

FRANCHISE DISCLOSURE DOCUMENT



Remedy Intelligent Staffing, LLC
a California limited liability company
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Atlanta, Georgia 30338
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www.westaff.com
Email: franchise@remedystaff.com

The franchise is a business that markets, sells, and provides high quality temporary employment and direct-hire employment services to businesses under the trade names "Remedy," "RemedyTemp," or "Westaff," (each a "Franchised Business").

The total investment necessary to begin operation of a Franchised Business ranges from \$151,840 - \$258,280. This includes initial fees of \$39,950 that must be paid to us.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Ms. Deanna Miranda, at 1040 Crown Pointe Parkway, Suite 1040, Atlanta, Georgia 30338 telephone (949) 425-7636.

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

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

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

The issuance date of this Franchise Disclosure Document is April 25, 2018.

STATE COVER PAGE

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

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

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

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

- 1. THE FRANCHISE AGREEMENT STATES THAT GEORGIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
- 2. THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO ARBITRATE WITH US ONLY IN GEORGIA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH US IN GEORGIA THAN IN YOUR HOME STATE.**
- 3. YOU MUST MAKE MINIMUM PAYMENTS, REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO MAKE THE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.**
- 4. CONTINUED COMPLIANCE WITH THE FRANCHISE AGREEMENT IS DEPENDENT UPON CERTAIN PERFORMANCE STANDARDS BEING MET. SEE FRANCHISE AGREEMENT, EXHIBIT A.**
- 5. FRANCHISOR OWNS AND COLLECTS ALL INCOME, THEN REDISTRIBUTES COMPENSATION BACK TO THE FRANCHISEE AFTER DEDUCTING ITS FEES. THIS CAN SEVERELY IMPACT FRANCHISEE'S CASH FLOW.**
- 6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

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

DISCLOSURES REQUIRED BY CONNECTICUT LAW

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.

Remedy Intelligent Staffing, LLC
April 25, 2018

STATE EFFECTIVE DATES

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

This 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.

States	Effective Date
California	Pending
Florida	Pending
Hawaii	Pending
Illinois	Not registered
Indiana	Pending
Kentucky	September 24, 2015
Maryland	Not registered
Michigan	Pending
Minnesota	Pending
Nebraska	September 17, 2015
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Texas	September 17, 2015
Utah	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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

We are Remedy Intelligent Staffing, LLC (“Remedy”, “Company” “we” or “us”). “You” means the individual or, if an entity signs the Franchise Agreement, the entity and its owners.

On May 12, 2014, we converted from a California corporation, Remedy Intelligent Staffing, Inc., to a California limited liability company.

Parents

We are a wholly-owned subsidiary of EB Franchise Holdings, LLC (“EBFH”), a California limited liability company formerly known as Remedy Temporary Services, Inc. EBFH is a wholly owned subsidiary of its parent company, EmployBridge, LLC, a California corporation formerly known as Koosharem, LLC (“EmployBridge”), which is a wholly owned subsidiary of our ultimate parent, EmployBridge Holding Company, a Delaware corporation formerly known as New Koosharem Corporation (“EmployBridge HC”). Each of those entities has a principal business address of 1040 Crown Pointe Parkway, Suite 1040, Atlanta, Georgia 30338.

Predecessors

We have several predecessors that operated temporary staffing service Franchised Businesses prior to us. RemedyTemp, LLC, a California limited liability company (“RemedyTemp”), now dissolved, operated temporary personnel offices from 1974 through 2006, utilizing the Remedy-specific Marks, at which time RemedyTemp was acquired by EmployBridge. RemedyTemp sold franchises for such businesses from 1987 to 1999. EmployBridge previously operated personnel, temporary staffing, and direct-hire businesses under the names Select Temporary Services and Select Personnel Services, from 1989 until 2006, when RemedyTemp was acquired. RemedyTemp and EmployBridge have a principal business address of 1040 Crown Pointe Parkway, Suite 1040, Atlanta, Georgia 30338.

Westaff (USA), Inc., a California corporation (“Westaff USA”), was incorporated in 1986. Westaff USA and its predecessors have operated staffing businesses under the “Westaff” name since 1954, and have offered franchises in staffing businesses under the “Westaff” name since 1957. In 2009, Westaff USA, its parent company Westaff, Inc., and its subsidiary, Westaff Support, Inc. were purchased by EmployBridge, and in 2014, we acquired the rights to own and operate the Westaff System. Westaff USA and Westaff, Inc. have a principal business address of 1040 Crown Pointe Parkway, Suite 1040, Atlanta, Georgia 30338. Westaff Support, Inc. was dissolved in 2016.

We now offer franchises for staffing businesses utilizing the trademarks “REMEDY,” and “REMEDY INTELLIGENT STAFFING,” or “WESTAFF,” and the other marks identified below in Item 13 (collectively the “Marks”) under this Disclosure Document and our Franchise Agreement.

We have no other predecessors during the past 10 years.

Affiliates

We are part of an affiliated group of companies all ultimately owned by EmployBridge which is wholly owned by EmployBridge HC. Our affiliated entities are Westaff Workforce Solutions, LLC, Westaff USA, Inc., Westaff, Inc., Select Staffing, Ltd., Vaughan Business Solutions, Inc., Resdin Industries, Ltd., Resdin Industries, LLC, Decca Consulting Ltd., Decca Consulting, Inc., Remedy Temporary Services, LLC, Real Time Staffing Services, LLC, RemUT, LLC, Select Temporaries, LLC, EmployBridge Holding Company, Employment Solutions Management, Inc., Staffing Solutions Southeast, Inc., Staffing Solutions of Georgia, Inc., EmployBridge Midwest 1, Inc., EmployBridge Midwest 3, Inc., EmployBridge Southeast, LLC, Professional Drivers of Georgia, Inc., Professional Drivers of Nevada, Inc., Staffing Solutions Southwest, Inc., EmployBridge Southwest, LLC, Staffing Solutions of Central Texas, Inc., and EmployBridge of Dallas, Inc., which are subsidiaries of our parent company. Our affiliates have a principal business address of 1040 Crown Pointe Parkway, Suite 1040, Atlanta, Georgia 30338.

We and our predecessors and some affiliates have offered franchises for businesses similar to those offered in this Disclosure Document during the time periods described above. Our parent, EmployBridge, owns and operates company-owned staffing agencies under the names Select, SelectRemedy, RemX, Employment Plus, ProLogistix, ResourceMFG, EmployBridge, Staffing Solutions, ProDrivers, and Personnel One through our affiliated entities. Our affiliate, Westaff (USA), Inc., franchised staffing agencies under the names Western Staffing and Westaff, until 2014 when we became the owner and operator of the Westaff franchise system. RemedyTemp offered Franchised Businesses from 1987 to 1999, and operated such businesses from 1974 to 1999. Other than Remedy, RemedyTemp, and Westaff (USA), none of the other affiliated companies mentioned above offered Franchised Businesses for sale. Neither we nor our affiliates or parents operate any Franchised Businesses at this time, nor do we offer franchises or conduct business in any other line of business.

On February 9, 2015, our parent companies merged with EmployBridge Holding Company, a Georgia corporation, and its parents and affiliates. EmployBridge Holding Company and its associated brands operate the EmployBridge family of staffing agencies in manufacturing, logistics, industrial, and other industries.

As of the issuance date of this document, there were 70 franchised Remedy Branch Locations and 53 franchised Westaff Branch Locations.

We do business under our own name and the names “Remedy,” “Remedy Intelligent Staffing,” and “Westaff.”

Our agent for service of process in your state is listed on Exhibit A to this Disclosure Document.

We own a unique format and system for establishing and operating personnel and temporary staffing and direct-hire businesses (the “System”). We identify the System by utilizing the Marks.

We offer Franchised Businesses to qualified individuals for specific locations in a stated territory under the franchise agreement attached as Exhibit C. Your Franchised Business will market, sell, and provide quality “Temporary Employment Services” to business and industry, utilizing either the Remedy or Westaff Marks, of which you will choose and designate at the time you execute the Franchise Agreement. “Temporary Employment Services” means employment at another company or firm, with the employee remaining our employee and/or an employee of our affiliate. You may operate your Franchised Business utilizing our Marks as specified in our Operating Manual. Presently, we require that you utilize Remedy and Remedy Intelligent Staffing, or, Westaff.

The Franchise Agreement grants you the right to provide: (a) general clerical and administrative Temporary Employment Services and (b) general light industrial and logistics Temporary Employment Services under the Marks.

Under the Franchise Agreement you may also offer and sell “Direct-Hire Employment Services” to customers with physical locations in your territory, or with our prior written consent, outside the territory. “Direct-Hire Employment Services” means placing individuals for non-temporary employment directly with a company and the individual is not an employee of ours or you.

You operate the business from a physical office or offices (a “Location” or “Locations”) within your territory. You must operate at least one Branch Location within your territory. A “Branch Location” is a Remedy Location that sells temporary employment and direct-hire services that generate and report revenue to the Franchisor. You may also, but are not required to, operate additional Recruiting Offices within your Territory. A “Recruiting Office” is a Remedy Location used to recruit Temporary Employees to be placed with clients, but which does not generate or report revenue to Franchisor. You may operate the business from as many or as few Locations as you choose, so long as each Location is within your territory. You must have a secured connection to our computer system.

We and our affiliates employ the temporary employees. We own the accounts receivable of your Franchised Business. We purchase insurance, fund payroll, remit payroll taxes, and handle billing and accounting for your Franchised Business. You report workers’ compensation injuries and illnesses. We coordinate insurance issues and supervise the claims process.

The market for Temporary Employment Services and Direct-Hire Employment Services is highly developed. You will compete with national, regional, and local companies that provide similar Temporary Employment Services and Direct-Hire Employment Services. Temporary staffing and direct-hire employment businesses compete based on many factors, such as services offered, location, quality, customer need and experience, and marketing programs. These businesses are often affected by other factors, including economic conditions and seasonal population fluctuations. Personnel and temporary staffing and direct-hire businesses in or near your territory operated by our affiliates or franchisees under other names, such as Select, SelectRemedy, RemX, Employment Plus, ProLogistix, ResourceMFG, EmployBridge, Staffing Solutions, and Personnel One, may compete with your business.

You must comply with federal, state and local laws, ordinances and regulations affecting the operation of your business. Among these are laws and regulations concerning working conditions, sanitation, insurance, restriction against smoking, non-discrimination, safety and avoiding harassment and providing personnel with health insurance. Some states require you to obtain a license to provide employment services. Many jurisdictions require operators of a business to obtain other licenses, permits and certificates. Before purchasing a franchise, you should investigate whether there are laws, ordinances or regulations which affect the operation of the business in the geographic area you are interested in and you should consider their effect and cost of compliance.

ITEM 2. BUSINESS EXPERIENCE

Thomas A. Bickes:

President of Remedy Intelligent Staffing, LLC
Atlanta, GA, February 2015 to present
CEO, EmployBridge Holding Company, a GA corporation
Atlanta, GA, 2005 to present

Paul Galleberg:

Chief Administrative Officer of EmployBridge Holding Company
Atlanta, GA, January 2018 to present
Secretary of Remedy Intelligent Staffing, LLC
Atlanta, GA, February 2015 to present
Manager of Remedy Intelligent Staffing, LLC
Santa Barbara, CA, May 2014 to February 2015
Secretary of EmployBridge Holding Company, a DE corporation
Santa Barbara, CA, June 2014 to present
Vice President of Legal Affairs, US Airways,
Tempe, AZ, May 2011 to March 2014

Reggie Harmon:

Vice President and Controller Remedy Intelligent Staffing, LLC
Atlanta, GA September 2015 to present
Director, Balance Sheet General Electric Company
Atlanta, GA January 2005 to September 2015

Steve Mills:

Vice President of Remedy Intelligent Staffing, LLC
Atlanta, GA, February 2015 to present
President of Franchise Division of Remedy Intelligent Staffing, LLC
Santa Barbara, CA, August 2014 to present
President and Co-Owner, Armstrong Franklin and Liberty Staffing
Philadelphia, PA, December 2007 to June 2013

Kim Vidrine:

Franchise Director of Remedy Intelligent Staffing, LLC
San Antonio, TX, December 2012 to present
Director, Professional Services, Deacon Recruiting
San Antonio, TX, August 2011 to December 2012

Kay Shoemaker:

Franchise Director of Remedy Intelligent Staffing, LLC
Reynoldsburg, OH, January 2014 to present
Area Manager, Elwood Staffing
Columbus and Cincinnati, OH, February 2012 to December 2013

Carolyn Winch:

Vice President, Pay/Bill for EmployBridge, LLC
Dallas, TX, March 2018 to present
Senior Director, Franchise Service Center of Remedy Intelligent Staffing, LLC
Pueblo, CO, January, 1 2013 to March 2018
Director, Franchise Support of Remedy Intelligent Staffing, LLC
Pueblo, CO, October 15, 2007 to December 31, 2012

Stephen P. Breckenfelder:

Director, Franchise Service Center of Remedy Intelligent Staffing, LLC
Pueblo, CO, March 2018 to present
Manager, Franchise Service Center of Remedy Intelligent Staffing, LLC
Pueblo, CO, October 2015 to March 2018
Accountant I, City of Pueblo
Pueblo, CO, August 2002 to September 2013

Deanna Miranda:

Franchise Business Director of Remedy Intelligent Staffing, LLC
Atlanta, GA, December 2016 to present
Director, Franchise Administration of Remedy Intelligent Staffing, LLC
Santa Barbara, CA, July 2007 to December 2016

Chad Wright:

Franchisor Development Director, Remedy Intelligent Staffing, LLC
Fairdale, KY, January 2017 to present
Founder and President, Wright Consulting Group
Louisville, KY, April 2015 to January 2017
Director of Franchisor Development, FranNet, LLC
Louisville, KY, July 2007 to April 2015

ITEM 3. LITIGATION

Concluded Litigation

California Employment Development Department vs. Westaff USA, Inc. (California Office of Tax Petitions, Sacramento, California, Case No. 1702935). In August 2005, the California Employment Development Department (“EDD”) alleged that three Westaff entities were a single entity for reporting purposes, and that Westaff and one of their affiliates, Real Time Staffing, manipulated their rates in SUTA calculations in California. Westaff petitioned for review on September 22, 2005. Westaff and Real Time Staffing entered into a global settlement with the EDD, which was approved by the California Unemployment Insurance Appeals Board on June 29, 2016. Westaff’s settlement involved the EDD accepting Westaff’s existing credits of \$944,343 to release its claims against Westaff.

