoking products. TPB is headquartered at 5201 Interchange Way, Louisville, KY 40229.

TPB also owns Vapor Beast LLC ("Vapor Beast"), an affiliate and Delaware limited liability company formed on September 14, 2017 with a principal business address of 1900 Wright Place, Suite 250, Carlsbad, CA 92008. Vapor Beast sells vapor products similar to those sold by VS, but does not offer franchises in any line of business.

Our affiliate, Vapor Shark Internet Sales, LLC, conducts online sales of Vapor Shark

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~~Vapor Shark Franchise Documents - Version Dated May 18, 2017~~ products through the Vapor Shark website. Vapor Shark Internet Sales, LLC has a principal business address at 5201 Interchange Way, Louisville, KY 40229, and was formed as a Florida limited liability company effective on January 1, 2014.

Our affiliate, Vapor Shark International Franchising, LLC, is currently located at 5000 SW 75th Avenue, Suite 120, Miami, Florida 33155, but plans to move to a new principal address, 7900 Oak Lane, Suite 401, Miami Lakes, FL 33016 later in 2018, and sells Vapor Shark franchises internationally. Vapor Shark International Franchising, LLC was formed in Florida, effective on August 15, 2014

~~The Hand Media, Inc.~~ VS currently owns and provides management services to ~~eight~~ ~~(8)~~seven affiliated Vapor Shark retail locations that are conducting business as separate, individual limited liability companies, each identified below with their principal business addresses.

- 1 Vapor Shark Miami, LLC, 6550 Bird Road, Miami, FL 33155
- 2 Vapor Shark Kendall, LLC, 11920 Kendall Dr, Miami, FL 33186
- 3 Vapor Shark Hallandale, LLC, 730 W Hallandale Beach Blvd, Hallandale, FL 33009
- 4 Vapor Shark Pinecrest, LLC, 6611 S Dixie Hwy, Miami, FL 33143

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- 5 Vapor Shark Palmetto Bay, LLC, 14475 S Dixie Hwy, Palmetto Bay, FL 33176
- ~~6 Vapor Shark Key West, LLC, 302 Front Street, Key West, FL 33041~~
- 6 7-Vapor Shark Coral Springs, LLC, 1326 University Dr , No 14, Coral Springs, FL 33071
- 7 8-Vapor Shark Flagami, LLC, 4315 NW 7th Street, Miami, FL 33126

~~The Hand Media, Inc-VS~~ also owns 50% of one additional Vapor Shark retail location, which is also conducting business as an individual limited liability company and not a franchisee, and which is operated by ~~The Hand Media, Inc-VS~~ and Christopher Jason Henshaw

JB Vapor Enterprises, LLC, 280 N Federal Highway, Ft Lauderdale, FL 33301

The Vapor Shark retail stores operated by our affiliate(s) are similar to those you will operate as a franchisee ~~None of our affiliates have offered franchises in any lines of business and currently have no plans to do so~~ Except as indicated above, none of our affiliates have offered franchises in any lines of business and currently have no plans to do so.

Other Material Relationships

~~The Hand Media, Inc , our affiliate and parent company, entered into a strategic business alliance with Turning Point Brands Inc ("TPB") on March 19, 2017 TPB is neither a franchisor nor an entity involved with the day to day activities associated with operating your Franchised Business. However, TPB may exercise its right to exert control over The Hand Media, Inc and us in the future TPB is a publicly traded company marketing tobacco products (including vapor products) as well as non-tobacco herbal smoking products TPB is headquartered at 5201 Interchange Way, Louisville KY 40229~~

Area Development Agreement

We also offer qualified applicants the ability to enter into a development agreement (an "Area Development Agreement") to develop multiple Franchised Businesses within a described geographic area (the "Development Area"). Each Franchised Business developed pursuant to the Area Development Agreement will operate within a defined territory in the Development Area. Our current form of Area Development Agreement is attached to this Disclosure Document as Exhibit D. The size of the Development Area will vary depending on the local market conditions and the number of Franchised Businesses to be developed. The Development Area, and the territories within the Development Area, will be determined before you sign the Area Development Agreement and will be described in the Area Development Agreement or an attachment to it (the "Development Schedule"). You must develop the number of Franchised Businesses specified by the Area Development Agreement in the Development Area according to

and in a sequence described in the Development Schedule. If you default under the Area Development Agreement, then it is a default under the Franchise Agreements for which we may terminate the Franchise Agreements. Conversely, any default under one or more Franchise Agreements is a default under the Area Development Agreement, for which we may terminate the Area Development Agreement. We reserve the right to refuse to enter into an Area Development Agreement with any franchisee as determined in our sole and absolute discretion. In addition, we are not required to offer or enter into an Area Development Agreement with franchisees that develop more than one Franchised Business.

General Description of the Market and Competition

Vapor Shark products are primarily marketed to people seeking an alternative to

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~~Vapor Shark Franchise Documents - Version Dated May 18, 2017~~ traditional cigarettes. We are one of a growing number of businesses offering electronic cigarettes. ~~We believe that the market is growing.~~ As a franchisee, you will compete with other businesses that offer and sell electronic cigarettes and related products. Your competition may be local, independently owned businesses or may be part of a regional or national chain or franchise. You may also encounter competition from other Vapor Shark retail locations operated by our affiliates or other franchisees, as well as Vapor Shark Internet Sales, LLC, which sells Vapor Shark products online, and by our affiliate Vapor Beast and any other affiliate that TPB may acquire from time to time. We may, in the future acquire new vapor-related businesses or businesses that are otherwise in competition with the Franchised Businesses.

Regulations Specific to the Industry

In some ~~States~~states, a tobacco license is required to sell Vapor Shark products. The details of state, county and local regulations and requirements vary from place to place. You should investigate whether there are regulations and requirements that apply in the geographic area in which you are interested in locating your Franchised Business and should consider both their effect and the cost of compliance. You must comply with all local, state and federal laws that apply to businesses generally, including the Fair Labor Standards Acts and state laws governing various matters, such as minimum wage, overtime and other working conditions. You must also comply with the provisions of the Americans with Disabilities Act, which regulates access to your Franchised Business by persons with disabilities and requires that employers provide reasonable accommodations for employees and customers with disabilities.

Some states, cities and/or municipalities have restricted the use of e-cigarettes and included them with the same or similar restrictions on the use of tobacco products. There may be state, county and municipal law, ordinances, rules and regulations pertaining to electronic

cigarettes that affect your Franchised Business As part of your due diligence, you should investigate if there are any in the geographic area where your Franchised Business will be located

On May 10, 2016 the United States Department of Health and Human Regulations, Food and Drug Administration ("FDA") issued a Final Rule ("Final Rule") entitled "Deeming Tobacco Products To Be Subject to the Federal Food, Drug, and Cosmetic Act, as Amended by the Family Smoking Prevention and Tobacco Control Act, Restrictions on the Sale and Distribution of Tobacco Products and Required Warning Statements for Tobacco Products" As of March 31, ~~2017, 2018~~, the current version of this rule requires that all Electronic Nicotine Delivery Systems ("ENDS"), including electronic cigarettes, must comply with FDA regulations, including regulations affecting the manufacture and retail of ENDS products

Our ~~Affiliate, The Hand Media, Inc affiliate, VS~~ is in the process of evaluating and attempting to comply with these FDA regulations However, ~~the~~ FDA has yet to provide clarity with respect to the specific content required for these premarket tobacco applications for all ENDS products on the market (and not in a test market) as of August 8, 2016 which need to be filed with

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~~Vapor Shark Franchise Documents Version Dated May 18 2017~~ the FDA for all ENDS products not later than August 8, 2018, 2022, including components and parts for these products FDA ~~has set a limited continuing compliance period from August 8, 2018 to August 8, 2019 for only those ENDS products which are the subject of then pending premarket tobacco applications~~ ENDS products not subject to a pending premarket tobacco application as of August 8, ~~2018 2022~~ will be considered misbranded and adulterated by FDA ~~If our Affiliate, Additionally, any ENDS products introduced to the market after August 8, 2016 must have a marketing authorization from the FDA prior to selling such products, otherwise, these products will be considered misbranded and adulterated by the FDA. If VS is unable to comply with FDA regulations, in whole or in part, it may have material effects on the Vapor Shark products that are permitted to be sold in the United States~~

Examples of industry compliance risks include a manufacturer's inability to file applications for certain products by the FDA's deadline, FDA's rejection of certain applications, FDA's unwillingness to affirmatively render a decision by the deadline (thereby preventing the product from being sold), a manufacturer's inability to extend deadlines, continuing uncertainty within the industry regarding specific content for premarket tobacco applications, substantial expenses associated with FDA application requirements, and, implementation of new FDA product standards and similar regulatory compliance issues beyond our reasonable control These issues are not unique to us, but they may affect our industry such that the number and type of products available to Vapor Shark may be limited or extinguished altogether (absent statutory

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relief, regulatory changes or judicial intervention)

As a retailer of ENDS products, you are required to comply with all FDA regulations for the sale of tobacco products. The FDA provides the following literature for Retailer Overview of FDA Regulations for Selling Tobacco Products at <https://www.fda.gov/TobaccoProducts/GuidanceComplianceRegulatoryInformation/Retail/ucm205021.htm>

The full text of the Final Rule is available on the Federal Register website at <https://www.gpo.gov/fdsys/pkg/FR-2016-05-10/pdf/2016-10685.pdf>

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer and Managing Member Brandon Leidel

~~Mr. Leidel has been our Chief Executive Officer and Managing Member since our inception. Since December, 2008, until present, he has been Chief Executive Officer of our affiliate, The Hand Media, Inc., in Miami, Florida. Mr. Leidel is the Managing Member of all of our affiliates, including the limited liability Vapor Shark retail stores and Vapor Shark Internet Sales. Mr. Leidel is the President, Treasurer and Secretary of The Hand Media, Inc. Mr. Leidel is the Managing Member of Vapor Shark Franchising, LLC.~~

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Vapor Shark Franchise Documents, Version Dated May 18, 2017

Director of Franchise Program and Sales Development Christopher Jason Henshaw

Mr. Henshaw has been our Director of Franchise Sales Development since October 2014. ~~Since prior to~~ From 2010 until October 2014, Mr. Henshaw worked as a private landscape designer, horticulturalist, and certified botanist and also as a code enforcement inspector for landscape inspections for the City of Davie, Florida. Since 2014, Mr. Henshaw has been a member and the 50% owner of affiliate JB Vapor Enterprises, LLC, and is the executive manager of the Vapor Shark retail store located at 280 N Federal Highway, Ft. Lauderdale, FL 33301.

Chief Operating Officer Michael Hernandez

Mr. Hernandez has been our Chief Operating Officer since November 2014. From July 2010 until November 2014, Mr. Hernandez worked as the Vice President of Operations for

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Vapor Shark Franchise Documents, Version Dated May 22, 2018

Bayshore Grove Management, which operated five quick-service restaurant franchises, located in Fulton County, Georgia.

ITEM 3 LITIGATION

Prior Actions

The Hand Media, Inc. d/b/a Vapor Shark v ATOZ Vapor World, LLC, Case No. 14-cv-23403 Scola/Otazo-Reyes (US District Court Southern District of Florida, filed September 15, 2014) The Hand Media sued a competitor that was selling counterfeit Vapor Shark products that infringed upon and were confusingly similar to Vapor Shark's trade dress. Vapor Shark sought relief for unfair competition and false designation of origin claims. This lawsuit was settled by a Stipulated Permanent Injunction and Agreed Final Judgment against the Defendant, ATOZ Vapor World, LLC, whereby that company was prohibited from selling counterfeit Vapor Shark products and confusingly similar products, as well as from further unfair competition against Vapor Shark. The J.M. Smucker Company, Case No. 16-cv-20315 – Ungaro (US District Court, Southern District of Florida, filed January 27, 2016). The Hand Media, Inc. ("THM") filed a complaint against The J.M. Smucker Company ("Smuckers") seeking declaratory judgment of noninfringement and no dilution or tarnishment of the "Uncrustables" trademark. The parties mediated the case on August 11, 2016. Pursuant to the Mediated Settlement Agreement, Smuckers agreed to pay THM \$75,000, and THM agreed to voluntarily abandon its "Uncrustable" trademark and not to use Smuckers' "Uncrustables" trademark, or any of Smuckers' other identified trademarks. The parties also executed a mutual release. The action was dismissed with prejudice on August 26, 2016.

The Hand Media, Inc. d/b/a Vapor Shark v SAC Enterprises, LLC- d/b/a Vapor Hog, Case No. 13-cv-22163- —Lenard/McAliley (US District Court, Southern District of Florida, filed June 17, 2013) The Hand Media sued a competitor for unfair competition, trademark dilution and infringement, and deceptive and unfair trade practices, and alleged that the competitor was using a confusingly similar logo, infringing on its intellectual property rights, and making false claims about Vapor Shark products. This lawsuit was settled without any admission of wrongdoing, and the parties exchanged releases and Vapor Hog agreed to modify a portion of its logo.

State of Florida v Brandon T. Leidel, Case No. 13-2006-CF-024927-001 (Miami Dade County, FL Circuit Court, filed July 20, 2006) Our CEO and Managing Member, Brandon Leidel was arrested on counts of grand theft auto, fleeing the police, and resisting officer without violence to his person on June 14, 2007. His misdemeanor count for resisting officer without violence was suspended by court and he admittedly pleaded guilty to counts one and two. He was convicted and sentenced to three years of probation, with

~~special conditions, including restitution. His probation started on 6-14-07 and ended/discharged on 6-14-2010. As a consequence of the foregoing, our application for franchise registration filed in Virginia in 2014 was withdrawn.~~

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~

~~Except for the actions described above, no litigation is required to be disclosed on this Item.~~

ITEM 4 BANKRUPTCY

No bankruptcies are required to be disclosed in this Item

ITEM 5 INITIAL FEES

Initial Franchise Fees

You must pay us (or an affiliate) an initial franchise fee of \$25,000. ~~The 25,000 for your Franchised Business. The initial~~ franchise fee is paid to us in two installments. \$12,500 is paid when you sign our Deposit Agreement (Exhibit "D" to Franchise Disclosure Document), ~~\$5,000-005,000~~ of this first installment is non-refundable under any circumstance. After you sign the Deposit Agreement we will begin the process to approve you as a Franchisee. If you are not approved or you do not execute our Franchise Agreement for any other reason, then ~~\$7,500-007,500~~ of your first installment payment will be returned to you. Once you have been approved, then an additional payment of ~~\$12,500-0012,500~~ is due upon executing the Franchise Agreement and at that time the entire initial franchise fee is not refundable under any circumstances. The initial franchise fee is payment, in part, for expenses incurred by us in furnishing assistance and services to you as set forth in the Franchise Agreement and for costs incurred by us, including general sales and marketing expenses, training, legal, accounting and other professional fees. The initial franchise fee is uniform for all franchisees. All initial franchise fees are deemed fully earned and nonrefundable upon payment.

In the state of Washington, franchisees will not be required to pay the initial franchise fee until we complete our pre-opening obligations and we have completed your training and you are open for business. Once we have fulfilled our pre-opening obligations, you must pay us the initial franchise fee in the amount of \$25,000 ~~payable~~ by certified funds or wire transfer.

Before you open your Franchised Business, you must purchase an initial inventory of electronic cigarettes, e-liquids and accessories from our affiliate at an estimated cost of \$40,000.

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to \$60,000, payable prior to you opening for business. The actual amounts will depend on the size of your order, shipping costs and other charges. ~~You are required to~~must carry the full line of ~~all~~ Vapor Shark products as designated by us in our sole and absolute discretion in stock at your Franchised Business. ~~Also, before you open your Franchised Business, you must purchase your point of sale system (POS) computer system from our specified supplier at a cost of \$2,500 to \$5,000, there are also monthly licensing fees associated with the POS. Further, you must purchase a license to use Quick Books accounting software. Payments for inventory and the POS system are not refundable.~~

Area Development Fees

When you sign an Area Development Agreement, you must pay us a lump-sum, nonrefundable development fee equal to \$5,000 multiplied by the number of Franchised Businesses to be developed pursuant to the development schedule (the "Development Fee"). You must enter into your first Franchise Agreement at the same time that you sign the Area Development Agreement, but the first Franchise Agreement will not be included when calculating the Development Fee. The initial franchise fee for all Franchise Agreements entered into pursuant to the Area Development Agreement will be reduced to \$20,000 each, not including the first Franchise Agreement. The Development Fee may not be uniform for all area developers entering into an Area Development Agreement under this offering depending on the geographic area and other factors. Unless otherwise provided by state law in your jurisdiction, the Development Fee will be fully earned by us upon signing the Area Development Agreement and is not refundable under any circumstances.

ITEM 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
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Marketing Fund and Contribution Local Advertising	Currently, none If established, your contribution will be up to 2% of Gross Sales [†]	Monthly	You may have to contribute in the future We will give you at least 60 days' notice Your contribution will not be more than 2% of Gross Sales for the initial franchise term We may require your marketing fund contributions to be used in a cooperative advertising program (See Item 11) Currently, there are no advertising cooperatives You pay directly subject to our approval We may require expenditures to be used in cooperative advertising Further information about all advertising programs is included in Item 11
Cooperative Advertising	Currently, None If established, your contribution will be up to 2% of your Gross Sales, which will count towards the local advertising contribution	To be established	If we create a cooperative advertising program in a particular region that includes your Franchised Business, you must participate The specifics of any cooperative advertising program will be determined when established, including the amount, if any, of a cooperative advertising fee, which will not exceed 2% of your Gross Sales See Item 11
Manual Replacement Fee	\$250.00	Upon Invoice	If you lose your copy of the Manual or it needs to be replaced for any reason
Renewal Fee	25% of then current Franchise Fee	At the time of renewal	There are other requirements for renewal

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
<u>Marketing Fund Contribution</u>	<u>Currently, none. If established, your contribution will be up to 2% of Gross Sales¹</u>	<u>Monthly</u>	<u>You may have to contribute in the future. We will give you at least 60 days' notice. Your contribution will not be more than 2% of Gross Sales for the initial franchise term. We may require your marketing fund contributions to be used in a cooperative advertising program (See Item 11). Currently, there are no advertising cooperatives. You pay directly subject to our approval.</u>
<u>Local Advertising Expenditures</u>	<u>2% of Gross Sales¹</u>	<u>Monthly</u>	<u>You must pay advertisers directly subject to our approval, and you must provide proof of local advertising expenditures. We may require your local advertising expenditures to be used in a cooperative advertising program (See Item 11). Currently, there are no advertising cooperatives.</u>
<u>Cooperative Advertising</u>	<u>Currently, none. If established, your contribution will be up to 2% of your Gross Sales, which will count towards the local advertising contribution.</u>	<u>To be established</u>	<u>If we create a cooperative advertising program in a particular region that includes your Franchised Business, you must participate. The specifics of any cooperative advertising program will be determined when established, including the amount, if any, of a cooperative advertising fee, which will not exceed 2%.</u>

			<u>of your Gross Sales. See Item 11.</u>
<u>Manual Replacement Fee</u>	<u>\$250.00</u>	<u>Upon Invoice</u>	<u>If you lose your copy of the Manual or it needs to be replaced for any reason.</u>
<u>Renewal Fee</u>	<u>25% of then-current initial franchise fee</u>	<u>At the time of renewal</u>	<u>There are other requirements for renewal which are described in greater detail in Item 17.</u>
Audit Expenses ²	All costs and expenses associated with audit	Upon demand	Audit costs payable only if the audit shows an understatement in amounts due of at least 3%
Late Fees ³	18% per year (1 5% per month) or the highest rate allowed by the state where you are located, whichever is less <u>applicable law</u>	Upon demand	Applies to all overdue fees you owe us Also applies to any understatement in amounts due revealed by an audit
Approval of Products or Suppliers ⁴	All reasonable costs of evaluation	Time of evaluation	Applies to our evaluation of new suppliers you wish to purchase from or products you wish to purchase
Insurance Policies	Amount of unpaid premiums plus our reasonable expenses in obtaining the policies	Upon demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you
Transfer Fees	Greater of 10% of purchase price <u>initial franchise fee</u> or \$10,000, when you transfer under the Franchise Agreement	At the time of transfer	Does not apply to an assignment under Section 18 3 of the Franchise Agreement
System Modification	Less than	As required	This amount is paid to us, our

	<u>\$40,000-60,000</u> , during the initial term of franchise		affiliate, or approved supplier only if we make changes to our System. You must adapt your business to conform to these changes. Some examples of changes may include new equipment, fixtures, software, or new Marks.
Substitute or New Designated Manager Training/Additional Training	Currently, <u>\$250-250</u> per day, plus your expenses in attending	Time of Training	Our initial training program is covered by your <u>initial</u> franchise fee. If you have to repeat initial training, we may charge you <u>our then-current training fee</u> .
<u>Relocation Customer Service</u> ⁵	<u>Costs of providing All costs incurred in assisting customers</u>	<u>Time Upon demand</u>	<u>If you need our assistance to You must reimburse us if we determine it is necessary for us to provide service directly to your customers.</u>
<u>Ongoing Training Programs</u> ⁶	<u>You are required to pay your own expenses as well as your employees' expenses in attending</u>	<u>Time of program</u>	<u>No tuition or training fees are assessed, attendance will not be required more than 2 times per year and collectively will not exceed 4 days in any year.</u>
<u>Additional Operations Assistance</u>	<u>Currently, \$250 per day, plus your expenses in attending</u>	<u>Time of Assistance</u>	<u>We provide operations assistance around the beginning of your Franchised Business' operations at no additional cost. If you request additional assistance, we may charge you our then-current additional operations assistance fees.</u>
<u>Temporary Management</u>	<u>Currently \$250 per day, plus our expenses</u>	<u>Monthly as applicable</u>	<u>If you breach the Franchise Agreement or following the</u>

<u>Assistance</u>			<u>death or incapacity of an owner of the franchise, we may temporarily manage your franchised business and charge you our then-current temporary management assistance fees.</u>
<u>Cost of Enforcement</u>	<u>All costs including attorneys' fees</u>	<u>Upon demand</u>	<u>You must reimburse us for all costs and attorneys' fees in enforcing obligations if we prevail under the Franchise Agreement.</u>
<u>Indemnification</u>	<u>All costs including attorneys' fees</u>	<u>Upon demand</u>	<u>You must defend lawsuits at your cost and hold us harmless against lawsuits arising from your operation of the Franchised Business under the Franchise Agreement.</u>
<u>Point of Sale ("POS") Software Licensing Fees</u>	<u>Not expected to exceed \$200 monthly in the year 2018⁷</u>	<u>Monthly</u>	<u>The POS software licensing fees are paid to third party vendors</u>
<u>Quick Books Accounting Software Yearly User License</u>	<u>Currently approximately \$360 per license for Quick Books Premier⁸</u>	<u>Every year or renewal period as designated by supplier</u>	<u>The licensing fees are paid to third party vendor Intuit</u>

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<u>Assistance</u>	<u>relocation assistance</u>	<u>Assistance</u>	<u>relocate, you must reimburse our costs to assist you-</u>
<u>Customer Service⁵</u>	<u>All costs incurred in assisting customers</u>	<u>Upon demand</u>	<u>You must reimburse us if we determine it is necessary for us to provide service directly to your customers-</u>

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Ongoing Training Programs ⁶	You are required to pay your own expenses as well as your employees' expenses in attending	Time of program	No tuition or training fees are assessed, attendance will not be required more than 2 times per year and collectively will not exceed 4 days in any year		
Additional Operations Assistance	Currently, \$250.00 per day, plus your expenses in attending	Time of Assistance	We provide approximately 5 days of assistance around the beginning of operations at no additional cost. You pay for additional assistance as you request it.		
Temporary Management Assistance	Currently \$250.00 per day, plus our expenses	Each month that it applies	If you breach the Franchise Agreement or following the death or incapacity of an owner of the franchise we may temporarily manage your franchised business.		
Cost of Enforcement	All costs including attorneys' fees	Upon demand	You must reimburse us for all costs and attorneys' fees in enforcing obligations if we prevail under the Franchise Agreement.		
Indemnification	All costs including attorneys' fees	Upon demand	You must defend lawsuits at your cost and hold us harmless against lawsuits, arising from your operation of the Franchised Business under the Franchise Agreement.		
POS Software licensing fees	Not expected to exceed \$100.00 monthly in the year 2017 ⁷	Each month that it applies	The licensing fees are paid to third party vendors.		
Quick Books accounting software yearly user license	Currently approximately \$360 per license for Quick Books Premier ⁸	Every year or renewal period required by	The licensing fees are paid to third party vendor Intuit.		
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Intuit					

These fees are imposed under the Franchise Agreement, and may be separately stated

therein No other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any other third party All fees are nonrefundable

Area Development Agreement

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
<u>Transfer Fee</u>	<u>The Franchisor's costs and expenses associated with the transfer, up to 25% of the Development Fee</u>	<u>At the time of transfer</u>	<u>Does not apply to an assignment under Section 9.4 of the Area Development Agreement</u>
<u>Indemnification</u>	<u>All costs including attorney's fees</u>	<u>Upon demand</u>	<u>You must defend lawsuits at your cost and hold us harmless against lawsuits arising from your actions or failure to act, breach of the franchise or related agreements, failure to pay any amounts due or fulfill obligations, or failure to comply with the Area Development Agreement or related agreements.</u>

NOTES

- ¹ "Gross Sales" means all revenue from the Franchise Business. Gross Sales do not include sales tax or use tax the aggregate of all revenue from the sale of products and services from all sources in connection with the Franchised Business, whether for check, cash, credit, barter exchange, or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by you for or on behalf of any governmental taxing authority and paid thereto, (c) the value of any allowance issued or granted to any customer of the Franchised Business that is credited by you in full or partial satisfaction of the price of any products and services offered in connection with the Franchised Business, and (d) any rebate received by you from a manufacturer or supplier.
- ² Costs will vary depending on factors, including prevailing auditor's rates in your area, the business activity being audited and how well you keep your books and records You pay our actual costs only, including accountants' and attorneys' fees
- ³ Late fees begin from the date payment was due, but not received, or date of underpayment

- 4 Costs vary depending on the availability of product samples for testing, shipping costs or travel to review the product, the type of product under review, whether the product of supplier has been rated and other similar factors ~~Your~~ You pay actual costs only
- 5 Costs vary depending on factors, including nature of the complaint, expertise needed and the time involved You pay our actual costs only
- 6 You must attend our ongoing training programs as described in Item 11 and which may be periodically redefined in our Confidential Operations Manual ("Manual"), a copy of which we will loan to you You must pay your costs to attend We do not charge you any fee Costs vary depending on the number of people attending, how far you travel and the type of accommodations you choose For further reference, review the estimated costs to attend our initial training program included in Item 7
- 7 The exact POS license fee and other licensing fees for applications to make the POS compatible with Quickbooks® have not are not known at the time of the issuance of this version of the Franchise Disclosure Document
- 8 The fees are set by Intuit, the maker of Quick Books software

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

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Type of Expenditure	Estimated-Amounts	Method of Payment	When Due	To Whom Payment is Due
			\$12,500 Due Upon	
Franchise Fee ¹	\$25,000	Cashier's Check or Wire Transfer	Signing \$12,500 due upon signing Franchise Deposit Agreement and Remaining remaining \$12,500 Due Upon	Us

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			<u>Signing due upon signing Franchise Agreement</u>	
			<u>Agreement</u>	
Real Estate Rent ²	\$2,000 - \$8,000	As Arranged	Before Beginning Operations	Lessor
Security Deposit	\$4,000 - \$16,000	As Arranged	Per Lease	Lessor
Utility Deposits ³	\$100 - \$500	As Arranged	Before Beginning Operations	Utilities
Leasehold Improvements ⁴	\$8,000 - \$25,000	As Arranged	Before Beginning Operations	Contract Suppliers
Insurance ⁵	\$1,200 - \$2,500	As Arranged	Before Beginning Operations	Insurance Companies
Office Equipment & Supplies ⁶	\$1,000 - \$1,500	As Arranged	Before Beginning Operations	Suppliers
<u>Initial Training</u> ⁷	\$1,200 - \$1,800 \$4,200 -	As Arranged	Before Beginning Business Before Beginning	Airlines, Hotels & Restaurants Approved
Signage ⁸	<u>\$4,200 - \$6,500</u>	As Arranged	<u>Before Beginning Business</u>	<u>Approved Suppliers, Suppliers</u>
	\$6,500		<u>Business</u>	<u>Suppliers</u>
Furniture, Fixtures & Equipment ⁹	\$20,000 - \$30,000	As Arranged	Before Beginning Business	Approved Suppliers, Suppliers, Suppliers, Affiliate
Initial Inventory ¹⁰	\$40,000 - \$60,000	As Arranged	Before Beginning Business	Affiliate, Approved Suppliers, Suppliers
Grand Opening ¹¹	\$1,000 - \$6,000	As Arranged	First Three (3) Months of Operation	Advertising Suppliers
License & Permits ¹²	\$75 - \$200	As Arranged	Before Beginning Business	Licensing Authorities

<u>Legal & Accounting</u> ¹³	<u>\$1,000 - \$2,000</u>	<u>As Arranged</u>	<u>Before Beginning Business</u>	<u>Attorney & Accountant</u>
<u>Additional Funds (3 months)</u> ¹⁴	<u>\$10,000 - \$15,000</u>	<u>As Arranged</u>	<u>As Necessary</u>	<u>Employees, Utilities, Lessor & Suppliers</u>
<u>TOTAL</u> ¹⁵	<u>\$118,775 - \$200,000</u>			

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<u>Legal & Accounting</u> ¹³	<u>\$1,000 - \$2,000</u>	<u>As Arranged</u>	<u>Before Beginning Business</u>	<u>Attorney & Accountant</u>
<u>Additional Funds (3 months)</u> ¹⁴	<u>\$10,000 - \$15,000</u>	<u>As Arranged</u>	<u>As Necessary</u>	<u>Employees, Utilities, Lessor & Suppliers</u>
<u>TOTAL</u> ¹⁵	<u>\$118,775 - \$200,000</u>			

Payments made to us pursuant to the Franchise Agreement are non-refundable, unless noted
Payments to third parties may be refundable depending on their individual policies

NOTES

¹ 9-Franchise Fee The Franchise Fee is described in greater detail in Item 5 The Franchise Deposit Agreement is attached as Exhibit "D" E

² 10-Real Estate Figures are estimated monthly rent You must lease or otherwise provide a suitable facility for the operation of your Franchised Business, which we must approve Typically, a Franchised Business will range in size from 1,500 to 2,000 square feet It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations Lease costs will vary based upon location, square footage, cost per square foot and required maintenance costs We assume you will have to pay the first month's rent and a security deposit equal to two months' rent in advance The amounts you pay are typically not refundable, but in certain circumstances the security deposit may be

³ 11-Utility Deposits If you are a new customer of your local utilities, you will generally have to pay deposits to obtain services including, electric, telephone, gas and water The amount of the deposit will vary depending upon the policies of the local utilities

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⁴ 12—Leasehold Improvements To adapt a newly acquired facility for operation into a Franchised Business, it must be renovated according to our standards and specifications. The cost of the leasehold improvements will vary depending on factors including, the size, condition and location, local wage rates and the cost of materials. The low estimate assumes that your landlord will provide some form of a build-out allowance, the amount of which is subject to negotiation between you and your landlord. The amounts you pay for leasehold improvements are typically not refundable.

⁵ 13—Insurance You must purchase the following types and amounts of insurance, which types and amounts may be modified by us in our sole and absolute discretion from time to time.

a) ~~a)~~ —“all risk” property insurance coverage for assets of the franchised store

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b) workers’ compensation insurance and employer liability coverage with a minimum limit of \$100,000 or higher if your state law requires.

c) comprehensive general liability insurance, including product liability coverage, with a minimum liability coverage of \$2,000,000 per occurrence or higher if your state law requires.

~~d) business interruption insurance~~

~~d)~~ e) automobile liability insurance of at least \$1,000,000 or higher if your state law requires, and

e) ~~f) business interruption insurance coverage for contractual indemnity as required by us~~

Factors that may affect your cost of insurance include the size and location of the facility, value of the leasehold improvements, number of employees and other factors. The amounts you pay for insurance are typically not refundable.

6 Office Equipment and Supplies You must purchase general office supplies including stationery, business cards and typical office equipment. Factors that may affect your cost of office equipment and supplies include local market conditions, competition among suppliers and other factors. We do not know if the amounts you pay for office equipment and supplies are refundable. You should inquire about the return and refund policy of the supplier at or before the time of purchase.

7 Training The cost of initial training is included in the initial franchise fee, but you are responsible for transportation and expenses for meals and lodging for you and the other attendees while attending training. The total cost will vary depending on the number of

people attending, how far you travel and the type of accommodations you choose. These expenses are typically not refundable.

- 8 Signage This range includes the cost of all signage used in the Franchised Business. The signage requirements and costs will vary based upon the size and location of the Franchised Business, local zoning requirements, landlord requirements and local wage rates for installation, among other things. The amounts you pay for signage are typically not refundable.
- 9 Furniture, Fixtures & Equipment You must purchase or lease certain furniture, fixtures and equipment to outfit and equip the Franchised Business according to our specifications, including computer systems, shelving and displays from us. The POS computer system costs between \$2,500 and \$5,000 (\$2,500 is the approximate base price, additional terminals will cost more). There are also monthly licensing fees for use of the POS software and for Quick Books software (see Item 11). These items are included in this category. The cost of these items will vary according to local market conditions, the size of the premises and other related factors. Amounts payable to us are non-refundable. The cost of the POS is included in the first page of the disclosure document, categorized as an amount paid to the franchisor or its affiliate.

- 10 Initial Inventory You must purchase an initial inventory of products for retail sale and use in the Franchised Business including electronic cigarettes, e-liquids, and related accessories and items from us. The cost of your inventory will vary based on the amount you purchase, as well as current product offerings.
- 11 Grand Opening You must spend between \$1,000 and \$6,000 on grand opening advertising during the first 3 months of operation. You may choose to spend more. See Item 11. Factors that may affect the actual amount you spend include the type of media used, the size of the area you advertise to, local media cost, location of your Franchised Business, time of year and customer demographics in the surrounding area. The amounts you spend for grand opening advertising are typically not refundable.
- 12 Licenses & Permits State and local government agencies typically charge fees for such things as construction permits and operating licenses. Your actual costs may vary from the estimates based on the requirements of state and local government agencies. These expenses are typically not refundable.
- 13 Legal & Accounting You may need to employ an attorney, an accountant and other consultants to assist you in establishing your Franchised Business. These fees may vary from location to location depending upon the prevailing rates of local attorneys, accountants and consultants. These fees are typically not refundable.
- 14 Additional Funds We recommend that you have a minimum amount of money available

to cover operating expenses, including employees' salaries, for the initial period of the first 3 months that the Franchised Business is open. We estimate that your Additional Funds needed to cover pre-opening, post opening and general operating expenses including such costs as lease payments, advertising, payroll, supplies, telephone, and professional services. These costs do not include an owner's salary. Additional funds are also an estimate of the monies you will need on hand during the initial phase of ~~Business~~ operations. We estimate that the initial phase will last about three months and that you will need approximately \$10,000 to \$15,000 to cover expenses during said initial phase. ~~These pre-opening and post-opening~~ figures are estimates, and we cannot guarantee that you will not have additional expenses in starting the business. Your costs will depend on factors such as how well you follow our methods and procedures, your management skill, experience, dedication, and business acumen, local economic conditions, the local market for your goods and services, the prevailing wage rate, competition, and the sales level reached during the initial start-up period.

- 15 Total You should review these figures carefully with a business advisor before making any decision to acquire the franchise. We do not offer financing directly or indirectly for any part of the ~~Initial Investment~~ initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions from which you request a

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~ loan. The estimate does not include any finance charge, interest or debt service obligation or your living expenses. We relied on our affiliates' years of operating Vapor Shark Businesses to compile these estimates.

Area Development Agreement

If you sign an Area Development Agreement, your initial investment for your first Franchised Business may be the same as disclosed in the chart above. You also will pay a one-time Development Fee as described in Item 5. The initial franchise fees for each Franchised Business you develop pursuant to the Area Development Agreement is set forth in Item 5. Your initial investment for your second and subsequent Franchised Businesses will likely be higher than the above estimates for your first Franchised Business due to inflation and other economic factors that may vary over time.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as indicated below, you are not required to purchase or lease products or services from us or our affiliate or from suppliers approved by us or under our specifications.

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Specifications

You must improve, furnish and equip the Franchised Business according to our current standards and specifications in accordance with the ~~Operations Manual~~. You ~~are required to~~ must carry the ~~full line of required~~ Vapor Shark products at your Franchised Business. Many of the products, supplies and services needed in connection with establishing your Franchised Business, such as furniture, paper goods, retail products inventory, advertising and marketing materials, computer system (see Item 11), accounting program, and signs, must meet our specifications for appearance, quality, performance and functionality, among other things. Additionally, some of the products, supplies and services needed in connection with the ongoing operation of your Franchised Business, such as paper goods and retail products inventory and advertising and marketing materials, must meet our specifications for appearance, quality, performance and functionality, among other things. We list the specifications for these items and services in the ~~Operations Manual~~ or in other written or electronic communications provided to you. We formulate and modify our specifications for products, supplies and services based upon our industry knowledge.

We may periodically change the specifications or the required or authorized products or services. There are no limits on our right to do so. If we modify the System, you may be required to add or replace equipment, signs and fixtures, and you may have to make improvements or modifications as necessary to maintain uniformity with our current standards and specifications. These changes must be made at your sole cost and expense, but you are not required to make the changes we require to the System during the initial term of the Franchise Agreement in excess of \$60,000.

Approved Suppliers

~~We and our affiliates are the only approved suppliers.~~ Many of the products, supplies and services discussed above may only be purchased from us, our affiliates, or approved suppliers in accordance with the ~~Operations Manual~~. You must currently ~~Manual~~. We and our affiliates are the only approved suppliers of certain products and services, and you currently must buy all of your Vapor Shark products from our ~~Affiliates-affiliates~~. We restrict your sources of approved products in order to assure quality, assure a reliable supply of products that meet our standards, achieve better terms of purchase and delivery service, control usage of the Marks (as discussed in Item 13) by third parties, and monitor the manufacture, packaging, processing, and sale of these items. ~~The applicable categories of these products would include those which are consumed or sold in your Vapor Shark® retail store.~~

We will, in our discretion, require that supplies and services be purchased exclusively from us or from approved suppliers or distributors. We will provide you with a list of these items.

~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~ and services and their approved suppliers, which may include or be limited to us or an ~~Affiliate~~affiliate. At the current time, our affiliate is the sole approved supplier of product inventory. Signage, flooring and paint must be purchased from approved suppliers. ~~You, and you~~ must use the services of an approved service provider for IT, computer, point of sale system services. Credit card processing and merchant services must be approved and Payment Card Industry Data Security Standard (PCI-DSS Compliant) compliant. Our ~~owner~~owners and our company officers do not own interests in our approved suppliers.

If you want to use any item or service in establishing or operating the Franchised Business that we have not approved (for items or services that require supplier approval), you must first send us sufficient information, specifications or samples for us to determine whether the item or service complies with our standards and specifications or whether the supplier meets our approved supplier criteria. We do not make these criteria available to franchisees. You must reimburse us for all of our reasonable expenses in connection with determining whether we will approve an item, service or supplier. We will decide within 120 days after receiving the required information whether you may purchase or lease the items or services or if you may purchase from the supplier. Our approval process generally focuses on the supplier's dependability, general reputation and ability to provide sufficient quantity of product or services, and the products' or services' prices and quality. We may revoke our approval of any item, service or supplier at any time, at our sole discretion, by notifying ~~Franchisee~~franchisees and/or the supplier. At present, there are no purchasing or distribution cooperatives.

Miscellaneous

We may negotiate purchase agreements, including group rates and price terms with suppliers, for purchases of equipment and supplies necessary for the operation of the Franchised Business. Presently, there are no such purchase or supply agreements in effect. We may derive revenue or other consideration from required purchases or leases by you and our other franchisees, however, any such revenue or consideration paid to us will not increase the market price to you.

We estimate that approximately 25% to 80% of your expenditures on an ongoing basis will be for goods and services that must be purchased from either us, our affiliates, an approved supplier or in accordance with our standards and specifications. We and our affiliates reserve the right to receive payments from approved suppliers in connection with franchisee purchases. We may also solicit and accept royalty fees and other payments from these suppliers, which are expected to be in a range of 0 - 10% of the total purchase by franchisees from these suppliers.

For our fiscal year ending December 31, ~~2016~~2017, we did not derive any revenue from selling items to franchisees, nor did we receive any rebates from suppliers on account of purchases of required and approved items by franchisees. We reserve the right to receive such payments in the future.

Our affiliates had revenues in ~~2016~~2017 of approximately ~~\$5,534,000.00~~\$5,403,418 from purchases of required products and inventory by our franchisees. This represents ~~33.740.5%~~ of the total of our revenues combined with our affiliates' revenues, which was a total of approximately

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~~Vapor Shark Franchise Documents, Version Dated May 18, 2017~~\$16,420,000.00 in 2016. Our
\$13,349,924 in 2017. These figures came from our affiliates' financial statements are
prepared with the assistance of CPAs, but are not audited financial statements

We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional Franchised Business) based on whether you purchase through the sources we designate or approve, however, purchases of unapproved products or purchases from unapproved suppliers in violation of the Franchise Agreement will entitle us, among other things, to terminate the Franchise Agreement.

Insurance

You must obtain and maintain, at your own expense, the insurance coverage that we periodically require and satisfy other insurance-related obligations. You currently must have general liability insurance, including product liability, and which can include bodily injury liability (for injuries to other people in connection with your business), property damage (for damage to the property of others), personal injury liability (for wrongful entry, libel, slander, false arrest), advertising liability (for publishing inaccurate information resulting in slander or libel, violation of privacy, wrongful copying and infringement), legal defense, ~~product liability~~, products/completed operations, and contracts. You must also have the insurance specified in the chart below. Coverage may vary depending on space, size or location, of your business. You should establish requirements with your landlord or property owner the required minimums for your location, any coverage required by law, or by your lease. Premiums depend on the insurance carrier's charges, terms of payment, and your history. All insurance policies must name us as an additional insured party. The following table summarizes your minimum insurance requirements:

<u>All Risk Business Property Insurance</u>	<u>Full replacement cost of all assets and inventory</u>	<u>In the Aggregate</u>
<u>Workmen's Compensation</u>	<u>at least \$100,000, or higher if required by law</u>	<u>Per Employee</u>
<u>General Liability Insurance, including Products Liability Coverage</u>	<u>\$2,000,000</u>	<u>Per Occurrence</u>
	<u>\$2,000,000</u>	<u>In the Aggregate</u>

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All Risk Business Property Insurance	Full replacement cost of all assets and inventory	In the Aggregate
Workmen's Compensation	at least \$100,000 or higher if required by law	Per Employee
Commercial Automobile Insurance, including liability (If automobile is owned, non-owned, rented, scheduled or hired by the business)	\$1,000,000	Per Person
	\$1,000,000	Per Accident
	\$1,000,000	Per Occurrence
	\$1,000,000	General Liability per Occurrence
Business Interruption Insurance	As we determine	As we determine
Optional Flood Insurance	To cover building and property	Per Occurrence
Optional Wind Insurance	To cover building and property	Per Occurrence
Optional Accounts Receivable	\$25,000	Per Occurrence
Optional Business Income/Extra Expense	\$12,500	Per Month
Optional Comprehensive Crime and Employee Dishonesty Insurance	\$10,000	Per Occurrence
Optional Business Interruption Insurance	\$50,000	Per Month

Computer/Point of Sale System

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~~You must purchase from designated suppliers and use the computer hardware and software programs and point of sale equipment ("POS") that we designate (Franchise Agreement, Section 12.5) We will supply, at your expense, a POS that includes a cash register computer system and merchant services hardware for use in Franchised Businesses. The approximate initial base cost of the system is \$2,500 but may be as high as \$5,000.00 depending on the size of your business. (See Item 7, Note 9) You must use our designated accounting software, which is currently Quick Books.~~

~~You will be charged monthly license fees for the POS software, which are not expected to exceed \$100.00 per month in the year 2017. You will also be required to pay Quick Books licensing fees to Intuit. You must update or upgrade computer hardware and software as we determine is necessary, and you are responsible for these costs.~~

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement 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.