Friedrich Business Group v. Westaff (USA), Inc., Koosharem, LLC, New Koosharem Corporation, Select Personnel Services, Inc., and Lisa Cooney, (Filed July 30, 2012 in U.S. District Court for the District of Minnesota, Case No. C.A. No. 12-CV-01868-PAM-SER). The plaintiff, a Westaff franchisee, claimed \$3,980,000 of damages for alleged breach of contract, tortious interference with contract and violation of state franchise statutes related to a Westaff franchise agreement. The matter was settled out of court on March 26, 2015. Defendants agreed to pay Plaintiff \$900,000 in exchange for the right to repurchase Plaintiff’s Franchised Business.

Claims of 23 Remedy Franchisees. (filed starting January 13, 2014 before the American Arbitration Association). These are 23 separate arbitrations, each filed by a franchisee of Remedy Intelligent Staffing, LLC. Claimants alleged overcharges for workers compensation insurance and general liability insurance, and improper charges for deductibles they claimed Remedy Intelligent Staffing agreed to be responsible for. Claimants also complained of an increase in charges relating to past due accounts. Claimants made collective demands in the range of \$36,000,000 to \$40,000,000 and sought to enjoin an announced increase in charges for workers’ compensation insurance coverage. Respondents filed answers denying the allegations. In February 2015, a global settlement was reached, and each of the Claimants signed individual settlement agreements in March 2015. Defendants agreed to pay \$3,750,000 to be divided among all twenty-three (23) Claimants as the Claimants sought fit, depending on the size of each Claimant’s business, the length of time each Claimant’s business had been open, the type of services offered by each Claimant’s business, and other factors. Claimants case numbers are: B&K Lumber Supply Inc. (AAA Case No. 72 114 00057 14 TNM); CJM Staffing, LLC (72 114 00061 14 TNM); Corp Assist, Inc. (72 114 00062 14 TNM); Endeavor, Inc. (72 114 00063 14 TNM); Friedrich Business Group, Inc. (Case No. 72 114 00064 14 TNM); Holwerda Enterprises, LLC (72 114 00065 14 TNM); Integrity Staffing Solutions of Louisiana, Inc. (72 114 00066 14 TNM); Integrity Staffing Solutions, Inc.(72 114 00067 14 TNM); JAT Partners, LLC(72 114 00099 14 TNM); KBM Ventures, Inc. (72 459 00107 14, subsequently redesignated 72 114 00107 14); LJM Partners, LP (72 114 00095 14 TNM); Monteleone Group, Inc. (72 114 00068 14 TNM; Mount Family Group, LTD. (72 114 00069 14 TNM); Neighborhood Business Brokers, LLC (72 114 00079 14 TNM); Patcar, LLC (72 114 00071 14 TNM); Pichard Holdings, Inc. (72 114 00147 14 TNM); Pronto Personnel, Inc. (72 114 00085 14 TNM); RSSM, LLC (72 114 00098 14 TNM); Staffing Select, Inc. (72 114 00135 14 TNM); Schminke Staffing, Inc. (72

114 00146 14 TNM); Skowyra Enterprises III, LLC (72 114 00070 14 TNM); SmartStaff, Inc. (72 114 00072 14 TNM); WILJ, LLC (72 114 00097 14 TNM).

Fullview, et. al. v. Westaff (USA), Inc.; Koosharem, LLC and New Koosharem Corporation. (filed March 27, 2014 in U.S. District Court for the Central District of California, Case No. cv14-02378-DSF). Sixteen Westaff franchisees brought this claim alleging monetary damages and requesting injunctive relief stemming from allegations that Defendants overcharged for workers' compensation insurance, general liability insurance, administrative fees, and claiming Defendants retained other amounts owed to Plaintiffs and used those monies to benefit their non-franchised business. Franchisees claimed breach of contract and implied covenant of good faith and fair dealing, breach of fiduciary duty, common law conversion, violation of various state franchise statutes, and unfair competition. Defendants denied all of the allegations set forth in the Complaint. In June 2015, a global settlement was reached, whereby Defendants would pay Claimants \$1,200,000 to be divided amongst all Claimants, depending on the size of and services offered by each Claimants' business.

Other than the above actions, no other litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

Ablest, Inc. dba Ablest, dba SelectRemedy, dba Select Staffing (filed April 1, 2014 in U.S. Bankruptcy Court for the District of Delaware, Case No. 14-10717-KJ). Koosharem and its affiliated companies sought protection under Chapter 11 of the Bankruptcy Code. Prior to filing, Koosharem negotiated a recapitalization. On May 8, 2014 the court entered an order confirming a Plan, which became effective and was substantially consummated on or about May 16, 2014. Under the Plan, Koosharem's principal lenders were paid at a discount from the amount of their loans; and certain companies that were lenders to Koosharem, along with certain investment firms, became principal owners. The rest of Koosharem's debts were unimpaired, and new equity was provided. The make-up of Koosharem's board of directors was changed to include persons elected by its new owners. The affiliated companies that filed with Koosharem were Ablest Inc., Koosharem, LLC, New Koosharem Corporation, Real Time Staffing Services, Inc., Remedy Intelligent Staffing, Inc., Remedy Staffing, Inc., Remedy Temporary Services, Inc., RemedyTemp, Inc., RemSC LLC, RemUT LLC, RemX Inc., and Select Corporation. Select Nursing Services, Inc., Select PEO, Inc., Select Personnel Services, Inc., Select Specialized Staffing, Inc., Select Temporaries, Inc., Select Trucking Services, Inc., Tandem Staffing Solutions, Inc., Westaff, Inc., Westaff (USA), Inc. and Westaff Support, Inc., and their address and principal place of business is 1040 Crown Pointe Parkway, Suite 1040, Atlanta, Georgia 30338.

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

ITEM 5. INITIAL FEES

The initial franchise fee is \$39,950. You pay us, in a lump sum, when you sign the Franchise Agreement. Except as described below, the initial franchise fee is uniformly applied and non-refundable.

Employees of our affiliates may qualify to have the initial franchise fee reduced, depending on the number of years employed by our affiliate, according to the following schedule:

Number of Years of Continuous Employment With Our Affiliate	Percentage reduction of Initial Franchise Fee
1-3	25%
4-7	50%
8 or more	75%

We reduce the initial franchise fee by 50% for certain new franchisees, not previously in the System, who, in our opinion, have substantial experience in the staffing industry. For uniformity, we will typically deem a new franchisee to be eligible who has at least five years' experience administering a staffing business, including a management role for all or part of the time.

We are a member of the International Franchise Association ("IFA") and participate in its VetFran Program. This program provides a discount of the initial franchise fee for U.S. Armed Forces veterans who meet the program requirements. For qualified veterans we reduce the initial franchise fee by 25%. Thus, the initial franchise fee under the program is reduced to \$29,625. To qualify, a veteran must provide us proof of honorable discharge, and be at least a 51% owner of the Franchisee. A veteran who wishes to transfer the franchise before opening must pay us the portion of the initial franchise fee that was waived (\$9,875).

If, after paying the initial franchise fee but prior to the opening of the Franchised Business, we determine that you lack fitness to operate as a franchisee, or you don't satisfactorily complete our training program, we can terminate the Franchise Agreement, and refund to you the amount of the initial franchise fee you paid to us, less a non-refundable training fee of \$15,000.

ITEM 6.
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Franchisor's Share ⁽¹⁾	Varies based upon Franchisee's Gross Profit Dollars. See Note 1.	We bill and collect from all customers. We pay you the Franchisee's Share within 15 days after each Accounting Period.	Franchisor's Share is the amount we retain as a royalty. See Note 1.
Minimum Fee	\$3,000 per Accounting Period (4 to 5-week period; see Exhibit B for definition of Accounting Period).	At the time Franchisor's Share is paid.	After Franchisee has been in business for 24 months, we will be entitled to a minimum Franchisor's Share of \$3,000 from you each Accounting Period (the "Minimum Fee"), (subject to adjustment based on changes in the Index). Starting the subsequent first full Accounting Period following the first 24 months in business, if the Franchisor's Share for any Accounting Period is less than the Minimum Fee, Franchisee will pay Franchisor the amount necessary so that Franchisor receives the Minimum Fee.
In-House Temporary Staffing Fee	Currently up to 5.37% but under our Agreement, up to 10% of billings from In-House Temporary Staffing employees	At the time Franchisor's Share is paid.	We assess and deduct this fee from the Franchisee's Share, to compensate us for the additional administrative costs and expenses we incur in connection with In-House Temporary Staffing.

Type of Fee	Amount	Due Date	Remarks
Network Access Fee	\$92.50 per user, per Accounting Period	Deducted from Franchisee's Share each Accounting Period	See Note 1 and Note 3.
Late Fee ⁽²⁾	1.5% per month of amount due	Continues to accrue until paid.	Payable if you are more than 30 days late in paying any amount due to us. See Note 2.
Transfer fee	\$10,000	Prior to transfer.	Payable when you sell or transfer your franchise.
Renewal Fee	\$10,000	Upon execution of a renewal franchise agreement.	If you renew the Franchise Agreement for an additional term after the Initial Term or after any Renewal Term, this fee is payable to us
Unapproved Advertising Fee	\$500 per ad	Upon use of an ad without prior approval.	If you use an ad or other public media we did not approve, we may charge this fee to compensate us for the expense of evaluating the effect of using the unapproved item. We can terminate the Franchise Agreement for use of unapproved items.
Integrity Screening System Fee ⁽³⁾	No more than \$100 per month per Location, (regardless of number of Locations). Handheld devices are purchased for a one-time fee of \$178 to \$250 each.	At the time Franchisor's Share is paid.	This is an optional service.

Type of Fee	Amount	Due Date	Remarks
Kenexa(3)	\$330 per year	Upon signing license agreement with vendor	You will obtain a license from Kenexa to use and sublicense the Skills Screening Software to assist you in testing and evaluating Temporary Employment associates' hard skills, software application skills and knowledge on various software applications. The fee for the Skills Screening Software is currently \$330 per year. The license agreement provides quarterly product updates and product support but must be renewed annually. The rate is subject to change.
TYMetrics	Approximately \$300 to \$1,000.	Monthly	This tool is used by approximately 50% of franchisees, on an as-needed basis depending on client's request. This fee is payable to us. This tool is required by us only if you service National Accounts.
Remedy MegaBlast/ Westaff Connect Trak	Approximately \$0 to \$1,000, based upon franchisee's optional use of the tool	Monthly	This is an optional call-service utilized by approximately 25% of our franchisees. The service is provided through a third-party vendor; Franchisor collects fees from franchisees and remits to vendor based upon the franchisee's use of the tool.
Doc-U-Sign and E-Verify	\$.55 per signature	Upon use.	This is an optional electronic signature platform that franchisees may use when onboarding associates, performing background checks, and for client contracts.

Type of Fee	Amount	Due Date	Remarks
Anthem Premium Fee	\$296.04 per associate	Per Accounting Period	This is a fee for associates' health insurance that we collect and remit to the third-party insurer
Anthem ACA Admin Fee	\$10.69 per associate	Per Accounting Period	This is a fee for associates' health insurance that we collect and remit to the third-party insurer
Sterling, HireRight, and/or First Advantage Background Check services	Fees vary depending on the vendor and number of aliases an associate may have	As incurred.	These fees are for the use of the background check services of the stated vendors. The fees are collected by us and remitted to the third-party vendor if used by franchisee.
Audit	Costs of the audit or inspection, which includes independent accountant charges (typically \$500 to \$2,500, but may be more), travel and lodging, and compensation of our employees and representatives who participate in the inspection or audit	Immediately, upon inspection or audit of your Franchised Business.	We can inspect or audit your Franchised Business, and you must reimburse us the costs of the audit or inspection if the audit reveals any breach of the Franchise Agreement.
Liquidated Damages	An amount equal to 24 times the average monthly Franchisor's Share for the six-month period before termination, plus interest of 18% per annum if not paid within 14 days of termination.	Immediately on termination.	We charge this if you terminate the Franchise Agreement before it expires.
Unforeseeable Losses(4)	Varies by the amount of the Unforeseeable Loss we attribute to your non-compliance with our procedures. See Note 4.	Immediately, when incurred.	See Note 4.

Type of Fee	Amount	Due Date	Remarks
Interim Management Fee	To be determined	As incurred	If you are in default under the Franchise Agreement, and we elect to assume interim management of your Franchised Business during the pendency of any cure period or in lieu of immediately terminating your Franchise Agreement, we may charge you a reasonable fee for our management services.

All fees are imposed by and are payable to us. All fees are non-refundable and are uniformly applied. With regard to fees and charges set forth in this Disclosure Document as dollar amounts, we will have the right to adjust the amounts as frequently as annually, based on changes in the Index.

(1) We perform all your billing and process all payments from your customers. The Franchisor's Share is the amount of your Gross Profit Dollars we retain as a royalty, beginning upon your commencement of business. "Gross Profit Dollars" means Gross Billings minus Temporary Employee Wages and eligible Temporary Employee Expenses attributable to Temporary Employees for a given time period. The Franchisee's Share will be paid after each Accounting Period, and will be the sum of (i) Franchisee's Split of Gross Profit Dollars, as set forth on Exhibit C to the Franchise Agreement, (ii) 90% of Direct-Hire Billings, (iii) Franchisee's Split of Subcontractor Gross Profit, (iv) 90% of Other Billings, and (v) 90% of Temporary-to-Hire Conversion Fees, as such terms are defined on Exhibit B to this Disclosure Document; less the following amounts, as defined on Exhibit B:

- (i) Network Access Fee of \$92.50 per user, per Accounting Period.
- (ii) Uncollected Billings Reserve contributions (at a rate not to exceed .005% of Gross Billings during each Accounting Period);
- (iii) All Uncollectible Amounts (plus interest of 1.5% per month, or the highest rate allowable by law) under the Credit Limit on a pro-rata basis according to Franchisee's Split, and all Uncollectible Amounts (plus interest of 1.5% per month or the maximum rate allowable by law) and/or Write-Off amounts over the Credit Limit in total;
- (iv) Your share of all legal and other out-of-pocket collection expenses we incur related to the Franchised Business billings and operations;
- (v) The cost (including all Temporary Employee Wages and Temporary Employee Expenses) arising from In-House Temporary Staffing;
- (vi) Any In-House Temporary Staffing Fees (as defined above); and
- (vii) A formulaic charge for insurance policies (based on Remedy's total temporary payroll) purchased for our Temporary Employees being used to service the accounts through your Franchised Business. The charge includes, but is not limited to, insurance premiums, deductibles, hard costs for management of

policies and claims, additional premium amount to establish a pool for losses below the deductible, and hard costs for actual settlement and liability payments to third party claimants, court, arbitration and similar costs and internal and external legal counsel, which cover franchisees related claims. Insurance costs vary annually, however, the 2017 average insurance cost paid to Remedy by each franchisee each Accounting Period was \$19,928. Please note that some franchisees operate multiple Branch Locations, and thus if you are intending to operate only one Branch Location, this figure may vary. Ninety-two percent (92%) of the reported insurance cost was for workers' compensation insurance, which varies based upon your business mix (clerical, light industrial, industrial) and experience rating.

- (viii) At our discretion, any other amounts owed by you to us or any of our affiliates under the Franchise Agreement or otherwise.

Franchisor's Split and Franchisee's Split will be calculated according to the Gross Profit Split Schedule, attached as Exhibit C to the Franchise Agreement, starting immediately after the Franchised Business has begun operations.

We may adjust the amount of the Network Access Fee, any additional software system fees, and any other amounts due under the Franchise Agreement each year. Currently we do this each January. We base the adjustments on and try to make them proportional to: (a) the Index; and (b) documented increases or decreases in our costs, such as higher or lower costs from vendors relating to software and other products and services provided to you.

We can set off from payment of Franchisee's Share all amounts due to us, or any of our affiliates, under the Franchise Agreement.

(2) For all Uncollectible Amounts, and all other amounts due from you to us not paid within 30 days after due, we can, in addition to the amount due, receive interest equal to the lesser of 1.5% per month of the amount due from the date due until paid, or the maximum rate allowed under applicable law. Interest accrues on Uncollectible Amounts until, and if ever, these amounts become a Write-Off; after which interest will no longer accrue on Write-Off amounts (but interest accrued before Write-Off will still be due to us).

(3) In addition to the Integrity Software Fee and the Network Access Fee, if we purchase or develop additional software systems for use in connection with the Franchised Business, we may charge, and you must pay, an additional fee for those systems. This fee is not yet assessed, but if assessed will not exceed \$1,000 each calendar year.

(4) "Unforeseeable Losses" means Temporary Employee payroll fraud; theft, and other dishonesty claims; property damage; bodily injury; personal injury; and other liability claims by customers of the Franchised Business or third parties. We will typically evaluate claims on a case-by-case basis, to determine whether to charge you for all or a portion of the amount of (or, if applicable, the insurance claim deductible for) the Unforeseeable Loss. Our assessment of your responsibility will include assessment and reasonable determination whether you complied with our operating procedures, programs, and policies.

ITEM 7.
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (1)

<u>Type of Expenditure</u>	<u>Amount(2)</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment Is To Be Made</u>
Initial Franchise Fee	\$39,950	Lump sum	On signing Franchise Agreement	Us
Lease	\$1,000 - \$10,000	Pursuant to the terms of the lease agreement with Landlord	As agreed	Landlord
Improvements	\$0 - \$15,000	As incurred	As arranged	Landlord/Contractor
Business Licenses	\$50 - \$500	As incurred	As incurred	Government
Security Deposits	\$2,000 - \$8,000	As incurred	As arranged	Landlord
Training	No additional charge			
Signage	\$1,000-\$8,000	Lump sum or installments	As incurred	Vendor
Travel and living expenses while training	\$3,500 - \$5,500	As incurred	Payment terms with suppliers and employees	Various
Initial license fee for Skills Screening Software	\$330	Lump sum	Payment terms with supplier	Vendor
Initial license fee for Hardware	\$500	Lump sum	Payment terms with supplier	Vendor
Equipment and Software License	\$8,600-\$11,000	Lump sum	Payment terms with supplier	Various
Office Equipment and Furniture	\$6,000 - \$12,000	As incurred	Payment terms with suppliers	Vendor
Utility Deposits	\$500 - \$1,000	As incurred	As arranged	Utilities
Business Insurance	\$2,500 - \$4,000	As incurred	As incurred	Insurance Company

<u>Type of Expenditure</u>	<u>Amount(2)</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment Is To Be Made</u>
Advertising	\$1,000	As incurred	As incurred	Various
Initial Supplies	\$400 - \$600	Lump sum	Payment terms with suppliers	Various
Telephone (system, lines, cabling)	\$2,000 - \$5,000	As incurred	As incurred	Utility/Lease Company /Cable Vendor
Network Connection	\$510 - \$900	Lump sum	As incurred	Various
Professional Fees	\$2,000- \$15,000	As incurred	Before signing Franchise Agreement	Your professional advisor.
Additional Funds (six months)(3)	\$80,000 - \$120,000	As incurred	As incurred	Employees, Vendors, Utilities
Total	\$151,840 - \$258,280			

(1) This chart reflects the Initial Investment for a single Location within your territory. Many franchisees choose to open more than one Location within their territory. No additional franchise fees are due to Franchisor upon opening additional Locations within your territory, however, you are responsible for all operating, build-out, lease, improvement, supplies, insurance, computer hardware and software, licenses, staffing and supplies expenses that you may incur in opening additional Locations.

(2) Unless otherwise noted above, none of the above payments are refundable. Neither we nor our affiliates finance any part of the initial investment.

(3) You will need additional funds to support ongoing expenses, such as payroll and local advertising, if these costs are not covered by Franchisee's Share, for your first six months of operation. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be six months. This is only an estimate and there is no guarantee that additional working capital will not be necessary during this start-up phase or after. We do not guarantee that you will not have greater start-up expenses than these estimates, or that you will not need more operating funds than these estimates. We do not imply or guarantee that you will "break even" by any particular time.

We relied on our franchisees' experience as owners and operators of Franchised Businesses in the United States utilizing the Marks, to compile these estimates. You should review these figures carefully with a business advisor before making any decisions to purchase a Franchised Business.

ITEM 8.

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General. Except as described in this document, you have no obligation to purchase or lease according to specifications we issue, or from suppliers we approve. We will assist you, however, in identifying sources of certain goods and/or services that you may use in operating the business. We estimate that your purchases from approved suppliers or in accordance with our specifications will be approximately 3% to 6% of your total purchases in starting the Franchised Business, and about 1% of your total purchases in continuing operation of the business.

Forms. We or our affiliates sell forms and other written materials for use in the operation of the business. We offer these to you at our or our affiliates' cost. You are required to purchase some forms from us, but most are not mandatory purchases and you may, but are not obligated to, purchase these forms and written materials from us. You must enter into a Service Letter with each customer of the Franchised Business to whom Temporary Employees and/or Direct-Hire Employees are provided. We provide you the form for Service Letter in the Operating Manual or otherwise in writing. You must maintain these Service Letters throughout the term of the Franchise Agreement.

Insurance. We or our affiliates currently secure and purchase workers compensation, employer's liability, general liability, employment practices liability, professional liability, umbrella liability, directors' and officers' liability, criminal liability, medical general liability, excess liability, and auto hired/non-owned liability insurance on behalf of franchisees in connection the employment and placement of Temporary Employees, and a portion of the costs associated with these insurances, including premiums, deductibles, and administrative hard costs, must be paid by you in a manner prescribed in Item 6 above. You are required to use and maintain the policies we obtain for you. All other insurance policies recommended in the Operating Manual for your franchised business and its employees may be obtained by you, through a carrier of your choosing.

Computerized Management and Operational System.

(1) Software. You must purchase our current business operating software for each of your employees, and continue to purchase upgrades or new software we specify. We currently require you to obtain certain software from us. If you will offer Clerical Employment Services, we have arranged for you to license the following software from third parties: (a) Skills Screening Software(Remedy Knowledge Bank or Talent Trak), from Kenexa, under a separate license agreement, to assist you in evaluating temporary employees' hard skills and software applications knowledge; and, at your option,(b) the Integrity Screening System (either X-ray or Identitrak) from Insight Worldwide, to perform screening and background checks on potential temporary employees. The fee for the Skills Screening Software is currently \$330 per year, paid directly to Kenexa. The Kenexa license agreement provides quarterly product updates and product support but must be renewed annually. Use of the Integrity Screening System fee is optional and costs no more than \$100 per month, which is paid to us. We remit payment to Insight Worldwide on behalf of the System. Both Insight Worldwide and Kenexa are currently the only approved vendors for such software at this time.

(2) Hardware. At your expense, before you start operating the Franchised Business, you must purchase and install at the premises of the Franchised Business the computer Hardware and related equipment required for the operation and use of the software. The Hardware may be purchased through Dell, HP, and other hardware vendors. All Hardware and related equipment must meet our specifications, which may periodically be updated in the Operating Manual.

(3) Retrieval of Information. During the term of the Franchise Agreement, you must provide us access to your Computer System so we can periodically upload and download data to facilitate our performance of automated payroll and related services, and provide us all requested data and information relating to the Franchised Business. You will have access only to data and information relating to the operation of the Franchised Business. We will be the owner of all data, including customer and client information, used in connection with the Franchised Business.

(4) Approval of Suppliers. We maintain a list of suppliers for certain hardware, software and certain other vendors. We do not maintain specific criteria for approving suppliers. We anticipate generally being willing to approve any supplier who is able to provide the equipment and/or the computer Hardware and software maintenance service meeting our specifications. After we receive all relevant information we request regarding a particular supplier, we will provide you with approval or disapproval within 60 days.

(5) Specifications. Our mandatory specifications, standards and operating procedures are described in the Operating Manual, and in written directives which may be issued by us.

(6) TYmetrics®.

If you service National Accounts, you are required to purchase and use our workforce management technology TYmetrics®, which enables you to effectively manage your temporary workforce and control labor costs.

Revenue Received from Purchases by Franchisees.

During the year ending December 31, 2017, we received \$155,004 in gross revenue from franchisees' Connectivity Fees (replaced by the Network Access Fee for the upcoming year) and \$249,368 in gross revenue from franchisees' purchases of TYmetrics®, for a total of \$404,372 in gross revenue from franchisees' required purchases and leases. Neither of the above fees are profit-driven ventures for us. Part of the above-stated revenues pass through to the vendors of the respective technology products and the remaining sums are used internally for further product development and maintenance. Revenues from franchisees' required purchases and leases were approximately 0.09% of Franchisor's gross revenue of \$449,455,080 in 2017.

We reserve the right to collect and retain manufacturing allowances, marketing allowances, rebates, credits and payments ("Allowances"), but did not receive any during the year ended December 31, 2017.

We have negotiated purchase arrangements with some vendors you may use. These include discounts from 10% to 40% off retail prices for your purchases of products and services from these vendors.

None of our officers owns an interest in companies that are vendors or suppliers to its franchises.