Franchise Agreement

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	Obligation	Section in the Franchise Agreement (FA)	Disclosure Document Item	Disclosure Document Item
a a.	Site selection and acquisition/lease	FA Section <u>Article 5</u>		<u>Items 11 and 12</u>
b b.	Pre-opening purchases/leases	FA Sections <u>Articles 5, 13 and 15</u>		<u>Items 7 and 8</u>
c c.	Site development and other pre-opening requirements	FA Sections <u>Articles 5 and 8</u>		<u>Items 7, 8 and 11</u>
d d.	Initial and ongoing training	FA Section <u>Article 8</u>		<u>Items 6, 7 and 11</u>
e e.	Opening	FA Sections <u>Articles 5 and 8</u>		<u>Item 11</u>
f f.	Fees	FA Sections <u>Articles 3, 5, 8, 10, 11, 13, 15, 18, 15, and 22</u>		<u>Items 5, 6 and 7</u>
g g.	Compliance with standards and policies/Operating Manual	FA Sections <u>Articles 6, 7, 9, 10 and 13</u>		<u>Items 8 and 16</u>
h h.	Trademarks and proprietary information	<u>Articles 6, 7 and 9</u>		<u>Items 13 and 14</u>
i i.	<u>Restrictions on products/services offered</u>	<u>Articles 5 and 13</u>		<u>Items 8 and 16</u>
j j.	<u>Warranty and customer service requirements</u>	<u>Article 13</u>		<u>Item 16</u>
k k.	<u>Territorial development and sales quotas</u>	<u>None</u>		<u>Item 12</u>
l l.	<u>Ongoing product/service purchases</u>	<u>Article 13</u>		<u>Items 8 and 11</u>
m m.	<u>Maintenance, appearance, and remodeling requirements</u>	<u>Articles 5, 10 and 13</u>		<u>Item 6</u>
n n.	<u>Insurance</u>	<u>Article 15</u>		<u>Items 6, 7 and 8</u>

<u>o.</u>	<u>Advertising</u>	<u>Article 11</u>	<u>Items 6 and 11</u>
<u>p.</u>	<u>Indemnification</u>	<u>Article 21</u>	<u>Item 6</u>
<u>q.</u>	<u>Owner's participation/management/staffing</u>	<u>Article 13</u>	<u>Item 15</u>
<u>r.</u>	<u>Records and reports</u>	<u>Article 12</u>	<u>Item 11</u>
<u>s.</u>	<u>Inspections and audits</u>	<u>Articles 6 & 12</u>	<u>Item 6, 11 and 13</u>
<u>t.</u>	<u>Transfer</u>	<u>Article 18</u>	<u>Item 17</u>
<u>u.</u>	<u>Renewal</u>	<u>Article 4</u>	<u>Item 17</u>
<u>v.</u>	<u>Post-termination obligations</u>	<u>Article 17</u>	<u>Item 17</u>
<u>w.</u>	<u>Non-competition covenants</u>	<u>Articles 7 and 17</u>	<u>Item 17</u>
<u>x.</u>	<u>Dispute resolution</u>	<u>Article 23</u>	<u>Item 17</u>
<u>y.</u>	<u>Other. Guaranty of Franchisee's obligations (1)</u>	<u>Article 12</u>	<u>None</u>

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This table lists your principal obligations under the Area Development Agreement 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.

Area Development Agreement

	<u>Obligation</u>	<u>Section in the Area Development Agreement</u>	<u>Disclosure Document Item</u>
<u>a.</u>	<u>Site selection and acquisition/lease</u>	<u>Not Applicable</u>	<u>Not Applicable</u>
<u>b.</u>	<u>Pre-opening purchases/leases</u>	<u>Not Applicable</u>	<u>Not Applicable</u>
<u>c.</u>	<u>Site development and other</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

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	<u>pre-opening requirements</u>		
<u>d.</u>	<u>Initial and ongoing training</u>	<u>Not Applicable</u>	<u>Not Applicable</u>
<u>e.</u>	<u>Opening</u>	<u>Article 2</u>	<u>Item 11</u>
<u>f.</u>	<u>Fees</u>	<u>Article 4</u>	<u>Item 5</u>
<u>g.</u>	<u>Compliance with standards and policies/Operating Manual</u>	<u>Not Applicable</u>	<u>Not Applicable</u>
<u>h.</u>	<u>Trademarks and proprietary information</u>	<u>FA Sections 6, 7 and 9</u> <u>Not Applicable</u>	<u>Not Applicable</u>
<u>i.</u>	<u>Restrictions on products/services offered</u>	<u>FA Sections 5, 6 and 13</u> <u>Not Applicable</u>	<u>Not Applicable</u>
<u>j.</u>	<u>Warranty and customer service requirements</u>	<u>FA Section 13</u> <u>Not Applicable</u>	<u>Not Applicable</u>
<u>k.</u>	<u>Territorial development and sales quotas</u>	<u>FA None</u> <u>Articles 1 and 2</u>	<u>Item 12</u>
<u>l.</u>	<u>Ongoing product/service purchases</u>	<u>FA Section 13</u> <u>Not Applicable</u>	<u>Items 8 and 11</u> <u>Not Applicable</u>
<u>m.</u>	<u>Maintenance, appearance, and remodeling requirements</u>	<u>FA Sections 5, 10 and 13</u> <u>Not Applicable</u>	<u>Item 6</u> <u>Not Applicable</u>
<u>n.</u>	<u>Insurance</u>	<u>FA Section 15</u> <u>Not Applicable</u>	<u>Items 6, 7 and 8</u> <u>Not Applicable</u>
<u>o.</u>	<u>Advertising</u>	<u>FA Section 11</u> <u>Not Applicable</u>	<u>Items 6 and 11</u> <u>Not Applicable</u>
<u>p.</u>	<u>Indemnification</u>	<u>FA Section 219.8</u>	<u>Item 6</u> <u>Item 6</u>
<u>q.</u>	<u>Owner's participation/management/staffing</u>	<u>FA Section 13</u> <u>Article 6</u>	<u>Item 15</u> <u>Item 15</u>

r r.	Records and reports	FA Section 12 <u>Not Applicable</u>	Item 11	<u>Not Applicable</u>
s s.	Inspections and audits	FA Sections 6 & 12 <u>Not Applicable</u>	Item 6, 11 and 13	<u>Not Applicable</u>
t t.	Transfer	FA Section 18 <u>Article 9</u>	Item 17	<u>Item 17</u>
u u.	Renewal	FA Section 4 <u>Not Applicable</u>	Item 17	<u>Not Applicable</u>
v v.	Post-termination obligations	FA Section 17 <u>Sections 7.4 and 8.2</u>	Item 17	<u>Item 17</u>
w w.	Non-competition covenants	FA Sections 7 and 17 <u>Article 8</u>	Item 17	<u>Item 17</u>
x x.	Dispute resolution	FA Section 23 <u>Article 10</u>	Item 17	<u>Item 17</u>
y y.	Other Guaranty of Franchisee <u>Area Developer's</u> obligations (1)	FA Section 12 <u>Article 6</u>	<u>Item 15</u>	

NOTE

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(1) Each individual who owns an interest in a franchisee or area developer that is a corporation, partnership or limited liability company, must sign an agreement ("Guaranty and Assumption of Obligations") to discharge all obligations of the "franchisee" or area developer under the Franchise Agreement (Exhibit "C") or the Area Development Agreement (Exhibit D)

ITEM 10 FINANCING

Neither we nor any agent or affiliate offers direct or indirect financing to you, guarantees any of your notes, leases or obligations, or has any practice or intent to sell, assign or discount to a ~~third~~ third party all or part of any of your financing arrangements

We do not know whether you will be able to obtain financing for all or part of your investment and, if so, the terms of the financing We do not receive direct or indirect payments

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for placing financing

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

Except as listed below, Vapor Shark Franchising, LLC is not required to provide you with any assistance

A Franchisor's Pre-Opening Obligations
Before you open your Franchised Business, we will

1 designate your Protected Territory, as defined and further described in Item 12 (Franchise Agreement, Section 2 5)

2 if we have not already approved a site that you have selected before signing the Franchise Agreement, provide you with our criteria for site selection and approve the site you have selected for the location of the Franchised Business (Franchise Agreement, Sections 2 3 and 5 1)

3 review and approve your lease for the site for the approved location, however we are not obligated to do so and do not provide legal advice regarding your lease (Franchise Agreement, Section ~~5-3~~5.2)

4 provide you with specifications for improving and equipping the approved location, along with a list of required supplies, equipment and improvements that you are required to purchase and install (Franchise Agreement Section ~~8-1~~9.1)

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5 provide initial training program This training is described in detail later in this Item (Franchise Agreement, Section 8 1)

6 provide to you assistance and guidance prior to opening to assist you with any questions you may have in operating the Franchised Business (Franchise Agreement, Section 8 3)

7 provide to you, on loan, one copy of the Vapor Shark ~~Operations~~ Manual The Table of Contents of the ~~Operations~~ Manual, is included in Exhibit "D" to this disclosure document (Franchise Agreement, Section 5 4)

B Assistance During the Operation of the Franchised Business

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After the opening of the Franchised Business, we will

1 periodically, advise you and offer general guidance to you by telephone, email, facsimile, newsletters, and other methods as we deem necessary. Offer you advice and guidance on a variety of business matters, including operational methods, accounting procedures, authorized products or services and marketing and sales strategies (Franchise Agreement, Section 14.1)

2 at our discretion, make periodic visits to the Franchised Business for the purposes of consultation, assistance and guidance in various aspects of operation and management. We may prepare written reports outlining any suggested changes or improvements in the operations of the Franchised Business and detail any deficiencies that become evident as a result of any such visit. If we prepare a report, we will provide you with a copy (Franchise Agreement Section 6.6)

3 make available to you operations assistance and ongoing training as we deem necessary (Franchise Agreement, Sections 8.3 and 8.6)

4 periodically, provide, as we think necessary and/or appropriate, advertising and promotional materials including ad-slicks, brochures, fliers and other materials for your use (Franchise Agreement, Section 14.3)

5 approve forms of advertising materials you will use for local advertising, grand opening advertising and cooperative advertising (Franchise Agreement, Section 11.2). Our advertising programs are described ~~late~~later in this Item.

6 maintain our website located at www.vaporshark.com, where we will list your Franchise Business' location and contact information (Franchise Agreement, Section 11.5)

7 provide you with modifications to the ~~Operations Manual~~ as they are made
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~~Vapor Shark Franchise Documents—Version Dated May 18, 2017~~ available (Franchise Agreement, Section 9.2). As of the date of this disclosure document, the ~~Operations~~ Manual contains 33 pages. The ~~Operations~~ Manual is described in Item 14.

C. ~~C.~~—Advertising and Promotion

As of this most recently concluded fiscal year, we did not accrue or spend any funds on advertising in the franchisee's area or territory, nor do we participate in any local or regional advertising cooperative, now or in the future.

1. Local Advertising

8—Each month, you must spend at least 2% of your Gross Sales on advertising, promotions and public relations in the local area surrounding the Franchised Business. You will pay for your ads and promotions directly, but we will provide you with general marketing guidelines and we will review and approve your advertisements. We may require your local advertising expenditures to be used in a cooperative advertising program. (Franchise Agreement, Section 11.2)

2. National Marketing Fund

9—We may implement the Vapor Shark marketing fund (the “Marketing Fund”), and if we do, you must contribute to the ~~fund~~Marketing Fund. We will give you at least 60 days advance notice that your contribution is due. Your contribution will not be more than 2% of Gross Sales for the initial franchise term. We may require your ~~marketing fund~~Marketing Fund contributions to be used in a cooperative advertising program. We will administer the ~~marketing fund~~Marketing Fund as follows:

(a) We will control the creative concepts and the materials and media to be used in our sole and absolute discretion, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet or other media for advertisements and promotions. We do not guarantee that any particular franchisee will benefit directly or in proportion to their contribution from the placement of advertising by the ~~marketing fund~~Marketing Fund.

(b) We may use your contributions to meet or reimburse us or administrative personnel for any cost of producing, maintaining, administering and directing consumer advertising (including the cost of preparing and conducting television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities, developing and/or hosting an Internet web page of similar activities, employing advertising agencies to assist therein, providing promotional brochures, conducting market research, and providing other marketing materials to franchisees and other administrative functions). We initially plan to conduct all advertising in-house, but we may use a national or regional advertising agency in the future. We will maintain your contributions in a separate account from our funds and we will not use them for any of our general operating expenses, except for our reasonable administrative costs and overhead.

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~ related to the administration of the ~~marketing fund~~Marketing Fund. We will not use ~~marketing fund~~Marketing Fund contributions for the direct solicitation of franchise sales.

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(c) We expect to use all contributions in the fiscal year they are made. We will use any interest or other earnings of the ~~marketing fund~~ Marketing Fund before we use current contributions. We intend for the ~~marketing fund~~ Marketing Fund to be perpetual, but we have the right to terminate it if necessary. We will not terminate the ~~marketing fund~~ Marketing Fund until all contributions and earnings have been used for advertising and promotional purposes or have been returned to you *pro rata*.

(d) All Vapor Shark retail outlets owned by our affiliate or us will make similar contributions to the ~~marketing fund~~ Marketing Fund as required of franchisees.

(e) We will have an accounting of the ~~marketing fund~~ Marketing Fund prepared each year and we will provide you with a copy if you request it. We may require at our sole discretion that the annual accounting be reviewed or audited and reported on by an independent certified public accountant at the ~~marketing fund~~ Marketing Fund's expense.

(f) The ~~marketing fund~~ Marketing Fund is not a trust and we assume no fiduciary duty in administering the ~~marketing fund~~ Marketing Fund (Franchise Agreement, Section 11.3). Except as described above, we assume no liability or obligation to you regarding the maintenance, direction or administration of the Marketing Fund.

Cooperative

3 Cooperative Advertising Programs

Although we are not obligated to do so, we may create a cooperative advertising program for the benefit of all Franchised Businesses located in a particular geographic region. We have the right to allocate any portion of the ~~marketing fund~~ Marketing Fund to cooperative advertising, and collect and designate all or a portion of the local advertising for cooperative advertising. We will determine the geographic territory and market areas for each cooperative advertising program, in our sole and absolute discretion. You must participate in any cooperative advertising program established in your region and contribute at the rate required, which may be up to 2% of gross monthly sales. If cooperative advertising is implemented in a particular region, we may establish an advertising council for franchisees in that region to self-administer the program, in our discretion. We will require all franchisees in the geographic region to participate, including Franchisor and affiliate owned stores.

If a cooperative program is established for your geographic region, your ~~Vapor Shark Franchised~~ Business and each other Vapor Shark ~~Businesses~~ Business operating in the region (whether franchised, or owned by us or an affiliate) must contribute at the rate

required, which may be up to 2% of Gross Sales to the cooperative program periodically as specified by us. Any amounts you contribute to a cooperative program will count toward the 2% of ~~gross sales~~ Gross Sales you are required to spend on local advertising

If a cooperative advertising program is established, it does not create a fiduciary relationship with us. The cooperative programs will be governed by written organizational documents, and no rights will be created beyond those in the governing documents. We have the power to form, change, dissolve, or merge any cooperative program. Our cooperative programs will not operate from any written governing documents. We will make available for your review any records showing payments to and expenses of any cooperative program in which you participate

During our fiscal year ~~2016, 2017~~, we have received \$0.00 in contributions to the

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~~Vapor Shark Franchise Documents, Version Dated May 18, 2017~~ Cooperative Program cooperative program

We do not currently have a franchisee advisory council that advises us on advertising policies (Franchise Agreement, Section 11.4)

4-4. During your first 3 months of operation, you must spend between \$1,000 and \$6,000 on grand opening advertising, including print or news media or direct mail advertising, dues for business organizations, event dues or other solicitation and promotional efforts. We will provide you with guidance for conducting grand opening advertising, and we will review and approve the materials you use in your grand opening advertising (Franchise Agreement, Section 11.1)

5-5. You are restricted from establishing a presence on, or marketing using, the Internet without our written consent. Internet includes networking and social media sites, like Facebook, LinkedIn, Twitter, Instagram, and ~~Snap~~ Snapchat. We have established and maintain an Internet website at the uniform resource locator ~~www.vaporshark.com~~ www.vaporshark.com that provides information about the System and about Vapor Shark. We may (but we are not required to) include at the website an interior page containing information about your Franchised Business. If we include this information on the website, you may be requested to prepare the page, at your expense, using our template. All information must be approved by us before it is posted. We retain the sole and absolute right to market on the Internet, including the use of websites, domain names, uniform resource locator's, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. You may be requested to provide content for our Internet marketing and you must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on

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websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. We retain the sole and absolute right to approve any linking to, or other use of, the website (Section 11.5).

D Computer/Point of Sale System

You must purchase ~~from designated suppliers~~ and use the computer hardware and software programs and point of sale equipment ("POS") that we designate (Franchise Agreement, Section 12.5). ~~We will supply, at your expense, a POS that currently require the use of the Clover POS System, which~~ includes a cash register computer system and merchant services hardware for use in Franchised Businesses. You will need high speed communication access, such as broadband or DSL. The approximate initial base cost of the system is ~~\$2,500-1,500~~, but may be as high as ~~\$5,000-005,000~~ depending on the size of your business (See Item 7, Note 9). You will also be charged a monthly license fee for the use of the POS System, which is not expected to exceed \$200 per month in the year 2018. You must use our designated accounting software, which is currently Quick Books. You also must maintain the E-mail address we provide to you, so that

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~ we can send you notices and otherwise communicate with you. We may formulate ~~and~~ impose additional and change the requirements and specifications for your computer and ~~point of sale~~ POS systems in the future.

~~We will attempt to assist you with IT, computer, and point of sale system issues and problems, however, the extent of our assistance is in our discretion.~~ You must use the services of an approved third party service provider for IT, computer, and ~~point of sale~~ POS system problems ~~that we are unable to assist you with, however, you are not required to enter into any ongoing maintenance or support agreements.~~ We may, in our sole and absolute discretion, assist you or attempt to assist you with minor IT, computer, or POS system problems, but we have no obligation to do so. Our current approved third party service provider charges hourly rates for its services. You will be charged monthly license fees for the POS software, which are not expected to exceed ~~\$100-00200~~ per month in the year ~~2017-2018~~. You will also be required to pay Quick Books licensing fees to Intuit. You must update or upgrade computer hardware and software as we determine is necessary, and you are responsible for these costs (Franchise Agreement, Section 10.2).

We have the right to independently access all data and information you collect or compile, including financial reports, customer information, and sales and payment history, whether in your computer systems or elsewhere, at any time without first notifying you. All

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~~such~~ You are required to grant us and any other affiliate, service provider, or contracted party that we may authorize access to such data and information. We may share the data and information with our parents, affiliates, service providers, and with contracted third parties. All such data and information is our property and not your confidential information. We have the right to use any data and information we collect from you, including, but not limited to information from the point of sale POS system, for any purpose whatsoever. You will need to comply with applicable law in connection with your collection, storage, use and sharing of certain customer information. We will not give you input as to whether your policies and practices comply with federal, state or local laws, rules or regulations, or the terms of any agreements or orders to which you may be subject. You will be solely responsible for your privacy policies and data storage and sharing practices and we assume no liability or obligation to you with respect to such policies and practices. (Franchise Agreement, Section 12.6)

~~E-E.~~ Methods Used to Select the Location of the Franchised Business

You must select a site for the Franchised Business within 60 days of signing the Franchise Agreement and we will furnish you with our general site selection criteria. You are solely responsible for locating and obtaining a site that meets our standards and criteria and that is acceptable to us. (Franchise Agreement, Sections 2.3 and 5.1)

The general site selection and evaluation criteria that we consider in approving your site includes the condition of the premises, demographics of the surrounding area, proximity to other Vapor Shark retail outlets, lease requirements, traffic patterns, vehicular and pedestrian access, proximity to major roads, available parking and overall suitability. We will provide you with written notice of our approval or disapproval of any proposed site within 20 days after receiving all requested information. If you and we cannot agree on a suitable site for the Franchised Business, we may terminate the Franchise Agreement. (Franchise Agreement, Section 5.1)

~~F-F.~~ Typical Length of Time Before Operation

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of a Franchised Business is 30 - 90 days. Factors that may affect

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~ your beginning operations include ability to secure permits, zoning and local ordinances, weather conditions and delays in installation of equipment and fixtures. (Franchise Agreement, Section 5.3) You must be open for business within 120 days after you sign the Franchise Agreement. (Franchise Agreement, Section 5.4)

If you sign an Area Development Agreement with us, you must open the required number of Franchised Businesses by the specific dates identified on the Development Schedule. (Area

Development Agreement, Section 2.1)

G-G. Training

Before the Franchised Business opens, we will train you (or your ~~managing owner~~ Designated Manager) and one of your manager-level employees on operating your ~~Vapor Shark Business~~. We will provide ~~2~~ Franchised Business in an initial training (the "Initial Training"). The Initial Training will last approximately five days of training (although the specific number of days depends on our opinion of your experience and needs) ~~for and~~ accommodate up to two (2) attendees at our training facility in Miami, Florida or another location we designate and/or at an operating Vapor Shark Business. If you (or your ~~managing owner~~ Designated Manager) and one of your manager-level employees cannot complete ~~initial training~~ Initial Training to our satisfaction, we may terminate the Franchise Agreement.

Additional persons beyond the first ~~2~~ two may attend ~~initial training~~ Initial Training if you pay our then current training charge of ~~\$250-00~~ \$250 for each additional person. (See Item 6) You also must pay for all travel and living expenses that you and your employees incur and for your employees' wages and workers' compensation insurance while they train at operating your ~~Vapor Shark~~ Franchised Business.

Initial Training will occur after you sign the Franchise Agreement and while you are developing the Franchised Business. Your attendees must complete ~~training~~ the Initial Training before you may open your Franchised Business. We ~~plan to be flexible in scheduling training~~ will exercise reasonable efforts to schedule Initial Training to accommodate our personnel, you, and your personnel and ~~in all events, we will schedule the training~~ in sufficient time in order to enable you to open your ~~Vapor Shark~~ Franchised Business within 90 to 120 days from the effective date of the Franchise Agreement (Franchise Agreement, Section 8).

H. Specifications, standards, and general guidance

We may advise you of operating problems of your ~~Vapor Shark~~ Franchised Business disclosed by reports submitted to us or inspections made by us. We may furnish to you such guidance and assistance in connection with the operation of your ~~Vapor Shark~~ Franchised Business as we deem appropriate. Such guidance and advice may include methods and operating procedures utilized by us, additional products and services authorized for sale by Vapor Shark, selection, purchasing and installation of products, materials and supplies, formulating and implementing advertising and promotional programs, establishment and operation of administrative, bookkeeping, accounting, inventory control, sales and general operating procedures for the proper operation of a ~~Vapor Shark~~ Franchised Business, and selection and

suggested pricing of products and services

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~ Additional guidance and assistance may be made available to you at your written request and in our sole discretion at fees and charges established by us. ~~You must comply with minimum and/or maximum prices set by the franchisor for the goods and services you sell. This requirement may reduce your anticipated revenue and net income. (See Section 13.12 of the Franchise Agreement)~~

TRAINING PROGRAM

SUBJECTS TAUGHT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION OF-THE TRAINING
Introduction	0	1	Miami
Regulations/Ethics	0	1	Miami
Pre-Opening	0	4	Miami
Grand Opening	0	2	Miami
Store Operations	0	10	Miami
Product Prep	0	8	Miami
Customer Service	0	3	Miami
Inventory Management	0	2	Miami
HR Management	0	2	Miami
Ordering Instructions	0	1	Miami
POS Training	0	8	Miami
Overall Management	0	2	Miami
Marketing/Advertising	0	2	Miami
Totals	0	46	Miami

All persons attending the ~~initial training program~~ Initial Training must complete the program to our satisfaction. If you cannot complete the ~~program~~ Initial Training to our satisfaction, we may terminate the Franchise Agreement (Franchise Agreement, Section 8.1). Note, the hours of training on the above chart may overlap and be provided concurrently, in our discretion.

Initial Training will occur prior to the opening of your Franchised Business. We ~~plan to be flexible in scheduling~~ will exercise reasonable efforts to schedule training to accommodate our personnel, you, and your Designated Manager (as described in greater detail in Item 15) (Franchise Agreement, Section 8.1). The primary initial training provided to you is on-the-job training at Franchisor's stores in the Miami area (Franchise Agreement, Section 8.2).

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William Monahan currently oversees training Mr Monahan worked at an affiliate

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~ owned retail store in 2013 as a retail sales representative and was promoted to store manager in 2013 In 2014, Mr Monahan was promoted to the position of ~~director of diagnostics at The Hand Media, Inc~~ Director of Diagnostics at VS, and was promoted to the position of ~~regional manager~~ Regional Manager in 2015 ~~William Mr.~~ Monahan has been participating in franchisee training since 2016 ~~Alex Armada also assists with training (he previously worked as a service representative and managed a Vapor Shark retail outlet in 2014, and he was previously a regional manager)~~ Other Vapor Shark store managers may participate in the training, including on-site training at our company stores The principal instructional materials will consist of the ~~Operations Manual~~ and training manual

If circumstances require, a substitute trainer may provide training to you We may periodically name additional trainers if the training schedule requires it There are no limits on our right to assign a substitute to provide training

Periodically, you, your managers and/or employees ~~must~~ may be required to attend refresher-training programs to be conducted at a location we designate or by webinar, in our discretion We currently provide mandatory refresher training without charge via webinar on approximately a monthly basis, in our discretion Attendance at these programs will be at your expense, however, you do not have to attend more than 2 of these programs in person in any calendar year and these programs will not collectively exceed 4 full days during any calendar year (including both in person training and webinar training) (Franchise Agreement, Section 8.6) We may also establish a regular Vapor Shark convention, which you may be required to attend.

ITEM 12 TERRITORY

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, including through the Internet. You will receive a designated territory (called a "Protected Territory") ~~with an area having a radius of approximately 3-6 miles from your Franchised Business, except in densely populated urban areas where the radius may be less than 3 miles, depending on the population size of the territory~~ Any portion of your Protected Territory with an average population density over 8,000 people per square mile is considered densely populated Your Protected Territory, which will have at least a population of

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approximately ~~50,000-150,000~~ based upon 2010 US census figures Your Protected Territory will not necessarily be a circle shape, but will have a particular bounded area, which will be delineated on a map and agreed to at the time we enter into a Franchise Agreement for your Franchised Business or shortly thereafter The boundaries of the Protected Territory shall extend to the center of any roadway delineated on the map, such that the side of any street opposite to the Protected Territory shall not be included in the bounded area We will not establish any other Vapor Shark retail outlet ~~or any substantially similar franchised or company-owned businesses~~ in your Protected Territory You will operate the Franchised Business from the location that we approve You must receive our permission before relocating If you can no longer use the location due to circumstances beyond your control, including unreasonable lease terms or destruction of the premises, you may be allowed to

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~~Vapor Shark Franchise Documents Version Dated May 18 2017~~ relocate You do not receive the right to acquire additional franchises within your Protected Territory You must meet our then current qualifications for new franchisees to qualify for additional franchise locations The ~~continuation~~continued protection of your Protected Territory does not depend on your sales volume or market penetration and there are no minimum sales quotas We cannot change the Protected Territory during the term of the Franchise Agreement without your consent

Except to the extent provided above, we and our affiliate(s) retain all rights and discretion with respect to the System and Marks, including the right to

- A ~~A~~—establish, own or operate, and license others to establish, own or operate, Franchised Businesses outside of the Protected Territory, ~~B~~
- B establish, own or operate, and license others to establish, own or operate, other businesses under other systems using other trademarks at locations inside and outside of the Protected Territory,
- C ~~C~~—purchase or otherwise acquire the assets or controlling ownership of 1 or more businesses identical or similar to the Franchised Businesses (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Protected Territory If we purchase or acquire franchises or licenses, we may, in our sole discretion, act as franchisor or licensor with respect to these franchisees or licensees wherever located, according to the individual franchise or license agreement(s) between us and those franchisee(s) or licensee(s) If we purchase or acquire these businesses within the Protected Territory and they are not franchised or licensed, we may, in our sole and absolute discretion

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1. ~~14~~—offer to sell these businesses to you or to any third party at the business's fair market value to be operated as a Vapor Shark retail outlet, or

2. ~~16~~—offer you the opportunity to operate such business(s) in partnership with us (or an affiliate) under the existing trade name or a different trade name

D. ~~D~~—be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses competitive businesses within the Protected Territory,

E. ~~E~~—provide the services and sell any products authorized for Vapor Shark retail outlets using the Marks or other trademarks and commercial symbols through alternate channels of distribution, such as wholesale, mail order, Internet, telephone, non-franchised retail outlets, independent distributors, convenience stores, gas stations and grocery stores/supermarkets, which may be competitors, and which sales may be made to customers within the Protected Territory for which you are not entitled to any compensation, and

F. ~~F~~—engage in any activities not expressly forbidden by the Franchise Agreement

We are not required to pay you if we exercise any of the rights specified above inside

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~~Vapor Shark Franchise Documents Version Dated May 18 2017~~ your Protected Territory At present, we and our affiliate market the products you will offer and sell through independent retailers in South Florida, as well as online We believe this strategy creates brand awareness and promotes customer retention, a synergistic approach We plan on continuing this strategy as we expand the Vapor Shark brand

You have no options, rights of first refusal, or similar rights to acquire additional franchises

We have not established or franchised, and currently have no plans to establish or franchise, other businesses selling or leasing similar products or services under different trademarks within the United States, although we reserve the right to do so TPB, ~~our strategic partner,~~ owns Vapor Beast, a competitor in the e-cigarette market Vapor Beast sells competing products online, has no retail outlets, and has no plans to offer franchises for sale

Except as stated above, we can establish and give others the right to establish and operate Franchised Businesses anywhere In addition, regardless of the protection afforded to you under

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the Franchise Agreement, we may

~~(a)~~ (a) offer and sell any products or services (regardless of their similarity to the services that Franchised Businesses offer) under any name or trademarks or service marks other than the Marks,

 (b) host one or more websites on the Internet and advertise Franchised Businesses, and all the services they offer, even though the website is accessible to or viewable by ~~Persons~~persons in the ~~Exclusive~~Protected Territory,

~~(a)~~ (c) market and ~~distribute~~conduct training programs bearing any proprietary marks (including the Marks) through other channels of distribution as we deem appropriate, and

~~(b)~~ (d) develop an internet system whereby we can solicit referrals or photography processing requests for ourselves and for System franchisees

You may only relocate your ~~franchised business~~Franchised Business within your ~~territory~~. ~~Your territory may be altered only with the~~Protected Territory with our express, written agreement ~~from us~~

We do not operate or plan to operate or franchise any business under a different trademark that will sell goods or services that are the same as or similar to those you will sell. You must not solicit orders by non-approved channels of distribution such as the internet, catalog sales or telemarketing

Area Development Agreement

If we enter into an Area Development Agreement with you, we will grant you a Development Area, which will be designated based on various market and economic factors such as market demographics, the number of Vapor Shark retail stores and similar businesses in the market, the availability of appropriate sites and growth trends in the market as determined by us in our sole and absolute discretion. The Development Area will be subdivided into territories described in the Development Schedule. The Development Area may be all or a portion of a city, a single or multi-county area or some other area and will be described in the Area Development Agreement or an attachment.

You must develop Franchised Businesses in the designated territories of the Development Area under the Area Development Agreement. You and we agree to the Development Schedule, and the sequence of territories to be developed within the Development Area, before signing the Area Development Agreement.

The Development Area will not be exclusive. Except as provided below, if you comply with the Area Development Agreement and any other agreements that you or your affiliates have with us and our affiliates, then we and our affiliates will not establish, or authorize anyone except you to establish Franchised Businesses in the Development Area during the term of the Area Development Agreement. We retain all other rights. We reserve the right, for us or our affiliate, to acquire another business with a franchisee or licensee in the Development Area, or to enter into an agreement to purchase and operate other electronic cigarette-related businesses within the Development Area.

If you fail to comply with the Development Schedule, or otherwise materially default under the Area Development Agreement beyond any applicable cure period, then we may (in addition to other remedies) terminate or modify your territorial rights, reduce the area of the Development Area or reduce the number of Franchised Businesses that you may establish. We may also, in our sole and absolute discretion, deem you to be in default under the Area Development Agreement if you are in default of any Franchise Agreement or other agreement and have not cured the default within the applicable cure period, and visa versa.

Except in the event of default by you under the Area Development Agreement or any Franchise Agreement you have with us, the configuration of your Development Area will not change except by mutual agreement of you and us. Absent an Area Development Agreement, you will not have any development rights to a specific area or additional areas other than through Franchise Agreements you may execute with us.

ITEM 13 TRADEMARKS

There is no currently effective determination of the U S Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition or cancellation proceeding or any pending material

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~ litigation involving the Marks We know of no superior prior rights or infringing use that could materially affect your use of the Mark, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Mark in any manner material to the franchise All affidavits required to be filed with the United States Trademark Office, if any, have been filed

We grant our franchisees the right to operate under the name "Vapor Shark," which is the principal Mark used to identify our System You may also use any other current or future Mark to operate your Franchised Business that we designate in writing, including the logo on the front of

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this disclosure document We have developed and are in the process of implementing a new logo (the "New Logo"), for which we intend to apply for registration with the U.S. Patent and Trademark Office ("USPTO"). We do not have a federal registration for the New Logo. Therefore, the New Logo does not have many legal benefits and rights as a federal registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. You may be required to rebrand your Franchised Business utilizing the New Logo, and cease using the old logo.

By "Mark," we mean any trade name, trademark, service mark or logo used to identify Vapor Shark retail outlets whether or not the Mark is registered

1. Our principal Mark "VAPORSHARK," is registered on the Principal Register of the ~~U.S. Patent and Trademark Office ("USPTO")~~ under Registration No ~~4168995, 4,168,995,~~ dated October 8, 2011
2. The trademark "Vapor Shark" and the logo design of the word "vapor" in white and the word "shark" in blue, with a blue shark and white vapors, which appears with the name "vapor shark" are registered in Florida, under Registration Document No T14000000134, dated February 5, 2014
3. The logo appearing on the cover page of this Disclosure Document is registered on the Principal Register of the ~~U.S. Patent and Trademark Office ("USPTO")~~ under Registration No ~~4571455, 4,571,455,~~ dated July 22, 2014
4. The service mark "VaporShark", for use as a service mark for the operation of retail establishments selling electronic cigarettes and for assistance in the establishment and operation of franchises for the retail sale of electronic cigarettes is registered on the Principal Register of the USPTO under Registration No ~~4,601,437, 4,601,537,~~ dated September 9, ~~2014~~2014.

An application to register the trademark "Vapor Shark DNA" was filed January 20, 2014 under serial number ~~86170050-86,170,050.~~ This trademark application was denied

Our ~~Affiliate The Hand Media, Inc.~~ affiliate VS has filed all of the above applications for the Marks. The registered Marks are owned by our affiliate, ~~The Hand Media, Inc.~~ VS (See Item 1) and all the Marks to be utilized in the United States ~~Marks~~ (including any of the above Marks that may become registered) are licensed to us under ~~a-an agreement (the "License Agreement")~~ dated ~~August 19, 2014, April 25, 2018,~~ with a term of ~~30 years~~ ten years, and automatically renewing for additional ten-year terms. The License Agreement provides Vapor Shark Franchising, LLC the right to use the Marks in connection with the Vapor Shark franchise system

and to sell franchises businesses using the Marks in the United States. However, ~~the Hand Media, Inc.~~ VS retains the right to use the Marks pursuant to this Agreement (See Item 12(A)-(F)), as well as to use the Marks in connection with any of the existing or future Vapor Shark limited liability retail stores owned by ~~The Hand Media, Inc.~~

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~~Vapor Shark Franchise Documents, Version Dated May 18, 2017 and/or our affiliates. Further, The Hand Media, Inc. VS and/or our affiliates. The License Agreement may be terminated by VS upon 60 days' notice, or may be terminated by either party for a breach of the License Agreement. Further, VS has licensed the right to use the Marks with international Vapor Shark franchises to Vapor Shark International Franchising, LLC~~

We know of no infringing or prior superior uses that could materially affect the use of the Marks in any state in which the Franchised Business is to be located in the United States

We will have no liability or obligation to you whatsoever with respect to any required modification or discontinuance of any Mark, or the promotion of a substitute trademark, service mark or trade dress, that is a result of our determination of a risk of conflicting rights with others

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service Marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing the Franchised Business signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute Vapor Shark or service Mark

You do not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your Franchised Business in the United States. You must follow our rules when you use the Marks. You must use the Marks as the sole trade identification of the Franchised Business. You cannot use a name or Mark as part of a corporate or other entity name or with modifying words, designs or symbols except for those which we license to you. You may not use any Mark in connection with the sale of any unauthorized products or services or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks. You must not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or ownership of the Marks

We have the right to control any administrative proceedings or litigation involving the Marks. If you learn of any claim against you for alleged infringement, unfair competition, or

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similar claims about the Marks, you must promptly notify us. We will promptly take the action we consider necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Marks. We will have no obligation to defend or indemnify you if the claim against you relates to your use of the Marks in violation of the Franchise Agreement.

If you learn that any third party whom you believe is not authorized to use the Marks is using the Marks or any variant of the Marks, you must promptly notify us. We will determine

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~~Vapor Shark Franchise Documents, Version Dated May 18, 2017~~ whether or not we wish to take any action against the third party. You will have no right to make any demand or to prosecute any claim against the alleged infringer for the infringement.

If we require you to do so, you must modify or discontinue the use of any Mark or use other trademarks or service marks that we designate. We do not have to reimburse you for modifying or discontinuing the use of the Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, signs, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your Franchised Business for the new or modified Marks. You ~~do not have to spend an amount unreasonably disproportionate to your initial investment~~ are not required to make expenditures for modifications beyond \$60,000 during the initial term of the ~~Franchised Agreement to conform your Franchised Business to changes to the Marks and other System modifications~~ Franchise Agreement. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

You must notify us if you apply for your own trademark or service mark registrations of any type. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not advertise on the Internet using, or establish, create or operate an Internet site or website using any domain name containing, the words "Vapor Shark", "VaporShark" or any variation of "Vapor Shark" in any language, real or contrived, without our prior written consent.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise. However, ~~Hand Media, Inc.~~ VS has filed design patent applications for some of the Vapor Shark products. These design patent applications are

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currently pending. You do not receive any rights to the design patents. We own copyrights in the ~~Operations~~ Manual, our website, our marketing materials and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Registrar of Copyrights and need not do so to protect them. You may use these items only as we specify while operating the Franchised Business and you must stop using them if we direct you to do so.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain trade secrets and other ~~Confidential Information~~ confidential information, including but not limited to, methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a Vapor Shark retail outlet ("Confidential Information"). We will provide some of our trade secrets and other Confidential Information to you during training, in the ~~Operations~~ Manual and as a result of the assistance we furnish you during the term of the ~~franchise~~ Franchise Agreement. You may only use the trade secrets and other Confidential Information for the purpose of operating your Franchised Business. You may only divulge trade secrets and other Confidential Information to employees who must have access to it in order to operate the Franchised Business. You are responsible for enforcing the confidentiality provisions in the Franchise Agreement as to your employees.

Individuals with access to trade secrets and other Confidential Information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff are required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement as Exhibit "D". We will be a third-party beneficiary with the right to enforce those agreements.

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any

concept or development if requested

You may never, whether during the term of the Franchise Agreement or after its expiration or termination, reveal any of our Confidential Information to another person or entity, or use it for any purpose not expressly provided by the Franchise Agreement. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing.

Your use of the ~~Operations~~ Manual, trade secrets or other Confidential Information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement. Further information about termination of the Franchise Agreement following a default is included in Item 17.

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

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The Franchised Business must always be under the direct full-time supervision of a designated manager (the "Designated Manager"), which is you if you are an individual, or is an individual you select, subject to our approval, if you are a business entity. The Designated Manager must attend and satisfactorily complete our ~~initial training program~~ Initial Training before opening the Franchised Business. You must keep us informed of the identity of your current Designated Manager. If you are a corporation or other business entity, the Designated Manager must be one of your owners. The Franchised Business must be open during normal business hours on the days specified in the ~~Operations~~ Manual.

If you are a business entity, anyone who owns a 5% or greater interest in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Guaranty and Assumption of Obligations attached to each agreement.

You must staff the Franchised Business at all times with a sufficient number of competent and properly trained employees. You are exclusively responsible for hiring all employees of your ~~Center~~ Franchised Business and are exclusively responsible for the terms of their employment,

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including their compensation and training. You are solely responsible for all employment decisions for your ~~Vapor Shark~~ Franchised Business, including those related to hiring, firing, remuneration, personal policies, benefits record keeping, supervision and discipline, and regardless whether you received advice from us on these subjects. Your Designated Manager will have day-to-day management responsibility for your Franchised Business and will exercise on-premises supervision and personally participate in the direct operation of your Franchised Business.

You will have to obtain an agreement from each of your employees to which you have disclosed our proprietary information in the course of that person's employment to refrain from competing with ~~either both~~ your ~~Vapor Shark~~ Franchised Business, ~~or~~ and any of our other franchised or company or affiliate-owned Vapor Shark ~~Businesses~~ businesses for a period of two years (or the maximum that is permissible under your local law) after that person is discharged or leaves your employment.

If we enter into an Area Development Agreement with you and you are a business, then your owners must sign a personal guaranty, the form of which is attached to the Area Development Agreement. Your development of the Development Area must be under the supervision of an owner, who is designated the "Responsible Owner."

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer the services and products we specify periodically, in strict accordance with our standards and specifications. You may not sell any services or products that we have not authorized and you must immediately discontinue offering any services or products that we may disapprove. If you sell unauthorized products we may cancel and terminate your Franchise Agreement. We may periodically change required or authorized products or services. There are no limits on our right to do so. ~~If we modify the System you may be required to add or replace equipment, signs and fixtures, and you may have to make improvements or modifications as~~

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~~necessary to maintain uniformity with our current standards and specifications. Your total costs to conform to any changes we make to the System during the initial term of the Franchise Agreement will not exceed \$40,000.~~

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based upon such factors as we determine, including test marketing, your qualifications, and regional or local differences.

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ITEM 17**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION****THE FRANCHISE RELATIONSHIP**

The following table lists certain important provisions of the Franchise Agreement. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in the Franchise Agreement	Summary
a—Term of the franchise	Section 4.1	The initial term is 10 years.
b—Renewal or extension	Section 4.2	You may renew for 4 additional terms of 5 years each, subject to the conditions in the Franchise Agreement.
e—Requirements for you	Section 4.2	You may renew the Franchise Agreement if you have substantially complied with the provisions of the Franchise Agreement, have the right to maintain possession of the approved location or an approved substitute location for the term of the renewal, have complied with our then-current standards and specifications for the operation of the Franchised Business, have made capital expenditures as necessary to maintain uniformity with the System, have satisfied all monetary obligations owed to us, are not in default of any provision of the Franchise Agreement or any other agreement between you and us, have given timely written notice of your intent to renew, sign a current Franchise Agreement, that

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	<u>52</u>	or similar to the General Release
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	<u>53</u>	attached to the Franchise Agreement
	<u>Vapor Shark Franchise Documents, Version Dated May 22, 2018</u>	

d. Termination by you	54	
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	<u>56</u>	Not Applicable
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Vapor Shark Franchise Documents, Version 1.0, dated 10/2018	60	
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cause

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Vapor Shark Franchise Documents, Version Dated May 22, 2018	64	We may terminate the Franchise
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d "Cause" defined		
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defaults that can be cured	Section 16.1	You can avoid termination of the Franchise Agreement if you cure a default arising from your failure to comply with mandatory specifications in the Franchise Agreement or Operations Manual within 30 days of receiving our notice of default; if a default arises from your failure to maintain insurance, you can avoid termination of the Franchise Agreement if you cure the default within 10 days of receiving our notice of your failure to maintain insurance. If a default arises from your failure to make payments due to us, you can avoid termination of the Franchise Agreement if you cure the default within 5 days of receiving our notice of default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
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~~'Cause'~~

	<u>70</u> <u>Vapor Shark Franchise Documents, Version Dated May 22, 2018</u>	We have the right to immediately- <u>We have the right to immediately-</u>
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	<u>71</u>	terminate the Franchise Agreement
	<u>Vapor Shark Franchise Documents- Version Dated May 22, 2018</u>	

	<u>73</u>	cure if you fail to timely select an
	<u>Vapor Shark Franchise Documents. Version Dated May 22, 2018</u>	

	<u>74</u>	approved location, fail to establish and

	75	equip the Franchised Business, fail to
	Vapor Shark Franchise Documents. Version Dated May 22, 2018	

76 open the Franchised Business within
~~Vapor Shack Franchise Documents, Version Dated May 22, 2018~~

		Agreement, fail to satisfactorily 78 Vapor Shark Franchise Documents, Version Dated May 22, 2018
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complete training, made a material misrepresentation or omission in the application for the Franchise Agreement, committed or plotted negligent acts to a felony or other crime or offense likely to affect the reputation of either party or the Franchised Business, use the Operations Manual, trade secrets or other confidential information in an unauthorized manner, abandon the Franchised Business, fail to maintain the Franchised Business in an authorized manner, fail to maintain the Franchised Business, or otherwise violate the provisions of the Franchise Agreement. If you do not become a Franchised Business, you shall report on a regular basis to us the number of customers or other persons who have contacted us regarding any claims due by, asserted against, or made against the Franchised Business, or make a general assignment for the benefit of the Franchised Business, or make an unauthorized use of the Marks, for 12 months or more after the date of the termination of the Franchise Agreement, or to pay any fees due us, violate any health, safety or other laws or operate the Franchised Business in a manner creating a health or safety hazard to customers, employees or the public. We shall take any action respected to us, fail to comply with applicable law after notice, repeatedly breach (3 or more breaches) the Franchise Agreement or comply with specifications, sell unauthorized products, fail to comply with our pricing policy, default under any other agreement between you and us such that we have the right to terminate the Franchise Agreement.