We do not provide or withhold material benefits based on your use of designated or approved sources and do not maintain purchasing or distributing cooperatives.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	3	11
b. Pre-opening purchases/leases	9, 13	8
c. Site development and other pre-opening requirements	9, 13	6, 7 and 11
d. Initial and ongoing training	7 and 13	11
e. Opening	9, 13	11
f. Fees	4, 5, and 6	5 and 6
g. Compliance with standards and policies/Operating Manual	10, 11, and 13	11
h. Trademarks and proprietary information	14	13 and 14
i. Restrictions on products/ services offered	1	16
j. Warranty and customer service requirements	14	11
k. Territorial development and sales quotas	15	12
l. Ongoing product/service purchases	11, 13	8

Obligation	Section in Franchise Agreement	Item in Disclosure Document
m. Maintenance, appearance and remodeling requirements	11, 13	11
n. Insurance	13	7 and 8
o. Advertising	13	7 and 11
p. Indemnification	18	6
q. Owner's participation/management/staffing	1, 8, 13	11 and 15
r. Records/reports	5, 13	6
s. Inspections/audits	13	6 and 11
t. Transfer	19	17
u. Renewal	2	17
v. Post-termination obligations	21	17
w. Non-competition covenants	16	17
x. Dispute resolution	22 and 23	17
y. Personal Guarantee	Exhibit B	15

ITEM 10. FINANCING

We do not guarantee your note, lease or obligation. We do not provide financing for, extend credit to, or finance any aspect of its new franchisees' business.

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

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

We have the following obligations before your Franchised Business opens (all section references are to the Franchise Agreement):

- Training. We will train you and one person designated by you as manager of the Franchised Business as described in more detail below. (Section 7)
- Operating Manual. The Table of Contents for our Operating Manual is attached as Exhibit J. Currently, the Operating Manual consists of 196 pages, with a 9-

page introduction, 43 pages dedicated to establishing the business, 32 pages on personnel, 24 pages on marketing, 22 pages on operations, 13 pages on associate placement procedures, 10 pages on clients & prospects, 19 pages on contracts, invoicing, and collections, 10 pages on financial management, and 4 pages on information technology. The Operating Manual contains mandatory specifications, standards and operating procedures imposed by us for franchisees and information concerning your obligations and the operation of the Franchised Business. The Operating Manual may also contain recommended specifications, standards and procedures. We have the unilateral right to modify the Operating Manual periodically to reflect changes of the image, methods, standards, specifications, procedures, or other attributes associated with or constituting part of the System. Announcements, policy statements, directives and other communications may, at our election, become part of the Operating Manual. We may charge you a fee or seek reimbursement of liabilities, costs, and expenses from you if you do not comply with the mandatory specifications, standards and operating procedures in the Operating Manual or applicable provisions of federal or state law. (Section 10)

- Site Location. If addresses of the Location(s) is(are) not identified on Exhibit A of the Franchise Agreement at the time the Franchise Agreement is signed, you must, at your cost, lease a Location within the Territory which is satisfactory to us, within 90 days from the date the Franchise Agreement is signed. We do not assist you with site selection, but we will approve or disapprove your proposed Location(s) within 30 days after we have received all requested information. We can disapprove proposed location(s) that do not meet our standards, and as noted below, if you fail to locate a site and begin operating the Franchised Business within the required 90-day period, we can elect to terminate the Franchise Agreement. The factors we consider in approving office Location(s) include general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms and closeness to other locations of us, our affiliates or franchisees. You may not move the Location(s) without our prior written consent. (Section 3, Exhibit A)
- Opening Inventory/Equipment. We do not provide assistance with obtaining equipment, signs, fixtures, opening inventory, or suppliers; however, we will provide you with required specifications and approved suppliers for these items.

During the operation of your Franchised Business, we have the following obligations:

- Employment of Temporary Employees. We and/or our affiliates employ all Temporary Employees that are furnished to customers through your Franchised Business. They will be our employees. Temporary Employee Wages and Temporary Employee Expenses will be deducted from Gross Billings to calculate Gross Profit Dollars. (Section 8)

- Billing and Payment Services. We will bill customers, and collect all payments made by customers, for all Direct-Hire Employment and Temporary Employment placement services, including pre-employment testing and other services, provided by the Franchised Business (including all Temporary-to-Hire Conversion Fees). You may not bill or collect any amounts from customers, but must, at our direction, actively assist and cooperate with us in our billing and collections efforts. We attempt to collect all billings made by us to customers of the Franchised Business. The payments and accounts receivable that arise from all Direct-Hire Employee and Temporary Employee placement services provided by the Franchised Business will be our property. (Section 8)
- Guidance. Periodically, we may advise you of operating considerations and problems disclosed by reports submitted to or inspections made by us or our representatives. We may furnish guidance concerning (a) management and operation of our programs; (b) advertising standards and marketing methods; (c) operating procedures used by franchisees under the System; (d) obtaining supplies, insurance and other products and services; (e) administrative, bookkeeping, accounting and general operating and management procedures; (f) training employees; (g) use of computer software designated for use by our franchisees, and (h) any other areas as we deem necessary. (Section 7, 13)

Guidance may, in our discretion, be furnished in the online Operating Manual, bulletins, or other written manuals, at meetings of franchisees, personal consultations, or by telephone. If you reasonably request, we may furnish additional guidance by telephone, or, by other means, in our discretion. We may send a representative to the location of the Franchised Business for the purpose of offering guidance and advice concerning the operation of the Franchised Business. (Section 7, 13)

- Franchisee Meetings. From time to time, we may sponsor and require your attendance at a meeting of franchisees which will last approximately 1-5 days (the “Franchise Conference”) to be held near our corporate headquarters or another location that we may specify. In the past, the Franchise Conference has been held annually. The Franchise Conference will not be held more often than once each year. The Franchise Conference is designed to provide training and information, and facilitate discussions on topics we consider to be of interest to franchisees. There is no fee for the Franchise Conference, but you will be responsible for all personal and employee salaries and other compensation, and costs and expenses incurred for travel to, attendance at, and participation in these meetings. (Section 7)
- Sources of Goods and Services. We maintain a list of suppliers for certain hardware and software and certain other items. We do not maintain specific criteria for approving suppliers. We will assist you in identifying sources of certain goods and/or services you may use in your Franchised Business.

- Specifications. Our mandatory specifications, brand standards and operating procedures are outlined in the Operating Manual, as it may be amended, and in written bulletins which we will issue periodically. (Section 10)
- Additional Assistance and Services. We reserve the right to periodically establish additional products, services and endeavors to be used and implemented under the System and in connection with the operation of the Franchised Business. The cost for these will be borne by the party(ies) we designate and, if applicable, apportioned among you and us as we may prescribe in the Operating Manual or otherwise in writing. (Section 10)

In-House Temporary Staffing. You must comply with our operating procedures as we specify in the Operating Manual and otherwise in writing, with respect to using In-House Temporary Staffing (defined on Exhibit B). You must obtain our written approval before employing In-House Temporary Staffing employees, and must not conduct In-House Temporary Staffing, as defined in Exhibit B, in excess of our policy as in effect at any time. (Section 8).

Length of Time between Signing Franchise Agreement and Opening. We estimate that the typical length of time between signing your Franchise Agreement and opening the Franchised Business is between 8-12 weeks. Factors that may affect this time period include your ability to obtain a lease, financing or building permits, weather conditions, shortages, or delayed installation of equipment, fixtures and signs, and relocating your office, if applicable. You must select and designate at least one person who will be primarily responsible to coordinate and manage your Franchised Business for you, furnish and equip office space and facilities for the Franchised Business which satisfy our specifications, complete the initial training program to our satisfaction, obtain all required licenses, insurance policies and permits, and take actions necessary to open the Franchised Business within 90 days after the date the Franchise Agreement is executed. (Section 6.1). If you fail to locate a site and begin operating the Franchised Business within the required 90-day period, we may elect to terminate the Franchise Agreement. (Section 20).

Training Program. You (or if you are an entity, the managing principal of your entity) and the manager of the Franchised Business must attend and successfully complete our Training Program to our satisfaction. Training for additional managers or employees will only be permitted upon written permission from us, at our sole discretion and at your sole expense. This initial training program for new franchisees will consist of a two (2) week in person training course at one of our corporate locations, either in Atlanta, Georgia, or any another place we may designate. The initial training program will take approximately eighty (80) hours to complete. In addition, you will be required to attend in-person training at another Franchisee's location. We will also provide in-person training prior to opening at your Franchised Business. After you complete the initial training program, you must provide continuing training to your employees at your cost to ensure that your employees can and do satisfactorily operate under the System. The Franchised Business must, at all times, be operated by employees who you have trained.

The initial training program is conducted as frequently as we determine is necessary. The materials used in the training program will include the Operating Manual, software, On-line Learning Center with slides and web casts, and other materials. We will periodically make

available to you certain additional training and related materials for your use in the operation of the Franchised Business. Additional training programs or refresher courses are required if Franchisor receives complaints regarding Franchisee's services, failure to respond or communicate with client, or refusal to service a client. Additional training due to the above listed offenses shall be your sole expense, at the then-current rate of training services as listed in the Operating Manual.

The following individuals conduct our training program:

Kim Vidrine, who started her staffing career with Remedy Intelligent Staffing in San Antonio, Texas and has worked for Remedy for 16 years as a Recruiter, Office Manager, On-Site Manager, and VP of Sales for the South Texas Region. Since 2012, Ms. Vidrine has been part of the franchise support team, working in such areas as human resources, staffing, and safety/risk management. Kimberly currently holds the American Staffing Association (ASA) CSP certification, and the National Association Personnel Services CPC and CTS certifications.

Deanna Miranda, who has worked in the staffing industry as a Remedy corporate employee since 1994, supervises and administers our training program. Ms. Miranda was Remedy's Regional Operations Administrator from May 1994 to September 2000, Marketing Administrator from September 2000 to June 2007 and has been Director of Franchise Administration from June 2007 to present.

Kay Shoemaker, who has worked in the staffing industry for over 30 years with three global organizations. Ms. Shoemaker has held numerous positions starting her career on the recruiting desk to senior level field management roles, national account management/relationship leads and Franchise Support. Ms. Shoemaker has extensive experience in sales/sales training and staffing operations. As a Remedy Franchise Director since 2014, Ms. Shoemaker currently supports Franchise owners in areas of business consulting, working and training with field Franchise teams to assist in the sales process.

Angela Grainger, who has over 15 years of staffing industry experience with a focus on operations. Joining the Remedy organization in 2007, Ms. Grainger performed as a Regional Quality Manager where she led operations teams in support of acquisitions, conversions and client transitions. She has also conducted training in the areas of hiring and on-boarding, recruiting, order fulfillment, systems software and I-9 & E-Verify Compliance. As the Director of Operations since December 2013, Ms. Grainger supports the franchise division by providing operational leadership, business development tactics and consulting services in the area of operational compliance.

The following table describes the subjects covered by the initial training program and approximate training hours to cover the subject material:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING/ TRAINING WITH OTHER FRANCHISEE	LOCATION OF TRAINING
Operations Instruction (1) (2) (3)(4)	40	20/6	Atlanta, GA; location of Franchised Business; or other locations we choose
Systems Instruction (1) (2)	20	20/2	"
Sales Instruction (1) (2) (3)(4)	20	40/8	"
Total	80	80/16	"

Notes: (1) Our on-line learning center is available 24 hours a day.

- (2) There is no additional charge to you for the initial training program, but you will be responsible for employee salaries and other compensation, travel, lodging, and other costs and expenses incurred in attending or participating in a training program.
- (3) During the initial training program, we have the right to evaluate your fitness, and the fitness of your designated manager, to operate as a Franchised Business. Upon notice to you that you and/or your manager lack(s) fitness, the Franchise Agreement will terminate. We will return to you all but \$15,000 of the initial franchise fee you paid to us.
- (4) A review of Business Management reports is included in Operations and System Instruction training time above.

Advertising. Upon request, we assist franchisees with developing advertising initiatives, through our in-house marketing department at no cost to franchisees, apart from the printing, media purchasing/production, and copying cost. On an opt-in basis, and at an additional cost, we can provide internet listing management and reputation management through our partnership with YEXT. Further, and also on an opt-in basis and with an additional cost, we can provide Search Engine Optimization landing pages, marketing and sales automation for both electronic sales and recruiting campaigns through email blasts, e-vites, surveys, web forms, and landing

pages, as well as lead generation, management and scoring. We can also act as consultants for your local digital marketing needs.

We are not obligated to conduct national, regional, or local advertising on your behalf, however we may do so, in our discretion. You are responsible for local advertising in your territory.

Any advertising conducted by you must be factual, ethical and in good taste in our judgment, and must not use any technique or program that we determine may injure our business, other franchisees, or the goodwill associated with our Marks. (Section 18). You must submit to us, before use, samples of all local advertising materials, and descriptions of all local advertising programs, not prepared or previously approved by us, for approval. You may not use any advertising material or program that we disapprove. If you do not receive written disapproval of any submission to us within ten (10) days, the submission will be considered approved. If you use an ad we have not approved and continue to do so after notice from us, we will have the right to immediately terminate the Franchise Agreement. (Section 13).

We do not currently have an advertising council composed of franchisees to advise us on advertising policies, but we may have such a council in the future.

Currently, you are not required to contribute to any other advertising fund. We do not collect advertising funds from franchisees to be used to solicit new franchises.