~~fail to comply with any other provision of the Franchise Agreement, Operations Manual or System standards and do not correct that within 30 days after written notice from us, or fail to pay when due~~

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		any federal, state or local income, service, sales or other taxes unless you are in good faith contesting your liability for same.
† Your obligations on termination/non-renewal	Section 17.1	If the Franchise Agreement is terminated or not renewed you must stop operating the Franchised Business, stop using any trade secrets or other confidential information, the System and the Marks, if requested, assign your interest in the approved location to us, cancel or assign to us any assumed names, pay all sums owed to us including damages and costs incurred in enforcing the Franchise Agreement, return the Operations Manual, trade secrets and all other confidential information, assign your telephone and facsimile numbers to us, comply with the covenants not to compete and any other surviving provisions of the
J Assignment of contract by us	Section 18.1	There are no restrictions on our right to assign our interest in the Franchise Agreement.
K "Transfer" by you - definition	Section 18.2	"Transfer" includes transfer of an interest in the franchise, the Franchise Agreement, the approved location - the Franchised Business's assets or the franchisee entity.
L Our approval of transfer by you	Section 18.2	You may not transfer your interest in any of the items listed in (k) above without our prior written consent

the Conditions for our approval of transfer	Section 18.2	We will consent to a transfer if we have not exercised our right of first refusal, all obligations owed to us are paid, you and the transferee have signed a general release in a form the same as or similar to the General Release attached to the Franchise Agreement, the prospective transferee meets our business and financial standards, the transferee and all persons owning any interest in the transferee sign the then current Franchise
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Vapor Shark Franchise Documents - Version Dated May 18, 2017 ~~Agreement~~

Provision	Section in the Franchise Agreement	Summary
a. Term of the franchise	Section 4.1	The initial term is 10 years.
b. Renewal or extension	Section 4.2	You may renew for 2 additional terms of 10 years each, subject to the conditions in the Franchise Agreement.
c. Requirements for you	Section 4.2	You may renew the Franchise Agreement if you have substantially complied with the provisions of the Franchise Agreement, have the right to maintain possession of the approved location or an approved substitute location for the term of the renewal, have complied with our then-current standards and specifications for the operation of the Franchised Business, have made capital expenditures as necessary to maintain uniformity with the System, have satisfied all monetary obligations owed to us, are not in default of any provision of the Franchise Agreement or any other agreement between you and us, have given timely written notice of your intent to renew, sign a current Franchise Agreement that may contain terms and conditions materially different from those in your previous franchise agreement, such as different

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		<u>fee requirements and territorial rights, comply with current qualifications and training requirements, pay the then-current successor franchise fee, and sign a general release in a form the same as or similar to the General Release attached to the Franchise Agreement.</u>
<u>d. Termination by you</u>	<u>None</u>	<u>Not Applicable</u>
<u>e. Termination by us without cause.</u>	<u>None</u>	<u>Not Applicable</u>
<u>f. Termination by us with cause</u>	<u>Section 16.1</u>	<u>We may terminate the Franchise Agreement only if you default.</u>
<u>g. "Cause" defined-defaults that can be cured</u>	<u>Section 16.1</u>	<u>You can avoid termination of the Franchise Agreement if you cure a default arising from your failure to comply with mandatory specifications in the Franchise Agreement or Manual within 30 days of receiving our notice of default. If a default arises from your failure to maintain insurance, you can avoid termination of the Franchise Agreement if you cure the default within 10 days of receiving our notice of your failure to maintain insurance. If a default arises from your failure to make payments due to us, you can avoid termination of the Franchise Agreement if you cure the default within 5 days of receiving our notice of default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate. If you have signed an Area Development Agreement and default, it will constitute a default of the Franchise Agreement.</u>
<u>h. "Cause"</u>	<u>Section 16.1</u>	<u>We have the right to immediately terminate the Franchise Agreement without giving you an opportunity to cure if you fail to timely select an approved location, fail to establish and equip the Franchised Business, fail to open the Franchised Business within</u>

		<u>120 days after signing the Franchise Agreement, fail to satisfactorily complete training, made a material misrepresentation or omission in the application for the franchise, are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of either party or the Franchised Business, use the Manual, trade secrets or other confidential information in an unauthorized manner, abandon the Franchised Business for 5 or more consecutive days, surrender or transfer of control of the Franchised Business in an unauthorized manner, fail to maintain the Franchised Business under the supervision of a Designated Manager if you die or become disabled, submit reports on 2 or more separate occasions understating any amounts due by more than 3%, are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors, misuse or make unauthorized use of the Marks, fail on 2 or more occasions within any 12 months to submit reports or records or to pay any fees due us, violate any health, safety or other laws or operate the Franchised Business in a manner creating a health or safety hazard to customers, employees or the public, take any action reserved to us, fail to comply with applicable law after notice, repeatedly breach (3 or more breaches) the Franchise Agreement or comply with specifications, sell unauthorized products, default under any other agreement between you and us such that we have the right to terminate the Franchise Agreement, fail to comply with any other provision of the Franchise Agreement, Manual or System standards and do not correct</u>
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		<u>that within 30 days after written notice from us, or fail to pay when due any federal, state or local income, service, sales or other taxes unless you are in good faith contesting your liability for same, or sell unauthorized products.</u>
<u>l. Your obligations on termination/non-renewal</u>	<u>Section 17.1</u>	<u>If the Franchise Agreement is terminated or not renewed, you must stop operating the Franchised Business, stop using any trade secrets or other confidential information, the System and the Marks, if requested, assign your interest in the approved location to us, cancel or assign to us any assumed names, pay all sums owed to us including damages and costs incurred in enforcing the Franchise Agreement, return the Manual, trade secrets and all other confidential information, assign your telephone and facsimile numbers to us, comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement.</u>
<u>j. Assignment of contract by us</u>	<u>Section 18.1</u>	<u>There are no restrictions on our right to assign our interest in the Franchise Agreement.</u>
<u>k. "Transfer" by you-definition</u>	<u>Section 18.2</u>	<u>"Transfer" includes transfer of an interest in the franchise, the Franchise Agreement, the approved location, the Franchised Business's assets or the franchisee entity.</u>
<u>l. Our approval of transfer by you</u>	<u>Section 18.2</u>	<u>You may not transfer your interest in any of the items listed in (k) above without our prior written consent.</u>
<u>m. Conditions for our approval of transfer</u>	<u>Section 18.2</u>	<u>We will consent to a transfer if, we have not exercised our right of first refusal, all obligations owed to us are paid, you and the transferee have signed a general release in a form the same as or similar to the General Release attached to the Franchise Agreement, the prospective transferee meets our business and financial standards, the transferee and all</u>

		<u>persons owning any interest in the transferee sign the then current Franchise Agreement</u>, you provide us with a copy of all contracts and agreements related to the transfer, you or the transferee pay a transfer fee, the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement, <u>payment of the transfer fee</u>, you have agreed to guarantee performance by the transferee, if requested by us, the transferee has obtained all necessary consents and approvals of third parties, you or all of your equity owners have signed a non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition attached to the Franchise Agreement, and the transferee has agreed that its Designated Manager will complete the initial training program before assuming management of the Franchised Business
n Our right of first refusal to acquire your Franchised Business	Section 19	We may match an offer for your Franchised Business or an ownership interest you propose to sell
e-o Our option to purchase your Franchised Business	Section 17 3	Except as described in (n) above, we do not have the right to purchase your Franchised Business, however, during the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the Franchised Business for book value
p-p Your death or disability	Section 18 6	If you (or one of you owners) die or become incapacitated, your representative must transfer, subject to the terms of the Franchise Agreement, your interest in the Franchised Business within 180 days of death or incapacity or we may terminate the Franchise Agreement
q Non-competition		You, your owners (and members of

covenants during the term of the franchise	Section 7.3	their families and households) and your officers, directors, executives, managers, professional staff and employees are prohibited from <u>attempting to divert any business or customer of the Franchised Business to a competitive business or causing injury or prejudice to the Marks or the System, owning or working for a competitive business.</u>
<u>r. Non-competition covenants after the franchise is terminated or expires</u>	<u>Section 17.2</u>	<u>For 2 years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives, managers or professional staff are prohibited from owning or working for a competitive business operating within 25 miles of the approved location or within the Protected Territory (whichever is greater), and within 25 miles of any other Vapor Shark retail outlets, or soliciting or influencing any of our customers, employees or business associates to compete with us, or terminate their relationship with us.</u>
<u>s. Modification of the agreement</u>	<u>Section 17.2</u>	<u>The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Manual without your consent if the modification does not materially alter your fundamental rights.</u>
<u>t. Integration/merger clause</u>	<u>Section 22.7</u>	<u>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.</u>
<u>u. Dispute resolution by arbitration or mediation</u>	<u>None</u>	<u>Disputes are required to be resolved with us by litigation only in Florida. Out of state litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to litigate with us in Florida than in your own state.</u>

<u>v. Choice of forum</u>	<u>Section 23.2</u>	<u>Any litigation must be pursued in courts located in the county and state where our corporate headquarters are located periodically, currently Miami-Dade County, Florida, subject to state law.</u>
<u>w. Choice of law</u>	<u>Section 23.1</u>	<u>Florida laws apply (unless prohibited by laws of state where Business is located).</u>

The following table lists certain important provisions of the Area Development Agreement. You should read these provisions in the agreements attached to this disclosure document.

Area Development Agreement

<u>Provision</u>	<u>Section in the Area Development Agreement</u>	<u>Summary</u>
<u>a. Term of the franchise</u>	<u>Section 4.1</u>	<u>attempting to divert any business or customer of Until the date the last Franchised Business to a competitive business or causing injury or prejudice to the Marks or the System, owning or working for a competitive business is opened pursuant to the Development Schedule</u>
<u>b. Renewal or extension</u>	<u>Not Applicable</u>	<u>Not Applicable</u>
<u>c. Requirements for you to renew or extend</u>	<u>Not Applicable</u>	<u>Not Applicable</u>
<u>d. Termination by you</u>	<u>Not Applicable</u>	<u>Not Applicable</u>
<u>e. Termination by us without cause.</u>	<u>Not Applicable</u>	<u>Not Applicable</u>
<u>f. Termination by us with cause</u>	<u>Section 7.1</u>	<u>We can terminate if you are in default or breach of the Area Development Agreement, for reasons other than failing to comply with the Development Schedule, after a 30-day cure period. We may also, in our sole and absolute,</u>

		<u>discretion, deem you in default under the Area Development Agreement if you are in default under a Franchise Agreement or other agreement with us and have not cured that default within any available cure period.</u>
<u>g. "Cause" defined- defaults that can be-cured</u>	<u>Section 7.1</u>	<u>We can terminate if you are in default or breach of the Area Development Agreement, for reasons other than failing to comply with the Development Schedule, after a 30-day cure period. We may also, in our sole and absolute discretion, deem you in default under the Area Development Agreement if you are in default under a Franchise Agreement or other agreement with us and have not cured that default within any available cure period.</u>
<u>h. "Cause"</u>	<u>Section 7.1</u>	<u>Your failure to timely satisfy the Development Schedule.</u>
<u>i. Your obligations on termination/non-renewal</u>	<u>Section 7.4</u>	<u>Pay the balance of the Area Development fee owed.</u>
<u>j. Assignment of contract by us</u>	<u>Section 9.2</u>	<u>We can sell, assign, transfer, or otherwise dispose of the Area Development Agreement, or any or all of our rights and obligations under the Area Development Agreement, to anyone in our sole discretion.</u>
<u>k. "Transfer" by you- definition</u>	<u>Section 9.3</u>	<u>"Transfer" includes the sale, assignment, conveyance, giving away, pledging, mortgaging, sublicensing or other transfer, by operation of law or otherwise, of any interest in the Area Development Agreement, the Development Area, the assets and all or part of the ownership of Area Developer.</u>
<u>l. Our approval of transfer by you</u>	<u>Sections 9.3 and 9.4</u>	<u>You may not transfer your interest in any of the items listed in (k) above without our prior written consent.</u>

<u>m. Conditions for our approval of transfer</u>	<u>Sections 9.3 and 9.4</u>	<u>We will consent to a transfer if, the prospective transferee is acceptable to us, you are not in default of the Area Development Agreement, all obligations owed to us are paid, you have signed a general release in a form the same as or similar to the General Release attached to the Franchise Agreement, the transferee and all persons owning any interest in the transferee sign the then current Area Development Agreement, you provide us with a copy of all contracts and agreements related to the transfer, you or the transferee pay a transfer fee (if applicable), the transferee has obtained all necessary consents and approvals of third parties, you or all of your equity owners have signed a non-competition agreement in a form satisfactory to us, there are no outstanding disputes between us or our affiliates and you and your affiliates.</u>
<u>n. n. Our right of first refusal to acquire your Franchised Business</u>	<u>Not Applicable</u>	<u>Not Applicable</u>
<u>o. Our option to purchase your Franchised Business</u>	<u>Not Applicable</u>	<u>Not Applicable</u>
<u>p. Your death or disability</u>	<u>Section 9.5</u>	<u>If you die or become incapacitated, the Franchise Agreement must be transferred to a third party acceptable to us within 180 days after the date of death or incapacity, subject to earlier expiration or termination due to your default under the Area Development Agreement.</u>

<u>q. Non-competition covenants during the term of the franchise</u>	<u>Section 8.1</u>	<u>You and your Owners (if you are a business entity) may not own or be involved with a Competitive Business that is located in or serves customers within the Development area or any zip code where a Franchised Business served customers, divert or attempt to divert any customer serviced by a Franchised Business to a competitive business, induce or attempt to induce any customer serviced by a Franchised Business to modify their behavior in a way that would result in a reduction of the business the customer may do with the Franchised Business or that would result in a reduction of the business the customer may do with us, our affiliates, or franchisees. A "Competitive Business" means any business which offers residential plumbing products and services competitive with or similar to those offered by us, our affiliates, our franchisees, licensees or affiliates' franchisees, licensees, and members, without regard to geographic location, other than as authorized by the Area Development Agreement or any other agreement between us.</u>
<u>r. r Non-competition covenants after the franchise is terminated or expires</u>	<u>Section 17-28.2</u>	<u>For 2 years24-months after thetransfer, termination, or expiration ofunder the FranchiseArea Development Agreement, you, your owners (and members of their families and households) and your officers, directors, executives, managers or professional staff are prohibited from owning or working for a competitive business operating within 25 miles of the approved location or within the Protected Territory (whichever is greater), and within 25 miles of any other Vapor Shark retail outlets, or soliciting or influencing any of our customers, employees or business associates to compete with us or terminate their</u>

		relationship with us <u>your Owners if you are a business entity) may not directly or indirectly (including on behalf of a spouse, sibling, or child, or on behalf of or through any other person or entity) own or be involved with a Competitive Business in the Development Area or that services customers in the Development Area or any zip code where any of your Franchised Businesses served customers during the Development Term</u>
s Modification of the agreement	Section 17-2 <u>12.8</u>	The Franchise <u>Area Development</u> Agreement can be modified only by written agreement between you and us We may modify the Operations Manual without your consent if the modification does not materially alter your fundamental rights
t. aa- Integration/merger clause	Section 22-7 <u>12.7</u>	Only the terms of the Franchise <u>Area Development</u> Agreement are binding (subject to state law) Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable
u. t- Dispute resolution by arbitration or mediation	None <u>Section 10.1.10.2</u>	Disputes are required to be resolved with us by litigation only in Florida Out of state litigation may force you to accept a less favorable settlement for disputes It may also cost you more to litigate with us in Florida than in your own state
v. q- Choice of forum	Section 23-2 <u>10.3</u>	Any litigation must be pursued in courts located in the county and state where our corporate headquarters are <u>located periodically, currently Miami-Dade County, Florida, subject to state law.</u>
w. w. Choice of law	Section 12.12	<u>Florida laws apply (unless prohibited by laws of state where Franchised Business is located).</u>

		located periodically, currently Miami-Dade County, Florida, subject to state law
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w-Choice of law	Section 23-1	Florida laws apply (unless prohibited by laws of state where Business is located)-
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ITEM 18 PUBLIC FIGURES

We do not presently use any public figures 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.

We are providing historical financial performance representations for domestic, individual unit Vapor Shark franchise outlets and affiliate-owned outlets for the period from January 1, 2017 to December 31, 2017 (the "Representation Period"). We only included outlets that had Gross Sales (as defined below) during the entire Representation Period. If a franchise outlet or an affiliate-owned outlet did not have Gross Sales for the entire Representation Period, we did not include its results in any of the tables below.

As of December 31, 2017, there were 26 domestic franchise outlets and 7 domestic affiliate-owned outlets. Of the 26 domestic franchise outlets, 23 had Gross Sales for the Representation Period. Of the 7 domestic affiliate-owned outlets, 7 had Gross Sales for the Representation Period.

"Gross Sales" means the aggregate of all revenue from the sale of products and services from all sources in connection with the franchise outlet or affiliate-owned outlet, whether for check, cash, credit, barter exchange or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by the franchise outlet or affiliate-owned outlet for or on behalf of any governmental taxing authority and paid thereto, (c) the value of any allowance issued or granted to any customer of the franchise outlet or affiliate-owned outlet that is credited

by the franchise outlet or affiliate-owned outlet in full or partial satisfaction of the price of any products and services offered in connection with the franchise outlet or affiliate-owned outlet, and (d) any rebate received by the franchise outlet or affiliate-owned outlet from a manufacturer or supplier. The Gross Sales data included in these tables does not deduct the costs of sales, operating costs, or other costs and/or expenses for Vapor Shark outlets. We recommend that you make your own independent investigation of costs and expenses you will incur in operating a Vapor Shark store to determine if a store owned or operated by you may be profitable. Franchisees or former franchisees listed in this franchise disclosure document may be one source of this information. You should consult with an attorney and other advisors before signing the Franchise Agreement.

Gross Sales data is obtained from individual franchise outlets based on Gross Sales reports submitted to us monthly, and from affiliate-owned outlets based on financial records maintained by the outlets. We reasonably rely on this data and believe it to be true and correct. However, we have not audited this data and cannot therefore provide any assurances as to its accuracy or completeness.

Table 1
Gross Sales by Tier
For the Period from January 1, 2017 to December 31, 2017
Franchise Outlets and Affiliate-Owned Outlets

	<u>Franchise Outlets</u>			
	<u>TOP 10%</u>	<u>TOP 33%</u>	<u>MIDDLE 33%</u>	<u>BOTTOM 33%</u>
<u>Store Count</u>	<u>2</u>	<u>8</u>	<u>7</u>	<u>8</u>
<u>Average Gross Sales</u>	<u>\$753,433</u>	<u>\$644,237</u>	<u>\$407,173</u>	<u>\$270,817</u>
<u>Median Gross Sales</u>	<u>\$753,433</u>	<u>\$634,160</u>	<u>\$389,284</u>	<u>\$271,564</u>
<u>Range of Gross Sales</u>	<u>\$708,145 - \$798,732</u>	<u>\$552,275 - \$798,732</u>	<u>\$361,251 - \$489,791</u>	<u>\$213,211 - \$359,450</u>

In the Top 10%, 1 franchise outlet met or exceeded the average gross sales, and 1 franchise outlet met or exceeded the median gross sales.

In the Top 33%, 4 franchise outlets met or exceeded the average gross sales, and 4 franchise outlets met or exceeded the median gross sales.

In the Middle 33%, 3 franchise outlets met or exceeded the average gross sales, and 4 franchise outlets met or exceeded the median gross sales.

In the Bottom 33%, 4 franchise outlets met or exceeded the average gross sales, and 4 franchise outlets met or exceeded the median gross sales.

Affiliate-Owned Outlets

	<u>TOP 10%</u>	<u>TOP 33%</u>	<u>MIDDLE 33%</u>	<u>BOTTOM 33%</u>
<u>Store Count</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>3</u>
<u>Average Gross Sales*</u>	<u>\$878,262</u>	<u>\$818,323</u>	<u>\$708,288</u>	<u>\$504,284</u>
<u>Median Gross Sales</u>	<u>\$878,262</u>	<u>\$818,323</u>	<u>\$708,288</u>	<u>\$543,341</u>
<u>Range of Gross Sales</u>	<u>\$878,262</u>	<u>\$758,384 - \$878,262</u>	<u>\$673,845 - \$742,731</u>	<u>\$385,545 - \$543,341</u>

In the Top 10%, 1 affiliate-owned outlets met or exceeded the average gross sales, and 1 affiliate-owned outlets met or exceeded the median gross sales.

In the Top 33%, 1 affiliate-owned outlets met or exceeded the average gross sales, and 1 affiliate-owned outlets met or exceeded the median gross sales.

In the Middle 33%, 1 affiliate-owned outlets met or exceeded the average gross sales, and 1 affiliate-owned outlets met or exceeded the median gross sales.

In the Bottom 33%, 2 affiliate-owned outlets met or exceeded the average gross sales, and 2 affiliate-owned outlets met or exceeded the median gross sales.

Table 2
Annualized Gross Sales
For the Period from January 1, 2017 to December 31, 2017
Franchise Outlets and Affiliate-Owned Outlets

Franchise Outlets

<u>Average Annualized Gross Sales</u>	<u>Number of Stores that Meet or Exceed Annual Average</u>		<u>Median Annualized Gross Sales</u>	<u>Number of Stores that Meet or Exceed Annual Median</u>	
<u>\$442,202</u>	<u>9</u>	<u>39%</u>	<u>\$389,284</u>	<u>12</u>	<u>52%</u>
<u>(Avg. / Mean)</u>	<u>(Store Count)</u>	<u>(% of Sample)</u>	<u>(Median)</u>	<u>(Store Count)</u>	<u>(% of Sample)</u>

Affiliate-Owned Outlets

<u>Average Annualized Gross Sales</u>	<u>Number of Stores that Meet or Exceed Annual Average</u>	<u>Median Annualized Gross Sales</u>	<u>Number of Stores that Meet or Exceed Annual Median</u>
\$652,296	4 57%	\$673,845	4 57%
(Avg. / Mean)	(Store Count) (% of Sample)	(Median)	(Store Count) (% of Sample)

Table 3
Year Over Year Growth
For the Period from January 1, 2016 to December 31, 2017
Franchise Outlets and Affiliate-Owned Outlets

	<u>Affiliate-Owned</u>	<u>Franchised</u>	<u>Total</u>
<u>2017 Store Count</u>	7	23	30
<u>2017 Avg. Gross Sales</u>	\$652,296	\$442,202	\$491,224
<u>YOY Gross Sales Growth</u>	1%	11%	7%

**Based on Full-Year Domestic Store Growth of Gross Sales 2017 v. 2016*

**Stores that did not have a full-year of 2016 actuals were not included*

Some franchise outlets and affiliate-owned outlets have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

The amount of revenues and expenses incurred will vary among our franchisees. In particular, the revenues, expenses and profitability of a franchisee will be directly affected by a number of factors, including geographic location, local and national economic conditions, competition in the market, the quality of management and employees of the business, contractual relationships with lessors and vendors, legal, accounting, and other professional service fees, federal, state, and local income taxes, gross profits taxes or other taxes, discretionary expenditures, accounting methods used, and fees payable to us. Further, territories may vary, including in size, demographics, competitors and other characteristics. Each of these and many other characteristics can impact the financial performance of a franchisee and its territory.

The information in this Item 19 has not been audited nor has it been prepared by an independent accountant. Written substantiation of these financial performance representations will be made available to a prospective franchisee upon request.

Aside from the representations above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make 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 our management by contacting ~~Brandon Leidel~~ Christopher Jason Henshaw, 5000 SW 75th Avenue, Suite 120, Miami, Florida 33155 (855) 827-3669, or at 7900 Oak Lane, Suite 401, Miami Lakes, FL 33016 following the Franchisor's move to a new principal office later in 2018, the Federal Trade Commission and any appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
System-wide Outlet Summary-

For years ~~2014~~2015 to ~~2016~~2017

Outlet Type	Year	Outlets at the	Outlets at the	Net Change
42				
Vapor Shark Franchise Documents Version Dated May 18, 2017				
		Start of the Year	End of the Year	
Franchised ¹ Outlet Type	2014 2015	0 Outlets at the Start of the Year	+6 Outlets at the End of the Year	+6 Net Change
Franchised ¹	2015	16	21	5
	2016	21	25	4
	2017	25	25	0
Company-- Owned/Affiliate ²	2014 2015	6 9	9	3 0
	2015 2016	9	9	0
	2016 2017	9	9 8	0 -1
Total Outlets	2014 2015	6 25	25 30	19 5
	2015	25	30	5

[These figures do not include international franchises in Guatemala.]

² These outlets are owned by individual limited liability companies that are owned by our affiliate, The Hand Media, Inc., and includes the 50% owned retail store, JB Vapor, LLC.]

	2016	30	34	4
	2017	34	33	1

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2014~~2015~~ to 2016~~2017~~

STATE	YEAR	NUMBER OF TRANSFERS
All	2014 2015	13 0
	2015	0
	2016	1
	2017	0
Totals	2014 2015	13 0
	2015	0
	2016	1
	2017	0

Table 3
Status of Franchised Outlets

~~These figures do not include international franchises in Guatemala~~

~~These outlets are owned by individual limited liability companies that are owned by our affiliate, The Hand Media, Inc., and includes the 50% owned retail store, JB Vapor, LLC~~

~~a partial interest in one franchise was transferred~~

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~
For years 2014~~2015~~ to 2016~~2017~~

State	Year	Outlets at the Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at the End of Year
Florida	2014 2	0 15	1 56	0	0	0	0 1	1 520

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~~Vapor Shark Franchise Documents, Version Dated May 22, 2018~~

	<u>015</u>							
	2015 <u>2</u> <u>016</u>	1520	61	0	0	01	12	2018
	2016 <u>2</u> <u>017</u>	2018	12	01	0	10	20	1819
New Jersey	2014 <u>2</u> <u>015</u>	01	10	0	0	0	0	1
	2015 <u>2</u> <u>016</u>	1	01	0	0	0	0	12
	2016 <u>2</u> <u>017</u>	12	10	0	0	0	0	2
Texas	2014 <u>2</u> <u>015</u>	0	02	0	0	0	0	02
	2015 <u>2</u> <u>016</u>	02	2	0	0	0	01	23
	2016 <u>2</u> <u>017</u>	23	20	0	0	0	1	32
Wisconsin		2014	0	0	0	0	0	0
		2015	0	0	0	0	0	0
		2016	0	1	0	0	0	1
Pennsylvania	2014 <u>2</u> <u>015</u>	0	0	0	0	0	0	0
	2015 <u>2</u> <u>016</u>	0	01	0	0	0	0	01
	2016 <u>2</u> <u>017</u>	01	10	0	0	0	0	1
Wisconsin	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Totals	2014 <u>2</u> <u>015</u>	016	168	0	0	0	01	1623
	2015 <u>2</u> <u>016</u>	1623	86	0	0	01	13	25
	2016 <u>2</u> <u>017</u>	2325	62	01	0	10	31	25

Table 4
Status of Company-Owned/Affiliate Outlets
For years 20142015 to 20162017

State	Year	Outlets at the Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Closed Outlets	Outlets Sold to Franchisee	Outlets at the End of Year
Florida	2014		6	3	0	0	9
Florida ³	2015	9	0	0	0	0	9
	2016	9	1	1	1	0	9
	2017	9	0	0	1	0	8
Totals	2014-2015	69	30	0	0	0	9
	2015-2016	9	01	01	01	0	9
	2016-2017	9	10	10	1	0	98

Table 5
Projected Openings as of December 31, 2016-2017

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
California	0	1	01
Florida	12	8	14
Georgia	0	1	0
Hawaii	0	1	0
Maryland	0	1	0
New Jersey	0	12	0
New York	0	110	0
North Carolina	0	1	0
Texas	0	2	0
Pennsylvania	0	1	0
Washington	0	1	0
Wisconsin	0	1	0
Total	12	2030	15

Exhibit "~~G~~"H lists the names of all of our operating franchisees and the addresses and telephone numbers of their Franchised Business as of ~~March~~December 31, 2017 Exhibit "~~GH-1~~" lists the franchisees who have signed Franchise Agreements for Vapor Shark retail outlets which were not yet operational as of ~~March~~December 31, 2017 Exhibit "~~GH-2~~" lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year and through ~~March~~December 31, 2017, or who have not communicated with us within 10 weeks of the issuance date of this disclosure document If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

During the last 3 fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~

As of the date of this Disclosure Document, there are no trademark specific organizations formed by our franchisees that are associated with our franchise system

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit "~~H~~"I to this Disclosure Document, are our audited financial statements as of December 31, 20162017.

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

Our fiscal year ends on December 31st

ITEM 22

CONTRACTS

The Vapor Shark Franchising, LLC Franchise Agreement (with exhibits) is attached to this Franchise Disclosure Document as Exhibit "~~C~~"C, and the Area Development Agreement is

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Vapor Shark Franchise Documents, Version Dated May 22, 2018

attached as Exhibit D. The Franchise Deposit Agreement is attached to this Franchise Disclosure Document as Exhibit "~~D~~"E.

EXHIBITS TO FRANCHISE AGREEMENT

- C-1 APPROVED LOCATION AND MAP
- C-2 GENERAL RELEASE
- C-3 COLLATERAL ASSIGNMENT OF LEASE
- C-4 NONDISCLOSURE AND NON-COMPETITION AGREEMENT
- C-5 TELEPHONE ASSIGNMENT AGREEMENT
- C-6 GUARANTY AND ASSUMPTION OF OBLIGATIONS
- ~~C-7~~ ~~FRANCHISEE INFORMATION~~

ITEM 23-

RECEIPT

Exhibit "~~J~~"K contains detachable receipts for this disclosure document. You are to keep one copy and return the other copy to us.

EXHIBIT "A" TO THE DISCLOSURE DOCUMENT-

STATE AGENCIES AND ADMINISTRATORS

CALIFORNIA California Commissioner of Business Oversight Department of Business Oversight 320 West 4 th Street Los Angeles, California 90013 1-866-275-2677 (toll free)	NORTH DAKOTA North Dakota Securities Department 600 East Boulevard State Capitol, Fifth Floor Bismarck, North Dakota 58505-0510 Phone 701-328-4712
HAWAII Department of Commerce and Consumer Affairs, Business Registration Division, Commissioner of Securities P O Box 40 Honolulu, Hawaii 96810	OREGON Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310
ILLINOIS Attorney General State of Illinois 500 South Second Street Springfield, Illinois 62706	RHODE ISLAND Chief Securities Examiner- Division of Securities Section- 233 Richmond Street, Suite 232- Providence, Rhode Island 02903
INDIANA Indiana Securities Commissioner 302 W Washington Street, Room E-111 Indianapolis, Indiana 46204	SOUTH DAKOTA Franchise Administration- Division of Securities 118 West Capitol Avenue- Pierre, South Dakota 57501
MARYLAND Office of the Attorney General, Securities Division 200 St Paul Place Baltimore, Maryland 21202-2020	VIRGINIA Director, Division of Securities and Retail Franchising State Corporation Commission 1300 East Main Street, Ninth Floor Richmond, Virginia 23219
MICHIGAN Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, Michigan 48913	WASHINGTON Franchise Registrations/Business Opportunities Department of Financial Institutions Securities Division P O Box 9033 Olympia, Washington 98507
MINNESOTA Franchise Examiner Minnesota Department of Commerce Market Assurance Division 85 7th Place East, Suite 500 St Paul, Minnesota 55101	WISCONSIN Franchise Administrator, Division of Securities Department of Financial Institutions P O Box 1768 Madison, Wisconsin 53701
NEW YORK	

New York State Department of Law Bureau of Investor Protection and Securities Bureau 120 Broadway, 23rd 28 Liberty St., 21 st Floor New York, New York 10271 10005	
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EXHIBIT "B" TO THE DISCLOSURE DOCUMENT
AGENTS FOR SERVICE OF PROCESS

CALIFORNIA California Commissioner of Business Oversight Department of Business Oversight 320 West 4 th Street Los Angeles, California 90013 1-866-275-2677 (toll free)	NORTH DAKOTANEW YORK North Dakota Securities Department of State 600 East Boulevard State Capitol, Fifth Floor Bismarck, North Dakota 58505-0510 41 State Street Phone 701-328-4712 Albany, New York 12231
FLORIDA GT Corporation Systems 1200 Pine Island Road Plantation, FL 33324	NORTH DAKOTA North Dakota Securities Department 600 East Boulevard State Capitol, Fifth Floor Bismarck, North Dakota 58505-0510 Phone 701-328-4712
HAWAII Department of Commerce and Consumer Affairs, Business Registration Division, Commissioner of Securities P O Box 40 Honolulu, Hawaii 96810	OREGON Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310
ILLINOIS Attorney General State of Illinois 500 South Second Street Springfield, Illinois 62706	RHODE ISLAND Chief Securities Examiner- Division of Securities Section- 233 Richmond Street, Suite 232- Providence, Rhode Island 02903
INDIANA Indiana Secretary of State- 201 State House Indianapolis, Indiana 46204	SOUTH DAKOTA Franchise Administration- Division of Securities 118 West Capitol Avenue- Pierre, South Dakota 57501
MARYLAND Maryland Securities Commissioner Division of Securities 200 St Paul Place Baltimore, Maryland 21202-2020	VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, Ninth Floor Richmond, Virginia 23219
MICHIGAN Department of Attorney General Consumer Protection Division – Attn Franchise 670 Law Building Lansing, Michigan 48913	WASHINGTON Franchise Registrations/Business Opportunities Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, Washington 98501
MINNESOTA Franchise Examiner Minnesota Department of Commerce	WISCONSIN Franchise Administrator, Division of Securities Department of Financial Institutions

Market Assurance Division 85 7th Place East, Suite 500 St Paul, Minnesota 55101	P O Box 1768 Madison, Wisconsin 53701
NEW YORK Department of State 41 State Street Albany, New York 12231	

If a state is not listed, Vapor Shark Franchising, LLC has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which franchisor has appointed an agent for service of process. If not, the agent for service of process is the person listed with the Florida Department of Corporations.

EXHIBIT "C" TO THE DISCLOSURE DOCUMENT-

VAPOR SHARK FRANCHISING, LLC-

FRANCHISE AGREEMENT



**VAPOR SHARK FRANCHISING, LLC
FRANCHISE AGREEMENT**

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VAPOR SHARK FRANCHISING, LLC

FRANCHISE AGREEMENT

This Franchise Agreement made this _____ day of _____, 20____ (the "Effective Date"), is by and between VAPOR SHARK FRANCHISING, LLC, a Florida limited liability company, having its principal place of business at 5000 SW 75th Avenue, Suite 120, Miami, FL 33155 or 7900 Oak Lane, Suite 401, Miami Lakes, FL 33016 if following the Franchisor's move to a new principal office in 2018 ("Franchisor"), and _____, a _____ and whose principal address is _____ ("Franchisee")

WITNESSETH

FRANCHISE AGREEMENT TERMS (the "Term Sheet")

- A. Approved Location (street address or detailed description) of the Franchised Business.

- B. Protected Territory. A Map of bounded area of Protected Territory is attached as Exhibit C-1. The boundaries of the Protected Territory shall extend to the center of any roadway delineated on the map, such that the side of any street opposite to the Protected Territory shall not be included in the bounded area.
- C. Franchise Fee. \$25,000
- D. Marketing Fund Contribution Rate. currently none, but may be required up to 2% of Gross Sales upon 60 days' prior written notice
- E. Grand Opening Advertising Requirement. Between \$1,000 and \$6,000 in the first three months of operations
- F. Initial Term. 10 years
- G. Renewal Term(s). two additional 10 year terms
- H. Modification Amount. \$60,000
- I. Local Advertising Requirement. 2% of the previous month's Gross Sales
- J. Address for Notice to Franchisee.

VAPOR SHARK FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE.

By _____

Name. _____

Title. _____

Date. _____

WITNESSETH.

WHEREAS, Franchisor and its Affiliate² have developed, and are in the process of further developing, a System identified by the service mark "VAPOR SHARK" (~~See Item 13 of Franchise Disclosure Document~~) and relating to the establishment and operation of specialized retail stores displaying and selling vapor electronic cigarettes, e-liquids and related electronic cigarette accessories and items, and

WHEREAS, in addition to the service mark, "VAPOR SHARK" and certain other Marks (~~See Item 13 of Franchise Disclosure Document~~), the distinguishing characteristics of the System include uniform standards and procedures for efficient business operations, procedures and strategies for marketing, advertising and promotion, customer service and development techniques, distinctive interior and exterior design, layout and décor, other strategies, techniques and Trade Secrets, and

WHEREAS, Franchisor grants to qualified persons and business entities the right to own and operate a business using the System and the Marks (a "Franchised Business"), and

WHEREAS, Franchisee desires to and has applied to operate a Franchised Business, ~~has applied for the Franchise~~ and such application has been approved by Franchisor in reliance upon all of the representations made ~~herein and therein~~ in the Franchisee's application and this Agreement, and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and service and the necessity of operating the Franchised Business in strict conformity with Franchisor's System

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows

1. 1—DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings

"Affiliate" means any business entity that controls, is controlled by, or is under common control with Franchisor, including, but not limited to ~~The Hand Media, Inc~~ Vapor Shark, LLC,

~~² Capitalized terms are not otherwise defined are defined in Section 1.~~

+

~~Vapor Shark Franchise Documents—Version Dated May 18, 2017~~

"Agreement" means this agreement and all instruments supplemental hereto or in amendment or confirmation hereof,

"Approved Location" means the site for the operation of the Franchised Business selected by

² Capitalized terms that are not otherwise defined are defined in Section 1.

Franchisee and approved in writing by Franchisor, generally 1,500 to 2,000 square feet in shopping centers (kiosks do not satisfy Franchisor's requirements), strip malls or as a free standing building,

"Approved Supplier(s)" has the meaning given to such term in Section 13.1,

"Competitive Business" means any business that offers (or grants franchises or licenses to others to operate a business that offers) products and services the same as or similar to those provided by Franchised Businesses or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or its other franchisees, provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly-held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest,

"Confidential Information" means technical and non-technical information used in, or related to, Franchised Businesses and not commonly known by, or available to, the public, including, without limitation, Trade Secrets and any other information identified as confidential when delivered by Franchisor. Confidential Information shall not include, however, any information that (a) is now or subsequently becomes generally available to the public through no fault of Franchisee, (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement, (c) is independently developed without the use of any Confidential Information, or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information,

"Cooperative Advertising" means the combined advertising program of two (2) or more franchisees within a common market,

"Designated Manager" means the person designated by Franchisee who has primary responsibility for managing the day-to-day affairs of the Franchised Business, and if Franchisee is an individual and not a business entity, the Designated Manager shall be Franchisee,

"Effective Date" means the date on which this Agreement is fully executed, thereby commencing its effectiveness and term,

"Electronic Depository Transfer Account" means an account established at a national banking institution approved by Franchisor and providing Franchisor with access to electronically withdraw any funds due Franchisor,

"Franchise" means the right granted to Franchisee by Franchisor to use the System and the Marks,

"Franchised Business" means the businesses to be established and operated by franchisees pursuant to the System and Marks and as to Franchisee, established and operated pursuant to this Agreement,

"Franchise Fee" has the meaning given to such term in Section 3 1,

"Franchisee" ~~means the individual or entity defined as "Franchisee"~~ has the meaning set forth in the introductory paragraph of this Agreement,

"Franchisor" ~~means VAPOR SHARK FRANCHISING, LLC~~ has the meaning set forth in the introductory paragraph of this Agreement.

"Franchisor Indemnities" has the meaning given to such term in Section 21 2,

"Grand Opening Advertising" has the meaning given to such term in Section 11 1,

"Gross Sales" means the aggregate of all revenue from the sale of products and services from all sources in connection with the Franchised Business, whether for check, cash, credit, barter exchange or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (c) the value of any allowance issued or granted to any customer of the Franchised Business that is credited by Franchisee in full or partial satisfaction of the price of any products and services offered in connection with the Franchised Business, and (d) any rebate received by Franchisee from a manufacturer or supplier,

"Gross Sales ~~Reports~~ Report" has the meaning given to such term in Section 12 2,

"Incapacity" means the inability of Franchisee to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation,

"Internet" means any one (1) or more local or global interactive communications media that is now available, or that may become available, including sites and domain names on the World Wide Web,

"Local Advertising Requirement" has the meaning given to such term in Section 11 2,

"Manual" means the VAPOR SHARK ~~Operations Manual~~ operations manual, as may be amended from time to time, whether in paper or electronic form, and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time in its sole and absolute discretion that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

"Marketing Fund" has the meaning given to such term in Section 3 2,

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~~Vapor Shark Franchise Documents Version Dated May 18 2017~~

"Marketing Fund Contribution" has the meaning given to such term in Section 3 2,

"Marks" means the service marks and trademarks "VAPOR SHARK," "VAPORSHARK," and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate in its sole and absolute discretion to be used in connection with Franchised Businesses,

"Protected Territory" means the geographic area granted to Franchisee under this Agreement as defined by Section 2 5,

"System" means the uniform standards, methods, procedures and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor, in its sole and absolute discretion, for the operation of Franchised Businesses, and

"Trade Secrets" means information in any form (including, but not limited to, technical or ~~nontechnical~~non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to, or used in, Franchised Businesses that is not commonly known by or available to the public and that information (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use, and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy

2 GRANT OF FRANCHISE, APPROVED LOCATION

2.1 2-1—Grant

Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions ~~herein~~ contained in this Agreement, a revocable, limited license to operate one (1) Franchised Business using the System and Marks

2.2 2-2—Approved Location

The street address (or detailed description of the premises) of the Approved Location shall be set forth ~~in Exhibit C-1~~ on the Term Sheet.

2.3 2-3—Approved Location Not Determined

If the Approved Location is not determined as of the Effective Date, then Franchisee shall select

an Approved Location according to the process described in ~~section~~Section 5.1. When the Approved Location is determined, its address shall be inserted into ~~Exhibit C-1~~the Term Sheet. The failure to insert such address shall not affect the enforceability of this Agreement.

2.4 ~~2.4~~ — Sub-franchising/Agents

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Franchisee shall not sublicense the use of the System or Marks to any person or entity to perform any part of Franchisee's duties or obligations hereunder, or to grant any person or entity the right to act as Franchisee's agent to perform any part of Franchisee's duties or obligations hereunder.