Online Sites. You may establish a website only upon obtaining Remedy's prior written consent. Franchisee shall adopt the format specified by Remedy from time to time for the Franchised Business website; and shall not upload its website to the web until approved by Remedy's Marketing Department. You agree, upon Remedy's request, to link your website to the official Remedy website, and/or remove your current website and adopt the format then mandated by Remedy's Marketing Department. (Section 13). If you choose to establish your own website, you must follow the below guidelines in order to achieve approval from us:

- You must not establish or use any Online Site for the Franchised Business without our prior written approval. Before establishing any Online Site, you must submit to us, for our prior written approval, a sample of the proposed Online Site domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including, without limitation, meta tags) in the form and manner we may reasonably require. Prior to any Online Site upgrades, you must submit to us for approval any new visible and nonvisible content. We will be the owner of any domain name(s) and/or URLs maintained by you in connection with the Franchised Business. You must not use or modify any Online Site(s) without our prior written approval as to the proposed use or modification.
- In addition to any other requirements, you must comply with the standards and specifications for Online Sites that we may periodically prescribe in the Operating Manual or otherwise in writing. We will have the right to monitor your Online Site at all times. We will have the right to specify any materials that must be utilized or changed on your Online Site, and edits must be completed within the

reasonably requested timeframe. If required by us, you must establish hyperlinks to our Online Site and others as we may request in writing.

Computer Hardware and Software. You must obtain the computer hardware required by the Operating Manual. The computer hardware required is a PC or laptop sufficient to support the below-described software applications. As noted in Item 7 above, we estimate the cost of purchasing the hardware, equipment and the software licenses to be approximately \$9,430 to \$11,830. We can require you to bring the hardware and software, peripheral equipment and communications systems into conformity with our then-current standards. We have no obligation to assist you in obtaining hardware, software or related services and there are no contractual limits on the frequency or cost of your obligations to obtain these upgrades. (Section 5, 13). We estimate the annual cost of maintaining, upgrading and updating the hardware to be \$500 to \$1,000. As described in Item 8, you must obtain certain software. We arrange for you to acquire a license from Kenexa to use and sublicense the Skills Screening Software to assist you in testing and evaluating Temporary Employment associates' hard skills, software application skills and knowledge on various software applications. The fee for the Skills Screening Software is currently \$330 per year. The license agreement provides quarterly product updates and product support but must be renewed annually. At your option, you may also use the Integrity Screening System from Insight Worldwide, where legally permissible. Neither we nor any of our affiliates have an obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer hardware or software.

Access to Information. We will be entitled to access your Computer System and software to enable us to periodically upload and download data and provide technical support for your computer hardware and to facilitate our performance of automated payroll and related services, to provide us with all requested data and information relating to the Franchised Business and for such other informational purposes as we deem appropriate. We will only have access to the data and information relating to the operation of the Franchised Business. We will be the owner of all data used in connection with the Franchised Business, including all information and data sent by electronic communication, and we will have no responsibility or liability to you for any loss, destruction or corruption of any data supplied by or to you in connection with the Franchised Business, including any data back-up services we may provide. We will have the right to periodically purge or destroy data from our computer system that may contain information regarding the Franchised Business and/or customers or associates of the Franchised Business, and we will have no liability to you for any actions or omissions in relation to taking or not taking these actions. There are no contractual limits on our ability to access your Computer System, and you consent to such access to the greatest extent allowed by applicable law. (Section 5, 13).

Delegation of Obligations. Our obligations may be performed by any of our employees or agents as we may direct. You consent and agree to the delegation of our obligations to a designee, employee or agent of ours in your Franchise Agreement. (Section 19).

ITEM 12. **TERRITORY**

Your franchise entitles you to operate the Franchised Business from one or more office Locations within the territory described on Exhibit A to the Franchise Agreement and approved by us (the “**Territory**”). You may not relocate the Locations without our prior written consent, which will not be unreasonably withheld. Typical boundaries for Territories will generally be metropolitan areas, counties, or zip codes. Generally, a Territory will be a county or counties with at least 50,000 temporary staffing jobs, as determined by industry sources identified in our Operations Manual, which source may be modified from time to time. Your territory will be determined and fixed at the time you sign your Franchise Agreement, and the map of such Territory will be attached to your Franchise Agreement upon signing.

During the term of the Franchise Agreement, you will have the right to provide Approved Services within the Territory under the Marks and System you designate in Exhibit A to the Franchise Agreement.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Your rights are “protected” in that we will not establish, nor license any other person to establish, another Franchised Business using the Marks you designate on Exhibit A to the Franchise Agreement (either Remedy or Westaff Marks), from an office or location within the Territory during the term of the Franchise Agreement, so long as you are in compliance with the Franchise Agreement. Except as described below with respect to Franchise National Accounts, we will not solicit or accept customers, or sell Temporary Employment Services or Direct-Hire Employment Services, using the Marks, to customers inside the Territory, including those secured by other distribution channels, such as over the Internet, telemarketing or other direct marketing sales.

Our Affiliates own and operate several different competitive brands of staffing agencies, including but not limited to, brands that operate under the trademarks Select, RemX, ResourceMFG, ProLogistix, ProDrivers, and SelectRemedy. They are not Franchisor owned or operated. The principal business address and training facilities for the affiliate-owned brands is the same as our address. You may face competition in your Territory from these and other brands not controlled by or affiliated with us. If an affiliated-owned competing brand operates within your Territory, we have recommended best practices for operating in an overlap market that franchisees and affiliate-owned locations are encouraged to abide by, contained in our Operating Manual. We do not provide services or support to affiliate-owned locations.

We reserve all rights not expressly granted to you in the Franchise Agreement. We reserve the right, among other things, to:

- (i) Own and operate, license others to own and operate, or acquire or merge with, any businesses inside or outside the Territory, including Temporary Employment

- Service and Direct-Hire Employment Service businesses, under any marks and systems, including the Marks and System;
- (ii) Own and operate, license others to own and operate, or acquire or merge with, businesses under other marks and other systems (including Non-Mark Businesses, which are Temporary Employment Service and Direct-Hire Employment Service businesses, or any other business, that are not operated using the Marks, designated in Exhibit A to your Franchise Agreement, and that are identified by trademarks, service marks, trade names, logotypes, or commercial symbols other than the Marks designated on Exhibit A to your Franchise Agreement but which are owned and/or licensed by us or our affiliates (including the mark “Select,” “SelectRemedy,” “RemX,” or any of the “EmployBridge” brands)), including Temporary Employment Service and Direct-Hire Employment Service businesses, which may be located within or outside the Territory, regardless of that business’ proximity to the Location or their actual or threatened impact on sales from the Franchised Business;
- (iii) Offer and sell, and license others to offer and sell, Direct-Hire Employment Services, and Special Services that you are not authorized to offer or sell under the Franchise Agreement, to customers located anywhere, whether within or outside the Territory, under any marks and systems, including the Marks and System;
- (iv) Provide billing, collecting, payroll, accounting services and financing of receivables to other firms;
- (v) Negotiate and enter into contracts with National Accounts to provide services offered by the Franchised Business; and
- (vi) Offer and sell, and license others to offer and sell, Temporary Employment Services and Direct-Hire Employment Services to National Account customers located anywhere, whether within or outside the Territory, under any marks and systems, including the Marks and System.

The term “**Special Services**” means Temporary Employment Services other than Clerical Employment Services or Light Industrial Employment Services (including specialty medical, legal, and accounting temporary employment services) that we may periodically designate as Special Services. The circumstances under which you may provide Special Services are described below.

Your license under the Franchise Agreement with respect to Temporary Employees is limited to providing only Approved Services (and, if approved, Special Services) within the Territory. You may, with prior written approval from us, provide Approved Services (and, if approved, Special Services) for Temporary Employees outside the Territory, subject to the restrictions set forth in our Operating Manual, as may be modified from time to time. You may not provide Temporary Employment Services to any customer located in a Territory granted to another franchisee of ours.

As described above in Item 1, you will be permitted to offer and sell Direct-Hire Employment Services to customers with physical locations inside the Territory, or upon receipt of our prior written consent, outside the Territory, subject to the restrictions set forth in our Operating Manual, as may be modified from time to time. You will not be permitted to provide

to any customer, located in the geographic territory granted to another of our franchisees a Direct-Hire Employee who is already employed within that geographic area as a Temporary Employee of the customer.

If we develop and offer any Special Services under the Marks to be provided in the Territory, we will offer you the right to offer and provide those Special Services from the Franchised Business. To provide Special Services, we may impose upon you, among other things, different financial, qualification, training, fee structure, and other terms from those with respect to your provision of Clerical Employment Services and Light Industrial Employment Services. You must not offer any Special Services (or individual Special Services) unless and until you have obtained our prior written approval. If you reject or fail to accept our offer to provide Special Services, you agree that we may provide, or license others to provide, Special Services within the Territory under the Marks or otherwise.

Customer Preference. If a customer of a franchisee indicates that the customer does not wish to or no longer wishes to receive service from a particular franchisee, we will have the right to assign the customer to another franchisee or licensee or to an affiliate, even if the customer is a pre-existing customer of the franchisee or is located in the Territory.

National Accounts. A “National Account” is any customer designated as such by us, based on our sole determination that, because the customer conducts business at multiple locations and is deemed of strategic importance by us, the account, services and pricing of such customer must be negotiated and secured either (i) by us or (ii) with our assistance, approval and oversight. Except as noted below, for all National Accounts located within the Territory, you will have the right and option to provide Temporary Employment Services to the National Account on the same terms and conditions agreed upon between us and the National Account. If you do not desire to provide Temporary Employment Services to a National Account in your Territory, or if, in our discretion, you are unable to provide the National Account with necessary Temporary Employment Services, we reserve the right to provide the Temporary Employment Services ourselves or, through our affiliate, franchisee, or a third party, to National Accounts located within the Territory. In determining whether you are able to provide a National Account with necessary Temporary Employment Services, we will consider numerous factors consistent with the standards and specifications for National Accounts.

We and our affiliates will have the exclusive right to negotiate with all National Accounts. If a National Account is obtained by us (or its affiliate operating a business under marks other than the Marks) (a “**Company-Owned Unit**”) in a territory other than the Territory, but which has an outlet that needs to be serviced in the Territory, then, if there is a Company-Owned Unit in the Territory, that Company-Owned Unit will have the right to service the National Account. A Company-Owned Unit may request to engage a Location in your Territory as primary subcontractor with respect to serving a National Account if, in our discretion, the Location is of a size and capability to service the National Account and if you are in compliance with the Franchise Agreement and our standards for the operation of the Franchised Business.

Minimum Performance Standards. Each Fiscal Year during the term of the Franchise Agreement after the first Fiscal Year of the Agreement, your average Gross Profit Dollars must meet or exceed the “**Minimum Performance Standards.**”

The Minimum Performance Standards are measured in terms of annual Gross Profit Dollars generated by the Franchised Business for each Territory. The Minimum Performance Standards are as follows:

Fiscal Year of Agreement	Gross Profit Dollars
Fiscal Year 1	\$100,000
Fiscal Year 2	\$200,000
Fiscal Year 3	\$300,000
Fiscal Year 4	\$375,000
Fiscal Year 5	\$450,000
Fiscal Year 6	\$525,000
Fiscal Year 7	\$600,000
Fiscal Year 8	\$650,000
Fiscal Year 9	\$700,000
Fiscal Year 10	\$750,000

We will determine your compliance with the Minimum Performance Standards within ninety (90) days after the end of each Fiscal Year of the Franchise Agreement. If you at any time fail to satisfy the Minimum Performance Standards, you will be permitted to pay to us the difference between the Gross Profit Dollars remitted to us and the applicable Minimum Performance Standard within sixty (60) days of receiving notice from us of your failure to meet the Minimum Performance Standard. If you do not pay the required sum within the sixty (60) day period, we will have the option, exercisable at any time within 10 months after the end of the year in which the Minimum Performance Standards are not satisfied, to (a) terminate the Franchise Agreement; (b) operate a Temporary Employment Services business within the Territory; (c) permit an affiliate or grant a franchise to others to do so (in which event you will have no right of first refusal); or (d) unilaterally modify the Franchise Agreement to eliminate or remove portions of the Territory or one or more Approved Services, and will be free to operate or license/franchise to a third party the right to operate a Franchised Business within the eliminated or removed portions of the Territory, and as to the eliminated or removed Approved Services at any location within or outside the Territory. We will exercise our option by providing written notice to you of our election to do so.

If you choose to enter into a Renewal Franchise Agreement for a Renewal Term, you will be required to comply with the Minimum Performance Standards set forth in such Renewal Franchise Agreement, which shall begin at no less than the Minimum Performance Standard of Fiscal Year 10 of your Franchise Agreement for the Initial Term.

* * *

As noted above in Item 1, EmployBridge and its Affiliates and subsidiaries operate personnel and temporary staffing and direct-hire businesses under other names, including (but not limited to) "Select," "Employment Plus," "EmployBridge," "Staffing Solutions," "Personnel One," "RemX," "Select Staffing," "ResourceMFG," "ProLogistix," "ProDrivers," and "SelectRemedy." These businesses are owned and operated by EmployBridge and its affiliates and are not Franchised Businesses. These businesses may be located in your Territory, and may solicit and/or service customers and employees located in the Territory. The principal business address of EmployBridge's businesses is the same as our address, and we and EmployBridge will be operating the businesses from the same location. EmployBridge is responsible for providing support to its businesses and we are responsible for providing services to you.

The Franchise Agreement does not contain any provisions under which you might receive any options, rights of first refusal or similar rights to acquire additional franchises within or outside of the Territory. Except for the consequences of failing to meet the Minimum Performance Standards as described above, your Territory and the continuation of the protections in the Territory described in this Disclosure Document and the Franchise Agreement do not depend on your achieving a certain sales volume, market penetration, or other contingency.

ITEM 13. TRADEMARKS

The Franchise Agreement grants you the right to operate as a Franchised Business under our Marks. The Marks are owned by our affiliates and have been licensed to us, pursuant to a License Agreement with an unlimited term that permits us to sublicense the Marks to you. You will choose which portfolio of Marks you will use to operate your Franchised Business, either Remedy or Westaff, on Exhibit A to the Franchise Agreement.

The following trademarks and service marks are registered in the U.S. Patent and Trademark Office and may be used in the operation of the Franchised Business:

REGISTRATION NUMBER	DESCRIPTION OF MARK	REGISTERED OWNER	REGISTRATION DATE
1,357,133	REMEDY	EB IP HOLDINGS, LLC	8-27-85
3,776,882	CU THERE	EB IP HOLDINGS, LLC	04-20-10
2,007,936	INTELLIGENT STAFFING	EB IP HOLDINGS, LLC	10-15-96
3,776,882	CU THERE (logo)	EB IP HOLDINGS, LLC	04-20-10

REGISTRATION NUMBER	DESCRIPTION OF MARK	REGISTERED OWNER	REGISTRATION DATE
3,283,052	[logo design of two heads and globe]	EP IP HOLDINGS, LLC	08-21-07
3,528,477	HIREPAY	EB IP HOLDINGS, LLC	11-04-08
3,714,323	TYMETRICS	EB IP HOLDINGS, LLC	11-24-09
2,879,681	MEGABLAST	EB IP HOLDINGS, LLC	8-31-04
3,037,996	REMEDY KNOWLEDGE BANK [with logo]	EB IP HOLDINGS, LLC	1-3-06
3,061,073	MANAGER MATCH	EB IP HOLDINGS, LLC	2-21-06
3,791,142	REQUISTAFF	EB IP HOLDINGS, LLC	05-18-10
3,244,549	WE GET PEOPLE	EB IP HOLDINGS, LLC	5-22-07
3,850,929	REQUISTAFF [with logo]	EB IP HOLDINGS, LLC	09-21-10
3,947,069	iSTATEMENT	EB IP HOLDINGS, LLC	02-01-11
4,197,415	TYMENTRY	EB IP HOLDINGS, LLC	06-12-12
4,429,575	TEAMLINK	EB IP HOLDINGS, LLC	01-22-13
4,512,906	CANDID8	EB IP HOLDINGS, LLC	04-08-14
1,855,940	WESTAFF	EB IP HOLDINGS, LLC	9-27-94

REGISTRATION NUMBER	DESCRIPTION OF MARK	REGISTERED OWNER	REGISTRATION DATE
3,381,117	PROVIDING ESSENTIAL PEOPLE	EB IP HOLDINGS, LLC	02-12-08
2,357,309	ON LOCATION & ESSENTIAL	EB IP HOLDINGS, LLC	06-13-00
2,878,383	TIME TRAK	EB IP HOLDINGS, LLC	08-31-04
2,763,783	TALENT TRAK	EB IP HOLDINGS, LLC	09-16-03

All the above marks are registered on the Principal Register of the U.S. Patent and Trademark Office. All required affidavits of use and affidavits of incontestability have been filed, when due. All Marks have been renewed prior to expiration of each mark's ten-year registration limit, if and when applicable.

We also license you the right to use other marks and trade names that are associated with Remedy, but are not registered with the U.S. Patent and Trademark Office. These marks are: "Identi Trak," "Connect Trak," and "Complete Elite." We do not own a federal registration for any of the marks in the preceding sentence. Therefore, those marks do not have the many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative mark, which may increase your expenses.

You are not permitted to utilize any trademarks owned or associated with us that are not expressly licensed to you in the Franchise Agreement, as designated on Exhibit A. You are prohibited from using any trademarks or other marks associated with our other brands, and may not market yourself as a franchisee or as an affiliate of our other brands or the brands of our Affiliates.

Ownership and Goodwill. Your right to use the Marks is limited to the conduct of your Franchised Business under and in compliance with the Franchise Agreement and our standards, specifications, and operating procedures during the term of the Franchise Agreement. All goodwill resulting from your use of the Marks will belong solely to us and our affiliates.

Limitations on Use of the Marks. You must use the Marks as we instruct to identify the Franchised Business. You must prominently display the Marks on stationery, products, invoices, packaging and supply materials that we designate and in advertising and marketing. You may not use the Marks as part of any corporate or trade name or with any prefix, suffix, or modifying words or symbols other than logos authorized for your use under the Franchise Agreement. You

may not use the Marks in any modified form, for any unauthorized services, or in any other manner not expressly authorized in writing by us. You may not use the Marks in signing any contract, check, purchase agreement, negotiable instrument or other legal obligation, application for any license or permit, or in any way that may result in liability for us for any of your debts or obligations. You must give all notices of trade and service mark registrations as we specify and obtain fictitious or assumed name registrations as may be required under applicable law.

Determinations. There are presently no effective determinations of the Patent and Trademark Office, the trademark administrator of any state, or court, opposition or cancellation proceeding or any pending material litigation involving the Marks which is relevant to the use in any state. State or local laws, ordinances or regulations applicable to the Franchised Business may affect the use of the Marks by certain franchisees in certain states or cities and may require their modification.

Agreements. There are no agreements presently in effect or contemplated which would significantly limit our rights to use or license the use of the Marks material to your business.

Notification of Infringements and Claims. You must immediately notify us of any apparent infringement of or challenge to your use of the Marks, or claim by any person of any rights in the Marks, and you may not communicate with any person other than us and our counsel concerning any infringement, challenge, or claim. We have sole discretion to take whatever action we deem appropriate and the right to exclusively control any litigation or Patent and Trademark Office or other proceeding arising out of any infringement, challenge, or claim concerning any of the Marks. You must execute all instruments and documents, provide whatever assistance, acts and things as, in the opinion of our counsel, may be necessary or advisable to protect and maintain our interest in any litigation, Patent and Trademark Office, or other proceeding or to otherwise protect and maintain our interest in the Marks.

Stopping Use of Marks. If it becomes advisable in our discretion for us and/or you to modify or discontinue use of any of the Marks, and/or use one or more additional or substitute trade or service marks, you must comply with our directions to modify or otherwise discontinue the use of the Mark after notice by us. We will not be obligated to compensate you for costs incurred by you in implementing any modification or discontinuance.

Indemnification. We will indemnify you against and reimburse you for damages for which you are held liable in any proceeding involving your use of the Marks under and in compliance with the Franchise Agreement, and for defense costs you reasonably incur in any claim brought against you or any proceeding in which you are named as a party, if you timely notify us of the claim or proceeding and otherwise comply with the Franchise Agreement.

Infringing Uses. We know of no infringing uses which could materially affect your use of the Marks in the Franchised Business.

ITEM 14. **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

There are no items covered by patent or copyright registrations that are material to you. However, we possess confidential information concerning our methods of marketing and providing Temporary Employment and Direct-Hire Employment Services and operating a Temporary Employment and Direct-Hire Employment service business (the “**Confidential Information**”), including that which is in the Operating Manual. We will disclose the Confidential Information to you in the Operating Manual, the training program, and through additional guidance and management assistance, and in performing our other obligations and exercising our rights under the Franchise Agreement.

You acquire no interest in the Confidential Information other than the right to use it to develop and operate your Franchised Business during the term of the Franchise Agreement. You must: (i) not use or assist another in using the Confidential Information in any business or other endeavor other than the Franchised Business; (ii) maintain absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (iii) make no unauthorized copy of any portion of the Confidential Information, including the Operating Manual and any other oral or written confidential correspondence or communications; and (iv) implement all reasonable procedures we direct to prevent unauthorized use and disclosure of the Confidential Information, including restricting disclosures to employees and requiring employees who may have access to Confidential Information to agree to non-disclosure and noncompetitive provisions in employment agreements as we may require. You must provide us with executed copies of those agreements promptly upon request.

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

The Franchise Agreement does not expressly require you to participate personally in the direct operation of the Franchised Business, but we strongly recommend direct participation. You and the manager of the Franchised Business are required to attend and successfully complete our initial training program. As described above in Item 14, you must require employees who may have access to Confidential Information to sign non-disclosure and employment agreements, containing non-competition provisions. All of your owners must sign the Guarantee, Indemnification and Acknowledgment form attached to the Franchise Agreement as Exhibit B, and will be personally and individually responsible for all losses or Uncollectible Amounts beyond the Credit Limit.

ITEM 16. **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

The Franchise Agreement permits you to offer only Approved Services within the Territory. Under certain circumstances, you may also be permitted to offer Special Services. See Item 12 above for details. Otherwise, there are no restrictions on the goods and services you

are permitted to offer to customers. There are no limits on our right to change the types of goods and services that are authorized under the Franchise Agreement.

The Franchise Agreement requires you to comply with all mandatory specifications, standards and operating procedures in the Operating Manual or communicated to you in writing, including: (i) the conduct of your employees; (ii) the appearance in standards of services and conduct of the Franchised Business; (iii) signage and advertising; (iv) equipment; (v) supplies and suppliers; (vi) training and related materials; (vii) Computer System Hardware and software; and (viii) days and hours during which the Franchised Business will operate, receive personnel and telephone calls, and be open to provide services to clients. You must operate the Franchised Business for all required services during the days and hours specified in the Operating Manual unless we approve a recommendation by you for other or additional hours.

In all dealings with clients, suppliers, us, and all others, you must adhere to the highest standards of ethical and professional conduct, honesty, integrity, good faith and fair dealing, and refrain from any business practice that we determine may injure our business, our other franchisees or goodwill associated with the Marks.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	2	10 years.
b. Renewal or extension of the term	2	If you are in good standing, you can renew up to 2 consecutive 5-year terms.
c. Requirements for you to renew or extend	2	You must not be in Default of the Franchise Agreement, you must sign a new agreement (which may have materially different terms than the original contract) and you must sign a general release.
d. Termination by you	20	Franchisee may not terminate the agreement. If Franchisee terminates the Agreement, it must pay liquidated damages pursuant to the formula in the Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	20	We can terminate if you default, as defined in Section 20 of the Agreement.
g. "Cause" defined – curable defaults	20	You have five (5) days to cure abandonment of the business; thirty (30) days to cure any other curable breach of the Franchise Agreement, failure open the Franchised Business within ninety (90) days of execution of Agreement.
h. "Cause" defined – non-curable defaults	20	Non-curable defaults: bankruptcy/insolvency, foreclosure, repeated defaults even if cured, misrepresentation when obtaining franchise, unauthorized transfer, illegal/unethical conduct by you, failure to meet Minimum Performance Standards, improper disclosure of confidential information, violation of non-compete, sale of unauthorized services, failure to assign agreement after death or disability.
i. Your obligations on termination/nonrenewal	21	Stop use of trademarks and pay all amounts due us; see also "r" below.
j. Assignment of contract by us	19	No restriction on our right to assign.
k. "Transfer" by you – definition	19	Includes transfer of agreement or change in ownership.
l. Our approval of transfer by you	19	Transfers require our written consent, which we will not unreasonably withhold.
m. Conditions for our approval of transfer	19	New franchisee must: qualify, assume your obligations under all Agreements, complete training, and sign new agreement. You must pay transfer fee and all amounts due and owing to us and, sign a general release; you must sign confidentiality and non-compete agreements.

Provision	Section in Franchise Agreement	Summary
n. Our right of first refusal to acquire your business	19	You must notify us upon receiving an offer from a third-party purchaser. We may exercise our right of first refusal and purchase the business on the same terms and conditions as the third-party purchaser.
o. Our option to purchase your business	19	We have the option to purchase any Location you open and operate within the Territory. We must compensate you for such purchase, according to the formula set forth in the Franchise Agreement.
p. Your death or disability	19	Same as transfer requirements.
q. Non-competition covenants during the term of the franchise	16	No involvement in any employment placement service during term of Franchise Agreement.
r. Non-competition covenants after the franchise is terminated or expires	16	No involvement in any employment placement service for two (2) years within 100 miles of the external boundary of your Territory after expiration, termination, or assignment of the Franchise Agreement.
s. Modification of the agreement	27	Only in writing and signed by both parties. The Operating Manual and System is subject to change without your notice or consent.
t. Integration/merger clause	26	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. This provision does not disclaim any representation made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	22, 23	You agree to attempt to settle all disputes by mediation first. Except for certain claims, all disputes must be arbitrated in Atlanta, Georgia. If mediation fails, all claims are subject to binding arbitration. (See Notes 1 and 2 below).

Provision	Section in Franchise Agreement	Summary
v. Choice of forum	22, 23	Arbitration will occur at a suitable location, chosen by the arbitrator in Atlanta, Georgia (See Notes 1 and 2 below.)
w. Choice of law	25	Georgia (See Notes 1 and 2 below.)

Notes:

1. The conditions under which your franchise can be terminated, your rights on non-renewal, and the arbitration, choice of forum, and choice of law provisions of the Franchise Agreement may be affected by the franchise laws of your state. To the extent state law conflicts with the terms of the Franchise Agreement, state law will control.
2. If a state law requires any modification to these provisions of the Franchise Agreement (or other provisions described in this Item 17) or requires additional terms, those modifications will be found in the disclosure addenda and contractual amendments appended to this Disclosure Document (see Exhibits F and G).

**ITEM 18.
PUBLIC FIGURES**

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

**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 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 performance at a particular location or under particular circumstances.