2.5 ~~2.5~~ — Protected Territory

So long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof, Franchisor shall not license, own or operate any other Franchised Business ~~or other substantially similar business~~ within an area ("Protected Territory") surrounding the Approved Location ~~with an area having a radius of approximately 3-6 miles from your Franchised Business, except in densely populated urban areas where the radius may be less than 3 miles, depending on the population size of the territory. Any portion of your Protected Territory with an average population density over 8,000 people per square mile is considered densely populated. Your Protected Territory will have at least a population of approximately 50,000, based upon 2010 US census figures. The Protected Territory will not necessarily be a circular shape but will have a particular bounded area, which will be delineated on a map and agreed to in writing and identified on the Term Sheet and attached as Exhibit C-1-1 (the "Protected Territory").~~ The boundaries of the Protected Territory shall extend to the center of any roadway delineated on the map, such that the side of any street opposite to the Protected Territory shall not be included in the boundary area. ~~Prior to the time you agree to the boundaries of the Protected Territory it is Franchisee's responsibility to confirm that the Protected Territory has at least approximately 50,000 people living within that area.~~

2.6 ~~2.6~~ — Franchisor's Rights

Except to the extent provided in Section 2.5, Franchisor and its Affiliates retain all of the rights and discretion with respect to the System and Marks, including the right to

2.6.1 ~~2.6.1~~ — establish, own or operate, and license others to establish, own or operate, Franchised Businesses outside of the Protected Territory,

2.6.2 ~~2.6.2~~ — establish, own or operate, and license others to establish, own or operate, other businesses under other systems using other trademarks at locations inside and outside of the Protected Territory,

2.6.3 ~~2.6.3~~ — to purchase or otherwise acquire the assets or controlling ownership of, or become associated with one or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Protected

Territory If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole and absolute discretion, act as franchisor or licensor with respect to such franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and such franchisee(s) or licensee(s) If Franchisor purchases or acquires such businesses within the Protected Territory which are not franchised or licensed, Franchisor may, in its sole and absolute discretion

2 6 3 1 offer to sell any such businesses to Franchisee or to any third party at the business's fair market value to be operated as a Franchised Business, or

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~

2 6 3 2 offer Franchisee the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the business(s) existing trade name or a different trade name

2.6.4 ~~2-6-4~~ to be acquired (regardless of the form of transaction) by any business,
even if the other business operates, franchises and/or licenses Competitive Businesses within the Protected Territory,

2.6.5 ~~2-6-5~~ provide the services and sell any products authorized for Franchised Businesses using the Marks or other trademarks and commercial symbols through alternate channels of distribution, such as wholesale, mail order, Internet, telephone, non-franchised retail outlets, independent distributors, convenience stores, gas stations and grocery stores/ supermarkets, which may provide to competitors, and which be made or sold to customers within the Protected Territory, for which Franchisee shall not be entitled to compensation from Franchisor, and

2.6.6 ~~2-6-6~~ engage in any activities not expressly forbidden by this Agreement

3 ~~3~~ FEES

3.1 ~~3-1~~ Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor ~~of TWENTY FIVE THOUSAND DOLLARS (\$25,000.00), Franchisee's deposit of \$12,500.00 shall be applied to the~~ (or one of its affiliates, if designated by Franchisor) in the amount set forth on the Term Sheet. ~~The Franchise Fee—The franchise fee is paid to in two installments—Franchisee is required to tender \$12,500 upon executing the Franchise Deposit Agreement (attached as Exhibit "D" to Franchise Disclosure Document), \$5,000.00 of this first installment is non-refundable under any circumstance. The terms of the Franchise Deposit Agreement shall govern the Franchisee's deposit and are hereby incorporated by reference. After Franchisee has been approved to license a Franchised Business, an additional payment of \$12,500.00 the second of which is due upon executing this Franchise Agreement, and at the time of executing this Franchise Agreement the entire franchise fee~~ Franchise Fee shall not be refunded under any circumstances

In the state of Washington, franchisees will not be required to pay the ~~initial franchise fee~~ Franchise Fee until ~~we complete our~~ Franchisor has completed its pre-opening obligations and ~~we have~~ has completed ~~your~~ Franchisee's training and ~~you are open for business~~ Once we have Franchisee has begun operations. Once Franchisor has fulfilled our its pre-opening obligations, ~~you must pay us the~~ initial franchise fee in the amount of \$25,000 payable Franchisee must pay Franchisor the Franchise Fee by certified funds or wire transfer

3.2 ~~3-2~~ Marketing Fund Contribution

Franchisor has the right to establish and administer a System-wide marketing, advertising and promotion fund ("Marketing Fund") If a Marketing Fund is established, Franchisee shall be required to contribute monthly to the Marketing Fund ("Marketing Fund Contribution"), in the amount of ~~of designated~~ by Franchisor, but not to exceed two percent (2%) of ~~Monthly~~ monthly Gross Sales Marketing Fund Contributions shall be paid not later than the 10th day of the month following the month for which it is due and be accompanied by a Gross Sales Report, as

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~~Vapor Shark Franchise Documents Version Dated May 18 2017~~ required by Section 12 2, for the same period If established, the Marketing Fund shall be maintained and administered by Franchisor or its designee in accordance with the provisions contained in Section 11 3 If Franchisor requires Franchisee to pay Marketing Fund Contribution through electronic transfer as set forth in Section 3 4, such reports shall instead be submitted to Franchisor via facsimile transmission, email or Franchisor's intranet system

3.3 ~~3-3~~ Taxes

Franchisee shall pay to Franchisor an amount equal to all sales taxes, use taxes and similar taxes imposed on the fees payable by Franchisee to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor at the same time as Franchisee remits such fees to Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located The Franchisee acknowledges that this Agreement contemplates that the Franchisor will not be responsible for any taxes with respect to any transactions or payments contemplated by or pursuant to this Agreement Accordingly, payments required to be made by the Franchisee to the Franchisor or to any of its Affiliates pursuant to this Agreement (including payment of any liquidated damages and interest) shall be the gross amount without deduction for any taxes

3.4 ~~3-4~~ Electronic Transfer

Franchisor has the right to require all Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts due to Franchisor to be paid through an Electronic Depository Transfer Account At Franchisor's request, Franchisee shall open and maintain an Electronic Depository Transfer Account, and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor Franchisee shall make timely deposits to the

account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor's written consent

3.5 ~~3-5~~ Late Fees

All Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts that are not received by Franchisor within five (5) days after the due date shall incur late fees at the rate of eighteen percent (18%) per annum (or the highest rate allowed by law, whichever is lower) from the date payment is due to the date payment is received by Franchisor Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Marketing Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees This Section shall not constitute an agreement by Franchisor to accept any payments after the due date or a commitment by Franchisor to extend credit to, or otherwise finance, Franchisee

3.6 ~~3-6~~ Application of Payments

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~~Vapor Shark Franchise Documents Version Dated May 18 2017~~

Notwithstanding any designation by Franchisee, Franchisor shall have the sole and absolute discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Marketing Fund Contributions, purchases from Franchisor, late fees, or any other amount owed to Franchisor in any proportion or priority

4 TERM AND RENEWAL

4.1 ~~4-1~~ Initial Term

This Agreement shall be effective and binding for an initial term of ~~ten (10) years from the Effective Dates set forth on the Term Sheet~~ (the "Initial Term"), unless sooner terminated pursuant to Section 16

4.2 ~~4-2~~ Right of First Refusal for Successive Terms

Subject to the conditions below, Franchisee has the right to obtain a successor franchise (a "Successor Franchise") at the expiration of the term of this Agreement by entering into a new franchise agreement with Franchisor Franchisee's right to a ~~successor franchise is limited to four (4) successive terms of five (5) years each, such that the total term of the Franchise shall not exceed thirty (30) years~~ Successor Franchise is limited to the number and length of successive terms identified on the Term Sheet (a "Successive Term") To qualify for a ~~successor franchise~~ Successor Franchise, each of the following conditions shall have been fulfilled and remain true as of the last day of the ~~term~~ Initial Term of this Agreement

4.2.1 ~~4.2.1~~ Franchisee has, during the entire term of this Agreement, substantially complied with all material provisions,

4.2.2 ~~4.2.2~~ Franchisee has access to and, for the duration of the successor franchise, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards, for the duration of the renewal term,

4.2.3 ~~4.2.3~~ Franchisee has complied with Franchisor's then-current standards and specifications for the operation of the Franchised Business,

4.2.4 ~~4.2.4~~ Franchisee has, at its expense, made such capital expenditures as were, or are necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications,

4.2.5 ~~4.2.5~~ Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement,

4.2.6 ~~4.2.6~~ Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor,

4.2.7 ~~4.2.7~~ Franchisee has given written notice of its intent to operate a successor franchise to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the term of this Agreement,

&

~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~

~~4.2.8~~ Franchisee has executed Franchisor's then-current form of franchise agreement (or has executed other documents at Franchisor's election that modify this Agreement to reflect the fact that the ~~Franchise Agreement~~ franchise agreement relates to the grant of a successor franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may materially differ from the terms of this Agreement by requiring, among other things, a different Marketing Fund Contribution,

4.2.8 ~~4.2.9~~ Franchisee has agreed to comply with any training requirements,

4.2.9 ~~4.2.10~~ Franchisee has paid the ~~successor franchise~~ Successor Franchise fee of twenty-five percent (25%) of the then current ~~initial franchise fee~~ Franchise Fee, and

4.2.11 Franchisee has executed a general release in a form the same as, or similar to, the General Release attached as Exhibit C-2, of any and all claims against Franchisor, any Affiliate

and against their officers, directors, shareholders, managers, members, partners, owners and employees, except to the extent prohibited by the laws of the state where the Franchised Business is located

5 APPROVED LOCATION

5.1 ~~5.1~~—Selection of Site

If the Approved Location is not agreed upon as of the Effective Date of this Agreement. Franchisee shall promptly select a site for the Franchised Business and shall notify Franchisor of such selection within sixty (60) days of the Effective Date. If Franchisor approves of such selection, the site shall be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select and notify Franchisor of new sites until Franchisor approves a site for the Franchised Business. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including, without limitation, the condition of the premises, demographics of the surrounding area, proximity to other Franchised Businesses, lease requirements, traffic patterns, vehicular and pedestrian access, proximity to major roads, available parking and overall suitability. Franchisor shall notify Franchisee of its approval or disapproval of a proposed site within twenty (20) days after Franchisee notifies Franchisor of the selection of such site and Franchisee has provided Franchisor with all the site selection information as Franchisor requests. Franchisee shall not sign a lease or otherwise secure a selected site without the prior written approval of Franchisor. Franchisor does not represent that it, or any of its Affiliates, owners or employees have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for identifying the Approved Location.

5.2 ~~5.2~~—Lease of Approved Location

After the designation of the Approved Location, Franchisee shall execute a lease for, or a binding agreement to purchase, the Approved Location, the terms of which must have been previously approved

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~ by Franchisor. Franchisor shall not unreasonably withhold its approval. It is in Franchisor's sole and absolute discretion to review any a lease or purchase agreement, and any such review or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Franchisee shall take all actions necessary to maintain the lease, if any, of the Approved Location while this Agreement is in effect. Any default for which the lease may be terminated shall also be deemed a default ~~hereunder~~ under this Agreement and the time to cure the same shall expire when the lease is terminated. Franchisor has the right to require that the lease for the Approved Location be collaterally assigned by Franchisee to Franchisor, pursuant to the terms of its standard

collateral assignment of lease form, (attached as Exhibit C-3) to secure performance by Franchisee of its obligation under this Agreement Franchisor's approval of a lease shall be conditioned upon inclusion of terms in the lease acceptable to Franchisor and, at Franchisor's option, the lease shall contain such provisions as Franchisor may reasonably require, including provisions

5.2.1 ——— ~~5.2.1~~ —reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest upon termination or expiration of the Franchise grant,

5.2.2 ——— ~~5.2.2~~ —expressly permitting the lessor of the premises to provide Franchisor all sales and other information lessor may have obtained or received relating to the operation of the Franchised Business, as Franchisor may request,

5.2.3 ——— ~~5.2.3~~ —requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor, in its sole and absolute discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within fifteen (15) days after the expiration of the period in which Franchisee may cure the default,

5.2.4 ——— ~~5.2.4~~ —allowing Franchisee to display the Marks in accordance with the specifications required by the Manual, subject only to the provisions of applicable law,

5.2.5 ——— ~~5.2.5~~ —prohibiting the premises from being used for any purpose other than the operation of the Franchised Business,

5.2.6 ——— ~~5.2.6~~ —allowing Franchisor, upon expiration or termination of the lease, to enter the premises and remove any signs containing the Marks, and

5.2.7 ——— ~~5.2.7~~ —stating that upon default of this Agreement, Franchisor or its nominee has the right to take possession of the Approved Location and operate the Franchised Business

5.3 ~~5.3~~ — Development of Approved Location

Franchisor shall make available to Franchisee, at no charge to Franchisee, copies of standard plans and specifications for the development of a Franchised Business, including exterior and interior design and layout, fixtures, equipment, décor and signs Such plans and specifications are subject to alteration as may be necessary in Franchisor's sole and absolute discretion Franchisee shall cause the Approved

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~ Location to be developed, equipped and improved in accordance with such plans and specifications In connection with the development of the Approved Location, Franchisee shall

5.3.1 ——— ~~5.3.1~~ —employ a competent licensed architect or engineer to prepare, for Franchisor's approval, preliminary plans and specifications for improvement of the Approved Location adapted from the plans furnished by Franchisor,

5.3.2 —~~5.3.2~~ obtain all zoning classifications and clearances which may be required by state and local laws, ordinances or regulations, and submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications,

5.3.3 —~~5.3.3~~ obtain all building, utility, sign, health, and business permits and licenses, and any other permits and licenses required for the build-out and operation of the Franchised Business and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained,

5.3.4 —~~5.3.4~~ employ a qualified, licensed general contractor approved by Franchisor to complete construction of all required improvements to the Approved Location,

5.3.5 —~~5.3.5~~ purchase any supplies or inventory necessary for the operation of the Franchised Business,

5.3.6 —~~5.3.6~~ purchase and install all equipment, signs, furniture and fixtures, including any point-of-sale and computer equipment, required for the operation of the Franchised Business, and

5.3.7 —~~5.3.7~~ establish broadband or high-speed Internet access and obtain at least two (2) telephone numbers and one (1) credit card processing number solely dedicated to the Franchised Business

5.4 ~~5.4~~ Opening

5.4.1 —~~5.4.1~~ Before opening the Franchised Business and commencing business, Franchisee must

5.4.1.1 ~~5.4.1.1~~ fulfill all of the obligations of Franchisee pursuant to the other provisions of this Section 5,

5.4.1.2 ~~5.4.1.2~~ We comply with the System standards and specifications, which Franchisor shall communicate to you our Standards to Franchisee via the Operating Manual or otherwise in writing and shall loan you Franchisee one copy of our Operating Manual upon your Franchisee's arrival at the initial training program. We, Franchisor shall provide additions and supplements to the Operating Manual as they become available, and shall disclose information concerning developments relating to the System as we deem Franchisor deems appropriate, in our Business Judgment its sole and absolute discretion.

5.4.1.3 ~~5.4.1.3~~ furnish Franchisor with copies of all insurance policies required by this Agreement, or by the lease, or such other evidence of insurance coverage and payment of premiums as Franchisor may request,

5.4.1.4 ~~5.4.1.4~~ complete initial training to the satisfaction of Franchisor,

~~5.4.1.5~~ hire and train the personnel necessary or required for the operation of the Franchised Business,

5.4.1.5 ~~5.4.1.6~~ obtain all necessary permits and licenses,

5.4.1.6 ~~5.4.1.7~~ if Franchisee is a business entity, Franchisee ~~has~~must have caused each of its stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement, and

5.4.1.7 ~~5.4.1.8~~ pay in full all amounts due to Franchisor

5.4.2 ~~5.4.2~~ Franchisee shall comply with these conditions and must open for business to the public and thereafter continuously operate the Franchised Business within one hundred twenty (120) days after the Effective Date Time is of the essence

5.5 ~~5.5~~ Use of Approved Location

Franchisee shall not use the Approved Location for any purpose other than for the operation of a Franchised Business in full compliance with this Agreement and the Manual, unless approved in writing by Franchisor

5.6 ~~5.6~~ Relocation

Franchisee shall not relocate the Franchised Business without the prior written consent of Franchisor, which may be withheld or delayed at Franchisor's sole and absolute discretion. If the lease for the Approved Location expires or terminates without the fault of Franchisee or if the Franchised Business's premises is destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may, in its reasonable discretion, allow Franchisee to relocate the Franchised Business. Any such relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections 5.1 through 5.4. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If no relocation site meets with Franchisor's approval, this Agreement shall terminate as provided in Section 16.1.2.

6 PROPRIETARY MARKS

6.1 ~~6.1~~ Ownership

Franchisee's right to use the United States Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with,

this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Franchisee has no right to use the marks designated for international Marks use by Vapor Shark, LLC or Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in, and

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017 to, the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the sole benefit of Franchisor. Franchisee shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks. Any goodwill generated by the Franchisee for the Marks will be the Franchisor's sole property. The Franchisor gives no warranty, either express or implied, with respect to the validity of the Marks or that the Marks will not infringe the rights of any third party. The Franchisee shall not advertise on the Internet using, or establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Marks or the words "Vapor Shark" or any variation thereof without the Franchisor's written approval. The Franchisor is the sole owner of all right, title and interest in and to such domain names as Franchisor shall designate in the Confidential Operations Manual.~~

6.2 ~~6.2~~ Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name or trade name, with any prefix, suffix or other modifying words, terms, designs or symbols or in any modified form, without the prior written consent of Franchisor. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee.

6.3 ~~6.3~~ Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim, provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor shall have sole and absolute discretion to take such action as deemed appropriate, which may include taking no action, and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other

proceeding or to otherwise protect and maintain Franchisor's interest in the Marks

6.4 ~~6.4~~ — Indemnification for Use of Marks

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~ Franchisee has timely notified Franchisor of such proceeding and has complied with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

6.5 ~~6.5~~ — Discontinuance of Use

If it becomes necessary or desirable, in Franchisor's sole and absolute discretion, for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within a reasonable time after notice to Franchisee by Franchisor. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark, and all costs and expenses associated with the modification or discontinuation of the use of a Mark shall be the sole responsibility of Franchisee.

6.6 ~~6.6~~ — Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Franchised Business and the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, accessories, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of products, supplies or other inventory items offered for retail sale, or used in rendering services, to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview and survey (whether in person or by mail) customers and employees and to photograph and videotape the premises.

6.7 ~~6.7~~ — Franchisor's Sole Right to Domain Name

Franchisee shall not establish, create or operate an Internet site or website using a domain name or uniform resource locator containing the Marks or the words "VAPOR" or "SHARK", or any variation or combination thereof. Franchisee shall not advertise on the Internet using the "VAPOR SHARK" name and any other Mark without Franchisor's written approval. Franchisor is the sole owner of all right, title and interest in and to such domain names as Franchisor shall designate in the Manual.

7 TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION

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7.1 Confidentiality of Trade Secrets and Other Confidential Information

Franchisee acknowledges that Franchisor shall disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee (and all owners of Franchisee and all officers, directors, executives, managers and members of the professional staff of Franchisee) (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity, (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement, (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form, and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

7.1 7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by, or for, Franchisee or its owners or employees, shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation shall be due to Franchisee or its owners or employees therefor. At Franchisor's sole and absolute discretion, such items may be incorporated into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee

concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

7.2 7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among VAPOR SHARK franchisees if owners of Franchised Business were permitted to hold an interest in, or perform services for, any Competitive Business. Therefore,

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~ during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with, any person, partnership, corporation, limited liability company or other business entity, shall

7.3.1 ~~7.3.1~~ Divert or attempt to divert any business or customer of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System, or

7.3.2 ~~7.3.2~~ Own an interest in, manage, operate, or perform services for any Competitive Business wherever located

7.3 7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require Franchisee and any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee to execute a nondisclosure and non-competition agreement, in a form the same as, or similar to, the Nondisclosure and Non-Competition Agreement attached as Exhibit C-4, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to this Section. Such agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third party beneficiary with the right to enforce covenants contained in such agreements.

7.4 7.5 Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this

Agreement Franchisee acknowledges that each of the terms set forth herein and Exhibit C-4, including the restrictive covenants, is fair and reasonable, is reasonably required for the protection of Franchisor, the System and the Marks, and is supported by legitimate business interests

8 TRAINING AND ASSISTANCE

8.1 ~~8.1~~ Initial Training

Before the Business opens, ~~we~~Franchisor will train ~~you (or your managing owner~~Franchisee (or if Franchisee is a business entity, the Designated Manager) and one of ~~your~~Franchisee's manager-level employees on operating ~~your Vapor Shark~~the Franchised Business. ~~We~~Franchisor will provide ~~2~~five days of training (although the specific number of days depends on ~~our~~Franchisor's opinion of your experience and needs) at ~~our~~the Vapor Shark training facility

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017 in Miami, Florida or another location we designate~~Franchisor designates and/or at an operating Vapor Shark Business. If ~~you (or your managing owner~~Franchisee (or if Franchisee is a business entity, the Designated Manager) and one of ~~your~~Franchisee's manager-level employees cannot complete initial training to ~~our~~Franchisor's satisfaction, ~~we~~then Franchisor may terminate the Franchise Agreement (~~Franchise Agreement — Section XX~~)

Additional persons beyond the first ~~2~~two may attend initial training if ~~you pay our~~Franchisee pays the then ~~current~~ training charge of \$250.00 for each additional person. ~~You also (the training charge as of the Effective Date of this Agreement is \$250.00).~~ Franchisee must also pay for all travel and living expenses that you~~incurred by Franchisee and your~~its employees incur and for ~~you~~all employees' wages and workers' compensation insurance while ~~they train at operating your Vapor Shark Business~~attending training

8.2 ~~8.2~~ On-Site Training

Training will occur after ~~you sign~~Franchisee signs the Franchise Agreement and while ~~you are~~Franchisee is developing the Franchised Business. ~~Your~~Franchisee's attendees must complete training before ~~you may open your Business~~. ~~We plan to be flexible in scheduling~~the Franchised Business begins operations. Franchisor will make reasonable efforts to schedule training to accommodate ~~our~~Franchisor personnel, ~~you, and your personnel and in all events, we will~~and Franchisee and its employees, to schedule the training in sufficient time in order to enable ~~you~~Franchisee to open ~~your Vapor Shark~~the Franchised Business within 90 to 120 days from the ~~effective date of the Franchise~~Effective Date of this Agreement.

Franchisor is not required to provide any on-site training to Franchisee at Franchisee's Franchise Business location. Franchisor currently provides on-the-job training at its own stores in the Miami area as part of the training program, but reserves the right to train at any location, in Franchisor's sole and absolute discretion

8.3 ~~8-3~~ Opening Assistance

In conjunction with, and prior to, the beginning of operation of the Franchised Business, Franchisor shall provide general assistance and guidance in connection with the opening of the Franchised Business, but Franchisor is not required to provide any on-site training at the Franchisee's ~~Franchise~~Franchised Business location or to attend the grand opening. If Franchisee requests additional assistance with respect to the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisee shall pay Franchisor's then-current standard rates, plus expenses, for such additional assistance.

8.4 ~~8-4~~ Failure to Complete Initial Training Program

If Franchisor determines, in its ~~sole~~ discretion, that the Designated Manager is unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement. If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, in Franchisor's ~~sole~~ discretion, Franchisee may be permitted to select a substitute Designated Manager and such substitute Designated Manager must complete the initial training to Franchisor's reasonable satisfaction. Franchisee may be required to pay Franchisor's then-current rates for additional training, if any, for providing such training to the substitute Designated Manager.

8.5 ~~8-5~~ New Designated Manager

If Franchisee is a business entity and, after beginning operations, Franchisee names a new ~~17~~ Designated Manager, then the new Designated Manager must complete the initial training program to Franchisor's satisfaction within thirty (30) days of such person being so designated. The new Designated Manager may attend the initial training program without charge, provided that Franchisor has the right to require Franchisee to pay the costs of training if Franchisor determines, in its sole and absolute discretion, that manager changes by Franchisee are excessive or caused by poor hiring practices. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with the new Designated Manager's attendance at such training.

8.6 ~~8-6~~ Ongoing Training

8.6.1 ~~8-6.1~~ From time to time, Franchisor ~~may provide and if it does,~~ has the right to require that the Designated Manager attend ongoing training programs or seminars during the term of this Agreement at a location Franchisor designates or by webinar, in Franchisor's sole and absolute discretion. Franchisor shall not charge a fee for any mandatory ongoing training. Franchisor shall not require the Designated Manager to attend more than two (2) sessions in person in any calendar year and collectively the mandatory training shall not exceed four (4) full days in any calendar year. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with the Designated Manager's attendance at such training. Franchisor currently provides mandatory ongoing training seminars via webinar on approximately a monthly basis, but may vary the frequency in its sole and absolute discretion.

~~8.6.2~~ ~~8.6.2~~ ~~In addition to the ongoing training programs described above,~~
Franchisee shall also attend the annual Vapor Shark Franchisee Convention ("Convention") ~~which may be established by Franchisor may wait to establish the annual Convention at its~~ in its
sole and absolute discretion Franchisee shall be responsible for and pay Franchisor's then
current Convention attendance fee and any and all other expenses incurred by Franchisee in
connection with such Convention, including, without limitation, the costs of transportation,
lodging, meals, and any personal expenses

9 MANUAL

9.1 ~~9.1~~ Loan by Franchisor

While this Agreement is in effect, Franchisor shall lend to Franchisee one (1) copy of the Manual, in English, or grant Franchisee access to an electronic copy of the Manual, in English Franchisee acknowledges that the Manual may be a "work in progress" and at any time, or from time to time, the Manual may be incomplete and/or updated, ~~in English~~ Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual The Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned to Franchisor upon expiration or termination of this Agreement If Franchisee should require a replacement Manual, due to loss or other cause, Franchisee shall pay Two Hundred Fifty ~~United States~~ Dollars (~~USD\$250~~\$250.00) as a replacement fee If Franchisee deems it necessary, it may, at Franchisee's sole cost and expense, have the Manual translated into the language needed by Franchisee's employees If franchisee elects to do so, such translation shall become the sole property of Franchisor, without any payment to Franchisee, and Franchisee shall immediately provide a copy thereof to Franchisor If Franchisor decides that modifications need to be made to the translation, Franchisee shall do so within five (5) business days after receiving notice from Franchisor

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~~9.2~~ Revisions

Franchisor has the sole and absolute right to add to, or otherwise modify, the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor (any such change or modification shall only be in English, but shall require Franchisee to translate the change or modification into any language in to which the Franchisee may have translate the Manual, subject to Section 9.1, above), provided, however, that no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement Franchisor may make such additions or modifications without prior notice to Franchisee Franchisee shall immediately, upon notice, adopt any such changes, at its sole cost and expense, and shall ensure that its copy of the Manual is up-to-date at all times If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters shall be controlling

9.2 ~~9.3~~ Confidentiality

The Manual contains Trade Secrets and other Confidential Information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Manual is available at the Approved Location in a current and up-to-date manner. If the Manual is in paper form or stored on computer-readable media, Franchisee shall maintain the Manual in a secure manner at the Approved Location, if the Manual is in electronic form, Franchisee shall maintain the Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Manual, access to the Manual or any key, combination or passwords needed for access to the Manual. Franchisee shall not disclose, duplicate or otherwise use any portion of the Manual in an unauthorized manner.

10 ~~10.1~~ FRANCHISE SYSTEM

10.1 Uniformity

Franchisee shall strictly comply, and shall cause the Franchised Business to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Manual or other communications supplied to Franchisee by Franchisor.

10.2 ~~10.2~~ Modification of the System

Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and new or additional computer hardware, software, equipment, products, supplies or business or operational techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date.

10.2.1 Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require, provided, however, Franchisee shall not be

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~~Vapor Shark Franchise Documents – Version Dated May 18, 2017~~ required to implement or conform to any such changes, additions or modifications if the aggregate cost to do so would exceed ~~FORTY THOUSAND DOLLARS (\$40,000.00)~~ the amount set forth on the Term Sheet (the “Modification Amount”) during the ~~initial term~~ Initial Term of this Agreement. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2.

10.2.2 The limitations on modifications set forth in Section 10.2.1, shall not impair Franchisor’s right to refuse to grant a ~~successor term~~ Successor Term if Franchisee fails to meet the conditions for renewal set forth in Section 4.2.

10.3 ~~10.3~~ Variance

Franchisor has the right, at its sole and absolute discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices, or any other condition which Franchisor deems to be of importance to the successful operation of any particular Franchised Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

10.4 Franchisor's Exercise of Business Judgment and the Meaning of "Sole Discretion", Express Agreement

Franchisee agrees that the exercise of judgment is critical to Franchisor's role as franchisor of the System and to the goals of continued improvement. When the phrases "sole and absolute discretion," "sole discretion," and/or "business judgment" is used in this Agreement or another context, Franchisee agrees that Franchisor has the wholly unrestricted right to make decisions and take (or refrain from taking) actions. Therefore, Franchisee agrees that the ultimate decision-making responsibility for the System shall be vested in Franchisor, and as long as Franchisor acts in compliance with the requirements of this Agreement, Franchisor shall have no liability for the exercise of discretion in accordance with the provisions of this Agreement.

10.5 Franchisor's Website

Franchisor has established a website (the "Vapor Shark Website") that is designed in part to identify and promote Vapor Shark retail businesses, including the franchised businesses. Franchisee shall use the Vapor Shark Website, and any website associated with the Franchised Business solely to promote and operate the Franchised Business and shall not use the Vapor Shark Website in any way that is unlawful or harms Franchisor, its Affiliates or franchisees or any customer of Franchisor, its Affiliates or franchisees, as determined in Franchisor's sole discretion. Franchisee shall not use the Vapor Shark Website in any manner that breaches the terms of this Franchise Agreement, or any other code of conduct, policy, the Manual or other notice that is applicable to Franchisor's franchisees.

Franchisor does not warrant or guarantee the accuracy or timeliness of any information that is available from the Vapor Shark Website. Franchisor provides the Vapor Shark Website "as is," "with all faults," and "as available," and the entire risk as to satisfactory quality, performance, accuracy and effort is with Franchisee. Franchisor may change the Vapor Shark Website or delete features in any way, at any time and for any reason.

11 ADVERTISING AND PROMOTIONAL ACTIVITIES-11-1-

11.1 Grand Opening Advertising

Franchisee shall spend ~~between ONE THOUSAND DOLLARS (\$1,000.00) and SIX THOUSAND DOLLARS (\$6,000.00)~~ at least the amounts identified on the Term Sheet during the first three (3) months of operation of the Franchised Business on local advertisement and promotion of the initial opening ("Grand Opening Advertising") of the Franchised Business. Grand Opening Advertising

may include print, radio, television, brochures and other advertising materials. Prior to their use, all materials to be used in Grand Opening Advertising must be approved by Franchisor through the process set forth in Section 11.2.2. Grand Opening Advertising expenditures shall be in addition to any Local Advertising expenditures and Marketing Fund Contributions.

11.2 ~~11-2~~ Local Advertising

11.2.1 Franchisee shall continuously promote the Franchised Business. Every month, Franchisee shall spend at least ~~two percent (2%) of the previous month's Gross Sales~~ the amount identified on the Term Sheet on advertising, promotions and public relations within the immediate locality surrounding the Franchised Business (the "Local Advertising Requirement"). Such expenditures shall be made directly by Franchisee, subject to the prior approval and direction of Franchisor. Franchisor shall provide general guidelines to Franchisee for conducting ~~Local Advertising~~ the local advertising. Within thirty (30) days after the end of each month, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on Local Advertising for the preceding month.

11.2.2 Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, ad copy, coupons, ~~20~~

~~Vapor Shark Franchise Documents - Version Dated May 18, 2017~~ flyers, scripts and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within twenty (20) days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials within twenty (20) days, such materials shall be deemed to have not received the required approval. Franchisee shall not use any marketing or promotional material prior to approval by Franchisor. The submission of advertising materials to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee sells products or provides services.

11.3 ~~11-3~~ Marketing Fund

Franchisor has the right (but not the obligation) to establish a Marketing Fund, as defined in Section 3.2. If established, Franchisee may be required to make monthly Marketing Fund Contributions in the amounts set forth in Section 3.3. Franchisor shall notify Franchisee at least sixty (60) days before implementing or changing Marketing Fund Contribution requirements. The Marketing Fund shall be maintained and administered by Franchisor or its designee as follows:

11.3.1 Franchisor shall oversee all marketing programs, with sole and absolute discretion over creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the Marketing Fund. The program(s) may be local, regional or Systemwide.

11.3.2 Franchisee's Marketing Fund Contributions may be used to meet the costs of, or

to reimburse Franchisor for its costs of, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine, newspaper, and direct mail advertising campaigns and other public relations activities, developing and/or hosting an Internet web page or site and similar activities, employing advertising agencies to assist therein, and providing promotional brochures and other marketing materials to franchisees) All Marketing Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the Marketing Fund Marketing Fund Contributions shall not be used primarily for the solicitation of franchisees

11 3 3 Franchisor shall endeavor to spend all Marketing Fund Contributions on marketing programs and promotions during Franchisor's fiscal year within which such contributions are made If excess amounts remain in any Marketing Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the Marketing Fund, and next out of prior year contributions and then out of current contributions

11 3 4 Although Franchisor intends the Marketing Fund, if established, to be of perpetual duration, Franchisor has the right to terminate the Marketing Fund at any time The

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~ Marketing Fund shall not be terminated, however, until all Marketing Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a *pro rata* basis based on total Marketing Fund Contributions made in the aggregate by each franchisee

11 3 5 Each VAPOR SHARK business operated by Franchisor or an Affiliate shall make Marketing Fund Contributions at the same rate as VAPOR SHARK franchisees

11 3 6 An accounting of the operation of the Marketing Fund shall be prepared annually and shall be available to Franchisee upon request Franchisor retains the right to have the Marketing Fund audited, at the expense of the Marketing Fund, by an independent certified public accountant selected by Franchisor

11 3 7 Franchisee acknowledges that the Marketing Fund is not a trust and Franchisor assumes no fiduciary duty in administering the Marketing Fund

11.4 ~~11-4~~ Cooperative Advertising

Franchisor has the right, but not the obligation, to create a Cooperative Advertising program for the benefit of Franchised Businesses located within a particular region Franchisor has the right to (a) allocate any portion of the Marketing Fund to a Cooperative Advertising program, and (b) collect and

designate all or a portion of the Local Advertising for a Cooperative Advertising program Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising program and to require that Franchisee participate in such Cooperative Advertising programs when established within Franchisee's region If a Cooperative Advertising program is implemented in a particular region, Franchisor has the right to establish an advertising council to self-administer the Cooperative Advertising program, in Franchisor's sole and absolute discretion Franchisee shall participate in the council according to the council's rules and procedures and Franchisee shall abide by the council's decisions, which may include payment of a Cooperative Advertising Fee Franchisor will require all franchisees in the geographic region to participate, including Franchisor and affiliate owned stores Any amounts ~~you contribute~~ Franchisee contributes to a cooperative program will count toward the 2% of ~~gross sales you are~~ Gross Sales required to spend on local advertising

Franchisor shall have the power to form, change, dissolve, or merge any ~~cooperative~~ Cooperative Advertising program These Cooperative Advertising programs will not operate from any written governing documents Franchisor will make available for Franchisee's review, upon reasonable notice, records showing payments to and expenses of any Cooperative Advertising program in which Franchisee participates ~~11-5~~

11.5 Internet Advertising

Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent For purposes of this Section, "Internet" shall include networking or social media sites such as Facebook, Linked-In, Instagram, MeetUp, Twitter

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~~Vapor Shark Franchise Documents - Version Dated May 18, 2017~~ and any other similar site Franchisor has established and maintains an Internet website at the uniform resource locator ~~www.vaporshark.com~~ www.vaporshark.com that provides information about the System and the services that Franchisor and its franchisees provide Franchisor may (but is not required to) include at the VAPOR SHARK website an interior page containing information about the Franchised Business, Franchisor currently does not provide interior pages to Franchisees If Franchisor includes such information on the VAPOR SHARK website, Franchisor has the right to require Franchisee to prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides All such information shall be subject to Franchisor's approval prior to posting Franchisor retains the sole right to advertise or use the Marks on the Internet, including the use of websites, domain names, URL's, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements Franchisor retains the sole right to approve any linking to, or other use of, the ~~VAPOR SHARK~~ Vapor Shark website Franchisee may not establish any presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent

12 ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

~~12.1~~

12.1 Records

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, customer information, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, Quick Books data, and any other financial records designated by Franchisor or required by law.

12.2 ~~12.2~~ Gross Sales Reports

Franchisee shall maintain an accurate record of Gross Sales and shall deliver to Franchisor a signed and verified statement of Gross Sales ("Gross Sales Report") for each month in a form that Franchisor approves or provides in the Manual. The monthly Gross Sales Report must be provided to Franchisor at the time the Marketing Fund Contribution is due as provided in Section 3.2 ~~12.3~~.

12.3 Financial Statements

Franchisee shall supply to Franchisor on or before the fifteenth (15th) day of each month, in a form approved by Franchisor, a balance sheet as of the end of the last day of the preceding month and an income statement for the preceding month and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within ninety (90) days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of the last day of the calendar year. Such financial statements shall be prepared in accordance with generally accepted accounting principles applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a

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~~Vapor Shark Franchise Documents - Version Dated May 18, 2017~~ certified public accountant at Franchisee's sole cost and expense. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

12.4 ~~12.4~~ Other Reports

Franchisee shall submit to Franchisor copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

12.5 ~~12.5~~ Computer/Point-of-Sale System

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Franchisor reserves the right to require Franchisee to purchase, install and use computer and point-of-sale systems consisting of hardware and software in accordance with Franchisor's specifications. Franchisee is required to pay monthly license fees to use the POS software, and also to license Quick Books software, both at the prices set by third party vendors. Franchisor shall have full access to all of Franchisee's computer, point-of-sale, and Quick Books data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement.

12.6 ~~12-6~~ Access to and Use of Data, Right to Inspect and Audit

12.6.1 Franchisor or its designee has the right, during all normal business hours, to enter the Franchisee's premises and examine, copy, and audit the books and records of Franchisee as set forth in Section 12.1. Franchisor shall have the right to independently access all electronic information Franchisee collects, stores, or compiles from the point-of-sale system, Quick Books, and computer(s) at any time, without notice. All books and records of Franchisee (as set forth in Section 12.1), as well as all electronic information Franchisee collects, stores, or compiles from the point-of-sale system, Quick Books, and computer(s) shall be Franchisor's property and is not Franchisee's confidential or proprietary information, or any other software used in the operation of the Franchised Business at any time, and any and all data, including without limitation financial reports, vendor and supplier pricing data, and customer information entered into, maintained by, or produced by the software, whether in Franchisee's computer systems or elsewhere (the "Business Data"), without notice. In the absence of such software access, Franchisor has the right to use all of the foregoing for any purpose whatsoever require Franchisee to deliver such Business data to Franchisor. Franchisee acknowledges and agrees that Franchisor may access and use (and authorize others to access and use) the Business Data to, among other uses, (i) monitor progress of its franchises, (ii) prepare financial performance representations for Franchisor's Franchise Disclosure Document, and (iii) share vendor and supplier pricing data with its affiliates. Franchisee grants Franchisor and any other affiliate, service provider or contracted party that Franchisor may authorize, access to the Business Data to be used by Franchisor for the purposes described in this section and any other purpose permitted by this Agreement.

- (a) Without limiting the foregoing, Franchisee shall comply with applicable law in connection with Franchisee's collection, storage, use and sharing of customer information and Franchisor's use of the customer information. Franchisor makes no representation or warranty that Franchisee's privacy policies and data storage and sharing practices comply with federal, state or local laws, rules, or regulations, or the terms of any agreements or orders to which Franchisee may be subject. Franchisee is solely responsible for its privacy policies and data storage sharing practices and Franchisor assumes no direct or indirect liability or obligation to Franchisee or customers with respect to such policies and practices.

12.6.2 If any audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of

eighteen percent (18%) per annum (or the highest rate allowed by law, whichever is lower) If the inspection discloses an underpayment of three percent (3%) or more of the amount due for any period covered by the audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees) The foregoing remedies shall be in addition to any other remedies Franchisor may have

12.7 ~~12-7~~ Release of Records

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At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor

13 STANDARDS OF OPERATION

13.1 ~~13-1~~ Authorized Products, Services and Suppliers

13 1 1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality products and services to its customers Accordingly, Franchisee shall provide or offer for sale or use at the Franchised Business only those products, supplies, signs, equipment and other items and services that Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards If required by Franchisor, any such items or services shall be purchased only from "Approved Suppliers" that Franchisor designates or approves (which might include, or be limited to, Franchisor or an Affiliate) Franchisee shall not offer for sale, sell or provide through the Franchised Business or from the Approved Location any products or services that Franchisor has not approved Franchisee's sale of unauthorized products shall be grounds to terminate this Franchise Agreement Franchisee ~~is~~ must carry all required ~~to carry~~ Franchisor's full line of Vapor Shark products in stock at its Franchised Business, as may be specified from time to time in the Manual or other communications.

13 1 2 Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment, equipment consumables, retail products, and other approved or specified items and services, and Franchisor may from time to time issue revisions to such list If Franchisee desires to utilize any services or products that Franchisor has not approved (for services and products that require supplier approval), Franchisee shall first send Franchisor

sufficient information, specifications and samples for Franchisor to determine whether the service or product complies with its standards and specifications or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all reasonable expenses incurred by Franchisor in connection with determining whether it shall approve an item, service or supplier. Franchisor will decide within one hundred twenty (120) days after receiving the required information whether Franchisee may purchase or lease such items or services or from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product, quality of products or services at competitive prices, production and delivery capability,

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~ and dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers any standards or specifications that Franchisor, in its sole and absolute discretion, deems confidential.

13.1.3 Franchisee acknowledges and agrees that Franchisor and Franchisor's Affiliates have developed, and may continue to develop, for use in the System certain products which are trade secrets of Franchisor and Franchisor's Affiliates, and other proprietary products bearing the Marks. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that Franchisor closely control the production and distribution of such products. Accordingly, Franchisee agrees that if such products become a part of the System, Franchisee shall use only Franchisor's proprietary products and shall purchase all of Franchisee's requirements for such products solely from Franchisor or from a source designated by Franchisor. Franchisee further agrees to purchase from Franchisor or Franchisor's designated supplier for resale to Franchisee's customers certain merchandise identifying the System as Franchisor shall require, such as logoed merchandise, memorabilia and promotional products, in amounts sufficient to satisfy customer demand.

13.1.4 Notwithstanding anything to the contrary in this Agreement, Franchisor has the right to review from time to time its approval of any items or suppliers. Franchisor may revoke its approval of any item, service or supplier at any time, and in its sole and absolute discretion, by notifying Franchisee and/or the supplier. Franchisee shall, at its own expense, promptly cease using, selling or providing any items or services disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor.

13.1.5 Franchisor has the right to designate certain products and services, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right, in its sole and absolute discretion from time to time, to give its consent to one (1) or more franchisees to provide certain products or services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.3 and shall not create any rights in Franchisee to

provide the same products or services

13.1.6 Franchisor has the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of suppliers. Franchisee shall have no entitlement to, or interest in, any such benefits.

13.2 ~~13.2~~ Appearance and Condition of the Franchised Business

Franchisee shall maintain the Franchised Business and the Approved Location in "like new" condition, and shall repair or replace equipment, fixtures and signage as necessary to comply with the health and safety standards and specifications of Franchisor and Franchisee's lessor and any applicable laws or regulations. The expense of such maintenance shall be borne by Franchisee and shall be in

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~~Vapor Shark Franchise Documents - Version Dated May 18, 2017~~ addition to any required System

modifications, as described in Section 10.2 -

~~13.3~~

13.3 Management

While the Franchised Business need not be under the direct supervision of Franchisee, Franchisor strongly recommends such participation. The Designated Manager shall devote full-time efforts to the management of the day-to-day operation of the Franchised Business. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Designated Manager. Franchisee must not engage in any business or other activities that will conflict with its obligations under this Agreement.

13.4 ~~13.4~~ Days of Operation

Franchisee shall keep the Franchised Business open for business during normal business hours on the days specified in the Manual, which may be modified from time to time and in conformance with the relevant requirements of any lease for the Approved Location.

13.5 ~~13.5~~ Licenses and Permits, Compliance with Laws

Franchisee shall secure and maintain in force in Franchisee's name all required licenses, permits, and certificates relating to the conduct of the Franchised Business pursuant to this Agreement. Franchisee shall comply with all applicable laws, ordinances and regulations, including, without limitation, laws and governmental regulations relating to provision of all services offered at the Franchised Business, to the preparation, purchase and handling of products and, if applicable, occupational hazards, health and safety. Franchisee shall operate the Franchised Business in full compliance with all applicable federal, state and local laws, ordinances and regulations including those of the Federal Drug Administration. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all laws, ordinances and regulations with

regard to the operation of the Franchised Business

13.5.1 Franchisee hereby represents, warrants, and certifies to Franchisor that neither Franchisee nor any of Franchisee's directors, officers, shareholders, partners, members, employees, or agents, nor any of Franchisee's affiliates or directors, officers, shareholders, partners, members, employees, or agents, nor any other direct or indirect interest holders of any of the preceding (a) are or have been listed on any Government Lists (as defined below), (b) are or have been determined by competent authority to be subject to the prohibitions contained in Presidential Executive Order No. 13224 (Sept. 23, 2001), or any other similar prohibitions contained in the rules and regulations of OFAC (as defined below) or in any enabling legislation or other Presidential Executive Orders in respect thereof, (c) have been indicted for or convicted of any felony involving a crime or crimes of moral turpitude or for any offenses under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA Patriot Act"), (d) are or have been under investigation by any Governmental Authority (as defined below) for alleged criminal activity, or (e) have or have had a reputation in the community for criminal or unethical behavior. As used in this Section, the following definitions apply: (a) "Government Lists" means any of the following lists: (i) the

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~~Vapor Shark Franchise Documents - Version Dated May 18, 2017~~ "Specially Designated Nationals and Blocked Persons List" maintained by OFAC, (ii) any other list of terrorists, terrorist organizations, or narcotics traffickers maintained pursuant to any of the Rules and Regulations of OFAC, or (iii) any similar list maintained by the United States Department of State, the United States Department of Commerce, or any other Governmental Authority, or pursuant to any Executive Order of the President of the United States of America, (b) "OFAC" means the Office of Foreign Assets Control, United States Department of the Treasury, or any other office, agency, or department that succeeds to the duties of OFAC, and (c) "Governmental Authority" means all federal, state, national, territorial, county, local, foreign, or other governmental or regulatory agencies, authorities (including self-regulatory authorities), instrumentalities, commissions, boards, and bodies.

13.5.2 Any forms or materials provided by Franchisor as examples of forms or materials used by Franchisor or others in connection with the Franchised Business does not constitute an assurance or implication that such forms or materials comply with all laws specific to Franchisee. Such forms and materials are used by Franchisee at Franchisee's own risk, and Franchisor recommends that before such use, Franchisee consult with counsel to ensure compliance with applicable law.

13.6 13-6 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, lien, award or decree which may affect the operation or financial condition of the

Franchised Business not more than five (5) days after such commencement or issuance Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation

13.7 ~~13-7~~ Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of the Franchised Business and its employees, is material to this Agreement and the relationship created hereby Therefore, Franchisee shall use its best efforts in controlling the Franchised Business and shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business The Franchised Business shall, in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer Franchisor has the right to terminate this Agreement for violation of this Section Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business pursuant to this Section

13.8 ~~13-8~~ Uniforms

Franchisee shall abide by any dress code requirements stated in the Manual or otherwise Uniforms, if required, must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms

13.9 ~~13-9~~ Vending Machines

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Franchisee shall not install or use at the Franchised Business any vending machines, amusement devices, jukeboxes, video machines or other similar devices without Franchisor's written approval, which may be withheld in Franchisor's sole and absolute discretion

13.10 ~~13-10~~ Credit Cards

Franchisee shall, at its expense, lease or purchase the necessary equipment and/or software and shall have arrangements in place with Visa, MasterCard, American Express and such other credit card issuers as Franchisor may designate, from time to time, to enable the Franchised Business to accept such methods of payment from its customers

13.11 ~~13-11~~ Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

13.12 Pricing

~~Franchisor will set retail prices for products and services offered at the Franchised Business. To the fullest extent permitted by applicable law, Franchisor reserves the right to establish maximum, minimum, unilateral, or other pricing requirements with respect to the prices Franchisee may charge for products or services. Franchisor implements a unilateral pricing policy and sets the sale price of all Vapor Shark products. Failure to comply with Franchisor's pricing policies is grounds for termination of this Agreement. The Operations Manual sets forth the details of Franchisor's pricing policy.~~

~~You must comply with minimum and/or maximum prices set by the franchisor for the goods and services you sell. This requirement may reduce your anticipated revenue and net income.~~

14 FRANCHISOR'S OPERATIONS ASSISTANCE

~~14.1~~

14.1 General Advice and Guidance

Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters and other methods with respect to planning, opening and operating the Franchised Business as Franchisor may deem necessary. Franchisor shall not charge for this service, however, Franchisor retains the right to refuse or to charge a fee for this service should Franchisee, in Franchisor's sole and absolute discretion, be deemed to be utilizing this service too frequently or in an unintended manner. Franchisor shall have the sole right to determine the prices to be charged for products sold through the ~~VAPOR SHARK~~ Vapor Shark Internet site, including products sold to persons identified as customers of the Franchised Business.

14.2 14.2 Periodic Visits

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Franchisor or Franchisor's representative shall make periodic visits, which may be announced or unannounced, to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements in a timely manner.

14.3 ~~14-3 Marketing and Promotional Materials~~

Franchisor may periodically provide, as Franchisor deems necessary and/or appropriate, advertising and promotional materials including ad-slicks, brochures, coupons, certificates, fliers and other materials to Franchisee for use in the operation of the Franchised Business

15 INSURANCE

15.1 ~~15-1 Types and Amounts of Coverage~~

At its sole expense, Franchisee shall procure within thirty (30) days of the Effective Date, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies (except any workers' compensation insurance) shall expressly name Franchisor as an additional insured or loss payee and all shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure

15.1.1 "all risk" property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost,

15.1.2 workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) or, if higher, the statutory minimum limit as required by state law,

15.1.3 comprehensive general liability insurance, including products liability coverage, against claims for bodily and personal injury, death, and property damage caused by, or occurring in conjunction with, the sale of Vapor Shark products, the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of TWO MILLION DOLLARS (\$2,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law,

15.1.4 automobile liability insurance for owned or hired vehicles, with a combined single limit of at least ONE MILLION DOLLARS (\$1,000,000.00) or, if higher, the statutory minimum limit required by state law, and

15.1.5 business interruption insurance in amounts and with terms acceptable to

Franchisor

15.2 ~~15-2~~ Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances

15.3 ~~15-3~~ Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide.

15.4 ~~15-4~~ Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.2 Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days' prior written notice from Franchisee to Franchisor and shall reflect proof of payment of premiums.

15.5 ~~15-5~~ Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

16. ~~16~~ — DEFAULT AND TERMINATION

16.1 ~~16-1~~ Termination Without Opportunity To Cure

Franchisor has the right to immediately terminate this Agreement upon written notice, without any opportunity to cure by Franchisee, if Franchisee

16.1.1 — ~~16-1.1~~ — fails to select an Approved Location pursuant to Section 5.1,

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~~16-1.2~~ — fails to establish and equip the Franchised Business pursuant to Section 5.3,

16.1.3 fails to open the Franchised Business within 120 days after the Effective Date,

16.1.4 fails to satisfactorily complete any training program pursuant to Section 8,

16.1.5 made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement,

16.1.6 is convicted of, or pleads no contest to, a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business,

16.1.7 discloses, duplicates or otherwise uses, in an unauthorized manner, any portion of the Manual, Trade Secrets or any other Confidential Information,

16.1.8 abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor), or, if first approved by Franchisor, fails to promptly relocate the Franchised Business following the expiration or termination of the lease for the Approved Location, the destruction or condemnation of the Approved Location or any other event rendering the Approved Location unusable,

16.1.9 surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof as herein required,

16.1.10 fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the one hundred eighty (180) days following the death or incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee pursuant to Section 18.6,

16.1.11 submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error,

16.1.12 is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency, if a receiver of its property or any part

thirty (30) days or longer (unless *supersedeas* bond for 115% of the amount of the judgment is posted and filed), if execution is levied against Franchisee's business or property, if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed,

16.1.13 misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks,

16.1.14 ——— ~~16.1.14~~ fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay ~~any Royalty Fee~~ any recurring franchise or royalty fee, if then applicable, Marketing Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee,

16.1.15 ——— ~~16.1.15~~ violates any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers, employees or the public,

16.1.16 ——— ~~16.1.16~~ engages in any activity exclusively reserved to Franchisor,

16.1.17 ——— ~~16.1.17~~ fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance,

16.1.18 repeatedly breaches this Agreement and/or repeatedly fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Manual, whether or not previous breaches or failures are cured. For purposes of this Section 16.1.18, repeatedly means three (3) or more times,

16.1.19 defaults under any other agreement between Franchisor (or any Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates,

16.1.20 fails to comply with any other provision of this Agreement, Manual or System standards and does not correct within thirty (30) days after written notice from Franchisor,

16.1.21 fails to pay when due any federal, state or local income, service, sales or other taxes unless Franchisee is, in good faith, contesting its liability for same,

——— ~~16.1.22 sells unauthorized products, or~~ 16.1.22 sells unauthorized products.

~~16.2.23 violates the pricing policy~~

16.2.23 engages in any misconduct that unfavorably affects Franchisee's reputation, the Franchised Business, Franchisor or the goodwill associated with the Marks (including, but not limited to health or safety hazards at the Franchised Business, drug or alcohol problems that result in court-mandated rehabilitation or become known to the general public in the Protected Territory, or knowingly permitting unlawful activities at the Franchised Business), or

16.2.24 if Franchisee is also party to an Area Development Agreement with Franchisor (or is an Owner or part of the Control Group of Area Developer, as provided in the Area Development Agreement), defaults under the Area Development Agreement.

16.2 Termination Following Notice

Franchisor has the right to terminate this Agreement for the following breaches and defaults by giving notice of such termination stating the nature of the default, provided, however, that Franchisee may avoid termination by curing such default or failure (or by providing proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period

16.2.1 within five (5) days of receiving notice of Franchisee's failure to pay any amounts due to Franchisor, or

16.2.2 within thirty (30) days of receiving notice of any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise prescribed in writing

16.2 16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor shall provide the applicable notice period. Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement

16.3 16.4 Right of Franchisor to Discontinue Services to Franchisee

If Franchisee is in breach of any obligation under this Agreement, and Franchisor provides to Franchisee a notice of termination pursuant to Section 16.2, Franchisor has the right, in its sole discretion, to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products for which Franchisor is an Approved Supplier to Franchisee, until such time as Franchisee corrects the breach

16.4 Effect on Area Development Agreement

If Franchisee is also party to an Area Development Agreement with Franchisor (or is an Owner or part of the Control Group of Area Developer, as provided in the Area Development Agreement) or was otherwise developed pursuant to an Area Development Agreement with Franchisor, then a default or termination under this Agreement shall also constitute a default under the Area Development Agreement.

17 RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION-17.1

17.1 Actions to be Taken

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall

17.1.1 immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor,

17.1.2 cease to use the Trade Secrets and other Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising ~~34~~ ~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~ materials, stationery, forms and any other items which display or are associated with the Marks,

17.1.3 upon demand by Franchisor, at Franchisor's sole and absolute discretion, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease) its interest in the lease then in effect for the Approved Location to Franchisor and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due,

17.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "VAPOR SHARK" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement,

17.1.5 pay all sums owing to Franchisor and any Affiliate, which may include, but not be limited to, all damages, costs and expenses, including attorneys' fees, unpaid Marketing Fund Contributions, and any other amounts due to Franchisor or any Affiliate,

17.1.6 pay to Franchisor all costs and expenses, including attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement,

17.1.7 immediately return to Franchisor the Manual, Trade Secrets and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property),

17.1.8 assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor, and

17.1.9 ~~17.1.9~~ comply with all other applicable provisions of this Agreement ~~17.2~~

17.2 Post-Termination Covenant Not to Compete

17.2.1 ~~17.2.1~~ Franchisee acknowledges that the restrictive covenants contained in this Section and in Section 7 are fair and reasonable, supported by legitimate business interests, and are justifiably required for purposes including, but not limited to, the following

17.2.1.1 to protect the Trade Secrets and other Confidential Information

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of Franchisor,

17.2.1.2 ~~17.2.1.2~~ to induce Franchisor to grant a Franchise to Franchisee, and

17.2.1.3 ~~17.2.1.3~~ to protect Franchisor against its costs in training Franchisee and its officers, directors, executives, professional staff and Designated Managers

17.2.2 Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity

17.2.2.1 own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a ten (10) mile radius of or at the Approved Location or within the Protected Territory (whichever is greater), and (b) within a ten (10) mile radius of the location of any other Affiliate owned Vapor Shark store or Franchised Business in existence at the time of termination or expiration (the

"Restricted Area"). Franchisee is responsible for learning whether or not a particular location is within the Restricted Area by providing Franchisor with a written request for such information. Any and all determinations that Franchisor makes regarding the Restricted Area shall be final and binding, or

17.2.2 solicit or otherwise attempt to induce or influence any customer, employee or other business associate of Franchisor or any other franchisee to terminate or modify his, her or its business relationship with Franchisor or any other franchisee or to compete against Franchisor or any other franchisee

17.2.3 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit C-4

17.3 17-3 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the obligation), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including leasehold improvements, equipment, supplies and other inventory. The purchase price shall be equal to the assets' book value, excluding any goodwill. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

17.4 17-4 Survival of Certain Provisions

All obligations of Franchisor and Franchisee, which expressly, or by their nature, survive the expiration or termination of this Agreement, shall continue in full force and effect subsequent to, and notwithstanding their expiration or termination and until satisfied or by their nature expire.

18 TRANSFERABILITY OF INTEREST

18.1 18-1 Transfer by Franchisor

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This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred, provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

18.2 18-2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein

granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Approved Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee (each is a "transfer" for purposes of this Section) without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following reasonable requirements:

18.2.1 ——— ~~18.2.1~~ Franchisee has complied with the requirements set forth in Section 19,

18.2.2 ——— ~~18.2.2~~ all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied,

18.2.3 Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached as Exhibit C-2, of any and all claims against Franchisor, including its officers, directors, shareholders, managers, members, partners, owners and employees, in their corporate, representative and individual capacities including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise, provided, however, that if a general release is prohibited, Franchisee shall release the maximum rights and claims in favor of Franchisor allowed by law,

18.2.4 the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require, in its sole and absolute discretion, to demonstrate ability to conduct the Franchised Business,

18.2.5 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current Franchise Agreement for new franchisees, which may be substantially different from this Agreement, including different Marketing Fund Contribution

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~ rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement,

18.2.6 Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise,

18 2 7 Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of the greater of ten percent (10%) of the purchase price, set forth in the notice required pursuant to Section 19 1 or TEN THOUSAND DOLLARS (\$10,000 00),

18 2 8 the transferee, or all owners of the transferee, has agreed to be personally bound, jointly and severally, by all provisions of this Agreement for the remainder of its term,

18 2 9 Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor,

18 2 10 the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied,

18 2 11 Franchisee has, and if Franchisee is an entity, all of the owners of Franchisee have executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17, and

18 2 12 the transferee agrees that its Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8 1 prior to assuming the management of the day-to-day operation of the Franchised Business at the sole cost and expense of the transferee

18.3 ~~18 3~~ **Transfer to a Controlled Entity**

18 3 1 If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements

18 3 1 1 the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business,

18 3 1 2 Franchisee or all owners of Franchisee own all of the equity and voting

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~ power of the outstanding stock or other capital interest in the Controlled Entity,

18 3 1 3 all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied, provided, however, that neither Franchisee nor the Controlled

Entity shall be required to pay a transfer fee as required pursuant to Section 18 2 7,

18 3 1 4 the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor,

18 3 1 5 all owners of the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement,

18 3 1 6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement, and

18 3 1 7 copies of the Controlled Entity's articles of incorporation, bylaws, operating agreement, federal tax identification number and other governing regulations or documents, including resolutions authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

18 3 2 The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18 3 3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

18.4 18-4-Franchisor's Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor

~~Vapor Shark Franchise Documents - Version Dated May 18, 2017~~ harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee

18.5 ~~**18-5 For-Sale Advertising**~~

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder

18.6 ~~**18-6 Transfer by Death or Incapacity**~~

Upon the death or incapacity (as determined by a medical doctor selected by Franchisor) of any individual franchisee or any holder of a legal or beneficial interest in Franchisee, the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement. During such one hundred eighty (180) day period, the Franchised Business must remain at all times under the primary management of a Designated Manager who otherwise meets Franchisor's management qualifications.

19 ~~**19-1**~~ **RIGHT OF FIRST REFUSAL**

19.1 ~~**19-1**~~ **Submission of Offer**

If Franchisee, or any of its owners, proposes to sell the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

19.2 ~~**19-2**~~ **Franchisor's Right to Purchase**

Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such

ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal

19-3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise this right of first refusal within thirty (30) days, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18.2. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and again be implemented in accordance with this Section.

20-20. OWNERS OF FRANCHISEE

If Franchisee is a business entity, then each of the individual owners of Franchisee shall be identified in Exhibit C-7, execute Exhibit C-6, the Guaranty and Assumption of Obligations and Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that such individuals identified in Exhibit C-7 are the sole owners (in the stated proportions) of Franchisee.

21-21. RELATIONSHIP AND INDEMNIFICATION-

~~21.1-~~

21.1 Relationship

This Agreement does not appoint or make Franchisee an agent, legal representative, joint venturer, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business operating the Franchised Business pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Approved Location and on all forms, stationery or other written materials, the content of which Franchisor has the right to specify. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair

construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder

21.2 ~~21-2~~ Indemnification

Franchisee shall hold harmless and indemnify Franchisor, any Affiliate, all owners of Franchisor
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~~Vapor Shark Franchise Documents - Version Dated May 18, 2017~~ and all officers, directors, executives, managers, members, partners, owners, employees, agents, attorneys, successors and assigns of Franchisor (collectively "Franchisor Indemnitees") from and against all losses, damages, fines, costs, expenses or liability (including attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's (a) ownership or operation of the Franchised Business, (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule, (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate), (d) defamation of Franchisor or the System, (e) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts, or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information

21.3 ~~21-3~~ Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

22 GENERAL CONDITIONS AND PROVISIONS-

~~22-1-~~

22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact

compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22.2 ~~22-2~~ Injunctive Relief

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As any breach by Franchisee of any of the restrictions contained in Sections 6, 7 and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated. Further, Franchisee consents to Franchisor obtaining emergency, ex-parte injunctive relief against Franchisor, without prior notice to Franchisee. If such injunctive relief is ordered by a court of competent jurisdiction, Franchisee agrees that it shall be without bond, but upon due notice. If a bond is required by applicable statute, ordinance, rule, or court order, Franchisee agrees that the sum of \$1,000 is appropriate. In addition, Franchisee's sole remedy, in the event of the entry of such injunction, shall be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).

22.3 ~~22-3~~ Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party), (b) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service that provides a receipt of delivery, or (d) five (5) business days after being sent by Certified Mail, return receipt requested. In addition to the foregoing methods for notice, the party providing notice shall also send a copy by email. Either party may change its address by a written notice sent in accordance with this Section 22.3. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

VAPOR SHARK FRANCHISING, LLC
5000 SW 75th Avenue, Suite 120
Miami, Florida 33155

~~E-mail: franchise@vaporshark.com~~
~~and, following Franchisor's change of principal offices in 2018,~~
~~7900 Oak Lane, Suite 401~~
~~Miami Lakes, FL 33016~~
~~E-mail: franchise@vaporshark.com~~

All notices required by the Agreement shall be sent to Franchisee at the following address:

E-mail 22-4 _____

22.4 Cost of Enforcement or Defense

In the event of any proceedings arising out of or relating to any and all controversies, disputes, or claims, including any alleged breach or default arising under or relating to this Agreement, or the Franchisee-Franchisor relationship, the prevailing party shall be entitled to recover from the non-prevailing party all reasonable attorney's fees, accountant's fees, and costs, whether incurred before, during, or after the proceedings (including on appeal), in the bringing, prosecuting, defending or participating the proceedings or otherwise related to the proceedings, including costs of collection incurred prior to instituting proceedings. The prevailing party shall also be entitled to recover all attorney's fees and costs incurred in determining the entitlement to attorney's fees and costs, as well as in

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~ determining or quantifying the amount of attorney's fees and costs due to it. The reasonable costs that the prevailing party shall be entitled to recover shall include all costs and accountant's fees that may be taxable pursuant to any applicable statute, rule, or guideline (including, but not limited to, the Statewide Uniform Guidelines for Taxation of Costs), as well as any and all costs not generally taxable thereunder. If Franchisor incurs costs and expenses due to Franchisee's failure to pay when due amounts owed to Franchisor or its Affiliates, to submit when due any reports, information, or supporting records, or otherwise comply with this Agreement, Franchisee agrees, whether or not Franchisor initiates a formal legal proceeding, to reimburse Franchisor for all of the costs and expenses that Franchisor incurs including without limitation, accounting, attorneys' and related fees and costs.

22.5 22-5 Guaranty and Assumption of Obligations

Any person having an ownership interest in Franchisee of five percent (5%) or greater shall be required to execute the Guaranty and Assumption of Obligations attached as Exhibit C-6, through which such owners agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6 22-6 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

22.7 ~~22-7~~ Entire Agreement

This Agreement, its exhibits and the documents referred to herein shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in, or contemplated by, this Agreement or otherwise. Nothing in this or any related agreement is intended to disclaim the representations in any franchise disclosure document delivered by Franchisor to Franchisee. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties.

22.8 ~~22-8~~ Severability and Modification

22.8.1 Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of, or affect, the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the

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~~Vapor Shark Franchise Documents - Version Dated May 18, 2017~~ latter shall continue to be given full force and effect and bind the parties, and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement.

22.8.2 Notwithstanding the above, each of the covenants contained in Sections 6, 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent provided or permitted by law.

22.9 ~~22-9~~ Construction

22.9.1 All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

22.9.2 Any ambiguities in this Agreement or any documentation prepared pursuant to or in connection with this Agreement shall not be construed against any of The Parties because of draftsmanship. This Agreement shall be interpreted without regard to any presumption or other rule requiring construction against the party which drafted this Agreement.

22.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act,

except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

22.11 Timing

Time is of the essence, except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach. All time periods refer to actual calendar days, regardless of weekends or holidays, unless otherwise specifically stated.

22.12 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any amounts due to Franchisor or to an Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this

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~~Vapor Shark Franchise Documents - Version Dated May 18, 2017~~ Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

22.13 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

22.14 Third-Party Beneficiaries

Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.15 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be

deemed an original Facsimile or electronic signatures shall be as valid and of the of the same force and effect as original signatures

22 16 United Nations Convention

The parties to this Agreement expressly waive the application of, and any rights that either may have pursuant to the Operating Terms of, the United Nations Convention on Contracts for the International Sale of Goods

22 17 Right to Counsel

Each party has either (i) been represented by independent legal counsel in connection with the negotiation and execution of this Agreement, or (ii) had the opportunity to obtain independent legal counsel, has been advised that it is in their best interests to do so. The parties agree that they have been adequately represented by their respective counsel or have waived the right to representation by executing this Agreement after being advised of their right to obtain counsel

23 DISPUTE RESOLUTION

~~23.1~~

23.1 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by the U S Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the state where Franchisor's headquarters are located at the time of any judicial filing,

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~~Vapor Shark Franchise Documents - Version Dated May 18, 2017~~ currently, the State of Florida (without reference to its conflict of laws principles, as if all of the parties to such action are resident in the state where Franchisor's headquarters are located at the time of any judicial filing), excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency

23.2 ~~23-2~~ Consent to Jurisdiction

The situs for any legal proceedings, equitable proceedings, or counter petitions or counter claims brought by or on behalf of any of ~~The Parties~~ the parties hereto against the other, including, but not limited to any action arising out of, based upon, or in connection with this Agreement, its terms, any obligations hereunder, any transaction contemplated hereby, and the validity, interpretation, performance, and enforcement of this Agreement, or any claim or counterclaim that could have been brought in the underlying lawsuit or proceedings referenced above, shall be in the Eleventh Judicial Circuit Court, in and for Miami-Dade County, except that claims or proceedings for (a) injunctive relief may be brought

by Franchisor where Franchisee is located and (b) trademark or service mark infringement shall be brought in the United States District Court in and for the Southern District of Florida. This forum and venue agreement shall not be waived in any circumstances, including but not limited to actions of the parties inconsistent with their rights hereunder. Each party irrevocably consents to the venue and personal jurisdiction in Miami-Dade County, Florida and irrevocably waives any objection that such party may now or later have, based on jurisdiction, venue or forum non-conveniens. The parties hereby submit to service of process by registered mail, return receipt requested or by any other manner provided by law. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments in the county and state where Franchisor's corporate headquarters is then located.

23.3 23-3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions. The parties may seek both injunctive relief and damages, and shall not be required to elect their remedies.

23.4 23-4 Limitations of Claims

Any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one (1) year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim. ~~In the event that any statute, ordinance or rule requires a longer period of time, the foregoing one (1) year limitation shall mean that such claim is not material or substantial.~~ Notwithstanding the above, Franchisor's claims attributable to underreporting, failure to pay monies owed

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~~Vapor Shark Franchise Documents - Version Dated May 18, 2017~~ and/or indemnification should

be subject to applicable state or federal statutes of limitation ~~23-5~~

23.5 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including accounting and legal fees as provided in Section 22.4. Franchisee waives and disclaims any right to consequential damages, including lost or expected profits, in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to the amount of Franchisee's Franchise Fee paid to Franchisor.

23.6 23-6 Waiver of Jury Trial

FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM

23.7 No Class or Consolidated Actions

ANY LITIGATION BETWEEN FRANCHISOR AND FRANCHISEE, AND ANY OF THEIR RESPECTIVE CURRENT OR FORMER AFFILIATES, SUBSIDIARIES, PARENTS, DIRECTORS, OFFICERS, OR AGENTS SHALL BE CONDUCTED ON AN INDIVIDUAL BASIS, AND NOT AS PART OF A GROUP, ASSOCIATION, CONSOLIDATED, JOINT, COMMON OR CLASS ACTION OR ON ANY REPRESENTATIVE BASIS.

24 ACKNOWLEDGMENTS

~~Franchisee hereby acknowledges the following:~~

FRANCHISEE AND FRANCHISOR AGREE THAT THEIR RELATIONSHIP IS NOT A FIDUCIARY OR SIMILAR SPECIAL RELATIONSHIP, BUT RATHER IS AN ORDINARY COMMERCIAL RELATIONSHIP BETWEEN INDEPENDENT BUSINESS PEOPLE WITH ARMS-LENGTH DEALINGS.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR HAS PROVIDED FRANCHISEE WITH A FRANCHISE DISCLOSURE DOCUMENT NOT LATER THAN FOURTEEN (14) DAYS BEFORE THE EXECUTION OF THIS FRANCHISE AGREEMENT, OR FOURTEEN (14) DAYS BEFORE ANY PAYMENT OF ANY CONSIDERATION, UNLESS STATE LAW REQUIRES A DIFFERENT PERIOD. FRANCHISEE FURTHER ACKNOWLEDGES THAT FRANCHISEE HAS READ ~~SUCH THE~~ FRANCHISE DISCLOSURE DOCUMENT AND UNDERSTANDS ITS CONTENTS. IF REQUIRED BY STATE LAW, FRANCHISOR PROVIDED FRANCHISEE WITH A FRANCHISE DISCLOSURE DOCUMENT AT THE FIRST PERSONAL MEETING HELD TO DISCUSS THE SALE OF A VAPOR SHARK FRANCHISED BUSINESS.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISEE HAS HAD AN OPPORTUNITY TO REVIEW THIS FRANCHISE AGREEMENT, AS WELL AS THE FRANCHISE DISCLOSURE DOCUMENT AND THAT FRANCHISEE HAS HAD THE CHANCE TO CONSULT WITH AN ATTORNEY OR OTHER PROFESSIONAL ADVISOR. FRANCHISEE ACKNOWLEDGES THAT IF FRANCHISOR UNILATERALLY AND MATERIALLY ALTERED THE FRANCHISE AGREEMENT OR ANY OTHER AGREEMENT ATTACHED TO FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT, FRANCHISEE RECEIVED AN EXECUTION READY COPY OF THAT AGREEMENT SEVEN (7) DAYS PRIOR TO FRANCHISEE'S SIGNING THAT AGREEMENT.

FRANCHISEE ALSO CONFIRMS FRANCHISEE'S UNDERSTANDING THAT THE

~~Vapor Shark Franchise Documents - Version Dated May 18, 2017~~ SUCCESS OF THE BUSINESS LICENSED BY THIS FRANCHISE AGREEMENT IS SPECULATIVE AND DEPENDS TO A LARGE EXTENT ON FRANCHISEE'S ABILITY AS AN INDEPENDENT BUSINESS PERSON AND PERSONAL EFFORTS, AS WELL AS OTHER FACTORS, AND THAT SUCCESS IS NOT GUARANTEED FRANCHISEE ALSO RECOGNIZES AND ACKNOWLEDGES THAT FRANCHISEE MAY INCUR EXPENSES OR OBLIGATIONS WHICH THIS FRANCHISE AGREEMENT MAY NOT ADDRESS

FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISEE HAS NOT RECEIVED OR RELIED ON ANY SALES, INCOME OR OTHER PROJECTIONS OF ANY KIND OR NATURE, ANY STATEMENTS, REPRESENTATIONS, CHARTS, CALCULATIONS OR OTHER MATERIALS WHICH STATED OR SUGGESTED ANY LEVEL OR RANGE OF SALES, INCOME, PROFITS OR CASH FLOWS, ANY REPRESENTATION AS TO THE PROFITS THAT MAY BE REALIZED IN THE OPERATION OF THE FRANCHISE DBUSINESS OR ANY WORKING CAPITAL OR OTHER FUNDS NECESSARY TO REACH ANY 'BREAK EVEN' OR OTHER FINANCIAL LEVEL, OR ANY REPRESENTATION, WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF A VAPOR SHARK FRANCHISED BUSINESS IN FACT, FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS ENTERED INTO THIS FRANCHISE AGREEMENT AFTER MAKING AN INDEPENDENT INVESTIGATION OF THE BUSINESS AND OF THE FRANCHISOR

~~FRANCHISEE IS AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF FRANCHISOR MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT(S), AND CONSEQUENTLY THAT THE FRANCHISOR'S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES~~ ACKNOWLEDGES AND AGREES THAT OTHER VAPOR SHARK FRANCHISEES ARE SEPARATE AND DISTINCT FROM FRANCHISOR AND ARE INDEPENDENTLY OWNED AND OPERATED AND WHILE THE FRANCHISOR ENCOURAGES FRANCHISEE TO SPEAK WITH OTHER VAPOR SHARK FRANCHISEES IN CONNECTION WITH THE EVALUATION OF THE VAPOR SHARK FRANCHISE OPPORTUNITY, OTHER FRANCHISEES DO NOT ACT AS AGENTS OR REPRESENTATIVES OF FRANCHISOR IN PROVIDING ANY INFORMATION TO FRANCHISEE AND FRANCHISOR WILL HAVE NO OBLIGATIONS OR LIABILITIES WITH RESPECT TO (AND FRANCHISOR SHOULD NOT RELY ON) ANY INFORMATION, OPINIONS OR OTHERWISE AS THEY MAY PROVIDE TO FRANCHISEE.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR MAY HAVE OFFERED FRANCHISES IN THE PAST, MAY CURRENTLY BE OFFERING FRANCHISES, AND/OR MAY OFFER FRANCHISES IN THE FUTURE, ON ECONOMIC AND/OR OTHER TERMS, CONDITIONS AND PROVISIONS THAT MAY DIFFER SIGNIFICANTLY FROM THOSE OFFERED BY THIS AGREEMENT AND ANY RELATED DOCUMENTS, AND FRANCHISOR MAY, FROM TIME TO TIME, DEAL WITH FRANCHISEES ON DIFFERING ECONOMIC AND/OR OTHER TERMS (INCLUDING MAKING SPECIAL ARRANGEMENTS FOR PAYMENTS OF AMOUNTS DUE, WAIVING DEFAULTS AND/OR OTHERWISE) TO SUIT INDIVIDUAL

BUSINESS CIRCUMSTANCES. IN EACH CASE IN OUR BUSINESS JUDGMENT AND WITHOUT BEING REQUIRED TO OFFER SIMILAR TERMS TO OTHER FRANCHISEES. SUCH FLEXIBILITY BEING A PRACTICAL NECESSITY TO RESPOND TO DISTINCT BUSINESS SITUATIONS.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement

VAPOR SHARK FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE _____

By _____

Name —

Title _____

Date —

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~~Vapor Shark Franchise Documents Version Dated May 18, 2017~~

~~PAGE 51 OF THE FRANCHISE AGREEMENT IS BLANK AND RESERVED FOR ADDITIONAL SIGNATURE BLOCKS~~

Date.

EXHIBIT C-1 TO THE FRANCHISE AGREEMENT
APPROVED LOCATION AND MAP-

The street address (or detailed description) of the Approved Location is

A Map of bounded area of Protected Territory is attached. The boundaries of the Protected Territory shall extend to the center of any roadway delineated on the map, such that the side of any street opposite to the Protected Territory shall not be included in the bounded area. ~~Franchisee has conducted their own~~

~~due diligence as to the population of the Protected Territory and confirms that at least approximately 50,000 people are within that area~~

VAPOR SHARK FRANCHISING, LLC

By _____

Name _____

Title _____

Date _____

FRANCHISEE

By _____

Name _____

Title _____

Date _____

EXHIBIT C-2 TO THE FRANCHISE AGREEMENT
GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of _____,
20____ by _____ ("RELEASOR") an
individual/corporation/ limited liability company/partnership with a principal address of

_____, in consideration of

_____ the execution by VAPOR SHARK FRANCHISING, LLC ("RELEASEE") of a successor Franchise Agreement or other renewal documents renewing the franchise (the "Franchise") granted to RELEASOR by RELEASEE pursuant to that certain Franchise Agreement (the "Franchise Agreement") between RELEASOR and RELEASEE, or

_____ RELEASEE'S consent to RELEASOR'S assignment of its rights and duties under the Franchise Agreement, or

_____ RELEASEE'S consent to RELEASOR'S assumption of rights and duties under the Franchise Agreement,

and other good and valuable consideration the sufficiency of which is hereby irrevocably acknowledged, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE'S officers, directors, shareholders, employees (in their corporate and individual capacities) and attorneys and accountants, and RELEASEE'S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR'S heirs, executors, administrators, owners, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written

RELEASOR _____
(type/print name)

By _____

By _____

Name _____

Title _____

Title _____

+

ACKNOWLEDGMENT

State of _____

County of _____

State of _____

1

1 ss

County of _____

1

On this _____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ (company name), and he/she has the authority to execute said General Release]

IN WITNESS WHEREOF, I have hereunto set my hand and official seal

(NOTARIAL SEAL)

Notary Public

My Commission expires _____

EXHIBIT C-3 TO THE FRANCHISE AGREEMENT-

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED and as additional security for the performance by
~~a~~ _____ a _____ corporation (the "Franchisee") of all
of its obligations to VAPOR SHARK FRANCHISING, LLC (the "Franchisor") under that certain
Franchise Agreement dated _____, 20__ as amended from time to time (the "Franchise
Agreement"), Franchisee hereby collaterally assigns and sets over unto the Franchisor all of its right, title
and interest in, to and under that certain Lease Agreement dated

_____, 20__ (the "Lease"), a copy of which is attached hereto as Exhibit "A", between
Franchisee and ~~a~~ _____ a _____ corporation (the "Landlord"),
together with all additions to, substitutions for and modifications of the Lease, provided, however, that
Franchisor hereby consents to the use and enjoyment by Franchisee of all of its rights, title and interests
under the Lease and the premises leased thereby (the "Premises") until such time as an "Event of
Default" (as defined in the Franchise Agreement) has occurred and is continuing

Landlord, by its execution hereof, hereby consents and agrees to the foregoing assignment. Furthermore,
Landlord hereby agrees that, notwithstanding any provision in the Lease to the contrary

1 This assignment shall be effective, at the option of Franchisor, upon an Event of Default
by Franchisee under its Franchise Agreement with Franchisor. Until this assignment shall
become effective, Franchisor shall have no obligation under the Lease.

2 The assignment shall be at the same Rent as set forth in the Lease.

3 Upon, and as a condition to, the assignment becoming effective, Franchisor shall
assume, in writing, for the benefit of Landlord, the performance of each and every term,
condition and covenant of the Lease.

4 Franchisee shall not be released from its obligations under the Lease as a result of any
assignment to Franchisor or any further assignment or subletting by Franchisor.

Upon the assignment to Franchisor becoming effective, Franchisor may thereafter operate the
Premises as a company store or may, without the prior consent of Landlord, without the right of Landlord
to recapture the Premises and without the same being a default under the Lease, further assign this Lease
or sublet the Premises to an approved franchisee of the Franchisor (any such entity, an "Approved
Franchisee"), on the following terms and conditions:

1 ~~1~~—Franchisor shall provide Landlord with

a The name and address of Approved Franchisee

~~b~~ b. A copy of the Franchise Agreement between Franchisor and Approved Franchisee

~~c~~ c. An assumption, in writing, by Approved Franchisee of the obligation to perform, for
the benefit of Landlord, each and every term, condition and covenant of this

4 Lease

2 The assignment or sublease shall be at the same Rent as set forth in this Lease

3 Franchisor shall not be released from its obligations under this Lease as a result of the assignment or subletting to Approved Franchisee

This Assignment shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns

This Assignment is executed as of _____, 20____

WITNESS the following signatures and seals

VAPOR SHARK FRANCHISING, LLC

By _____

Name - _____

Title _____

FRANCHISEE

By _____

Name - _____

Title _____

CONSENT

Intending to be legally bound, Landlord, by its execution hereof, hereby (i) confirms that the Lease is in full force and effect and that there is no default thereunder, (ii) confirms that everything required to be performed by Franchisee under the Lease as of the date hereof has been performed, and (iii) consents to the terms and provisions of this Assignment

This Assignment is executed as of _____, 20__

WITNESS the following signature and seal

LANDLORD _____

~~BY~~

BY _____

NAME -

TITLE _____

+

EXHIBIT A TO THE COLLATERAL ASSIGNMENT OF LEASE AGREEMENT

COPY OF LEASE

+

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EXHIBIT C-4 TO THE FRANCHISE AGREEMENT-

NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the ____ day of _____, 20____, is by and between _____ ("Franchisee") (d/b/a VAPOR SHARK) and _____ ("Individual")

W I T N E S S E T H

WHEREAS, Franchisee is a party to that certain VAPOR SHARK Franchise Agreement ("Franchise Agreement") by and between Franchisee and VAPOR SHARK FRANCHISING, LLC ("Company"), and

WHEREAS, Franchisee desires Individual to have access to or to review certain Trade Secrets and other Confidential Information, which are more particularly described below, and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said Trade Secrets and other Confidential Information, and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such Trade Secrets or other Confidential Information to compete against Company, Franchisee or any other franchisee of Company in the same or a similar business ("Competitive Business") now or in the future

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows

1. ~~1~~ Proprietary Information

Individual acknowledges that Franchisee possesses and shall continue to possess Trade Secrets and other Confidential Information that are important to its business. For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, lists of actual or potential customers or suppliers) related to or used in VAPOR SHARK businesses that is not commonly known by or available to the public and that information (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. For the purposes of this Agreement "Confidential Information" means technical and ~~nontechnical~~ non-technical information related to or used in VAPOR SHARK businesses not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified as confidential when delivered by Franchisor. Confidential Information shall not

include, however, any information that (a) is now or subsequently becomes generally available to the public through no fault of

+ Franchisee, (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement, (c) is independently developed without the use of any Confidential Information, or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information. Any information expressly designated by Company as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. ~~2~~-Confidentiality/Non-Disclosure

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information.

b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of Franchisee's rights hereunder and regardless of whether Individual becomes an investor, partner, joint venturer, broker, distributor or the like in the VAPOR SHARK System.

3. ~~3~~-Non-Competition and Non-Solicitation

a) e) During the period Individual owns any interest in Franchisee or is employed (as an employee or consultant) by Franchisee and for two (2) years thereafter, Individual shall not, directly or indirectly, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within (1) ten (10) miles of Franchisee's Approved Location, and (2) ten (10) miles of any VAPOR SHARK business wherever located without the express written consent of Franchisee. "Competitive Business" means any business that offers (or grants franchises or licenses to others to operate a business that offers) products and services the same as or similar to those provided by VAPOR SHARK businesses or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Company, its affiliates or its other franchisees, provided, however, that the term "Competitive Business" shall not apply to (i) any business operated under a Franchise Agreement with Company, or (ii) any business operated by a publicly held entity in which Individual owns less than a five percent (5%) legal or beneficial interest.

b) d) During the period Individual owns any interest in Franchisee or is employed (as an employee or consultant) by Franchisee and for two (2) years thereafter, Individual shall not (i) solicit or otherwise attempt to induce or influence any customer of Franchisee to terminate or

modify his, her or its business relationship with Franchisee or the Company, or (ii) solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee to terminate or
2 modify his, her or its business relationship with Franchisee or to compete against Franchisee or the Company

c) During the period Individual owns any interest in Franchisee or is employed (as an employee or consultant) by Franchisee and for two (2) years thereafter, Individual shall not directly, indirectly, or through any other agent, assignee, employee, solicit or otherwise attempt to induce or influence any employee or other business associate of either the Company or any Franchised Business owned by an affiliate of the Company to terminate or modify their employment or business relationship with the Company or Company affiliate, or to compete against the Company or any Franchised Businesses owned by a Company affiliate

4 ~~4~~ Miscellaneous

a) ~~e~~ This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties

b) ~~f~~ If one (1) or more provisions of this Agreement are held to be illegal or unenforceable under applicable law, such illegal or unenforceable portion(s) shall be limited or excluded from this Agreement to the minimum extent required so that this Agreement shall otherwise remain in full force and effect and enforceable in accordance with its terms

c) ~~g~~ This Agreement shall be effective as of the date it is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns The Company is an intended third-party beneficiary of this Agreement

d) ~~h~~ Individual shall reimburse Franchisee for any and all costs and attorney fees incurred by Franchisee in the enforcement of the terms of this Agreement

e) ~~i~~ The failure of either party to insist in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect

f) ~~j~~ The paragraph headings in this Agreement are included solely for convenience, and shall not affect, or be used in connection with, the interpretation of this Agreement

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT

IN WITNESS WHEREOF, Franchisee has caused this Non-Disclosure and Non-Competition

Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year

3 first above written

WITNESS

FRANCHISEE _____

By

By _____

Its _____

Individual _____

EXHIBIT C-5 TO THE FRANCHISE AGREEMENT-

TELEPHONE ASSIGNMENT AGREEMENT

For value received, the undersigned ("Franchisee") hereby irrevocably assigns the telephone listing, Yellow Pages or other directory listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination of the agreement described below to VAPOR SHARK FRANCHISING, LLC, a Florida limited liability company ("Franchisor"), upon the following terms and conditions

1. 5—This assignment is made pursuant to the terms of the VAPOR SHARK Franchise Agreement of even date herewith ("Agreement") between Franchisor and Franchisee, which in part pertains to the telephone listing and numbers used by the Franchisee in the operation of the VAPOR SHARK business in the protected territory covered by the Franchise Agreement

2. 6—Franchisee shall retain the limited right to use the telephone listings and numbers solely for the transaction and advertising of the VAPOR SHARK business while the Franchise Agreement between Franchisor and Franchisee shall remain in full force and effect, but upon termination or expiration of the Franchise Agreement for any reason, the limited right of use of the telephone listing and numbers by the Franchisee shall also terminate. In such event, Franchisee agrees to immediately discontinue use of said listings and numbers and, at Franchisor's request, immediately execute any documents, pay all monies, and take any other action as may be necessary to transfer said listings and numbers to Franchisor

3. 7—The telephone number(s) and affiliated listings subject to this assignment is/are _____ and any numbers on the rotary series and any numbers used by Franchisee in the VAPOR SHARK business in the future

~~0-4~~ 4—Franchisee agrees to pay all amounts owed pertaining to the use of the telephone numbers and affiliated listings incurred by it. In the event of termination or expiration of the Franchise Agreement for any reason, Franchisee agrees to immediately pay all amounts owed in connection with said listings and telephone numbers, whether or not yet due, including all sums owed under existing contracts for telephone directory advertising

VAPOR SHARK FRANCHISING, LLC

FRANCHISEE

By, _____

By _____

Title _____
Title _____

Title _____
Title _____

Date _____ Date _____
Date. _____

EXHIBIT C-6 TO THE FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _____, 20__, by _____

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith ("Agreement") by VAPOR SHARK FRANCHISING, LLC ("Franchisor"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 7 and 17 of the Agreement. Each of the undersigned waives (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings, (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed, (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability, and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

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

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

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written

PERSONAL GUARANTOR _____ **PERSONAL GUARANTOR**

PERSONAL GUARANTORPersonally and Individually (Printed Name)Personally and Individually (Signature)HOME ADDRESSTELEPHONE NO.PERCENTAGE OF OWNERSHIPIN FRANCHISEE. %**PERSONAL GUARANTOR**Personally and Individually (Printed Name)Personally and Individually (Signature)HOME ADDRESSTELEPHONE NO.PERCENTAGE OF OWNERSHIPIN FRANCHISEE. %**PERSONAL GUARANTOR**Personally and Individually (Printed Name)Personally and Individually (Signature)HOME ADDRESSTELEPHONE NO.PERCENTAGE OF OWNERSHIPIN FRANCHISEE. %**PERSONAL GUARANTOR**Personally and Individually (Printed Name)Personally and Individually (Signature)HOME ADDRESSTELEPHONE NO.PERCENTAGE OF OWNERSHIPIN FRANCHISEE. %**PERSONAL GUARANTOR**Personally and Individually (Printed Name)Personally and Individually (Signature)HOME ADDRESSTELEPHONE NO.PERCENTAGE OF OWNERSHIPIN FRANCHISEE. %**PERSONAL GUARANTOR**Personally and Individually (Printed Name)Personally and Individually (Signature)HOME ADDRESSTELEPHONE NO.PERCENTAGE OF OWNERSHIPIN FRANCHISEE. %

+

~~Personally and Individually (Printed Name)~~ _____ ~~Personally and Individually (Printed Name)~~ _____

~~Personally and Individually (Signature)~~ _____ ~~Personally and Individually (Signature)~~ _____

~~HOME ADDRESS~~ _____ ~~HOME ADDRESS~~ _____

~~TELEPHONE NO~~ _____ ~~TELEPHONE NO~~ _____

~~PERCENTAGE OF OWNERSHIP~~ _____ ~~PERCENTAGE OF OWNERSHIP~~ _____

~~IN FRANCHISEE~~ _____ % ~~IN FRANCHISEE~~ _____ %

~~PERSONAL GUARANTOR~~ _____

~~PERSONAL GUARANTOR~~ _____

~~Personally and Individually (Printed Name)~~ _____ ~~Personally and Individually (Printed Name)~~ _____

~~Personally and Individually (Signature)~~ _____ ~~Personally and Individually (Signature)~~ _____

~~HOME ADDRESS~~ _____ ~~HOME ADDRESS~~ _____

~~TELEPHONE NO~~ _____ ~~TELEPHONE NO~~ _____

~~PERCENTAGE OF OWNERSHIP~~ _____ ~~PERCENTAGE OF OWNERSHIP~~ _____

~~IN FRANCHISEE~~ _____ % ~~IN FRANCHISEE~~ _____ %

~~PERSONAL GUARANTOR~~ _____

~~PERSONAL GUARANTOR~~ _____

~~Personally and Individually (Printed Name)~~ _____ ~~Personally and Individually (Printed Name)~~ _____

~~Personally and Individually (Signature)~~ _____ ~~Personally and Individually (Signature)~~ _____

~~HOME ADDRESS~~ _____ ~~HOME ADDRESS~~ _____

~~TELEPHONE NO~~ _____ ~~TELEPHONE NO~~ _____

~~PERCENTAGE OF OWNERSHIP~~ _____ ~~PERCENTAGE OF OWNERSHIP~~ _____

~~IN FRANCHISEE~~ _____ % ~~IN FRANCHISEE~~ _____ %

EXHIBIT C-7 TO THE FRANCHISE AGREEMENT
FRANCHISEE INFORMATION

Owners

Percentage of Ownership

Position/Title

Officers, Directors and Managers

Position/Title

+

EXHIBIT "D" TO THE DISCLOSURE DOCUMENT-

VAPOR SHARK FRANCHISING, LLC

FRANCHISE DEPOSIT AGREEMENT

VAPOR SHARK FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT

+

VAPOR SHARK

AREA DEVELOPMENT AGREEMENT

Area Developer

Territory Name

Effective Date

VAPOR SHARK
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT, having an effective date of _____
(this "Agreement"), is made by and between VAPOR SHARK FRANCHISING, LLC, a Florida limited
liability company ("Vapor Shark" or "Franchisor") located at 5000 SW 75th Avenue, Suite 120,
Miami, Florida 33155 and _____, a _____ ("Area
Developer"), who in consideration of the promises stated below agree as follows.