Presented below is a historic financial performance representation of the Franchise Regions operating Remedy and Westaff Branch Locations that were open and operating pursuant to a Franchise Agreement the entirety of the 2017 Fiscal Year, as modified. The Franchisor's fiscal year ends on the last Sunday in December and consists of either fifty-two (52) or fifty-three (53) weeks. The Franchisor's 2017 Fiscal Year was a fifty-three (53) week year, ending on

December 31, 2017. Fiscal Year 2016 was a fifty-two (52) week year. The Franchisor removed the revenue from Week 1 of 2017 in order to provide comparable financial data based on a fifty-two (52) week reporting calendar (“Proforma 2017”).

Each Franchise Region’s Proforma 2017 Gross Billings, Gross Margin, and Gross Margin Percentage (“GM%”) is reported in the chart below.

Each Franchise Region is owned and operated by a single Franchisee, however, each Franchise Region may contain several Branch Locations which sell Temporary Employment and Direct-Hire services that generate revenue. The number of Branch Locations in each Franchise Region is shown in Column 5. You will begin with a single Branch Location in your Territory. You may request the right to open additional Branch Locations in your Territory, which must be approved by Franchisor in writing.

The Territory you will be granted may not be as large as the Territory of the Franchise Regions shown below. Most Franchisees have acquired additional Territory over time and have larger Territories than they initially started with. The approximate size of the Territory that encompasses each Franchise Region is shown in Column 6, by population of the county or counties included in each Franchise Region’s Territory.

Additionally, Column 7 denotes whether each Franchise Region trades under the Remedy Intelligent Staffing brand (“RIS”) or the Westaff brand (“WWS”).

Franchise Region	Gross Billings 2017	Gross Margin 2017	Gross Margin Percent 2017	Number of Locations in Region	Population	Brand
Franchise Region 01	71,128,332	11,227,376	15.8%	10	5,370,972	RIS/WWS
Franchise Region 02	57,130,542	10,970,989	19.2%	13	4,866,738	RIS
Franchise Region 03	40,703,087	9,325,347	22.9%	1	3,301,365	RIS
Franchise Region 04	23,911,249	5,243,956	21.9%	13	4,278,766	WWS/RIS
Franchise Region 05	21,244,891	4,414,776	20.8%	1	1,255,802	RIS
Franchise Region 06	17,923,629	2,570,805	14.3%	4	2,058,730	RIS
Franchise Region 07	16,887,077	2,747,021	16.3%	2	1,927,106	WWS
Franchise Region 08	15,402,949	2,351,072	15.3%	4	1,093,021	RIS
Franchise Region 09	13,729,783	2,036,339	14.8%	4	2,839,435	RIS
Franchise Region 10	13,479,043	2,049,078	15.2%	3	635,777	RIS

Franchise Region	Gross Billings 2017	Gross Margin 2017	Gross Margin Percent 2017	Number of Locations in Region	Population	Brand
Franchise Region 11	13,383,190	2,339,540	17.5%	2	4,608,265	WWS
Franchise Region 12	12,863,072	2,847,200	22.1%	4	1,005,111	WWS
Franchise Region 13	12,855,480	2,357,097	18.3%	1	2,479,852	RIS
Franchise Region 14	12,679,458	1,752,418	13.8%	3	1,150,337	RIS
Franchise Region 15*	12,384,038	2,412,193	19.5%	3	1,734,349	RIS
Franchise Region 16	11,751,066	1,781,582	15.2%	4	5,029,543	RIS
Franchise Region 17	9,041,054	1,953,854	21.6%	12	3,217,801	WWS
Franchise Region 18	8,895,246	1,848,085	20.8%	1	649,179	RIS
Franchise Region 19	8,232,834	1,655,917	20.1%	4	3,712,124	RIS
Franchise Region 20	6,729,648	1,039,116	15.4%	3	4,242,336	RIS
Franchise Region 21	5,142,580	1,604,686	31.2%	3	993,626	RIS
Franchise Region 22	5,099,469	1,038,954	20.4%	3	1,267,312	WWS
Franchise Region 23	5,012,376	831,623	16.6%	1	938,043	WWS
Franchise Region 24	4,773,619	977,924	20.5%	2	2,507,338	RIS
Franchise Region 25	4,514,497	866,498	19.2%	1	866,873	RIS
Franchise Region 26	4,460,864	802,032	18.0%	3	1,086,380	WWS
Franchise Region 27	3,842,766	649,031	16.9%	1	951,500	RIS
Franchise Region 28	3,555,892	664,244	18.7%	3	494,186	WWS
Franchise Region 29	3,246,499	521,642	16.1%	1	1,248,639	RIS
Franchise Region 30	3,209,160	634,157	19.8%	1	451,537	WWS
Franchise Region 31	3,034,834	605,025	19.9%	2	358,551	WWS

Franchise Region	Gross Billings 2017	Gross Margin 2017	Gross Margin Percent 2017	Number of Locations in Region	Population	Brand
Franchise Region 32	2,924,002	567,737	19.4%	2	2,669,587	RIS
Franchise Region 33	2,146,460	379,126	17.7%	1	59,105	WWS
Franchise Region 34	1,939,425	370,137	19.1%	1	307,806	WWS
Franchise Region 35	1,553,024	385,800	24.8%	1	352,502	WWS
Franchise Region 36	1,538,827	335,227	21.8%	1	69,057	WWS
Franchise Region 37	1,403,310	475,523	33.9%	1	947,049	RIS
Franchise Region 38	1,280,746	202,507	15.8%	1	136,531	WWS
Franchise Region 39*	1,264,628	244,699	19.3%	2	1,331,524	RIS

Notes:

1. Definitions.

- a. “Gross Billings” means the total amount of money billed by Franchisor from a Franchise Region to Franchisees’ clients in that region. Clients are billed for a variety of items which include:
 - i. Providing Temporary Staff. This revenue is approximately 98.5% of Revenue.
 - ii. Direct-Hire Employment fees for introduction of permanent employees to clients. This revenue is approximately 1% of Revenue.
 - iii. Temporary-to-Permanent transition fees invoiced when a temporary employee transfers to permanent employment with a client. This revenue is less than 0.25% of Revenue.
 - iv. Charges for ancillary items such as pre-employment screening and on-site management charges amongst others. This revenue is less than 0.25% of Revenue.
- b. “Gross Temporary Employee Expenses” means all costs and expenses attributable to Temporary Employees, pursuant to signed contractual agreements with clients, that are not reimbursed through an associate deduction, nor billed through to the client, nor paid for in any other manner, including, without limitation, wages, payroll taxes, workers’ compensation costs, assessments, deductibles, and/or accruals, expenses and related charges, longevity pay, sick pay, holiday pay, state employment charges, taxes and/or costs related to Temporary Employee healthcare benefits, accruals and taxes, the cost of drug screens, background

checks, and personal protective equipment, and any additional expenses as Franchisor may designate in the Operating Manual or otherwise in writing. Temporary Employee Expenses also include, to the extent maintained by Franchisor and/or Franchisor's Affiliate, all insurance charges for liability and other insurances carried by Franchisor and/or Franchisor's affiliate that are related to the employment and placement of Temporary Employees, including, without limitation, insurance policy premiums, deductibles, hard costs related to the management of policies and claims, additional premium amount to establish a pool for losses below the deductible, hard costs for actual settlement and liability payments to third party claimants, court, arbitration and similar costs and internal and external legal counsel, which cover franchisees related claims, and expenses for any losses not covered by an insurance policy attributable to Temporary Employees furnished by the Franchised Business during the term of the Franchise Agreement.

- c. "Gross Margin" is defined as the Franchise Region's 2017 Gross Billings minus the Franchise Region's 2017 Gross Temporary Employee Expenses. Gross Margin is not a measure of profits or net income from the business. Rather, it is the amount of money billed to clients from each Franchise Region, reduced by the Temporary Employee Expenses incurred by the Franchisor. Gross Margin is subject to further deductions and adjustments owed to Franchisor, such as the Franchisor's Share. Gross Margin also does not reflect the operational expenses of running the Franchised Business, such as rent, local advertising, and wages paid to employees of the Franchised Business, etc.
 - d. The "Gross Margin Percentage" included in the chart represents Gross Margin divided by Gross Billings. The Gross Margin Percentage is not the Profit Margin of the business.
2. Years in Business. The majority of the Franchise Regions are mature businesses with mature client bases that have been open and operating for several years. 61 of the 70 Remedy Branch Locations that operated during the 2017 Fiscal Year had been open and operating for five (5) years or more. 47 of the 53 Westaff Branch Locations that operated during the 2017 Fiscal Year had been open and operating for five (5) years or more. Your individual results may vary, particularly in the initial years of business.
3. Additional Operating Expenses Not Reported. In addition to deductions and adjustments made as described in the Notes, there are other expenses that will reduce profits or net income of the Franchised Business, including employee burden, benefits, and bonus payments; rent, utilities, communication expenses, advertising, marketing, travel expenses, debt service, depreciation and amortization, taxes, licenses, insurance, and other related operating costs. These expenses vary from Branch Location to Branch Location and are also affected by the market in which the Branch Location is located. You should conduct an independent investigation of the costs and expenses you will incur in operating your Franchised Business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

4. The Franchise Regions denoted in the chart with an asterisk (*) operate, either entirely or partially, under a franchise model that is no longer sold by the Franchisor, whereby temporary employees are employed directly by the Franchisee. The difference in models has no effect on the calculation of Gross Billings, Gross Margin, or Gross Margin Percentage.

Some outlets have earned this amount. Your individual results may differ. There is no assurance you'll earn as much. Actual results vary from franchise to franchise and are dependent on a variety of internal and external factors, some of which we cannot estimate or forecast, such as competition, taxes and the general economic climate in your selected market. Therefore, we cannot and do not estimate the results of a particular franchise.

Written substantiation of the data disclosed in this Item 19 will be made available to you upon reasonable request.

* * *

These statements of actual sales are based on historic results and should not be construed as the actual or probable sales that will be realized by any franchisee. These numbers are based on economic conditions as they existed in the 2017 Fiscal Year.

The sales, profits and earnings of an individual franchise may vary greatly depending on a wide variety of factors, including the location of the franchise, population demography, competition in the area, the franchisee's business, management and sales expertise, economic and market conditions, labor and product costs. Additionally, a new franchise's individual financial results are likely to differ from the results stated in this Item 19, as most Franchisees have been franchisees in the System for five (5) years or more.

Other than the preceding financial performance representation in this Item 19, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations 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 Paul Galleberg at 1040 Crown Pointe Parkway, Suite 1040, Atlanta, Georgia 30338, telephone (805) 882-2200, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION

REMEDY FRANCHISE LOCATIONS

Table 1:
System-wide Remedy Outlet Summary (1)
for years 2015-2017

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2015	81	78	-3
Franchised	2016	78	70	-8
Franchised	2017	70	70	0
Company-Owned	2015	0	0	0
Company-Owned	2016	0	0	0
Company-Owned	2017	0	0	0
Total Outlets	2015	81	78	-3
Total Outlets	2016	78	70	-8
Total Outlets	2017	70	70	0

(1) Outlets reported in the above charts are Branch Locations. Many franchisees choose to operate additional Recruiting Offices within their Territory, which do not generate revenue.

Table 2:
Transfers of Remedy Outlets from Remedy Franchisees to New Owners (other than the Franchisor)
For Years 2015-2017(2)

State ⁽¹⁾	Year	Number of Transfers
Massachusetts	2015	0
	2016	0
	2017	2

State⁽¹⁾	Year	Number of Transfers
Wisconsin	2015	1
	2016	0
	2017	0
Total	2015	1
	2016	0
	2017	2

Notes:

- (1) States not listed had no transfers during the relevant period.
- (2) Outlets reported in the above chart are Branch Locations. Many franchisees choose to operate additional Recruiting Offices within their Territory, which do not generate revenue.