Article 1. Nature and Scope of Agreement

1.1 *The Franchisor.* Franchisor and its affiliate have developed and are in the process of
further developing a system of uniform standards, methods, procedures and specifications as may be
added to, changed, modified, or otherwise withdrawn by Franchisor, in its sole and absolute discretion,
for operating a Franchised Business (as defined below), including but not limited to, the Operations
Manual and System Standards (defined below) (the "System") relating to the establishment and
operation of specialized retail stores displaying and selling vapor electronic cigarettes, e-liquids and
related electronic cigarette accessories and items under the service mark 'VAPOR SHARK®' and
associated marks, logos and designs that Franchisor now uses or may use as a component of the System
(the "Licensed Marks"), and offers franchises to operate Vapor Shark businesses (each, a "Franchised
Business").

1.2 *The Area Developer.* Area Developer represents that it has conducted an independent
investigation and analysis of the prospects for the establishment of Vapor Shark businesses within the
Development Area, approves the Development Schedule (as defined below) as being reasonable and
viable, and recognizes that failure to achieve the results described in the Development Schedule will
constitute a material breach of this Agreement. Area Developer has also independently investigated the
business risks involved and other matters as Area Developer deems important, including current and
potential market conditions and competitive factors and risks, has had the opportunity to read
Franchisor's Franchise Disclosure Document (the "Franchise Disclosure Document") and Franchise
Agreement (as defined in Section 6.1), in connection with the offer to Area Developer of the
development rights to be exercised pursuant to this Agreement, and has not relied on any representations
not stated in this Agreement or in the Franchise Disclosure Document.

1.3 *The System.* The System is used by specialized retail stores displaying and selling vapor
electronic cigarettes, e-liquids and related electronic cigarette accessories and items that operate under
the Licensed Marks. The System presently includes, but is not limited to, the Licensed Marks,
advertising, publicity and other marketing programs, copyrighted material, training programs and training
materials, and other requirements that are stated or referred to in this Agreement, the Franchise
Agreement, and Franchisor's Operations Manual (the "Operations Manual"), or that Franchisor,
periodically, may otherwise state in writing and designate as part of the standards for the System,
("System Standards"). Franchisor, in its sole and absolute discretion, may change or modify the
System, including System Standards, and Area Developer agrees to comply with the System and System
Standards as they may exist periodically (including all required operational policies, procedures,
programs and plans stated in the Operations Manual or otherwise stated in writing), all of which shall
constitute provisions of this Agreement as if fully set forth herein.

Area Developer acknowledges that because uniformity under many varying conditions may not be
possible or practical, Franchisor reserves the right to materially vary its standards or franchise agreement

terms for any Franchised Business, based on the timing of the grant of the franchise, the peculiarities of the particular territory or circumstances, business potential, population, existing business practices, other non-arbitrary distinctions or any other condition which Franchisor considers important to the successful operation of the Franchised Business. Area Developer will have no right to require Franchisor to disclose any variation or to grant the same or a similar variation to Area Developer.

1.4 **Area Developer.** Concurrently with the execution of this Agreement, Area Developer has entered into a franchise agreement with Franchisor for a territory in or near the Development Area ("First Franchise Agreement"). Nothing in this Agreement shall modify or amend such First Franchise Agreement.

Article 2. Grant of Development Rights

2.1 **Development Rights.** Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Area Developer the right to develop and operate for Area Developer's own account or for an affiliated entity under the ownership and control of the Area Developer's Control Group (as provided in Article 6 below), a specified number of Franchised Businesses in compliance with Franchisor's standards. This right granted to Area Developer is limited to the right to develop and operate the Franchised Businesses only in designated areas ("**Territories**") within the Development Area (defined below) and may not be exercised elsewhere or in any other manner. Area Developer has no right to transfer or assign any of the rights granted to Area Developer herein, except as provided in Article 9 below. During the term of this Agreement and provided that Area Developer is in compliance with the development schedule set forth on Exhibit A (the "**Development Schedule**") and any and all Franchise Agreements executed pursuant to this Agreement, Franchisor will not operate, or grant to another person or business entity a franchise to operate, another Franchised Business in the Development Area. Area Developer must open and continuously operate the cumulative number of Franchised Businesses as of the dates set forth on the Development Schedule, pursuant to the applicable Franchise Agreements. Time is of the essence for the development of each Franchised Business in accordance with the Development Schedule. Area Developer is bound by and must strictly follow the Development Schedule.

2.2 **Development Area.** The development area (the "**Development Area**") is the geographical area described on Exhibit A, and the Development Area is subdivided into Territories. The Development Area, and Territories within the Development Area, shall be determined by reference to the geographic areas specified in Exhibit A as of the date of this Agreement. Such geographic area may be defined by reference to zip codes, population, or another method used by Franchisor. For a Development Area or Territory defined by reference to zip codes, subsequent remapping changes by the U.S. Post Office shall not operate to expand the scope of the Development Area or Territory. The development areas granted to Vapor Shark area developers in the franchise system may differ in size compared to the Development Area.

2.3 **Reserved Rights.** Franchisor reserves all rights not specifically granted to Area Developer under this Agreement. The rights reserved to Franchisor include, without limitation, the right of Franchisor or its affiliates, including its parents, to, (1) establish, own or operate, and license others to establish, own or operate, businesses under the Licensed Marks at any location outside the Development Area, (2) establish, own or operate, and license others to operate, other businesses under other systems using other trademarks at any location inside and outside the Development Area, (3) operate a Vapor Shark business inside the Development Area if (i) Franchisor (or its affiliate) is operating a Vapor Shark business in the Development Area as of the date of this Agreement, or (ii) Franchisor has notified Area Developer before Area Developer has signed this Agreement that Franchisor (or its affiliate) intends to operate a Vapor Shark business in the Development Area, (4) provide services and sell any products authorized for Franchised Businesses using the Licensed Marks or other trademarks and commercial

symbols through alternate channels of distribution, such as, wholesale, mail order, Internet, telephone, non-franchised retail outlets, independent distributors, convenience stores, gas stations and grocery stores/supermarkets, which may provide to competitors, and which may be made or sold to customers, within the Development Area, for which Area Developer will not be entitled to compensation from Franchisor, (5) purchase or otherwise acquire the assets or controlling ownership of, or become associated with, one or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Development Area and under any trade name, trademark or service mark other than the Licensed Marks now or at any time owned by or licensed to Franchisor or its affiliates. If Franchisor purchases, acquires or becomes associated with other franchises or licenses, Franchisor may, in its sole and absolute discretion, act as franchisor or licensor with respect to franchisees or licensees wherever located, pursuant to the individual franchise or license agreements between Franchisor and such franchisees or licensees. If Franchisor purchases or acquires such businesses within the Development Area which are not franchised or licensed, Franchisor may, in its sole and absolute discretion, (i) offer to sell any such business to Area Developer or to any third party at the business's fair market value to be operated as a Franchised Business, or (ii) offer Area Developer the opportunity to operate such business in partnership with Franchisor (or an affiliate) under the business's existing trade name or a different trade name, (6) be acquired (regardless of the form of transaction) by any business, even if the other business operates franchises, and/or licenses competitive businesses within the Development Area, (7) engage in any activities not expressly forbidden by this Agreement.

2.4 **Limitation of Grant.** This Agreement is not a Franchise Agreement and does not grant Area Developer any right or license to use the Licensed Marks, but merely sets forth the terms and conditions under which Area Developer will be entitled to obtain Franchise Agreements for the Development Area.

Article 3. Development Term

3.1 **Development Term.** Unless terminated earlier under Article 7, the term of this Agreement (the "**Development Term**") shall commence on the effective date stated on Exhibit A (the "**Effective Date**"), and terminate on the date that the last Franchise Agreement is opened pursuant to the Development Schedule (the "**Expiration Date**").

Article 4. Fees

4.1 **Initial Area Development Fees.** Area Developer shall pay Franchisor a development fee in the amount of equal to (a) \$5,000, multiplied by (b) the number of Franchised Businesses to be developed pursuant to the Development Schedule (not including the First Franchised Business) (the "**Area Development Fee**"), which amount Area Developer acknowledges is fully earned by Franchisor and is not refundable for any reason. Upon Franchisor's receipt of the Area Development Fee, Area Developer will receive all of the rights to develop set forth in this Agreement, and will be obligated to develop the number of locations set forth in the Development Schedule.

4.2 **Initial Fees for Franchise Agreement.** For each Franchised Business developed in the Development Area pursuant to this Agreement (but not including the First Franchise Agreement), Area Developer shall pay Twenty Thousand Dollars (\$20,000) per Franchised Business as Initial Fees payable at the execution of the Franchise Agreement for such Franchised Business. Franchisor and Area Developer will modify each such Franchise Agreement to reflect Area Developer's obligation to pay these initial fees.

Article 5. Franchisor Obligations

5.1 *Initial Services and Ongoing Obligations.* Area Developer acknowledges and agrees that Franchisor's initial service under this Agreement is solely to identify the Development Area and that Franchisor has no ongoing obligations such as training or operational assistance to Area Developer under this Agreement. All ongoing and further obligations to Area Developer in opening Franchised Businesses shall be provided pursuant to the Franchise Agreement(s) between Franchisor and Area Developer.

Article 6. Franchise Agreements, Control Group

6.1 *Execution of Franchise Agreements, Continuing Franchise Fee.* Area Developer (or an affiliate owned and controlled by Area Developer's Control Group, as described in Section 6.2 below) shall exercise each development right granted herein only by executing a separate Franchise Agreement in Franchisor's then-current form ("**Franchise Agreement**"), and executing then-current standard ancillary agreements, for each Franchised Business to be developed by Area Developer for each Territory in the Development Area pursuant to this Agreement. Area Developer understands that Franchisor may modify the then-current form of Franchise Agreement from time to time, including the standard ancillary agreements, and that it may be different than the current form of Franchise Agreement, including different fees and obligations. Area Developer understands and agrees that any and all Franchise Agreements will be construed and exist independently of this Agreement. If Area Developer fails to timely satisfy Franchisor's then-current requirements for new franchisees at the time Area Developer is scheduled to execute a Franchise Agreement or fails to provide Franchisor with an executed then-current form of Franchise Agreement by the corresponding date for a particular Franchised Business shown on the Development Schedule, Area Developer's failure will be deemed a material breach of this Agreement and of all Franchise Agreements to which Area Developer (or an affiliate owned and controlled by the Control Group) is a party, and Franchisor will have the right to modify or terminate this Agreement as provided herein or the Franchise Agreements as provided therein. Prior to executing a Franchise Agreement and with timeliness adequate to assure the development of a Franchised Business promptly pursuant to the terms of this Agreement, Area Developer must submit to Franchisor for Franchisor's written approval, the location of each proposed Franchised Business including all information that Franchisor requires pursuant to the terms of Franchisor's then-existing terms of development. Franchisor will advise Area Developer of Franchisor's approval or disapproval of each location that Area Developer has proposed.

6.2 *Ownership, Control Group.* Any person holding an ownership interest in Area Developer is an "**Owner**" for purposes of this Agreement. Area Developer acknowledges and agrees that Franchisor has granted the rights in Article 2 to Area Developer, (a) based on Area Developer, Area Developer's Owner or the group of Owners described in the Ownership Addendum attached as Exhibit B that has, directly or indirectly, fifty-one (51%) or more ownership interest in Area Developer and voting control over its ownership interests in Area Developer ("**Control Group**") and (b) based on the same ownership and voting control of such Control Group, in the same percentage as hereunder, in each Franchisee that executes a Franchise Agreement hereunder. If Area Developer is a business corporation, partnership, limited liability company or other legal entity, the same Control Group must own a minimum of fifty-one percent (51%) in Area Developer and in any entity executing a Franchise Agreement as a Vapor Shark franchisee ("**Franchisee**") pursuant to this Agreement. All ownership interests of Owners in the Control Group shall be in the same percentages in the Area Developer entity under this Agreement and in any Franchisee entity executing a Franchise Agreement hereunder. Furthermore, Area Developer acknowledges and agrees that Franchisor has the right to approve in advance the ownership structure of each Franchisee under a Franchise Agreement executed pursuant hereto prior to execution thereof.

6.3 *Guaranty.* Franchisor requires individuals (and not solely corporations, limited liability companies or other entities) to execute an owner's guaranty, the form of which is attached to this Agreement as Exhibit C (the "**Owner's Guaranty**"), in favor of Franchisor. Accordingly, if Area

Developer is a business entity, each individual Owner shall sign an Owner's Guaranty. If Area Developer is a business entity, and if any Owner of Area Developer is also a business entity (as opposed to an individual), all individuals who have indirect ownership of Area Developer shall execute an Owner's Guaranty. Area Developer shall deliver the signed Owner's Guaranty for each business entity and individual required by this Agreement to execute an Owner's Guaranty to Franchisor concurrently with execution of this Agreement, or if the ownership interest is acquired later through a transfer as described in Section 9.3 of this Agreement, prior to obtaining Franchisor's consent to such transfer. Notwithstanding the foregoing, Franchisor reserves the right, in its sole and absolute discretion, to waive the requirement that some or all of the previously described business entities or individuals execute an Owner's Guaranty in lieu of a surety bond acceptable to Franchisor. Franchisor reserves the right to require any business entity or individual who signs an Owner's Guaranty to provide financial statements, and personal financial statements as applicable, to Franchisor from time to time.

6.4 **Responsible Owner.** Area Developer must designate one (1) individual, who shall be set forth in Exhibit B hereto, who has the authority to, and does in fact, actively direct Area Developer's business affairs related to Area Developer's obligations under this Agreement and has authority to sign on Area Developer's behalf on all contracts and commercial documents ("Responsible Owner"). Area Developer (and the Responsible Owner) shall exert its best efforts to the development of the Franchised Businesses, and absent Franchisor's prior approval may not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with Area Developer's obligations hereunder. Area Developer must notify Franchisor of any proposed change of the Responsible Owner and receive Franchisor's written approval prior to such change. If such change results from the death or incapacitation of the Responsible Owner, Area Developer must submit a new proposed Responsible Owner within thirty (30) days after such death or incapacitation. Neither Area Developer nor its Owners will, directly or indirectly, take any actions to avoid or restrict the authority requirement for the Responsible Owner.

The Responsible Owner and other Owners are identified in Exhibit B to this Agreement. Area Developer represents, warrants and agrees that the attached Exhibit B is current, complete and accurate, and Area Developer agrees that updated copies of Exhibit B will be furnished promptly to Franchisor, so that Area Developer's Franchise Agreements (as so revised and executed) are at all times current, complete and accurate.

6.5 **Future Development.** Area Developer recognizes and agrees that this Agreement requires Area Developer to open Franchised Businesses in the future pursuant to the Development Schedule. Area Developer further acknowledges and agrees that the estimated expenses and investment requirements set forth in Franchisor's Franchise Disclosure Document are subject to increase over time, and that future Franchised Businesses likely will involve greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to Area Developer prior to the execution of this Agreement. Area Developer must execute all the Franchise Agreements and open all the Franchised Businesses by the dates set forth on the Development Schedule, regardless of (i) the requirement of a greater investment, (ii) the financial condition or performance of Area Developer's prior Franchised Businesses, or (iii) any other circumstances, financial or otherwise. The foregoing will not be interpreted as imposing any obligation upon Franchisor to execute the Franchise Agreements under this Area Development Agreement if Area Developer has not complied with each and every condition necessary to develop the Franchised Businesses, or if Area Developer does not meet Franchisor's then-current requirements for new franchisees at the time Area Developer is scheduled to execute a Franchise Agreement.

Article 7. Termination, Expiration

7.1 Default and Termination. Area Developer shall be deemed to be in default under this Agreement and Franchisor may, at its option and in its sole and absolute discretion, reduce the area of the Development Area, reduce the number of Franchised Businesses that may be established under this Agreement, or terminate this Agreement and all rights granted herein effective as of the time noted, if Area Developer,

A. fails to comply with the Development Schedule at any time and in such event termination shall be effective immediately upon notice thereof from Franchisor, or

B. except as stated in Section 7.1.A above, fails to comply with any other terms of this Agreement and such default is not cured within thirty (30) days after receiving notice thereof from Franchisor,

C. If Area Developer (or an affiliate owned and controlled by the Control Group) is in default under any of the Franchise Agreements or other agreements with Franchisor (or its affiliates) and has not cured the default within the applicable cure period, Area Developer may be deemed to be in default under this Agreement in Franchisor's sole and absolute discretion, and may, at its option, reduce the area of the Development Area, reduce the number of Franchised Businesses that may be established under this Agreement, or terminate this Agreement and all rights granted in this Agreement,

In the event that this Agreement is terminated because of Area Developer's default as provided in this Section 7.1, Area Developer shall promptly, but in no event later than ninety (90) days after termination, pay to Franchisor an amount equal to all of Franchisor's lost profits and lost revenue from required purchases by the Franchised Businesses to be developed pursuant to the Development Schedule (the "Lost Income") resulting from Area Developer's default and termination of this Agreement. For ease of calculation, Franchisor's Lost Income shall be calculated as \$50,000 per year, per Franchised Business failed to be developed pursuant to the Development Schedule for the remainder of the Development Term. Area Developer acknowledges and agrees that the payment of Lost Income and the calculation of the Lost Income as described above is fair and reasonable.

7.2 Waiver, Extension. Without waiving any rights afforded to Franchisor under this Agreement or any Franchise Agreement in which Area Developer (or its affiliates) own or hold any interest, Franchisor has the right, but not the obligation, to refrain from exercising its termination right in favor of granting Area Developer a written extension of the Development Schedule. Such an extension may, in Franchisor's sole and absolute discretion, be conditioned on any or all of the following, (a) a reduction in the size of the Development Area, (b) a modified Development Schedule (in terms of timing and/or number of units to be opened), (c) Area Developer's execution of Franchisor's then-current form of general release, and/or (d) Area Developer's execution of Franchisor's then-current form of Area Development Agreement, which shall replace this Agreement and which may contain materially different terms and conditions. Nothing obligates Franchisor to grant Area Developer an initial or any subsequent extension on the Development Schedule. Franchisor reserves the right to terminate this Agreement at any time if Area Developer fails to comply with its terms, including at the end of any unfulfilled extension period,

7.3 Effects on Franchise Agreements. A default under this Agreement shall also constitute a default under all Franchise Agreements and ancillary agreements to which Area Developer (or an affiliate owned and controlled by the Control Group) is a party. Upon the termination of this Agreement, the Franchise Agreements shall also terminate, unless otherwise agreed by Area Developer.

7.4 *No Rights to Development Area Upon Termination.* After the termination or expiration of this Agreement for any reason, any and all of Area Developer's rights in and to the Development Area shall cease and.

A. Franchisor will have the absolute and unrestricted right to develop the portion or portions of the Development Area for which Franchise Agreements were not executed by Franchisor or to contract with other franchisees for the future development of said area.

B. All remaining rights granted to Area Developer to develop Franchised Businesses under this Agreement will automatically be revoked and will be null and void. Area Developer will not be entitled to a refund of any fees. Area Developer will have no right to develop or operate any Franchised Business for which a Franchise Agreement has not been executed by Franchisor, and

C. Any balance of the Area Development Fee not yet paid (including the principal and earned interest of any promissory note executed to finance the Area Development Fee) shall be immediately due and owing.

Article 8. Area Developer's Non-Competition Obligations.

8.1 *Non-Competition During the Development Term.* During the term of this Agreement, neither Area Developer nor any of its Owners shall (i) divert or attempt to divert any business or customer of a Franchised Business to any Competitive Business (as defined below), by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Licensed Marks or the System, or (ii) own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

A "Competitive Business" means any business that offers (or grants franchises or licenses to others to operate a business that offers) products and services the same as or similar to those provided by Franchised Businesses or in which Franchisor or its affiliates' trade secrets or other confidential information could be used to the disadvantage of Franchisor, its affiliate or its franchisees, provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Area Developer (or an affiliate owned and controlled by the Control Group) under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly-held entity in which Area Developer (or an affiliate owned and controlled by the Control Group) owns less than five percent (5%) legal or beneficial interest.

8.2 *After Development Term.* Area Developer, and each of its Owners, covenant that, except as otherwise approved in writing by Franchisor, Area Developer and its Owners shall not, for a continuous, uninterrupted period of twenty-four (24) months commencing upon the date of (a) a Transfer permitted under Section 9.3 of this Agreement, (b) expiration of this Agreement, (c) termination of this Agreement (regardless of the cause for termination), or (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 8.2, either directly or indirectly, on behalf of itself or its spouse, parent (including step parents), sibling (including half siblings), or child (including step children), whether natural or adopted, or through, on behalf of, or in conjunction with any person or legal entity.

(a) own an interest in, manage, operate or provide services to any Competitive Business located or operating within (a) the Development Area or (b) within a ten (10) mile radius of any Franchisor or affiliate-owned Vapor Shark business or Franchised Businesses in existence at the time of Transfer, expiration, termination or final order (the "Restricted Area"). Area Developer acknowledges and agrees that the twenty-four (24) month period of this restriction shall be tolled during any time period in which Area Developer or its Owners are in violation of this restriction. Area Developer is responsible for learning whether or not a particular location is within the Restricted Area by providing Franchisor a written request for such information. Any and all determinations that Franchisor makes regarding the Restricted Area shall be final and binding, or

(b) solicit or otherwise attempt to induce or influence any customer, employee or other business associate of Franchisor or any other franchisee to terminate or modify his, her or its business relationship with Franchisor or any other franchisee or to compete against Franchisor or any franchisee.

8.3 **Exceptions.** The restrictions in Sections 8.1 and 8.2 do not apply to, (a) interests in or operation of a Vapor Shark business under a written Franchise Agreement with Franchisor, or (b) the ownership of shares of a class of securities that are listed on a public stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities.

8.4 **Severability of Restrictive Covenants.** Area Developer acknowledges that the invalidity or unenforceability of any portion of Section 8.1 or Section 8.2 shall not affect the validity or enforceability of any other portion of Section 8.1 or Section 8.2 or any other section of this Agreement and any invalid or unenforceable portion of Section 8.1 or Section 8.2 shall be deemed to be severable.

8.5 **Amendment of Restrictive Covenants.** Area Developer acknowledges that the provisions of this Article 8 have been included for the sole benefit of Franchisor and that Franchisor has the right, from time to time during the Development Term, in its sole discretion, to waive in whole or in part or otherwise reduce the scope of any covenant written in this Article 8 or any portion of this Agreement without Area Developer's consent effective upon Franchisor giving notice to Area Developer.

8.6 **Acknowledgements regarding Restrictive Covenants.** Area Developer agrees that the covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on Area Developer, since Area Developer has other considerable skills, experience and education which afford it the opportunity to derive income from other endeavors.

Article 9. Compliance with Laws, Transfer, Indemnity.

9.1 **Compliance with Applicable Laws.** Area Developer must, at its sole cost and expense, comply with all federal, state, city, municipal and local laws, ordinances, rules and regulations in the Development Area pertaining to the operation of the Franchised Businesses. Area Developer must, at its sole cost and expense, be absolutely and exclusively responsible for determining all licenses and permits required by law for the Franchised Businesses, for qualifying for and obtaining all such licenses and permits, and maintaining all such licenses and permits in full force and effect.

9.2 **Transfer by Franchisor.** This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or

entity to whom transferred, provided, however, that with respect to the assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

9.3 *Transfer by Area Developer.* The rights and duties of Area Developer as set forth in this Agreement, and the Development Area granted in this Agreement are personal to the Area Developer (or its Owners), and Franchisor has entered into this Agreement in reliance upon Area Developer's personal or collective skill and financial ability. Accordingly, neither Area Developer nor any holder of a legal or beneficial interest in Area Developer may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Development Area granted in this Agreement, the assets or any part or all of the ownership interest in Area Developer (collectively referred to as a "Transfer") without the prior written consent of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Area Developer is in compliance with this Agreement, Franchisor's consent to a Transfer shall be conditioned upon the satisfaction of the following reasonable requirements.

A. the prospective transferee has satisfied franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require, in its sole and absolute discretion, to demonstrate ability to develop the Development Area.

B. Area Developer is not in default in the performance or observance of any of Area Developer's obligations under this Agreement (including, without limitation, making all payments in full when due), and any other agreement between Area Developer (or its affiliates) and Franchisor (or its affiliates) relating to the Development Area or any other agreement between Area Developer (or its affiliates) and Franchisor (or its affiliates), including the Franchise Agreements.

C. all obligations owed to Franchisor, and all other outstanding obligations related to this Agreement, are fully paid and satisfied.

D. Area Developer (and any transferring Owners) has executed a general release, in a form the same as or similar to the General Release attached as Exhibit D, of any and all claims against Franchisor, including its officers, directors, shareholders, managers, members, partners, owners and employees, in their corporate, representative and individual capacities including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or the transfer of Area Developer's interest herein or to the transfer of Area Developer's ownership of all or any part of the Development Area, provided, however, that if a general release is prohibited, Area Developer shall release the maximum rights and claims in favor of Franchisor allowed by law.

E. the transferee and, if Franchisor requires, all persons owning an interest in the transferee, have executed the then-current form of development agreement (which may have substantially different terms from this Agreement) for a term ending on the expiration date of this Agreement (and signs, completes, and submits (as applicable) to Franchisor all other agreements, instruments and documents then customarily used or required by Franchisor in the granting and transferring of development areas) on the then prevailing terms, conditions and fees (but without obligation to pay development fees), and if transferee is a business entity, all direct and indirect owners of transferee, including business entities and individuals, sign a guaranty.

E. Area Developer has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Area Developer and the prospective transferee relating to the intended sale or transfer of this Agreement.

G. except in the case of a Transfer under Section 9.4, Area Developer has paid Franchisor's costs and expenses associated with evaluating and facilitating the Transfer (not to exceed 25% of the Development Fee) ("Transfer Fee") (provided, however, that a Transfer Fee will not be charged solely for mortgages or other encumbrances).

H. the transferee has obtained all necessary consents and approvals by third parties (if any) and all applicable federal, state or local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied.

I. Area Developer (and its Owners) have executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor.

J. there are no outstanding disputes between Franchisor, or any of its affiliates, and Area Developer and/or transferee and any owners and/or affiliates of either.

9.4 Transfer to a Controlled Entity. If Area Developer wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Area Developer (a "Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax, or other convenience of the Area developer, Franchisor's consent to such transfer shall be conditioned upon the following requirements.

A. the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the development of the Development Area.

B. Area Developer or all owners of Area Developer own all the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity.

C. All obligations of Area Developer to Franchisor or any of its affiliates are fully paid and satisfied, provided, however, that neither Area Developer nor the Controlled Entity shall be required to pay a transfer fee as required by 9.3(G).

D. The Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements related to the development of the Development Area. If the consent of any other party to any such other agreement is required, Area Developer has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor

E. all owners of the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement.

E. each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, all restrictions imposed upon transfers and assignments by this Agreement, and

G. copies of the Controlled Entity's articles of incorporation, bylaws, operating agreement, federal tax identification number and other governing regulations or documents.

including resolutions authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to such documents shall also be furnished to Franchisor immediately upon adoption.

9.5 *Death or Incapacity.* Upon the death or incapacity (as determined by a medical doctor selected by Franchisor) of the Area Developer or any holder of a legal or beneficial interest in Area Developer, the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in this Agreement or in Area Developer to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance shall be subject to the conditions for assignments and transfers contained in this Agreement. During such one hundred eighty (180) day period, the Area Development Agreement must remain at all times under the primary management of the a Responsible Owner who otherwise meets Franchisor's qualifications.

9.6 *Severability.* To the extent that this Agreement is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction where enforcement is sought.

9.7 *Waivers.* Failure of either party to insist, in one or more instances, on performance by the other in strict accordance with the terms and conditions of this Agreement shall not be deemed a waiver or relinquishment of any right granted hereunder or of the future performance of any such term or condition or of any other term or condition of this Agreement, unless such waiver is in a writing signed by or on behalf of both parties.

9.8 *Area Developer Indemnity.* Area Developer agrees to indemnify, hold harmless and, upon request, defend Franchisor, its affiliates, and their respective members, owners, shareholders, directors, officers, employees and agents (the "Indemnified Parties"), from and against all suits, proceedings, assessments, losses, costs of investigation, claims, liabilities, demands or actions of any nature or kind whatsoever ("Claims"), directly or indirectly arising out of, or in any manner whatsoever associated or connected with,

A. the failure of Area Developer (or its Owners or Control Group) to pay when due any levies, taxes or assessments that Area Developer may be required by applicable law to pay, or the failure of Area Developer (or its Owners or Control Group) to pay any of its obligations to any person or entity,

B. any failure of the Area Developer (or its Owners or Control Group) to comply with any requirement or condition of this Agreement or any other agreement with Franchisor,

C. Area Developer or its Owners or Control Group, or their respective employees' acts, failure to act, or negligence or willful conduct, or

D. any breach of any of the Franchise Agreements or other agreements with Franchisor (or its affiliates) by Area Developer (or its Owners or Control Group) related to the Development Area or entered into pursuant to this Agreement,

and against any and all damages, costs, expenses and fees (including, without limitation, reasonable legal expenses and fees), losses, fines or penalties incurred by or on behalf of any of the Indemnified Parties in the investigation or defense of any and all Claims. Under no circumstance will any Indemnified Party be required to seek recovery from third parties or otherwise mitigate its losses to maintain a claim against

Area Developer. The obligations in this Section 9.8 shall survive any termination or expiration of this Agreement

Article 10. Dispute Resolution.

10.1 Resolution of Disputes. Any dispute between Franchisor and Area Developer relating to or arising out of the relationship created by this Agreement is subject to the dispute resolution provisions written below.

10.2 Consent to Jurisdiction. The situs for any legal proceedings, equitable proceedings, or counter petitions or counterclaims brought by or on behalf of any of the parties to this Agreement including, but not limited to any action arising out of, based upon, or in connection with this Agreement, its terms, any obligations hereunder, any transaction contemplated hereby, and the validity, interpretation, performance, and enforcement of this Agreement, or any claim or counterclaim that could have been brought in the underlying lawsuit or proceedings referenced above, shall be in the Eleventh Judicial Circuit Court, in and for Miami-Dade County, Florida, except that claims or proceedings for (a) injunctive relief may be brought by Franchisor where Area Developer is located and (b) trademark or service mark infringement shall be brought in the United States District Court in and for the Southern District of Florida. This forum and venue agreement shall not be waived in any circumstances, including but not limited to actions of the parties inconsistent with their rights hereunder. Each party irrevocably consents to the venue and personal jurisdiction in Miami-Dade County, Florida and irrevocably waives any objection that such party may now or later have, based on jurisdiction, venue or forum non-conveniens. The parties hereby submit to service of process by registered mail, return receipt requested or by any other manner provided by law. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgement in the counties and state where Franchisors' corporate headquarters is then located.

10.3 Cumulative Rights and Remedies. No right or remedy conferred upon or reserved to Franchisor or Area Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions. The parties may seek both injunctive relief and damages, and shall not be required to elect their remedies.

10.4 Business Judgment. The parties recognize, and any mediator, arbitrator or judge is affirmatively advised, that certain provisions of this Agreement describe the right of Franchisor to take (or refrain from taking) certain actions in the exercise of its business judgment based on its assessment of the overall best interests of the System and/or franchise network. Where such discretion has been exercised and is supported by the business judgment of Franchisor, neither a mediator nor a judge shall substitute his or her judgment for the judgment so exercised by Franchisor.

10.5 Limitation of Claims. Any claim concerning the Development Area or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one (1) year from the date on which Area Developer or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim. Notwithstanding the above, Franchisor's claims attributable to failure to pay monies owed and/or indemnification should be subject to applicable state or federal statutes of limitations.

10.6 Limitations of Damages. Area Developer and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages

sustained by it including accounting and legal fees. Area Developer waives and disclaims any right to consequential or punitive damages, including lost or expected profits, in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Area Developer against Franchisor concerning this Agreement, Area Developer's contract damages shall not exceed and shall be limited to the amount of Area Developer's Development Fee paid to Franchisor.

10.8 *No Jury Trial.* FRANCHISOR AND AREA DEVELOPER EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM.

10.9 *No Class or Consolidated Actions.* ANY LITIGATION BETWEEN FRANCHISOR AND AREA DEVELOPER AND ANY OF THEIR RESPECTIVE CURRENT OR FORMER AFFILIATES, SUBSIDIARIES, PARENTS, DIRECTORS, OFFICERS, OR AGENTS SHALL BE CONDUCTED ON AN INDIVIDUAL BASIS, AND NOT AS PART OF A GROUP, ASSOCIATION, CONSOLIDATED, JOINT, COMMON, OR CLASS ACTION OR ON ANY REPRESENTATIVE BASIS.

Article 11. Area Developer's Representations

11.1 *Representations and Warranties.* Area Developer represents and warrants to Franchisor as follows.

A. All information provided to Franchisor in Area Developer's application and other documents to induce Franchisor to enter into this Agreement was true, correct, complete and accurate as of the date made, and, as of the date of this Agreement, no material change has occurred in this information.

B. Area Developer's execution, delivery and performance of this Agreement does not violate or constitute a breach under any agreement or commitment made by Area Developer.

C. If Area Developer is a business entity, Area Developer is duly organized and validly existing, is qualified to do business in each state where Area Developer is or shall conduct business, and is duly authorized to sign and deliver this Agreement and perform Area Developer's obligations under this Agreement.

D. Area Developer acknowledges, understands, and agrees that a default under this Agreement will constitute a default under all Franchise Agreements and ancillary agreements to which Area Developer (or an affiliate owned and controlled by the Control Group) is a party, and that a default under any Franchised Agreements to which Area Developer (or an affiliate owned and controlled by the Control Group) is a party constitutes a default under this Agreement. Area Developer has, or has had the opportunity to consult with an attorney regarding these provisions and their potential consequences.

E. This Agreement represents a valid, binding obligation of Area Developer and each of Area Developer's Owners, jointly and severally (as further described in Section 6.3).

F. Area Developer acknowledges that it received Franchisor's Franchise Disclosure Document the earlier of (i) fourteen (14) business days prior to the earlier of the execution of this Agreement or the payment of any consideration to the Franchisor in connection with this Agreement, or (ii) at the appropriate time as required under the laws of the state where Area Developer was domiciled at such time or where the Development Area is located.

G. Area Developer acknowledges that it received completed copies of this Agreement and any related agreements at least seven (7) business days prior to actual execution.

H. Area Developer acknowledges that it has had ample opportunity to consult with its own attorneys, accountants, and other advisors and that the attorneys for Franchisor have not advised or represented Area Developer with respect to this Agreement or the relationship thereby created. Area Developer, together with its advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to this Agreement.

Article 12. General.

12.1 Counterparts. This Agreement may be signed in counterparts, and each counterpart when signed and delivered shall be deemed an original.

12.2 Construction. Area Developer acknowledges that it had the opportunity to be represented by an attorney in connection with the preparation and execution of this Agreement, and to review and understand the terms hereof and to consider the advisability of entering into this Agreement. This Agreement shall be construed according to its plain meaning and neither for nor against either party hereof regardless of which party's counsel drafted the provision.

12.3 Survival. All obligations of Franchisor and Area Developer which expressly or by their nature survive termination or expiration or transfer of this Agreement shall continue in full force and effect subsequent to and notwithstanding such termination or expiration or transfer and until they are satisfied or by their nature expire.

12.4 Force Majeure. Neither party shall be responsible to the other for non-performance or delay in performance occasioned by any causes beyond its control (other than lack of funds) including, without limitation, acts or omissions of the other party, acts of civil or military authority, strikes, lock-outs, embargoes, insurrections or acts of God. If any delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost, provided that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any delay, provided, however, that if the delay exceeds 120 days, Franchisor shall have the right to terminate this Agreement.

12.5 Notices. All notices, consents and approvals permitted or required to be given under this Agreement shall be in writing and shall be deemed to be sufficiently and duly given if stated in writing and sent by a prepaid certified letter or by overnight courier service or transmitted by facsimile, electronic mail or other form of recorded communication (with a confirming copy given by prepaid certified letter or by overnight courier service mailed). Notices shall be addressed to Franchisor as follows.

Vapor Shark Franchising, LLC
5000 SW 75th Avenue, Suite 120
Miami, FL 33155
Attention: Christopher Jason Henshaw
jason@vaporshark.com

and addressed to Area Developer using the address written above or to its facsimile number, or electronic mail address identified on Exhibit A provided to Franchisor.

Any notice so given or made which affords the sender evidence of delivery, or attempted delivery shall be deemed to have been given or made and received on the earlier of (i) the day of delivery or refusal of delivery (ii) one (1) business day after transmission by facsimile or other form of recorded communication service of the same or by overnight courier service, as the case may be, or (iii) on the third (3rd) business day following the day of mailing of the same by certified mail. Any party from time to time by notice in writing given under the terms of this Agreement may change its address or facsimile number for the purpose of this Agreement.

12.6 *Entire Agreement.* Franchisor and Area Developer each acknowledge and warrant to each other that they wish to have all terms of the business relationship defined in this Agreement. Neither Franchisor nor Area Developer wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different from or supplementary to the rights and obligations stated herein. Accordingly, Franchisor and Area Developer agree that this Agreement, together with any other documents or agreements signed by the parties contemporaneously herewith, supersede and cancel any prior and/or contemporaneous discussions (whether described as representations, inducements, promises, agreements or any other term) between Franchisor or anyone acting on its behalf and Area Developer or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such terms) with respect to the relationship between the parties, and Franchisor and Area Developer each agree that they have placed, and shall place, no reliance on such discussions. This Agreement, together with any other documents or agreements signed by the parties contemporaneously or incorporated herein by reference, constitutes the entire agreement between the parties and contains all of the terms, conditions, rights and obligations of the parties with respect to any aspect of the relationship between the parties. No further franchise rights or offer of franchise rights have been promised to Area Developer and no such franchise rights or offer of franchise rights shall come into existence, except by means of a separate writing, signed by an officer of Franchisor or such other entity granting the franchise rights. Nothing in this Agreement or any related agreement is intended to disclaim any representation made by Franchisor in Franchisor's Franchise Disclosure Document.

12.7 *Amendment, Waiver.* No change, modification, amendment or waiver of any of the provisions hereof shall be effective and binding upon either party unless it is in writing, specifically identified as an amendment and signed by the party to be charged. The failure of either party to exercise any right, power or option given under this Agreement, or to insist upon strict compliance with the terms and conditions of this Agreement by the other party, shall not constitute a waiver of the terms and conditions of this Agreement with respect to any other or subsequent breach of this Agreement or default under this Agreement, or a waiver by such party of its right at any time to require strict compliance with all terms and conditions of this Agreement. Franchisor's acceptance of payments due under this Agreement shall not constitute a waiver of any breaches by Area Developer that precede the acceptance of such payments.

12.8 *Other Franchisees/Area Developers.* Area Developer acknowledges that other Vapor Shark franchisees/area developers have or will be granted franchises or area development rights at different times and in different situations, and further acknowledges that the provisions of such agreements may vary substantially from those contained in this Agreement.

12.9 *Successors and Assigns.* This Agreement shall inure to the benefit of and be binding upon Franchisor, Area Developer and their respective heirs, legal representatives, successors and permitted assigns.

12.10 *Further Assurances.* The parties agree to diligently do or cause to be done all acts or things and to sign all documents and instruments necessary to implement and carry into effect this Agreement to its fullest extent.

12.11 *Applicable Law.* Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed and construed in accordance with the laws of the state where Franchisor's headquarters are located at the time of any judicial filing, currently the State of Florida (without reference to its conflicts of law principles, as if all the parties to such action are resident in the state where Franchisor's headquarters are located at the time of any judicial filing), excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of
the Effective Date.

Area Developer	Franchisor
By	By
Name	Name
Title	Title
VAPOR SHARK FRANCHISING, LLC	

Exhibit A
Business Terms, Development Schedule

Effective Date of this Agreement.

Area Developer Business Name.

Mailing Address.

Phone Number.

Facsimile Number.

Email Address.

Development Area. [include map and/or description]

Exhibit A (Continued)

Development Schedule.

Area Developer acknowledges and agrees that a material provision of the Area Development Agreement is that the following number of Franchised Businesses must be opened and continuously operating in the designated Territories in accordance with the following Development Schedule.

<u>Franchised Business Number</u>	<u>Date Franchise Agreement for the Franchise Business Must Be Executed</u>	<u>Date that Site for Franchised Business Must be Identified and Approved by Franchisor</u>	<u>Date that all Applicable Permits Must be Obtained and Construction Begun</u>	<u>Date Franchised Business for the Territory Must Be Open</u>	<u>Franchised Business Territory [insert zip codes or descriptions]</u>
<u>1st</u>					<u>1st Franchised Business Territory</u>
<u>2nd</u>					<u>2nd Franchised Business Territory</u>
<u>3rd</u>					<u>3rd Franchised Business Territory</u>
<u>4th</u>					<u>4th Franchised Business Territory</u>
<u>5th</u>					<u>5th Franchised Business Territory</u>
<u>6th</u>					<u>6th Franchised Business Territory</u>
<u>7th</u>					<u>7th Franchised Business Territory</u>
<u>8th</u>					<u>8th Franchised Business Territory</u>
<u>9th</u>					<u>9th Franchised Business Territory</u>
<u>10th</u>					<u>10th Franchised Business</u>

					Territory
--	--	--	--	--	-----------

For purposes of determining compliance with the above Development Scheduled, only the Franchised Businesses actually open and continuously operating in the designated Territory as of the given date will be counted towards the number of Franchised Businesses required to be open and continuously operating for business.

Area Developer	Franchisor
	VAPORSHARK FRANCHISING, LLC
By	By
Name	Name
Title	Title

Exhibit B
Owners, Responsible Owner

Exhibit C
Form of Personal Guaranty

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____ day of _____, 20____, by _____

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement of even date herewith ("Agreement") by VAPOR SHARK FRANCHISING, LLC ("Franchisor"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Area Developer") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Area Developer's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Section 8 of the Agreement. Each of the undersigned waives, (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings, (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed, (d) any right it may have to require that an action be brought against Area Developer or any other person as a condition of liability, and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

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

Each of the undersigned consents and agrees that, (a) its direct and immediate liability under this Guaranty shall be joint and several, (b) it shall render any payment or performance required under the Agreement upon demand if Area Developer fails or refuses punctually to do so, (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Area Developer or any other person, and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Area Developer or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.

PERCENTAGE OF OWNERSHIP IN

AREA DEVELOPER. %

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.

PERCENTAGE OF OWNERSHIP

IN AREA DEVELOPER. %

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.

PERCENTAGE OF OWNERSHIP

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.

PERCENTAGE OF OWNERSHIP IN

AREA DEVELOPER. %

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.

PERCENTAGE OF OWNERSHIP

IN AREA DEVELOPER. %

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.

PERCENTAGE OF OWNERSHIP

%

%

ACKNOWLEDGMENT

State of	_____	)
	_____	)
County of	_____	) ss

On this _____ day of _____, 20____, before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

(NOTARIAL SEAL)

Notary Public
My Commission expires, _____

0123790.0651860 4838.2142.8571v2

EXHIBIT E TO THE DISCLOSURE DOCUMENT

VAPOR SHARK FRANCHISING, LLC

FRANCHISE DEPOSIT AGREEMENT

FRANCHISE DEPOSIT AGREEMENT

18—THIS FRANCHISE DEPOSIT AGREEMENT ("Agreement") is entered into between Vapor Shark Franchising, LLC, a Florida limited liability company ("Vapor Shark Franchising") and _____ ("Potential Franchisee—" "I" or "me") as of the date this Agreement is executed

I have requested to obtain a protected area for my ~~Vapor Shark Franchised Business~~ franchised business in the following area

("Protected Area") I am submitting this ~~Franchise Deposit Agreement~~ along with my deposit in the amount of \$12,500.00 (the "Deposit") to Vapor Shark Franchising in order to reserve ~~this~~ the Protected Area for ninety (90) days as my potential Protected Area in which to operate a ~~Vapor Shark Franchised Business~~ franchised business, pending my approval as a ~~Franchisee~~ franchisee, and for costs associated with processing my application to become a ~~Franchisee~~ franchisee. In connection with my ~~deposit~~ Deposit, I understand and acknowledge the following (1) ~~my deposit of \$12,500.00~~ the Deposit will be applied toward the initial franchise fee of ~~\$25,000.00~~ that is required pursuant to the Vapor Shark franchise agreement (the "Franchise Agreement"), and (2) upon my submission of this Deposit Agreement and my deposit the Deposit to Vapor Shark Franchising, a portion of ~~my deposit~~ the Deposit in the amount of \$5,000.00 will be immediately non-refundable under any circumstances. This non-refundable amount will be deemed earned by Vapor Shark Franchising for processing my application and for services performed following approval of my application, as well as reserving ~~this~~ the Protected Area for a period of ninety (90) days. I acknowledge that if I do not execute the Franchise Agreement within ninety (90) ~~day~~ days of the date of this Agreement for any reason, then Vapor Shark Franchising is no longer required to reserve ~~this~~ the Protected Area for me. I understand that the application process will require my cooperation, and that I am required to provide my credit score and information for ~~the company~~ Vapor Shark Franchising to conduct a background search on me and all proposed co-owners. I understand that Vapor Shark Franchising approves potential ~~Franchisees~~ franchisees in its sole and absolute discretion, and that it is not required to disclose its criteria for approval of ~~Franchisees~~ franchisees.

If I do not to proceed with the transaction to purchase a ~~Franchised Business~~ franchised business after tending my ~~deposit~~ Deposit and prior to signing a Franchise Agreement, then ~~the company~~ Vapor Shark Franchising will only return the refundable portion of my deposit ~~in the amount of \$7,500.00~~ less any fees or other expenses that I owe. I understand that ~~my~~ the entire ~~deposit of \$12,500.00~~ Deposit will be deemed fully earned by Vapor Shark Franchising and non-refundable when I sign the Franchise Agreement. Vapor Shark Franchising has no obligation to return any portion of ~~my deposit~~ the Deposit that is ~~nonrefundable~~ non-refundable. Vapor Shark Franchising is not required to maintain ~~my deposit~~ the Deposit separate and apart from ~~the company~~ Vapor Shark Franchising's general funds and may commingle ~~my deposit~~ the Deposit with its general funds. Vapor Shark Franchising shall not be required to pay me interest on ~~my deposit~~ the Deposit. In the event of any legal proceedings arising out of or related to this Agreement, I agree that the sole forum and venue shall be in Miami-Dade County, Florida, that

Florida law shall govern this Agreement, and that the prevailing party shall be entitled to payment of its reasonable attorney's fees and costs from the non-prevailing party. No waiver of the enforcement of any covenant, term, condition or provision of this Agreement shall be construed or held to be a waiver, acquiescence or as consent to any further or succeeding breach of the same or any other covenant, term, condition or provision. No modification ~~hereof~~ of this Agreement shall be valid or enforceable unless made in a signed writing. There are no unwritten terms to this Agreement, anything promised to me must be included in writing. Definitions Any capitalized terms that are not defined shall have the meanings ascribed to them in the Franchise Agreement ~~apply~~. I understand I have the right to counsel to advise me about this Agreement. Furthermore, I have received Vapor Shark Franchising Franchise Disclosure Document dated ~~March 31, 2017~~ May 22, 2018, and all Exhibits attached thereto, including the Franchise Agreement and this ~~Deposit~~ Agreement, more than fourteen (14) days before the date of my execution hereof.

Potential Franchisee	Date
Sign	Vapor Shark Franchising, LLC
Print Name	By
Title	Title
2	

Date

Potential Franchisee

Sign

Print Name

Title

Date

Vapor Shark Franchising, LLC

By

Title

Date

EXHIBIT ~~E~~ F TO THE DISCLOSURE DOCUMENT

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VAPOR SHARK FRANCHISING, LLC

STATE DISCLOSURE ADDENDA AND AGREEMENT RIDERS

~~1~~ **EXHIBIT "F" ADDENDUM TO THE FRANCHISE AGREEMENT MULTI-STATE ADDENDA
TO THE FRANCHISE AGREEMENT
AND FRANCHISE DISCLOSURE DOCUMENT
THE CALIFORNIA FRANCHISE INVESTMENT LAW**

~~The following modifications are to the Franchise Disclosure Document between Vapor Shark Franchising, LLC ('Franchisor,' "we," "us," or "our") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between Franchisor and you~~

~~("you," "you," or "your") dated _____, 20____. The provisions of this State Law Addendum to Franchise Disclosure Document and Franchise Agreement ("State Addendum") apply only to those persons residing or operating Vapor Shark Franchising Facilities in the following states. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the Franchise Disclosure Document for Vapor Shark Franchising, LLC in connection with the offer and sale of franchises and development areas for use in the State of California shall be amended to include the following.~~

FOR THE STATE OF CALIFORNIA:-

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 FRANCHISE DISCLOSURE DOCUMENT

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~~ www.dbo.ca.gov

The Franchise Disclosure Document is hereby amended as follows:-

Neither we nor any person in Item 2 of the FDD 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 these persons from membership in this association or exchange

The Franchise Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

~~The Franchise Agreement contains and the Area Development Agreement contain~~ a covenant not to compete which extends beyond the termination of the franchise. ~~This provision~~ respective agreements. These provisions may not be enforceable under California law

~~The Franchise Agreement requires and the Area Development Agreement require~~ application of the laws of the State of Florida. ~~This provision~~ These provisions may not be enforceable under California law

The Franchise Agreement and Area Development Agreement contain a waiver of punitive damages and jury trial provision.

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

You must sign a general release if you renew or transfer your franchise- or if you transfer your Area Development Agreement or as part of a waiver of its terms. 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)

CALIFORNIA AMENDMENT
TO VAPOR SHARK FRANCHISE AGREEMENT

The Franchise Agreement is hereby amended as follows—In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the parties to the attached Vapor Shark Franchising, LLC Franchise Agreement agree as follows.

~~Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of California—~~

~~1—1. Any condition, stipulation, or provision in the Franchise Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that such provision violates such act~~

~~2—2. The California Business and Professions Code 20000 through 20043 provides rights to a franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control~~

FOR THE STATE OF CONNECTICUT

The Franchise Agreement is amended as follows—

~~3—Section 3 1, “Franchise Fee,” is amended to delete the following—~~

~~The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is non-refundable, except under certain conditions set forth under Sections 5-2, 5-5, and 8-3—~~

~~4—Section 4 2, “Successor Terms,” is amended to include—If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty five (45) days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be canceled—~~

~~5—Section 8, “Training and Assistance,” is amended by the addition of the following language from the original language that appears therein—~~

~~“The required training shall commence no more than sixty (60) days after execution of this Agreement”~~

~~6—Section 9 “Confidential Operations Manual” is amended by the addition of the following language to the original language that appears therein—~~

~~“Franchisor shall provide the Confidential Operations Manual to the Franchisee no later than thirty (30) days after execution of this Agreement”~~

~~The following statement is added to the cover page of the Franchise Disclosure Document—~~

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

~~The following statement is added to Item 3 of the Franchise Disclosure Document:~~

~~There are no pending or completed actions against us relating to Securities Laws, Business Opportunity Laws, Actions Brought by Present or Former Purchaser-Investors Involving Franchise or Business Opportunity Relationships that are required to be disclosed in this Disclosure Document.~~

IN WITNESS WHEREOF, the parties have duly executed and delivered this California Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchise _____ Franchisor,

VAPOR SHARK FRANCHISING, LLC

<u>By</u> _____	<u>By</u> _____
<u>Name</u> _____	<u>Name</u> _____
<u>Title</u> _____	<u>Title</u> _____

CALIFORNIA AMENDMENT
TO VAPOR SHARK AREA DEVELOPMENT AGREEMENT

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the parties to the attached Vapor Shark Franchising, LLC Area Development Agreement agree as follows.

1. Any condition, stipulation, or provision in the Area Development Agreement which would result in Area Developer's waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that such provision violates such act.
2. The California Business and Professions Code 20000 through 20043 provides rights to a franchisee concerning termination of a franchise. If the Area Development Agreement contains a provision that is inconsistent with the law, the law will control.

IN WITNESS WHEREOF, the parties have duly executed and delivered this California Amendment to the Area Development Agreement on the same date as the Franchise Agreement was executed.

Franchise _____ Franchisor _____

_____ VAPOR SHARK FRANCHISING, LLC

<u>By.</u> _____	<u>By.</u> _____
<u>Name.</u> _____	<u>Name.</u> _____
<u>Title.</u> _____	<u>Title.</u> _____

3 ADDENDUM TO THE DISCLOSURE DOCUMENT

The Franchise Disclosure Document is amended as follows-

~~7- ITEM 4 is amended to read as follows-~~

~~Other than as we disclose in this Item 4, During the 7 year period immediately before of the Disclosure Document neither Company or affiliate or current officer or general partner of Company has (A) Filed in bankruptcy, (B) been adjudged bankrupt, (C) been reorganized due to insolvency, or (D) been a principal, director, executive officer or partner of any other person that has so filed or was so adjudged or reorganized, during or within one year after the period that such person held such position with such other person. If so, the seller shall set forth the name and location of the person having so filed or having been so adjudged or reorganized, the date and any other material facts-~~

~~Other than as we disclose in this Item 4, During the 7 year period immediately before the date of the Disclosure Document neither Company nor Affiliate, or current officer or general partner of Company, has (a) filed as debtor (or had filed against it) a petition to start an action under the United States 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 ever filed as a debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code, or that obtained a discharge of its debts under the Bankruptcy Code during or within 1 year after the officer or general partner of Company held this position in the debtor company-~~

~~8- ITEM 17 is amended to read-~~

~~If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be canceled-~~

FOR THE STATE OF HAWAII-

The following is

THE HAWAII FRANCHISE INVESTMENT LAW

In recognition of the requirements of the Hawaii Franchise Investment Law, the Franchise Disclosure Document for Vapor Shark Franchising, LLC in connection with the offer and sale of franchises and development areas for use in the State of Hawaii shall be amended to include the following.

1. The following paragraphs are to be added to the Cover Page state cover page

THIS FRANCHISE ~~WILL BE~~ HAS 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 YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT

LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE 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 AND ~~MULTI-UNIT~~AREA DEVELOPMENT AGREEMENT. THE ~~CONTRACT~~CONTRACTS OR ~~AGREEMENT~~AGREEMENTS SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU

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

2. Item 17 "Renewal, Termination, Transfer and Dispute Resolution" is amended by adding the following paragraph.

No release language set forth in the Franchise Agreement or Area Development Agreement will relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

3. Each provision of this Addendum to the Franchise Disclosure Document is effective only to the extent (with respect to each provision) that the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et. seq. would apply to your franchise or development area, without reference to this Addendum.

FOR THE STATE OF ILLINOIS:

ADDENDUM TO THE DISCLOSURE DOCUMENT
THE ILLINOIS FRANCHISE DISCLOSURE ACT

In recognition of the requirements of the Illinois Franchise Disclosure Act, the Franchise Disclosure Document for Vapor Shark Franchising, LLC in connection with the offer and sale of franchises and development areas for use in the State of Illinois shall be amended to include the following.

4

1. Item 17 "Renewal, Termination, Transfer and Dispute Resolution" is amended by adding the following.

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The Franchise Disclosure Document and Franchise Agreement are amended accordingly.

The governing law or choice of law clause described in the Franchise Disclosure Document and contained in the Franchise Agreement may not be enforceable under Illinois law. This governing law clause shall not be construed to negate the application of the Illinois Franchise Disclosure Act in all situations to which it is applicable. Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void."

~~To the extent that the Franchise Agreement would otherwise violate Illinois law, the agreements are amended by providing that all litigation by or between you and us, arising directly or indirectly from the franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.~~

~~17(v), 17(y).~~ Choice of Forum, of the Franchise Disclosure Document is revised to include the following "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act"

~~17(w), 17(w).~~ Choice of Law, of the Franchise Disclosure Document is revised to include the following "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act"

The termination and non-renewal provisions in the Franchise ~~Disclosure Document and Franchise Agreement and Area Development Agreement~~ may not be enforceable under ~~Sections 19 and 20~~ of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of 1 year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Disclosure Document and Franchise Agreement are inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede those provisions.

| FOR

ILLINOIS AMENDMENT
TO VAPOR SHARK FRANCHISE AGREEMENT

The parties to the attached Vapor Shark Franchising, LLC Franchise Agreement (the "Franchise Agreement") agree that the following provisions of the Illinois Franchise Disclosure Act shall apply to any franchise located in the State of Illinois or franchisee who is a resident of Illinois.

1. Illinois law governs the agreement between the parties to this franchise.
2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
3. 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.
4. Franchisee's rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Illinois Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchise _____ Franchisor _____

_____ VAPOR SHARK FRANCHISING, LLC

By. _____	By. _____
Name. _____	Name. _____
Title. _____	Title. _____

ILLINOIS AMENDMENT
TO VAPOR SHARK AREA DEVELOPMENT AGREEMENT

The parties to the attached Vapor Shark Franchising, LLC Area Development Agreement (the "Area Development Agreement") agree that the following provisions of the Illinois Franchise Disclosure Act shall apply to a development area located in the State of Illinois or area developer who is a resident of Illinois.

1. Illinois law governs the agreement between the parties to the franchise.
2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
3. 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.
4. A franchisee's rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Illinois Amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed.

Area Developer _____ Franchisor _____

_____ VAPOR SHARK FRANCHISING, LLC

<u>By</u> _____	<u>By</u> _____
<u>Name</u> _____	<u>Name</u> _____
<u>Title</u> _____	<u>Title</u> _____

ADDENDUM TO THE STATE OF INDIANA-

~~Item 8 of~~ **DISCLOSURE DOCUMENT**

**THE INDIANA FRANCHISE DISCLOSURE ACT
AND THE INDIANA DECEPTIVE FRANCHISE PRACTICES ACT**

In recognition of the requirements of the Indiana Franchise Disclosure Act and the Indiana Deceptive Franchise Practices Act, the Franchise Disclosure Document for Vapor Shark Franchising, LLC in connection with the offer and sale of franchises and development areas for use in the State of Indiana shall be amended to include the following.

1. Item 8. "Restrictions on Sources of Products and Services" is amended to add by adding the following

Under Indiana Code Section 23-2-2 7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you

~~Item 17 of the Franchise Disclosure Document is amended to add the following~~ 2. Item 17. "Renewal, Termination, Transfer, and Dispute Resolution" is amended as follows

~~17(e) is, 17(g) and 17(h) are~~ amended subject to Indiana Code 23-2-2 7-1(7), which makes it unlawful for us to unilaterally terminate your franchise agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith

5

~~17(c) and 17(m) is~~are amended subject to Indiana Code 23-2-2 7-1(5), which prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act

17(r) is amended subject to Indiana Code 23-2-2 7-1(9) to provide that the post-term non-competition covenant will have a geographical limitation of the Protected Area granted to you

17(v) is amended to provide that you will be permitted to begin litigation in Indiana for a cause of action under Indiana law

17 (w) is amended to provide that if there is a conflict of law, Indiana Law governs any cause of action which arises under the Indiana Disclosure Law or Indiana Deceptive Franchise Practices Act

~~Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Indiana-~~

~~9-3.~~ The laws of the State of Indiana supersede any provisions of the Franchise Disclosure Document, the Franchise Agreement, or Florida law, if such provisions are in conflict with Indiana law

~~10- The prohibition by Indiana Code 23-2-2 7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined under law as including any-~~

~~material breach of the Franchise Agreement, will supersede the provisions of the Agreement to the extent the Agreement may be inconsistent with such prohibition~~

~~11 Any provision in the Franchise Agreement which would require you to prospectively assent to a release, or, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law~~

~~12 The Franchise Agreement will be modified to the extent necessary to comply with Indiana Code 23-2-2-7-1(9)~~

~~13 The following provision will be added to the Franchise Agreement~~

~~No Limitation on Litigation Any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law~~

4. Each provision of this Addendum to the Disclosure Document is effective only to the extent (with respect to each provision) that Indiana law would apply to your franchise or development area, without reference to this Addendum.

**INDIANA AMENDMENT TO THE
VAPOR SHARK FRANCHISE AGREEMENT**

In recognition of the requirements of the Indiana Franchise Disclosure Act and Indiana Deceptive Franchise Practices Act, the parties to the attached Vapor Shark Franchising, LLC Franchise Agreement agree as follows.

1. The following language is added to the end of Section 4.2.11 of the Agreement (under the heading "Right of First Refusal for Successive Terms").

"However, no release language set forth in this Agreement will relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Indiana."

2. The following language is added to Section 18.2.13 of the Agreement (under the heading "Transfer by Franchisee to a Third Party").

"However, no release language set forth in this Agreement will relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Indiana."

3. The following language is added to the end of Section 16.1 of the Agreement (under the heading "Termination by Franchisor Without Opportunity to Cure").

"The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement, will supersede the provisions of Sections 16.1 and 16.2 of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition."

4. The following language is added to the end of Section 16.2 of the Agreement (under the heading "Termination Following Notice").

"The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement, will supersede the provisions of Sections 16.1 and 16.2 of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition."

5. Section 21.2 of the Agreement is amended by adding the following sentence.

"Notwithstanding the foregoing, Franchisee will not be obligated to indemnify Franchisor Indemnitees for any liability caused by Franchisee's proper reliance on or use of procedures or materials provided by Franchisor or caused by Franchisor's negligence."

6. The following language is added to the end of Section 23.4 of the Agreement (under the heading "Limitations Period").

"The limitation of action set forth in this Section 23.4 is subject to the superseding provisions of Indiana Code §23-2-2.5-30 and §23-2-2.7-7, which provide for three years from the date of discovery and two years from the date of violation, respectively, in which to bring an action."

7. Section 23.5 of the Agreement (under the heading "Limitation of Damages") is prohibited pursuant to Indiana Code §23-2-2.7-1(10), and therefore, is deleted and replaced with the following.

23. [intentionally deleted]

8. The following sentence is added to the end of Section 23.1 of the Agreement (under the heading "Choice of Law").

"However, except for federal law, Indiana law applies if the jurisdictional requirements of the Indiana Deceptive Franchise Practices Law, Sections 1 through 7, Indiana Code §23-2-2.7-1 to -7 are met."

9. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, the parties further agree as follows.

"If any of the provisions of this Agreement are inconsistent with the provisions of the Indiana Deceptive Franchise Practices Law, Sections 1 through 7, Indiana Code §23-2-2.7-1 to -7 (the "Law"), then the provisions of the Law will apply to the extent that the Law is constitutional and valid as applied."

10. This Amendment to the Agreement will be effective only to the extent, with respect to such provision, that the Indiana Deceptive Franchise Practices Law, Sections 1 through 7, Indiana Code §23-2-2.7-1 to -7, would apply to Franchisee's franchise, without reference to this Amendment.

Franchise _____ Franchisor,

_____ VAPOR SHARK FRANCHISING, LLC

By, _____ By, _____
Name, _____ Name, _____
Title, _____ Title, _____

**INDIANA AMENDMENT TO THE
VAPOR SHARK AREA DEVELOPMENT AGREEMENT**

In recognition of the requirements of the Indiana Franchise Disclosure Act and Indiana Deceptive Franchise Practices Act, the parties to the attached Vapor Shark Franchising, LLC Area Development Agreement agree as follows.

1. The following language is added to the end of Section 7.2 of the Agreement (under the heading "Waiver, Extension").

"However, no release language set forth in this Agreement will relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Indiana."

2. The following language is added to the end of Section 9.3(D) of the Agreement (under the heading "Transfer by Area Developer").

"However, no release language set forth in this Agreement will relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Indiana."

5. The following language is added to the end of Section 7.1 of the Agreement (under the heading "Termination, Expiration").

"The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the franchise agreement, will supersede the provisions of Section 7.1 of the Area Development Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition."

6. Section 9.8 of the Agreement is amended by adding the following sentence.

"Notwithstanding the foregoing, Area Developer will not be obligated to indemnify Indemnified Parties for any liability caused by Area Developer's proper reliance on or use of procedures or materials provided by Franchisor or caused by Franchisor's negligence."

7. The following language is added to the end of Section 10.6 of the Agreement (under the heading "Limitations of Damages").

"The limitation of action set forth in this Section 10.6 is subject to the superseding provisions of Indiana Code §23-2-2.5-30 and §23-2-2.7-7, which provide for three years from the date of discovery and two years from the date of violation, respectively, in which to bring an action."

8. Section 10.7 of the Agreement (under the heading 'No Punitive, Exemplary or Consequential Damages') is prohibited pursuant to Indiana Code §23-2-2.7-1(10), and therefore, is deleted and replaced with the following.

10.7 [intentionally deleted]

9. The following sentence is added to the end of Section 12.11 of the Agreement (under the heading "Applicable Law").

"However, except for federal law, Indiana law applies if the jurisdictional requirements of the Indiana Deceptive Franchise Practices Law, Sections 1 through 7, Indiana Code §23-2-2.7-1 to -7 are met."

10. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, the parties further agree as follows.

"If any of the provisions of this Agreement are inconsistent with the provisions of the Indiana Deceptive Franchise Practices Law, Sections 1 through 7, Indiana Code §23-2-2.7-1 to -7 (the "Law"), then the provisions of the Law will apply to the extent that the Law is constitutional and valid as applied."

11. This Amendment to the Agreement will be effective only to the extent, with respect to such provision, that the Indiana Deceptive Franchise Practices Law, Sections 1 through 7, Indiana Code §23-2-2.7-1 to -7, would apply to Area Developer's rights under the Agreement, without reference to this Amendment.

Area Developer. _____ Franchisor. _____

VAPOR SHARK FRANCHISING, LLC

<u>By.</u> _____	<u>By.</u> _____
<u>Name.</u> _____	<u>Name.</u> _____
<u>Title.</u> _____	<u>Title.</u> _____

ADDENDUM TO THE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE
ACT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Disclosure Document for Vapor Shark Franchising, LLC in connection with the offer and sale of franchises and development areas for use in the State of Maryland shall be amended as follows.

1. Item 17 of the Franchise Disclosure Document and any sections of the Franchise Agreement or Area Development Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and or assignment, will not apply to liability under the Maryland Franchise Registration and Disclosure Law
2. Representations in the Franchise Agreement are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law
3. Item 17 of the Franchise Disclosure Document and any sections of the Franchise Agreement ~~and Area Development Agreement~~ are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration & Disclosure Law Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise
4. ⁶ 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)
5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law The Compliance Questionnaire is amended accordingly

MARYLAND AMENDMENT TO THE
VAPOR SHARK FRANCHISE AGREEMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Act and Indiana Deceptive Franchise Practices Act, the parties to the attached Vapor Shark Franchising, LLC Franchise Agreement agree as follows.

1. The following language is added to Section 4.2.11 of the Agreement (under the heading "Right of First Refusal for Successive Terms").

"except that the general release provisions required as a condition of renewal will not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. The following language is added to Section 18.2.3 of the Agreement (under the heading "Transfer by Franchisee").

"except that the general release provisions required as a condition of transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

3. The following language is added to the end of Section 23.2 of the Agreement (under the heading "Consent to Jurisdiction").

"Franchisee may bring a lawsuit in Maryland for claims arising out of the Maryland Franchise Registration and Disclosure Law."

4. The following language is added to the end of Section 23.4 of the Agreement (under the heading "Limitation of Claims").

"All claims arising under the Maryland Franchise Registration and Disclosure Law will be commenced within 3 years after the grant of the franchise."

5. Each provision of this Amendment to the Agreement is effective only to the extent (with respect to each provision) that the Maryland Franchise Registration and Disclosure Law would apply to Franchisee's franchise, without reference to this Amendment.

Franchisee. _____ Franchisor. _____

VAPOR SHARK FRANCHISING, LLC

<u>By. _____</u>	<u>By. _____</u>
<u>Name. _____</u>	<u>Name. _____</u>
<u>Title. _____</u>	<u>Title. _____</u>

MARYLAND AMENDMENT TO THE
VAPOR SHARK AREA DEVELOPMENT AGREEMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Act and Indiana Deceptive Franchise Practices Act, the parties to the attached Vapor Shark Franchising, LLC Area Development Agreement agree as follows.

1. The following language is added to Section 7.2(c) of the Agreement (under the heading "Waiver, Extension").

"except that the general release provisions required as a condition of renewal will not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. The following language is added to Section 9.3(D) of the Agreement (under the heading "Transfer by Franchisee").

"except that the general release provisions required as a condition of transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

3. The following language is added to the end of Section 10.2 of the Agreement (under the heading "Consent to Jurisdiction").

"Franchisee may bring a lawsuit in Maryland for claims arising out of the Maryland Franchise Registration and Disclosure Law."

4. The following language is added to the end of Section 10.5 of the Agreement (under the heading "Limitation of Claims").

"All claims arising under the Maryland Franchise Registration and Disclosure Law will be commenced within 3 years after the grant of the franchise."

5. Each provision of this Amendment to the Agreement is effective only to the extent (with respect to each provision) that the Maryland Franchise Registration and Disclosure Law would apply to Area Developer's development area, without reference to this Amendment.

Area Developer. _____ Franchisor. _____

VAPOR SHARK FRANCHISING, LLC

<u>By. _____</u>	<u>By. _____</u>
<u>Name. _____</u>	<u>Name. _____</u>
<u>Title. _____</u>	<u>Title. _____</u>

FOR THE STATE OF MICHIGAN

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

~~The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any~~ Each ~~of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.~~ void and unenforceable if contained in any documents relating to a franchise

A prohibition on the right of a franchisee to join an association of franchisees

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

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

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 our intent not to renew the franchise

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

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

7

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

~~(i)-(ii)~~ *The failure of the proposed transferee to meet our then current reasonable qualifications or standards*

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

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

~~(iii)-(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*

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).

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

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

Any questions regarding this notice should be directed to

State of Michigan Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number (517) 373-7117

FOR

ADDENDUM TO THE STATE OF DISCLOSURE DOCUMENT

THE MINNESOTA- FRANCHISE INVESTMENT LAW

~~Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Minnesota.~~ In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Franchise Disclosure Document ("FDD") for Vapor Shark Franchising, LLC for use in the State of Minnesota is amended to include the following.

1 Any provision in the Franchise Agreement that would require ~~you~~Franchisee to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by

8 Minnesota Statutes, Sections 80C 01 to 80C 22 will be void to the extent that such contractual provision violates such law

2-2 Minnesota Statute Section 80C 21 and Minnesota Rule 2860 4400J prohibit the ~~franchisor~~Franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota

3-3 Minn Rule Part 2860 4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement relating to franchises offered and sold in the State of Minnesota which would require ~~you~~Franchisee to waive ~~your~~its rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any Agreement relating to franchises offered and sold in the State of Minnesota, provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration

4-4 With respect to franchises governed by Minnesota law, ~~we~~Franchisor will comply with Minnesota Statute Section 80C 14, Subds 3, 4 and 5, which require, except in certain specified cases, that ~~you~~Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld

5-5 Item 13 of the FDD is hereby amended to state that ~~we~~Franchisor will protect your rights under ~~the~~the Franchise Agreement to use the Marks, or indemnify ~~you~~Franchisee from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding ~~your~~Franchisee's use of the Marks, if ~~your~~Franchisee's use of the Marks is in

compliance with the provisions of the Franchise Agreement and ~~our~~Franchisor's System standards

~~6-6~~ Minnesota Rule 2860 4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the provisions of the Franchise Agreement that require ~~you~~Franchisee to sign a general release prior to renewing or transferring ~~your~~Franchisee's franchise are hereby deleted from the Franchise Agreement.

~~7- The following language will be added to the Franchise Agreement~~

~~No Abrogation Pursuant to Minnesota Statutes, Section 80C 21, nothing in this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C~~

9 Minnesota Statute Section 80C 17 states that no action for a violation of Minnesota Statutes, Sections 80C 01 to 80C 22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

MINNESOTA AMENDMENT
TO VAPOR SHARK FRANCHISE AGREEMENT

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached Vapor Shark Franchising, LLC, Franchise Agreement (the "Agreement") agree as follows.

1. The following language is added to Section 4.2.11 of the Agreement (under the heading "Right of First Refusal for Successive Terms").

"except that the general release provisions required as a condition of renewal will not apply to any liability under the Minnesota Rule 2860.4400D."

2. The following new Section 4.2.12 is added to the Agreement:

"G. Minnesota law provides franchisees with certain non-renewal rights. In sum, Minn. Stat. § 80C.14 (subd. 4) currently requires, except in certain specified cases, that a franchisee be given 180 days' notice of non-renewal of the Franchise Agreement."

3. Section 6.3 of the Agreement (under the heading "Notification of Infringements and Claims") is amended to add the following language.

"Franchisor will protect the Franchisee's right granted hereby to use the Marks or will indemnify the Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks. The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the trade name infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee's use of the trade name in accordance with the requirements of the franchise, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within 10 days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim."

4. The following language is added to Section 18.2.3 of the Agreement (under the heading "Transfer by Franchisee to a Third Party").

“, except that the general release provisions required as a condition of transfer will not apply to any liability under the Minnesota Rule 2860.4400D.”

5. The following new section 18.2.13 added to the Agreement (under the heading “Transfer by Franchisee to a Third Party”).

“Minnesota law provides franchisees with certain transfer rights. In sum, Minn. Stat. § 80C.14 (Subd. 5) currently requires that consent to the transfer of the franchise may not be unreasonably withheld.”

6. The following language is added to the end of Section 16.1 of the Agreement (under the heading “Termination by Franchisor Without Opportunity to Cure”).

“With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement.”

7. The following language is added to the end of Section 16.2 of the Agreement (under the heading “Termination following Notice”).

“With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement. At the election of Franchisor, effective upon the expiration of 90 days after giving of written notice in the event Franchisee defaults, and does not cure to Franchisor’s reasonable satisfaction within the 60-day notice period, in the performance of any other covenant or provision of this Agreement, including without limitation, the obligation to pay when due any financial obligation to Franchisor, the obligation to make reports and provide information when due hereunder, or failure to maintain any of the standards or procedures prescribed for the Franchised Business in this Agreement, the Manual or otherwise, provided, however, that Franchisee will be entitled to notice and opportunity to cure any such default only once in any 6 month period, and any subsequent occurrence of the same or substantially similar default within such six month period will entitle Franchisor, at its option, to terminate this Agreement effective immediately upon the giving of Notice and without opportunity to cure.”

8. The following language is added to the end of Section 18.3 of the Agreement (under the heading “Venue”).

"Nothing contained herein will limit Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4400J, Minn. Stat. § 80C.21 and Minn. Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

9. The following language is added to the end of Section 22.2 of the Agreement (under the heading "Injunctive Relief").

"Notwithstanding the foregoing, Minn. Rule 2860.4400J prohibits requiring a franchisee to consent to a franchisor obtaining injunctive relief. Therefore, any requirement in this Section 22.2 that Franchisee consent to Franchisor's obtaining injunctive relief shall not apply."

10. The following language is added to Section 23.4 of the Agreement (under the heading "Limitations of Claims").

"Notwithstanding the foregoing, any claims pursuant to Minn. Stat. Sec. 80C.17 may be commenced within the time period provided in Minn. Stat. Sec. 80C.17, Subd. 5."

11. Minn. Rule 2860.4400J prohibits requiring a franchisee to waive a jury trial or consent to liquidated damages. Therefore Section 18.8 of the Agreement ("No Jury Trial") is deleted and replaced with the following.

18.8 [intentionally deleted]

12. The following language is added to the end of Section 23.1 of the Agreement (under the heading "Choice of Law").

"Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by laws of the jurisdiction."

13. Each provision of this Amendment to the Agreement will be effective only to the extent, with respect to each provision, that the Minnesota Franchises Law or the Rules and

Regulations promulgated thereunder by the Minnesota Commissioner of Commerce would apply to Franchisee's franchise, without reference to this Amendment.

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisee	Franchisor
By _____	VAPOR SHARK FRANCHISING, LLC
Name _____	By _____
Title _____	Name _____
Date _____	Title _____
	Date _____

MINNESOTA AMENDMENT

TO VAPOR SHARK AREA DEVELOPMENT AGREEMENT

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached Vapor Shark Franchising, LLC, Area Development Agreement (the "Agreement") agree as follows.

1. The following language is added to Section 7.2(c) of the Agreement (under the heading "Waiver, Extension").

"except that the general release provisions will not apply to any liability under the Minnesota Rule 2860.4400D."

2. The following language is added to Section 9.3(D) of the Agreement (under the heading "Transfer by Area Developer").

"except that the general release provisions required as a condition of transfer will not apply to any liability under the Minnesota Rule 2860.4400D."

3. The following language is added to the end of Section 10.2 of the Agreement (under the heading "Consent to Jurisdiction").

"Nothing contained herein will limit Area Developer's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4400J. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

4. The following language is added to the end of Section 10.3 of the Agreement (under the heading "Cumulative Rights and Remedies").

"Notwithstanding the foregoing, Minn. Rule 2860.4400J prohibits requiring a franchisee to consent to a franchisor obtaining injunctive relief. Therefore, any requirement in this Section 18.4 that Area Developer consent to Franchisor's obtaining injunctive relief shall not apply."

5. The following language is added to Section 10.5 of the Agreement (under the heading "Limitations of Claims").

"Notwithstanding the foregoing, any claims pursuant to Minn. Stat. Sec. 80C.17 may be commenced within the time period provided in Minn. Stat. Sec. 80C.17, Subd. 5."

6. Minn. Rule 2860.4400J prohibits requiring a franchisee to waive a jury trial or consent to liquidated damages. Therefore Section 10.8 of the Agreement ("No Jury Trial") is deleted and replaced with the following.

10.8 [intentionally deleted]

7. The following language is added to the end of Section 12.11 of the Agreement (under the heading "Applicable Law").

"Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Area Development Agreement can abrogate or reduce any of Area Developer's rights as provided for in Minnesota Statutes, Chapter 80C, or Area Developer's rights to any procedure, forum, or remedies provided for by laws of the jurisdiction."

8. Each provision of this Amendment to the Agreement will be effective only to the extent, with respect to each provision, that the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce would apply to Area Developer's rights under the Agreement, without reference to this Amendment.

IN WITNESS WHEREOF, Franchisor and Area Developer have duly executed and delivered this Amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed.

<u>Area Developer.</u>	<u>Franchisor.</u>
	<u>VAPOR SHARK FRANCHISING, LLC</u>
By: _____	By: _____
<u>Name.</u>	<u>Name.</u>
<u>Title.</u>	<u>Title.</u>
Date: _____	Date: _____

~~FOR THE STATE OF NEW YORK-~~

ADDENDUM TO THE DISCLOSURE DOCUMENT

THE NEW YORK FRANCHISE LAW

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs. tit. 13, §§ 200.1 through 201.16), the Franchise Disclosure Document ("FDD") for Vapor Shark Franchising, LLC for use in the State of New York is amended as follows.

1. The following is added to the Risk Factors on the cover page

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO

9 ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS

2. Item 3 of the Franchise Disclosure Document is modified to read as follows _

Except as otherwise disclosed in item 3, Neither Vapor Shark Franchising, LLC, its predecessor, a person identified in Item 2, or an affiliate offering franchises under Vapor Shark Franchising, LLC's principal trademark has an administrative, criminal or civil action pending against it alleging a fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations Neither Vapor Shark Franchising, LLC, its predecessor, a person identified in Item 2, or an affiliate offering franchises under 's principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging a violation of a franchise, antifraud or securities law, fraud, embezzlement fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations

Neither Vapor Shark Franchising, LLC, its predecessor, a person identified in Item 2, or an affiliate offering franchises under 's principal trademark 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 injunction or restrictive order relating to any business activity as a result of an action brought by a public agency or department, including without limitation, an action affecting a license as a real estate broker or sales agent

3. Item 4 of the Franchise Disclosure Document is modified to read as follows _

Other than as disclosed in this Item 4, neither Vapor Shark Franchising, LLC, its affiliate, its predecessor, officers or general partner during the ten (10) year period immediately before the date of the Franchise Disclosure Document (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 U S Bankruptcy Code, or (c) was a principal officer of a company or a general partner in a partnership that filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code during or within one year after the officer or general partner of the Franchisor held this position in the company or partnership

4. The following sentence is added to the end of the first paragraph of Item 5 of the Franchise Disclosure Document _

We may use the proceeds from your payment of the initial franchise fee to defray our costs and expenses for providing training and assistance to you, for commission payments to brokers involved in the sale of a franchise to you, for general working capital purposes, and for other expenses

5. The first paragraph of Item 17 of the Franchise Disclosure Document is modified to read as follows _

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

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6. Item 17(w) of the Franchise Disclosure Document is revised to read as follows _

The foregoing choice of law should not be considered a waiver of any right conferred upon either the Franchisor or upon you by the General Business Law (GBL) of the State of New York, Article 33 This language has been included in this Franchise Disclosure Document as a condition of registration The Franchisor and you do not agree with the above language and believe that each of the provisions of the Franchise Agreement including all choice of law provisions, are fully enforceable The Franchisor and you intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law provisions and other dispute resolution provisions

~~The following shall be added at the end of Section 23.1 of the Franchise Agreement-~~

~~Provided however, that all rights enjoyed by the Franchisee and any causes of action arising in the Franchisee's favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force, it being the intent of this provision that the non-waiver provision of GBL 687.4 and 687.5 be satisfied-~~

~~Section 21.6 is added to the Franchise Agreement as follows-~~

~~Notwithstanding Section 21.4, Franchisee shall not be required to indemnify Franchisor for any liabilities which arose as a result of Franchisor's breach of this Agreement or other civil wrongs committed by Franchisor-~~

~~The following shall be added to Section 23.1 of the Franchise Agreement-~~

However, the foregoing choice of law shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law.

7. _____ FRANCHISOR REPRESENTS THAT IT HAS NOT KNOWINGLY OMITTED FROM THE FRANCHISE DISCLOSURE DOCUMENT ANY MATERIAL FACT, NOR DOES THE FRANCHISE DISCLOSURE DOCUMENT CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT

NEW YORK AMENDMENT

TO VAPOR SHARK FRANCHISE AGREEMENT

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Vapor Shark Franchising, LLC Franchise Agreement (the "Agreement") agree as follows.

1. The following language is added to the end of Section 4.2.11 of the Agreement (under the heading "Renewal").

"However, all rights you enjoy, and any causes of action arising in your favor, from the provisions of New York General Business Law Sections 680 through 695 and the regulations issued thereunder, will remain in force. (It being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.)"

2. The following language is added to Section 18.2 of the Agreement (under the heading "Transfer by Franchisee to a Third Party").

"However, all rights the transferor enjoys, and any causes of action arising in its favor, from the provisions of New York General Business Law Sections 680 through 695 and the regulations issued thereunder, will remain in force. (It being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.)"

3. A new Section 16.6 of the Agreement is added to read in its entirety as follows.

"16.6 *Termination by Franchisee.* In addition, Franchisee may terminate this Agreement upon any grounds available at law."

4. The following is added to the end of Section 23.1 of the Agreement (under the heading "Choice of Law").

"This section will not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law and the regulations issued thereunder."

5. There are circumstances in which an offering made by Franchisor would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if Franchisee is domiciled in or the franchise will be opening in New York.

Franchisor is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

<u>Franchisee.</u>  <u>By</u> <u>Name</u> <u>Title</u> <u>Date</u>	<u>Franchisor.</u> <u>VAPOR SHARK FRANCHISING, LLC</u> <u>By</u> <u>Name</u> <u>Title</u> <u>Date</u>
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NEW YORK AMENDMENT

TO VAPOR SHARK AREA DEVELOPMENT AGREEMENT

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Vapor Shark Franchising, LLC Area Development Agreement (the "Agreement") agree as follows.

1. The following language is added to the end of Section 6.1 of the Agreement (under the heading "Execution of Franchise Agreements, Continuing Franchise Fee").

"However, all rights you enjoy, and any causes of action arising in your favor, from the provisions of New York General Business Law Sections 680 through 695 and the regulations issued thereunder, will remain in force. (It being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.)"

2. The following language is added to the end of Section 7.2(c) of the Agreement (under the heading "Waiver, Renewal").

"However, all rights you enjoy, and any causes of action arising in your favor, from the provisions of New York General Business Law Sections 680 through 695 and the regulations issued thereunder, will remain in force. (It being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.)"

3. The following language is added to Section 9.3(D) of the Agreement (under the heading "Transfer by Area Developer").

"However, all rights the transferor enjoys, and any causes of action arising in its favor, from the provisions of New York General Business Law Sections 680 through 695 and the regulations issued thereunder, will remain in force. (It being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.)"

4. The following is added to the end of Section 12.11 of the Agreement (under the heading "Applicable Law").

"This section will not be considered a waiver of any right conferred upon Area Developer by the provisions of Article 33 of the New York State General Business Law and the regulations issued thereunder."

5. There are circumstances in which an offering made by Franchisor would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if Area Developer is domiciled in or the franchises will be opening in New York. Franchisor is required to furnish a New York prospectus to every prospective area developer who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, Franchisor and Area Developer have duly executed and delivered this Amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed.

<u>Area Developer</u> 	<u>Franchisor</u> <u>VAPOR SHARK FRANCHISING, LLC</u>
By _____	By _____
<u>Name</u>	<u>Name</u>
<u>Title</u>	<u>Title</u>
<u>Date</u>	<u>Date</u>

FOR THE STATE OF NORTH DAKOTA

ADDENDUM TO THE DISCLOSURE DOCUMENT

THE NORTH DAKOTA FRANCHISE LAW

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document ("FDD") for Vapor Shark Franchising, LLC is amended by the addition of the following language.

1. Sections of the Franchise Disclosure Document, Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law
 2. The Franchise Agreement and Confidentiality / Non-Competition Agreement contains a covenant not to compete which may not be enforceable under North Dakota law
 3. Sections of the Franchise Disclosure Document and Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law
 4. Sections of the Franchise Disclosure Document and Franchise Agreement relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law
 5. Sections of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law
 6. Sections of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law
- +-
7. Section of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law

~~FOR THE STATE OF RHODE ISLAND:~~

~~§ 19-28-1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act" The Franchise Disclosure Document and Franchise Agreement are amended accordingly to the extent required by law~~

~~The above language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and you do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all choice of law provisions, are fully enforceable. The Franchisor and you intend to fully enforce all of the provisions of the Franchise Agreement and all~~

~~other documents signed by them, including but not limited to all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act~~

NORTH DAKOTA AMENDMENT

TO VAPOR SHARK FRANCHISE AGREEMENT

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Agreement (the "Agreement") for Vapor Shark Franchising, LLC is amended as follows.

1. The following language is added to the end of Section 4.2.11 of the Agreement (under the heading "Right of First Refusal for Successive Terms").

"However, North Dakota has determined that requiring a franchisee to sign a general release upon renewal of the franchise agreement is unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, all references to Franchisee signing a general release upon renewal of the Franchise Agreement are deleted."

2. The following language is added to the end of Section 17.2 of the Agreement (under the heading "Post-Term Covenant Not to Compete")

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

3. The following language is added to the end of Section 23.3 of the Agreement (under the heading "Consent to Jurisdiction").

"The North Dakota Securities Commissioner has held any provision requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota to be unfair, unjust, or inequitable to North Dakota franchisees. (Section 51-19-09, N.D.C.C.) Accordingly, Section 18.3 is deleted."

4. The following language is added to the end of Section 23.4 of the Agreement (under the heading "Limitations of Claims").

"Notwithstanding the statements above, any claims may be commenced within the time period provided under North Dakota Law."

5. The following language is added to the end of Section 23.5 of the Agreement (under the heading "Limitations of Damages").

"The North Dakota Securities Commissioner has held any provision requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages to be

unfair, unjust, or inequitable to North Dakota franchisees. (Section 51-19-09, N.D.C.C.) Accordingly, Section 23.5 is deleted."

6. The following language is added to the end of Section 23.6 of the Agreement (under the heading "No Jury Trial").

"The North Dakota Securities Commissioner has held any provision requiring North Dakota franchisees to consent to the waiver of a trial by jury to be unfair, unjust, or inequitable to North Dakota franchisees. (Section 51-19-09, N.D.C.C.) Accordingly, Section 18.8 is deleted."

7. The following language is added to the end of Section 23.1 of the Agreement (under the heading "Applicable Law").

"The North Dakota Securities Commissioner has held any provision which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota to be unfair, unjust, or inequitable to North Dakota franchisees. (Section 51-19-09, N.D.C.C.) Accordingly, notwithstanding any provision of this Section 19.10 or otherwise in this Agreement, North Dakota law shall govern to the extent of any conflict between North Dakota law and any other law applicable in the Agreement."

8. The parties acknowledge and agree that laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the other agreements or other state law if such provisions are in conflict with North Dakota law.

9. This Amendment to the Agreement is effective only to the extent, with respect to each provision, that the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51 19 01 through 51 19 17, would apply to Franchisee's franchise, without reference to this Amendment.

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisee	By _____	Name _____ Title _____ Date _____
Franchisor	By _____	Name _____ Title _____ Date _____

VAPOR SHARK FRANCHISING, LLC

NORTH DAKOTA AMENDMENT

TO VAPOR SHARK AREA DEVELOPMENT AGREEMENT

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Area Development Agreement (the "Agreement") for Vapor Shark Franchising, LLC is amended as follows.

1. The following language is added to the end of Section 8.2 of the Agreement (under the heading "After Development Term")

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

2. The following language is added to the end of Section 10.2 of the Agreement (under the heading "Consent to Jurisdiction").

"The North Dakota Securities Commissioner has held any provision requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota to be unfair, unjust, or inequitable to North Dakota franchisees. (Section 51-19-09, N.D.C.C.) Accordingly, Section 10.3 is deleted."

3. The following language is added to the end of Section 10.5 of the Agreement (under the heading "Limitations of Claims").

"Notwithstanding the statements above, any claims may be commenced within the time period provided under North Dakota Law."

4. The following language is added to the end of Section 10.6 of the Agreement (under the heading "Limitations of Damages").

"The North Dakota Securities Commissioner has held any provision requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages to be unfair, unjust, or inequitable to North Dakota franchisees. (Section 51-19-09, N.D.C.C.) Accordingly, Section 10.6 is deleted."

5. The following language is added to the end of Section 10.8 of the Agreement (under the heading "No Jury Trial").

"The North Dakota Securities Commissioner has held any provision requiring North Dakota franchisees to consent to the waiver of a trial by jury to be unfair, unjust, or inequitable to North Dakota franchisees. (Section 51-19-09, N.D.C.C.) Accordingly, Section 10.8 is deleted."

6. The following language is added to the end of Section 12.11 of the Agreement (under the heading "Applicable Law").

"The North Dakota Securities Commissioner has held any provision which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota to be unfair, unjust, or inequitable to North Dakota franchisees. (Section 51-19-09, N.D.C.C.) Accordingly, notwithstanding any provision of this Section 12.12 or otherwise in this Agreement, North Dakota law shall govern to the extent of any conflict between North Dakota law and any other law applicable in the Agreement."

7. The parties acknowledge and agree that laws of the State of North Dakota supersede any provisions of the Area Development Agreement, the other agreements or other state law if such provisions are in conflict with North Dakota law.

8. This Amendment to the Agreement is effective only to the extent, with respect to each provision, that the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51 19 01 through 51 19 17, would apply to Area Developer's development area, without reference to this Amendment.

IN WITNESS WHEREOF, Franchisor and Area Developer have duly executed and delivered this Amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed.

<u>Area Developer</u>	<u>Franchisor</u>
	<u>VAPOR SHARK FRANCHISING, LLC</u>
<u>By</u>	<u>By</u>
<u>Name</u>	<u>Name</u>
<u>Title</u>	<u>Title</u>
<u>Date</u>	<u>Date</u>

ADDENDUM TO THE DISCLOSURE DOCUMENT

THE RHODE ISLAND FRANCHISE DISCLOSURE ACT

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34 the Franchise Disclosure Document (the "FDD") for Vapor Shark Franchising, LLC for use in the State of Rhode Island is amended to include the following.

1. The following language is added to the end of Item 17, "Renewal, Termination, Transfer and Dispute Resolution".

"Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that 'A provision in the franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.'"

This Addendum to the FDD is effective only to the extent, with respect to such provision, that the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, would apply to your franchise or development area, without reference to this Addendum.

RHODE ISLAND AMENDMENT

TO VAPOR SHARK FRANCHISE AGREEMENT

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties to the attached Vapor Shark Franchising, LLC Franchise Agreement (the "Agreement") agree as follows.

1. The following sentence is added to the end of Section 23.2 of the Agreement (under the heading "Consent to Jurisdiction").

"§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that 'A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.'"

2. The following sentence is added to the end of Section 23.1 of the Agreement (under the heading "Choice of Law").

"§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that 'A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.'"

3. This Amendment to the Franchise Agreement is effective only to the extent, with respect to each provision, that the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, would apply to Franchisee's franchise, without reference to this Amendment.

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

<u>Franchisee.</u>	<u>Franchisor.</u>
	<u>VAPOR SHARK FRANCHISING, LLC</u>
<u>By.</u>	<u>By.</u>
<u>Name.</u>	<u>Name.</u>
<u>Title.</u>	<u>Title.</u>
<u>Date.</u>	<u>Date.</u>

RHODE ISLAND AMENDMENT

TO VAPOR SHARK AREA DEVELOPMENT AGREEMENT

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties to the attached Vapor Shark Franchising, LLC Area Development Agreement (the "Agreement") agree as follows.

1. The following sentence is added to the end of Section 10.2 of the Agreement (under the heading "Consent to Jurisdiction").

"§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that 'A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.'"

2. The following sentence is added to the end of Section 12.11 of the Agreement (under the heading "Applicable Law").

"§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that 'A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.'"

3. This Amendment to the Area Development Agreement is effective only to the extent, with respect to each provision, that the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, would apply to Area Developer's development area, without reference to this Amendment.

IN WITNESS WHEREOF, Franchisor and Area Developer have duly executed and delivered this Amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed.

<u>Area Developer.</u>	<u>Franchisor.</u>
<u>By.</u>	<u>VAPOR SHARK FRANCHISING, LLC</u>
<u>Name.</u>	<u>Name.</u>
<u>Title.</u>	<u>Title.</u>
<u>Date.</u>	<u>Date.</u>

ADDENDUM TO THE DISCLOSURE DOCUMENT

FOR THE COMMONWEALTH OF VIRGINIA: FRANCHISE DISCLOSURE ACT

In recognition of the ~~restrictions contained in Section 13.1-564~~ requirements of the Virginia Retail Franchising Act, Virginia Code, Title 13.1, Chapter 8, §§ 13.1-557 through 13.1-574, the Franchise Disclosure Document (the "FDD") for Mister Sparky Franchising, L.L.C. for use in the Commonwealth State of Virginia shall be ~~is~~ amended as follows

~~Additional Disclosure~~ The following statements are added to Item 17(h) of the Disclosure Document—Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does 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.

~~The following is added to the cover page of the Disclosure Document—~~

~~Please consider the following RISK FACTORS before you buy this franchise—~~

1. The following risk factors are added to the State Cover Page.

THIS IS A DEVELOPMENT STAGE COMPANY WHICH MAY ENTAIL ADDITIONAL RISK OF FINANCIAL LOSS

WE WERE INCORPORATED ON MARCH 21, 2014 AND HAVE A BRIEF OPERATING HISTORY FOR YOU TO REVIEW. BECAUSE WE HAVE BEEN OPERATING FOR ONLY A SHORT PERIOD OF TIME, WE HAVE LIMITED RESOURCES WITH WHICH TO SUPPORT THE FRANCHISE SYSTEM. YOU MAY WANT TO CONSIDER THESE FACTORS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.

2. The "Summary" section of Item 17 (h) (entitled "'Cause' defined – non-curable defaults") is amended by adding the following language.

"Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does 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."

3. This Addendum to the FDD is effective only to the extent, with respect to each provision, that the Virginia Retail Franchising Act would apply to your franchise or development area, without reference to this Addendum.

VIRGINIA AMENDMENT

TO VAPOR SHARK FRANCHISE AGREEMENT

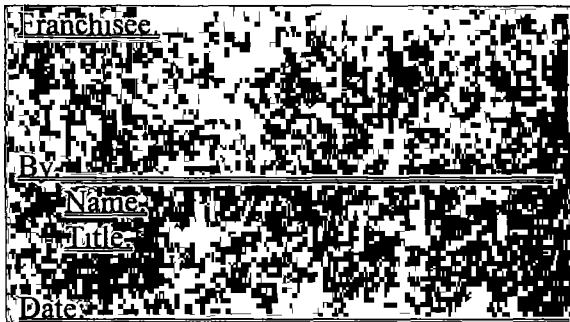
In recognition of the requirements of the Virginia Retail Franchising Act, Virginia Code, Title 13.1, Chapter 8, §§ 13.1-557 through 13.1-574, the parties to the attached Vapor Shark Franchising, LLC Franchise Agreement (the "Agreement") agree as follows.

1. A new Section 16.6 is added to the Agreement, which shall provide in its entirety as follows.

"Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Agreement does 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."

2. This Amendment to the Agreement will be effective only to the extent, with respect to each provision, that the Virginia Retail Franchising Act, Virginia Code, Title 13.1, Chapter 8, §§ 13.1-557 through 13.1-574, would apply to Franchisee's franchise, without reference to this Amendment.

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

<u>Franchisee</u> 	<u>Franchisor</u> <u>VAPOR SHARK FRANCHISING, LLC</u>
<u>By</u>	<u>By</u>
<u>Name</u>	<u>Name</u>
<u>Title</u>	<u>Title</u>
<u>Date</u>	<u>Date</u>

VIRGINIA AMENDMENT

TO VAPOR SHARK AREA DEVELOPMENT AGREEMENT

In recognition of the requirements of the Virginia Retail Franchising Act, Virginia Code, Title 13.1, Chapter 8, §§ 13.1-557 through 13.1-574, the parties to the attached Vapor Shark Franchising, LLC Area Development Agreement (the "Agreement") agree as follows.

1. A new Section 16.6 is added to the Agreement, which shall provide in its entirety as follows.

"Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Agreement does 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."

2. This Amendment to the Agreement will be effective only to the extent, with respect to each provision, that the Virginia Retail Franchising Act, Virginia Code, Title 13.1, Chapter 8, §§ 13.1-557 through 13.1-574, would apply to Area Developer's development area, without reference to this Amendment.

IN WITNESS WHEREOF, Franchisor and Area Developer have duly executed and delivered this Amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed.

FOR

<u>Area Developer.</u>	<u>Franchisor.</u>
	<u>VAPOR SHARK FRANCHISING, LLC</u>
<u>By.</u>	<u>By.</u>
<u>Name.</u>	<u>Name.</u>
<u>Title.</u>	<u>Title.</u>
<u>Date.</u>	<u>Date.</u>

ADDENDUM TO THE STATE OF DISCLOSURE DOCUMENT

THE WASHINGTON FRANCHISE INVESTMENT LAW

~~Arbitration shall take place in the state of Washington, but only if "in-state" arbitration is a valid requirement.~~
In recognition of the requirements of the Washington Franchise Investment Protection Act—, Wash. Rev. Code §§ 19.100.180, the Franchise Disclosure Document (the "FDD") for Vapor Shark Franchising, LLC in connection with the offer and sale of franchises for use in the State of Washington is amended to include the following.

1. The following paragraphs are added to the end of Item 17. "Renewal, Termination, Transfer and Dispute Resolution".

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement or Area Development Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement or Area Development Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

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

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

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

These states have statutes which limit the franchisor's ability to restrict your activity after the Franchise Agreement has ended. California Business and Professions Code Section 16.600. Florida Statutes Section 542.33. Michigan Compiled Laws Section 445.771 et seq.. Montana Codes Section 30-14-201. North Dakota Century Code Section 9-08-06. Oklahoma Statutes Section

15-217-19. Washington Code Section 19.86.030. Other states have court decisions limiting the franchisor's ability to restrict your activity after the Franchise Agreement has ended. State courts also restrict the imposition of liquidated damages. The imposition of liquidated damages is also restricted by fair practice laws, contract law, and state and federal court decisions.

A provision in the Franchise Agreement or Area Development Agreement which terminate the franchise upon bankruptcy of the franchisee may not be enforceable under Title 11, United States Code Section 101."

2. The sixth paragraph of Item 12, "Territory" is deleted and replaced with the following.

"We define two types of Prior Customers, "Prior Business Customer" and "Former Open Territory Customers." "Prior Business Customers" are customers who, on the date you enter into your Franchise Agreement were located in the territory of another franchisee's Franchised Business and (i) paid for services of your Franchised Business or a Prior Business during the 24 months prior to the date you enter into your Franchise Agreement, and (ii) appear by name and address, on a written list received by us within 90 days of the date you enter into your Franchise Agreement. If both conditions are met, and you are a new franchisee, you may continue to service the Prior Business Customers for up to 24 months after you sign your Franchise Agreement provided that the other franchisee's franchise agreement with us allows such action. As of the date on which this Disclosure Document was issued, there is one franchise agreement in place in the State of Washington that would allow a new franchisee to continue to service Prior Business Customers who are located in the territory of the existing franchisee for a 24-month period if the new franchisee satisfies the conditions described in this paragraph. After the 24-month period, you must turn the Prior Business Customers over to the franchisee in whose territory the Prior Business Customers are located. If you sign a Franchise Agreement to renew an existing franchise, you will be restricted from servicing Prior Business Customers in the territory of another franchisee."

3. Each provision of this Addendum to the FDD will be effective only to the extent, with respect to each provision, that the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, would apply to your franchise or development area, without reference to this Addendum.

1-2 WASHINGTON AMENDMENT
TO VAPOR SHARK FRANCHISE AGREEMENT

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties to the attached Vapor Shark Franchising, LLC Franchise Agreement agree as follows.

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in Franchisee's relationship with 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 Franchisor including the areas of termination and renewal of your franchise.

2. In the event of a conflict of law, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

3. A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

4. Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer.

5. The undersigned hereby acknowledges receipt of this Amendment.

6. Each provision of this Amendment to the Agreement will be effective only to the extent, with respect to each provision, that the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, would apply to Franchisee's franchise, without reference to this Amendment.

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisee.

Franchisor.

VAPOR SHARK FRANCHISING, LLC

By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

WASHINGTON AMENDMENT

TO VAPOR SHARK AREA DEVELOPMENT AGREEMENT

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties to the attached Vapor Shark Franchising, LLC Area Development Agreement agree as follows.

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the Area Development Agreement in Area Developer's relationship with Franchisor, including the area of termination of the Area Development Agreement. There may also be court decisions which may supersede the Area Development Agreement in Area Developer's relationship with Franchisor including the area of termination of the Area Development Agreement.

2. In the event of a conflict of law, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

3. A release or waiver of rights executed by an area developer will not include rights under the Washington Franchise Investment Protection Act (the "Act") except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

4. Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer

~~In the state of Washington, franchisees will not be required to pay the initial franchise fee until we complete our pre-opening obligations and we have completed your training and you are open for business. Once we have fulfilled our pre-opening obligations, you must pay us the initial franchise fee in the amount of \$25,000 payable by certified funds or wire transfer.~~

5. The undersigned hereby acknowledges receipt of this Amendment.

6. Each provision of this Amendment to the Area Development Agreement will be effective only to the extent, with respect to each provision, that the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, would apply to Area Developer's development area, without reference to this Amendment.

IN WITNESS WHEREOF, Franchisor and Area Developer have duly executed and delivered this Amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed.

<u>Area Developer.</u>	<u>Franchisor.</u>
	<u>VAPOR SHARK FRANCHISING, LLC</u>
By. _____	By. _____

<u>Name</u>	<u>Name</u>
<u>Title</u>	<u>Title</u>
<u>Date</u>	<u>Date</u>

ADDENDUM TO THE DISCLOSURE DOCUMENT

THE WISCONSIN FAIR DEALERSHIP LAW

In recognition of the requirements of the Wisconsin Fair Dealership Law (the "Dealership Law"), the Franchise Disclosure Document (the "FDD") for Vapor Shark Franchising, LLC, in connection with the offer and sale of franchises or development areas for use in the State of Wisconsin is amended to include the following.

1. Item 17(w) of the Franchise Agreement chart and the Area Development Agreement chart in the FDD is amended by adding the following language thereto. "Concerning any franchise sold in the State of Wisconsin, to the extent that any provision of the Franchise Agreement conflicts with the Wisconsin Fair Dealership Law, the Wisconsin Fair Dealership Law will control."

2. Each provision of this Addendum to the FDD will be effective only to the extent, with respect to each provision, that the Wisconsin Fair Dealership Law would apply to your franchise or development area, without reference to this Addendum.

**FOR THE STATE OF WISCONSIN AMENDMENT
TO VAPOR SHARK FRANCHISE AGREEMENT**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document and Franchise Agreement are amended accordingly. In recognition of the requirements of the Wisconsin Fair Dealership Law (the "Dealership Law"), the parties to the attached Vapor Shark Franchising, LLC Franchise Agreement agree as follows.

ACKNOWLEDGMENT

It is agreed that the applicable foregoing State Specific Addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of _____, 20____, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect, and the parties further acknowledge and agree that this State Specific Addendum is applicable only to those persons specifically subject to the protections of the state laws referenced in this State Specific Addendum.

1. The Franchise Agreement is amended by adding a new Section 4.2(G) thereof which shall read in its entirety as follows. "Notwithstanding anything in this Article 4 to the contrary, to the extent required by the Wisconsin Fair Dealership Law, we will provide you at least 90 days written notice of our decision not to grant you a successor franchise, and to the extent required under Wisconsin law, you will then have at least 60 days in which to rectify any claimed deficiencies (unless a larger number of days is otherwise provided herein)."

2. The Franchise Agreement is amended by adding a new Section 16.5 thereof which shall read in its entirety as follows. "Notwithstanding anything in this Article 16 to the contrary, to the extent required by the Wisconsin Fair Dealership Law, we will provide you at least 90 days written notice of our decision to terminate this Agreement, and to the extent required under Wisconsin law, you will then have at least 60 days in which to rectify any claimed deficiencies (unless a larger number of days is otherwise provided herein)."

3. Section 19.10 of the Franchise Agreement is hereby amended by adding the following language to the end thereof. "Notwithstanding anything in this Agreement to the contrary, to the extent that any provision of this Agreement conflicts with the Wisconsin Fair Dealership Law, the Wisconsin Fair Dealership Law shall control."

4. Each provision of this Amendment to the Agreement will be effective only to the extent, with respect to each provision, that the Wisconsin Fair Dealership Law, would apply to Franchisee's franchise, without reference to this Amendment.

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisee:
By: _____
Name: _____
Title: _____
Date: _____

Franchisor:
Vapor Shark Franchising, LLC
By: _____
Name: _____
Title: _____
Date: _____

WISCONSIN AMENDMENT

TO VAPOR SHARK AREA DEVELOPMENT AGREEMENT

In recognition of the requirements of the Wisconsin Fair Dealership Law (the "Dealership Law"), the parties to the attached Vapor Shark Franchising, LLC Area Development Agreement agree as follows.

1. The Area Development Agreement is amended by adding a new Section 7.5 thereof which shall read in its entirety as follows. "Notwithstanding anything in this Article 7 to the contrary, to the extent required by the Wisconsin Fair Dealership Law, we will provide you at least 90 days written notice of our decision to terminate this Agreement, and to the extent required under Wisconsin law, you will then have at least 60 days in which to rectify any claimed deficiencies (unless a larger number of days is otherwise provided herein)."

2. Section 12.12 of the Area Development Agreement is hereby amended by adding the following language to the end thereof. "Notwithstanding anything in this Agreement to the contrary, to the extent that any provision of this Agreement conflicts with the Wisconsin Fair Dealership Law, the Wisconsin Fair Dealership Law shall control."

3. Each provision of this Amendment to the Area Development Agreement will be effective only to the extent, with respect to each provision, that the Wisconsin Fair Dealership Law, would apply to Area Developer's Area Development Agreement, without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto Franchisor and Area Developer have duly executed this State Law Addendum as of the Effective Date of the Franchise Agreement between the parties and delivered this Amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed

Vapor Shark Franchising, LLC _____ Franchisee _____

By _____ By _____

Print Name _____ Print Name _____

Its _____ Its _____

Date _____ Date _____

<u>Area Developer.</u>	<u>Franchisor.</u>
<u>By</u> _____	<u>VAPOR SHARK FRANCHISING, LLC</u>
<u>Name.</u>	<u>By</u> _____
<u>Title.</u>	<u>Name.</u>
<u>Date.</u>	<u>Title.</u>
_____	<u>Date.</u>

EXHIBIT "C" TO THE DISCLOSURE DOCUMENT-

VAPOR SHARK FRANCHISING, LLC

FRANCHISEES OPEN AS OF ~~March~~ DECEMBER 31, 2017

Franchisee	Street Address	City	State / Country	Zip Code	Phone
Inspire Net, LLC	10800 Pines Boulevard, Suite #11	Pembroke Pines	FL	33026	954-800-5333
Sherry Holding, Inc	819 North Federal Highway	Boca Raton	FL	33432	561-287-9908
Family and Friends Enterprises, LLC	5514 West Sample Road	Coconut Creek	FL	33073	954-414-1620
Abav Investments, LLC	8690 NW 13 th Terrace	Doral	FL	33126	305-808-3045
DM Estate, LLC	3432 3442 West Hillsborough Boulevard	Deerfield Beach	FL	33442	954-857-0404
VS Miller Square, Inc	13706 SW 56 Street	Kendall Lakes Miami	FL	33175	305-808-3078
Jucher, LLC	1824 NE Miami Gardens Drive	Miami Gardens	FL	33179	786-361-7921

Breckell Vapor Inc	243 East Flagler Street	Miami	FL	33132	786-361-7919
Vape A Storm Inc	2794 West 68 th Street #108	Hialeah	FL	33016	305-503-0150
Sherin Saba, LLC	6208 North Federal Highway	Ft Lauderdale	FL	33308	954-271-2880
Syeda Aleya, Inc	16764 NW 67 th Avenue	Miami Lakes Hialeah	FL	33015	305-722-7492
JF Schriesheim and Associates, LLC	2500 S Dixie Highway	Miami	FL	33133	305-501-1556
Vape A Storm, Inc	4900 S University Drive, Unit #111	Davie	FL	33328	786-344-9767
VS Homestead, LLC	650 NE 22 nd Terrace	Homestead	FL	33033	305-459-3949
C Solution Services, LLC	2860 NW Federal Highway	Stuart	FL	34995	772-252-1961
Sherry Holding, Inc	7400 N Federal Highway	Boca Raton	FL	33487	561-325-7926

Opulent Ventures, LLC	18245 Pines Boulevard	Pembroke Pines	FL	33029	954-613-6736
<u>Vape a Storm, Inc.</u>	<u>459 E. 49th Street</u>	<u>East Hialeah</u>	<u>FL</u>	<u>33013</u>	<u>(786)</u> <u>636-1643</u>
<u>Vapor M.R. LLC</u>	<u>2714 N. University Dr.</u>	<u>Sunrise</u>	<u>FL</u>	<u>33322</u>	<u>(954)</u> <u>947-2651</u>
<u>SR 7 Inc.</u>	<u>10109 Southern Boulevard</u>	<u>Royal Palm Beach</u>	<u>FL</u>	<u>33414</u>	<u>561-425-6819</u>
<u>Sharky Interests, LLC</u>	<u>1930 Parkwood Boulevard</u>	<u>Eriseo</u>	<u>TX</u>	<u>75034</u>	<u>972-590-8039</u>
<u>DM Vapor No. 1, LLC</u>	<u>4135 Belt Line Rd.</u>	<u>Addison</u>	<u>TX</u>	<u>75001</u>	<u>972-215-0389</u>
<u>Vapor Shark Jersey, LLC</u>	<u>575 North Main Street</u>	<u>Barnegat</u>	<u>NJ</u>	<u>08005</u>	<u>609-366-1061</u>
<u>Vapor Shark Jersey, LLC</u>	<u>1403 Route 37 East</u>	<u>Tom s River</u>	<u>NJ</u>	<u>08753</u>	<u>732-860-0224</u>
<u>MN Vapés Corp.</u>	<u>1017 Lebanon Rd.</u>	<u>West Mifflin</u>	<u>PA</u>	<u>15122</u>	<u>412-345-3853</u>
<u>Red 5 Enterprises</u>	<u>18895 W. Bluemound Road</u>	<u>Brookfield</u>	<u>WI</u>	<u>53045</u>	<u>262-293-4360</u>
<u>Tre Sorelle S.A.</u>	<u>20 calle 25-96 zona 10 centro comercial plaza la 20 calle</u>	<u>Guatemala City</u>	<u>Guatemala</u>	<u>1010</u>	<u>502-2333-4552</u> <u>502-5511-8851</u>
<u>Tre Sorelle S.A.</u>	<u>Centro de Conveniencia Maradas, Diagonal 12 25-85 zona 11</u>	<u>Guatemala City</u>	<u>Guatemala</u>	<u>1010</u>	<u>502-2474-0970</u> <u>502-5511-8851</u>

Vape-a-Storm, Inc.	459 E 49th Street	East Hialeah	FL	33013	(786) 636-1643
Vapor MLR, LLC	2714 N University Dr	Sunrise	FL	33322	(954) 947-2651
Sharky Interests, LLC	1930 Parkwood Boulevard	Friseo	TX	75034	972-590-8039
DM Vapor No. 1, LLC	4135 Belt Line Rd	Addison	TX	75001	972-213-0189
Vapor Shark Jersey, LLC	575 North Main Street	Barnegat	NJ	08005	609-366-1061
Vapor Shark Jersey, LLC	1403 Route 37 East	East Tom's River	NJ	08753	732-860-0224
MN Vapes Corp	1017 Lebanon Rd	West Mifflin	PA	15122	412-345-3853
Red 5 Enterprises	18895 W Bluemound Road	Brookfield	WI	53045	262-293-4360
Tre Sorelle, S A	20 calle 25-96 zona 10 centro- comercial plaza la 20 calle	Guatemala City	Guatemala	1010	502-2333-4552 502-5511-8851
Tre Sorelle, S A	Centro de Convenciones Mayadas- Diagonal 12-25-85 zona 11	Guatemala City	Guatemala	1010	502-2474-0970 502-5511-8851

2EXHIBIT "GH-1" TO THE DISCLOSURE DOCUMENT

VAPOR SHARK FRANCHISING, LLC-

FRANCHISEES NOT YET OPEN AS OF MARCH ~~DECEMBER~~ 31, 2017

Name	Street Address	City	State	Zip Code	Phone
<u>J&D Trading, LLC</u>	<u>1607 N. Military Trl.</u> <u>West Palm Beach,</u> <u>Florida 33409</u>	<u>West Palm Beach</u>	<u>FL</u>	<u>33409</u>	<u>(561) 570-1212</u>
<u>Joseph Schriesheim and Associates,</u> <u>LLC</u>	TBD	<u>FT/Cutler Bay Area</u>	FL	<u>33190TBD</u>	TBD
<u>Mario Ferradosa Family and Friends</u> <u>Enterprises LLC</u>	TBD	<u>Wynwood/Tamarac</u>	FL	<u>33127TBD</u>	TBD

EXHIBIT "GH-2" TO THE DISCLOSURE DOCUMENT-

VAPOR SHARK FRANCHISING, LLC-

FORMER FRANCHISEES AS OF ~~MARCH~~DECEMBER 31, 2017

Name	Address	Phone Number	Date Closed
J and J VAP- LLC <u>Brickell Vapor Inc.</u>	61 Alfaya Woods Blvd Oveido 243 E. <u>Flagler St.</u> <u>Miami, Florida 3276533132</u>	305(786) 361-298-79437919	Closed <u>27/2531/1517</u>
DMA Atomizer, LLC	6901 Okeechobee Blvd Suite D-1 West Palm Beach, Florida 33411	954-245-3143	Closed 3/15/16
DMA Atomizer, LLC	4905 Pine Island Rd Plantation, FL 33322	954-245-3143	Closed 4/11/16
Chanis Group LLC	7909 W. Grand Parkway Richmond, TX 77469	281-816-5762	Closed 10/30/16
Pacific Sun Trading, LTD	189 Guozhan Rd A20 Pudong District, Shanghai China 200000	+8613636332766	Closed 12/09/16
Chanis Group, LLC	5011 Highway 6 South Missouri City, TX Texas 77459	(281-) 816-4962	Closed 1/15/17

~~**+EXHIBIT "H" TO THE DISCLOSURE DOCUMENT-**~~

~~**VAPOR SHARK FRANCHISING, LLC**~~

~~**FINANCIAL STATEMENTS**~~

†
VAPOR SHARK FRANCHISING, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015



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APPELL ROUTH
LEAPRAH & CO. P.A.
Garantied-Public-Accountants

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1. *Journal of the American Medical Association*, 2001; 286: 2669-2674.

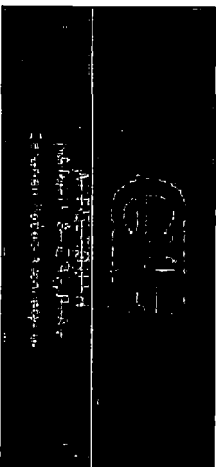
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— <u>Period start</u> and <u>end</u> are related to the financial statements			
Management's Responsibility for the Financial Statements			

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit

the person who provided the means to obtain inaccurate evidence about whether the interviewee's statements are true or not.

Telephone: (305) 444-0089 • Broadway (954) 728-8989 • Toll Free (877) 446-0089 • Facsimile (305) 443-5174			
info@applefourth.com • www.applefourth.com			



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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

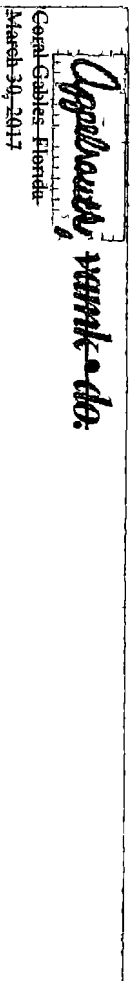
Auditor's Responsibility (Continued)

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 Vapor Shark Franchising, LLC as of December 31, 2016 and 2015, 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.



Proud Member of: mg

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Telephone: (305) 444-0999 I Breward: (954) 728-8989 I Toll Free: (877) 446-0999 I Facsimile: (305) 443-5174
info@apptechth.com I www.apptechth.com

VAPOR SHARK FRANCHISING, LLC
BALANCE SHEETS

DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash	\$ 28,000	\$ 5,000
Total assets	\$ 28,000	\$ 5,000
LIABILITIES AND MEMBER'S EQUITY		
LIABILITIES		
Accounts payable	\$ 12,000	\$
Total liabilities	12,000	
MEMBER'S EQUITY	16,000	5,000
Total liabilities and member's equity	\$ 28,000	\$ 5,000

See independent auditor's report and notes to financial statements

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VAPOR SHARK FRANCHISING, LLC
STATEMENTS OF INCOME

-6-

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
FRANCHISE REVENUES	\$ 150,500	\$ 225,000
OPERATING EXPENSES		
Bank fees	434	84
Office expenses		2,824
Professional fees	72,500	58,402
Total operating expenses	72,934	61,310
NET INCOME	\$ 77,566	\$ 163,690

See independent auditor's report and notes to financial statements.

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VAPOR SHARK FRANCHISING, LLC
STATEMENT OF MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016



VAPOR SHARK FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

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See independent auditor's report and notes to financial statements.

BALANCE AT DECEMBER 31, 2014	91,319
NET INCOME	163,690
DISTRIBUTIONS	(250,000)
BALANCE AT DECEMBER 31, 2015	\$ 000
NET INCOME	77,566
CONTRIBUTIONS	71,160
DISTRIBUTIONS	(137,726)
BALANCE AT DECEMBER 31, 2016	16,000

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$7,566	\$62,600
Adjustments to reconcile changes in net income to net cash provided by operating changes in assets and liabilities:		
Increase (Decrease) in accounts payable	12,000	(1,965)
Net cash provided by operating activities	\$9,566	\$60,635
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions from member	74,160	
Distributions to member	(137,725)	(250,000)
Net cash used in financing activities	(\$68,159)	(\$189,365)
NET INCREASE (DECREASE) IN CASH	(\$2,000)	(\$89,384)
CASH - BEGINNING OF YEAR	\$5,000	\$93,284
CASH - END OF YEAR	\$3,000	\$5,000



See independent auditor's report and notes to financial statements.

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VAPOR SHARK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 NATURE OF OPERATIONS

Vapor Shark Franchising LLC (the Company) was organized on December 19, 2013, in the State of Florida. The Company licenses the right to individual franchisees to use and operate under the 'Vapor Shark' name and to market and sell Vapor Shark products.

During the years ended December 31, 2016 and 2015, the Company sold 7 and 9 franchises respectively. As of December 31, 2016, there were a total of 33 store locations in operation of which 25 are owned by franchisees and 8 are company owned.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Basis of

Presentation

The financial statements of the Company have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Franchise Revenue

Initial franchise fee revenue from individual franchise sales are recorded as deferred revenue until all material services and conditions relating to the sale have been substantially performed or satisfied by the Company. Substantial performance is considered to have occurred once the Company has provided its initial training to the individual franchisee and the franchise officially opens.

Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to its member. Therefore, no provision or liability for income taxes has been included in the financial statements.

Uncertainty in Income Taxes

The Company follows the provisions of Accounting Standards Codification 740-10, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.



The Company evaluated subsequent events through March 30, 2017, the date these financial statements were available to be issued.

NOTE 5 SUBSEQUENT EVENTS

Accounting expenses incurred by the Company during the year ended December 31, 2015, were paid in full by a related party.

NOTE 4 RELATED PARTY TRANSACTIONS

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

NOTE 3 USE OF ESTIMATES

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in the financial statements. The evaluation was performed for the tax year ended December 31, 2013, 2014 and 2015, the tax year which remains subject to examination by major tax jurisdictions as of December 31, 2016.

Uncertainty in Income Taxes (Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DECEMBER 31, 2016

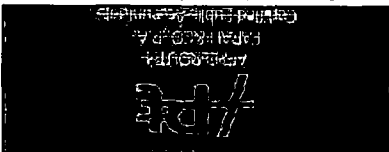
NOTES TO FINANCIAL STATEMENTS
VAPOR SHARK FRANCHISING, LLC

INDEPENDENT AUDITOR'S REPORT

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DECEMBER 31, 2014

FINANCIAL STATEMENTS

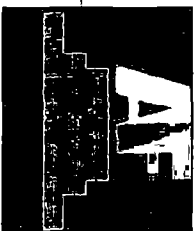
VAPOR SHARP FRANCHISING, LLC

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To the Member
Vapor Shark Franchising LLC
Miami, Florida

Report on the Financial Statements

We have audited the accompanying
Franchising LLC which comprise the
and the related statements of income, member's equity and cash flows for the year then ended and the
related notes to the financial statements.



Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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INDEPENDENT AUDITOR'S REPORT (CONTINUED) Auditor's

Responsibility (Continued)

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 Vapor Shark Franchising LLC as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

allkhayva, lan co:

Coral Gables, Florida
March 20, 2015

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FINANCIAL STATEMENTS

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4	Statement of Income
5	Statement of Member's Equity
6	Statement of Cash Flows
7	NOTES TO FINANCIAL STATEMENTS



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VAPOR SHARK FRANCHISING, LLC
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

CURRENT ASSETS

Cash _____ \$ 93,284

Total assets _____ \$ 93,284

LIABILITIES AND MEMBER'S EQUITY

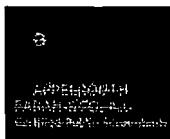
LIABILITIES

Accounts payable _____ \$ 1,965

Total liabilities _____ 1,965

MEMBER'S EQUITY _____ 91,319

Total liabilities and member's equity _____ \$ 93,284



See independent auditor's report and notes to financial statements.

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VAPOR SHARK FRANCHISING, LLC
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014

FRANCHISE REVENUES	\$ 314,400
OPERATING EXPENSES	
Bank fees	40
Licenses and taxes	1,425
Office expenses	64
Professional fees	98,039
Total operating expenses	99,568
NET INCOME	\$ 214,832



See independent auditor's report and notes to financial statements

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VAPOR SHARK FRANCHISING, LLC
STATEMENT OF MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014

BALANCE AT DECEMBER 31, 2013	\$ 85
NET INCOME	211,832
DISTRIBUTIONS	(122,598)



BALANCE AT DECEMBER 31, 2014 91,319

See independent auditor's report and notes to financial statements.

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\$ 214,832

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~~VAPOR SHARK FRANCHISING, LLC~~ ~~1,965~~
~~STATEMENT OF CASH FLOWS~~ ~~216,797~~
~~FOR THE YEAR ENDED DECEMBER 31, 2014~~

CASH FLOWS FROM OPERATING ACTIVITIES	(123,598)
Net income	(123,598)
Adjustments to reconcile changes in net income to net cash provided by operating activities	93,199
Changes in assets and liabilities	
Increase in accounts payable	85
	Net cash provided by operating activities
	\$ 93,284
CASH FLOWS FROM FINANCING ACTIVITIES	
Distributions paid	
	Net cash used in financing activities
Net increase in cash	
CASH - BEGINNING OF YEAR	


CASH - END OF YEAR

See independent auditor's report and notes to financial statements.

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VAPOR SHARK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31 2014

NOTE 1 NATURE OF OPERATIONS

Vapor Shark Franchising LLC ("the Company") was organized on December 19, 2013 in the State of Florida. The Company licenses the right to individual franchisees to use and operate under the "Vapor Shark" name and to market and sell Vapor Shark products.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Basis of

Presentation.

The financial statements of the Company have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Franchise Revenue

Initial franchise fee revenue from individual franchise sales are recorded as deferred revenue until all material services and conditions relating to the sale have been substantially performed or satisfied by the Company. Substantial performance is considered to have occurred once the Company has provided its initial training to the individual franchisee and the franchise officially opens.

Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to its member. Therefore, no provision or liability for income taxes has been included in the financial statements.

Uncertainty in Income Taxes

The Company follows the provisions of Accounting Standards Codification 740-10 *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions

requiring recognition in the financial statements. The evaluation was performed for the tax year ended December 31, 2013, the tax year which remains subject to examination by major tax jurisdictions as of December 31, 2014.

VAPOR SHARK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 3 - USE OF ESTIMATES

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

NOTE 4 - SUBSEQUENT EVENTS

The Company evaluated subsequent events through March 20, 2015, the date these financial statements were available to be issued.



VAPOR SHARK FRANCHISING, LLC
FINANCIAL STATEMENTS

EXHIBIT "12" TO DISCLOSURE DOCUMENT-

VAPOR SHARK FRANCHISING, LLC-

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, VAPOR SHARK FRANCHISING, LLC and you are preparing to enter into a Franchise Agreement for the operation of a Franchised Business. In this Franchisee Disclosure Questionnaire, VAPOR SHARK FRANCHISING, LLC will be referred to as "we" or "us". The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

~~1-~~1 Have you received and personally reviewed VAPOR SHARK FRANCHISING, LLC Franchise Agreement and each exhibit, addendum and schedule attached to it?

Yes ____ No ____

~~2-~~2 Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

Yes ____ No ____

If "No", what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary)

4 Have you received and personally reviewed our disclosure document we provided to you?

Yes ____ No ____

5 Do you understand all of the information contained in the disclosure document?

Yes ____ No ____

If "No", what parts of the disclosure document do you not understand? (Attach additional pages, if

necessary)

+

~~5~~-5 Have you discussed the benefits and risks of operating the Franchised Business with an attorney, accountant or other professional advisor and do you understand those risks?

Yes ____ No ____

~~6~~-6 Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes ____ No ____

~~7~~-7 Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of the Franchised Business that we or our franchisees operate?

Yes ____ No ____

~~8~~-8 Has any employee or other person speaking on our behalf made any statement or promise concerning a Franchised Business that is contrary to, or different from, the information contained in the disclosure document?

Yes ____ No ____

~~9~~-9 Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes ____ No ____

~~10~~-10 Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the disclosure

document?

Yes ____

No ____

~~11-11~~ If you have answered "Yes" to any of questions 7 through 10, please provide a full explanation of your answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) If you have answered "No" to each of these questions, please leave the following lines blank

2

12 Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and these dealings are solely between you and us?

Yes ____

No ____

You understand that your answers are important to us and that we will rely on them

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

Dated on _____, 20__

Print Name of Franchisee/Applicant

Signature

Name and Title of Person Signing

EXHIBIT "J" K TO THE DISCLOSURE DOCUMENT
VAPOR SHARK FRANCHISING, LLC-

RECEIPT

RECEIPT-

(Your Copy)

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 Vapor Shark Franchising, LLC offers you a franchise, Vapor Shark Franchising, LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Vapor Shark Franchising, LLC or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Vapor Shark Franchising, 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 the appropriate state agency identified on Exhibit "A."

The name, principal business address and telephone number of each franchise seller offering the franchise:

~~Brandon Leidel at 5000 SW 75th Avenue, Suite 120, Miami, FL 33155 (855) 827-3669, and Christopher Jason Henshaw at 5000 SW 75th Avenue, Suite 120, Miami, FL 33155 (855) 827-3669, or,~~
following Franchisor's move in 2018, 7900 Oak Lane, Suite 401, Miami Lakes, FL 33016.

Issuance Date ~~March 31, 2017~~ May 22, 2018

See Exhibit "B" for our registered agents authorized to receive service of process.

I have received a disclosure document dated ~~March 31, 2017~~ May 22, 2018, that included the following Exhibits:

Exhibit "A"	State Agencies and Administrators
Exhibit "B"	Agents for Service of Process
Exhibit "C"	Franchise Agreement
Exhibit "D"	<u>Area Development Agreement</u>

<u>Exhibit E</u>	Franchise Deposit Agreement
Exhibit " E " <u>F</u>	Table of Contents of Confidential Operating Manual
Exhibit " F " <u>G</u>	State Disclosure Addenda and Franchise Agreement Riders
Exhibit " G " <u>H</u>	Franchisees as of March <u>December</u> 31, 2017
Exhibit " GH -1" <u>2</u>	Stores Not Yet Open as of March <u>December</u> 31, 2017
Exhibit " GH -2" <u>3</u>	Former Franchisees
Exhibit " H " <u>I</u>	Financial Statements
Exhibit " I " <u>J</u>	Franchisee Disclosure Questionnaire
Exhibit " J " <u>K</u>	Receipt

Date	Signature	Printed Name
------	-----------	--------------

Date	Signature	Printed Name
------	-----------	--------------

KEEP THIS COPY FOR YOUR RECORDS

RECEIPT-

(Our Copy)

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 Vapor Shark Franchising, LLC offers you a franchise, Vapor Shark Franchising, LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Vapor Shark Franchising, LLC or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Vapor Shark Franchising, 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 the appropriate state agency identified on Exhibit "A."

The name, principal business address and telephone number of each franchise seller offering the franchise:

~~Brandon Leidel at 5000 SW 75th Avenue, Suite 120, Miami, FL 33155 (855) 827-3669, and Christopher Jason Henshaw at 5000 SW 75th Avenue, Suite 120, Miami, FL 33155 (855) 827-3669-3669, or,~~
following Franchisor's move in 2018, 7900 Oak Lane, Suite 401, Miami Lakes, FL 33016.

*

Issuance Date ~~March 31, 2017~~ May 22, 2018

See Exhibit "B" for our registered agents authorized to receive service of process.

I have received a disclosure document dated ~~March 31, 2017~~ May 22, 2018, that included the following Exhibits:

Exhibit "A"	State Agencies and Administrators
Exhibit "B"	Agents for Service of Process
Exhibit "C"	Franchise Agreement

Exhibit "D" D	<u>Area Development Agreement</u>
Exhibit E	Franchise Deposit Agreement
Exhibit "E" F	Table of Contents of Confidential Operating Manual
Exhibit "F" G	State Disclosure Addenda and Franchise Agreement Riders
Exhibit "G" H	Franchisees as of March <u>December</u> 31, 2017
	+
Exhibit "GH-1" 2	Stores Not Yet Open as of March <u>December</u> 31, 2017
Exhibit "GH-2" 3	Former Franchisees
Exhibit "H" I	Financial Statements
Exhibit "I" J	Franchisee Disclosure Questionnaire
Exhibit "J" K	Receipt

Date	Signature	Printed Name
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Date	Signature	Printed Name
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PLEASE SIGN AND DATE THIS COPY OF THE RECEIPT AND RETURN IT TO

VAPOR SHARK FRANCHISING, LLC

5000 SW 75th Avenue, Suite 120

Miami, FL 33155

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Or, following Franchisor's move in 2018,

7900 Oak Lane, Suite 401

Miami Lakes, FL 33016