Table 3:
Status of Remedy Franchised Outlets⁽¹⁾
For years 2015 to 2017⁽²⁾

State	Year	Outlets at Start of Year	Outlets Opened	Terms	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2015							0
Alabama	2016							0
Alabama	2017		1					1
Arizona	2015	1						1
Arizona	2016	1						1
Arizona	2017	1						1
Colorado	2015	3						3
Colorado	2016	3				3		0
Colorado	2017							0
Florida	2015	11	1					12
Florida	2016	12						12
Florida	2017	12						12
Georgia	2015	2						2
Georgia	2016	2						2
Georgia	2017	2					1	1
Hawaii	2015	2						2

Hawaii	2016	2							2
Hawaii	2017	2							2
Illinois	2015	1							1
Illinois	2016	1							1
Illinois	2017	1				1			0
Iowa	2015	9					1		8
Iowa	2016	8					4		4
Iowa	2017	4							4
Kansas	2015	1							1
Kansas	2016	1							1
Kansas	2017	1	1			1			1
Kentucky	2015	2							2
Kentucky	2016	2							2
Kentucky	2017	2							2
Louisiana	2015	2							2
Louisiana	2016	2							2
Louisiana	2017	2							2
Massachusetts	2015	2							2
Massachusetts	2016	2							2
Massachusetts	2017	2					2		0
Missouri	2015	1							1
Missouri	2016	1							1
Missouri	2017	1	1						2
Nebraska	2015	1							1
Nebraska	2016	1							1
Nebraska	2017	1							1
Nevada	2015								0
Nevada	2016								0
Nevada	2017		1						1
New Jersey	2015	3							3
New Jersey	2016	3							3
New Jersey	2017	3					1		2
New York	2015	9							9
New York	2016	9	2						11
New York	2017	11	1						12
Ohio	2015	3	1						4
Ohio	2016	4	1						5
Ohio	2017	5							5
Oklahoma	2015	1	1						2
Oklahoma	2016	2							2
Oklahoma	2017	2				2			0

Oregon	2015	2						2
Oregon	2016	2					1	1
Oregon	2017	1						1
Pennsylvania	2015	3				2		1
Pennsylvania	2016	1						1
Pennsylvania	2017	1						1
South Carolina	2015	3						3
South Carolina	2016	3						3
South Carolina	2017	3	1					4
Tennessee	2015	1				1		0
Tennessee	2016							0
Tennessee	2017							0
Texas	2015	9				1		8
Texas	2016	8				3		5
Texas	2017	5	1					6
Utah	2015	2						2
Utah	2016	2						2
Utah	2017	2						2
Virginia	2015	2						2
Virginia	2016	2						2
Virginia	2017	2	1					3
Washington	2015	3						3
Washington	2016	3						3
Washington	2017	3						3
Wisconsin	2015	2					1	1
Wisconsin	2016	1						1
Wisconsin	2017	1						1
TOTALS	2015	81	3	0	0	4	2	78
TOTALS	2016	78	3	0	0	6	5	70
TOTALS	2017	70	8	0	0	4	4	70

Notes:

- (1) Outlets reported in the above chart are Branch Locations. Many franchisees choose to operate additional Recruiting Offices within their Territory, which do not generate revenue. The Remedy Branch Locations and franchisees are identified in Exhibit D-1.
- (2) All numbers are as of the end of the Fiscal Year.
- (3) States not listed had no franchised outlets during the relevant period.
- (4) All units listed as “Reacquired by Franchisor” were reacquired by one of Franchisor’s affiliates and rebranded and operated using that affiliates’ trademarks.

Table 4:
Status of Company-Owned Remedy Outlets
For years 2015-2017⁽¹⁾

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
TOTALS	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0

Notes:

(1) All numbers are as of the end of the Fiscal Year.

Table 5:
Projected Remedy Openings as of December 31, 2017 for 2018

State	Franchise Agreements Signed by Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Florida	0	1	0
Idaho	0	1	0
Mississippi	0	1	0
Nevada	0	1	0
New Jersey	0	1	0
New York	0	1	0
North Dakota	0	1	0
Pennsylvania	0	1	0
South Dakota	0	1	0
Texas	0	1	0
Washington	0	1	0
TOTALS	0	11	0

* * *

Attached as Exhibit D-1 is a list of the names, addresses and telephone numbers of our Remedy franchised offices as of December 31, 2017. Exhibit D-1 also lists the Remedy franchisees that had an outlet terminated, canceled, rebranded or repurchased during the 2017 Fiscal Year. If you

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

No Remedy franchisees have signed a confidentiality clause in a franchise agreement, settlement or other contract within the last three years that would restrict their ability to speak openly about their experience with us.

The following independent franchisee organization has asked to be included in this disclosure document:

Independent Association of Remedy Franchisees, Inc.
 12961 N. Main St., Suite 103
 Jacksonville, FL 32218
 904-714-9010

Mailing Address:
 PO Box 19067
 Jacksonville, FL 32245

The above franchisee organization is comprised of a subset of Remedy franchisees and was not formed by Franchisor. All inquiries regarding such organization shall be made directly to the organization itself.

WESTAFF FRANCHISE LOCATIONS

Table 1:

System wide Westaff Outlet Summary (1)
for years 2015-2017

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2015	62	54	-8
Franchised	2016	54	51	-3
Franchised	2017	51	53	2
Company-Owned	2015	0	0	0
Company-Owned	2016	0	0	0
Company-Owned	2017	0	0	0
Total Outlets	2015	62	54	-8
Total Outlets	2016	54	50	-4
Total Outlets	2017	50	53	3

Notes:

- (1) Outlets reported in the above chart are Branch Locations. Many franchisees choose to operate additional Recruiting Offices within their Territory, which do not generate revenue.

Table 2:
Transfers of Westaff Outlets from Westaff Franchisees to New Owners (other than the Franchisor)
For Years 2015-2017

State	Year	Number of Transfers
Kansas	2015	0
	2016	1
	2017	0
TOTALS	2015	0
	2016	1
	2017	0

Notes:

- (1) Outlets reported in the above chart are Branch Locations. Many franchisees choose to operate additional Recruiting Offices within their Territory, which do not generate revenue.
(2) States not listed had no transfers during the relevant period.

Table 3:
Status of Westaff Franchised Outlets⁽¹⁾
For years 2015 to 2017⁽²⁾

State	Yea r	Outlet s at Start of Year	Outlets Opene d	Term s	Non- Renewal s	Reacquire d by Franchisor	Ceased Operation s Other Reasons	Outlet s at End of the Year
Alaska	2015	1						1
Alaska	2016	1					1	0
Alaska	2017							0
Connecticut	2015	2						2
Connecticut	2016	2						2
Connecticut	2017	2						2
Florida	2015	3						3
Florida	2016	3						3
Florida	2017	3						3

Georgia	2015	3						3
Georgia	2016	3				3		0
Georgia	2017							0
Hawaii	2015	1						1
Hawaii	2016	1						1
Hawaii	2017	1						1
Indiana	2015	3					1	2
Indiana	2016	2						2
Indiana	2017	2					1	1
Iowa	2015	1				1		0
Iowa	2016							0
Iowa	2017							0
Kansas	2015	1						1
Kansas	2016	1						1
Kansas	2017	1	2					3
Louisiana	2015	16					1	15
Louisiana	2016	15						15
Louisiana	2017	15						15
Massachusetts	2015							0
Massachusetts	2016							0
Massachusetts	2017		3					3
Michigan	2015	2						2
Michigan	2016	2						2
Michigan	2017	2						2
Minnesota	2015	4				1		3
Minnesota	2016	3						3
Minnesota	2017	2						2
Missouri	2015	4						4
Missouri	2016	4						4
Missouri	2017	4						4
Montana	2015	1						1
Montana	2016	1						1
Montana	2017	1						1
New Hampshire	2015	4						4
New Hampshire	2016	4						4
New Hampshire	2017	4					1	3
New York	2015	2						2
New York	2016	2						2
New York	2017	2						2

North Carolina	2015	1						1
North Carolina	2016	1						1
North Carolina	2017	2						2
Ohio	2015	3						3
Ohio	2016	3						3
Ohio	2017	3						3
Rhode Island	2015	1						1
Rhode Island	2016	1						1
Rhode Island	2017	1						1
Vermont	2015	4						4
Vermont	2016	4						4
Vermont	2017	4						4
Virginia	2015	1						1
Virginia	2016	1						1
Virginia	2017	1						1
Wisconsin	2015	4				4		0
Wisconsin	2016							0
Wisconsin	2017							0
TOTALS	2015	62	0	0	0	6	2	54
TOTALS	2016	54	0	0	0	3	1	50
TOTALS	2017	50	5	0	0	0	2	53

Notes:

- (1) Outlets reported in the above chart are Branch Locations. Many franchisees choose to operate additional Recruiting Offices within their Territory, which do not generate revenue. The Westaff Branch Locations and franchisees are identified in [Exhibit D-2](#).
- (2) All numbers are as of the end of the Fiscal Year.
- (3) States not listed had no franchised outlets during the relevant period.
- (4) All units listed as “Reacquired by Franchisor” were reacquired by one of Franchisor’s affiliates and rebranded and operated using that affiliates’ trademarks.

Table 4:
Status of Company-Owned Westaff Outlets
For years 2015-2017⁽¹⁾

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Required from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
TOTALS	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0

Notes:

(1) All numbers are as of the end of the fiscal year.

Table 5:
Projected Westaff Openings as of December 31, 2017 for 2018

State	Franchise Agreements Signed by Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Idaho	0	1	0
North Dakota	0	1	0
South Dakota	0	1	0
TOTALS	0	3	0

Attached as Exhibit D-2 is a list of the names, addresses and telephone numbers of our Westaff franchised offices as of December 31, 2017. Exhibit D-2 also lists the Westaff franchisees that had an outlet terminated, canceled or repurchased during the 2017 Fiscal Year. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No Westaff franchisees have signed a confidentiality clause in a franchise agreement, settlement or other contract within the last three years that would restrict their ability to speak openly about their experience with us.

The following independent franchisee organization has asked to be included in this disclosure document:

Westaff Affiliate Association
 188 Allen Brook Ln Ste 1, Williston, VT 05495
 802-862-5249

The above franchisee organization is comprised of a subset of Westaff franchisees and was not formed by Franchisor. All inquiries regarding such organization shall be made directly to the organization itself.

ITEM 21.
FINANCIAL STATEMENTS

The following financial statements and materials are attached to this Disclosure Document as Exhibit E:

1. Remedy Intelligent Staffing, LLC's audited financial statements as of December 31, 2017, December 25, 2016, and December 27, 2015.

ITEM 22.
CONTRACTS

Attached is the following:

Franchise Agreement – Exhibit C to this Disclosure Document

General Release – Exhibit I to this Disclosure Document

ITEM 23.
RECEIPTS

The receipt to this Disclosure Document is attached as the last two pages. Two copies of an acknowledgment of your receipt of this Disclosure Document are attached. Please return one copy to us and retain the other for your records.

EXHIBIT A
TO THE REMEDY INTELLIGENT STAFFING, LLC
FRANCHISE DISCLOSURE DOCUMENT

**LIST OF STATE REGULATORY AGENCIES AND ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

FEDERAL TRADE COMMISSION

Franchise Rule Coordinator
Federal Trade Commission Division of Marketing Practices
Pennsylvania Avenue at Sixth Street, N.W., Room 238
Washington, D.C. 20580
Telephone: (202) 326-2970

STATE FRANCHISE REGULATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA:

Jan Lynn Owen
Commissioner
Department of Business Oversight
320 West 4th St., Ste. 750
Los Angeles, CA 90013
Telephone: (213) 576-7500 or
Toll Free Telephone: (866) 275-2677

CONNECTICUT:

Eric Wilder, Director of Securities
Connecticut Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103-1800
Telephone: (860) 240-8233

HAWAII:

Tung Chan
Commissioner of Securities
of the State of Hawaii
Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
Telephone: (808) 586-2722

ILLINOIS (Registered Agent):
Tanya Solov, Director of Securities
Office of the Secretary of State
Securities Department
69 West Washington Street, Suite 1220
Chicago, IL 60602
Telephone: (312) 793-3884

ILLINOIS (Regulatory Authority and Agent for Service of Process):
Lisa Madigan
Illinois Attorney General
500 South Second Street
Springfield, IL 62706
Telephone: (217) 782-4465

INDIANA:
Chris Naylor, Securities Commissioner
Franchise Section
Indiana Securities Division
Secretary of State
Room E-111
302 West Washington Street
Indianapolis, IN 46204
Telephone: (317) 232-6681

IOWA:
Jim Mumford, Securities Administrator
Director of Regulated Industries Unit
Iowa Securities Bureau
330 Maple Street
Des Moines, IA 50319-0066
Telephone: (515) 281-5705

MARYLAND (Registered Agent):
Maryland Securities Commissioner
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020
Telephone: (410) 576-6360

MARYLAND (Regulatory Authority):
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020
Telephone: (410) 576-6360

MICHIGAN (Regulatory Authority):
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
525 W. Ottawa Street
Lansing, MI 48909
Telephone: (517) 373-1152

MICHIGAN (Registered Agent):
Linda Cena, Securities Director
Office of Financial & Insurance Regulation
525 West Allegan
1st Floor Constitution Hall
Lansing, MI 48909
Telephone: (517) 241-6345

MINNESOTA:
Commissioner of Commerce
Minnesota Department of Commerce
Market Assurance Division
85 7th Place East, Suite 500
St. Paul, MN 55101-2198
Telephone: (651) 296-6328

NEW YORK:
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
Telephone: (212) 416-8236

NEW YORK (Agent for Service of Process):
Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA:
North Dakota Securities Department
Fifth Floor State Capitol
Dept. 414
600 East Boulevard
Bismarck, ND 58505-0510
Telephone: (701) 328-2910

OKLAHOMA:
Oklahoma Securities Dept.
First National Center
120 N. Robinson Suite 860
Oklahoma City, OK 73102

Telephone: (405) 280-7700

RHODE ISLAND:
Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903
Telephone: (401) 222-3048

SOUTH DAKOTA:
Department of Labor and Regulation
Division of Securities
124 South Euclid Suite 104
Pierre, SD 57501
Telephone: (605) 773-4823

TEXAS:
Hope Andrade
Secretary of State
P.O. Box 12697
Austin, TX 78711-2697
Telephone: (512) 463-5701

UTAH:
Division of Consumer Protection
Utah Department of Commerce
160 East 300 South
SM Box 146704
Salt Lake City, UT 84114-6704
Telephone: (801) 530-6601

VIRGINIA (Registered Agent):
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219
Telephone: (804) 371-9733

VIRGINIA (Regulatory Authority)
State Corporation Commission,
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
Telephone: (804) 371-9051

WASHINGTON:
Department of Financial Institutions
Securities Administrator
150 Israel Road SW
Tumwater, WA 98501
Telephone: (360) 902-8760

WISCONSIN:
Franchise Office
Wisconsin Securities Commission
P.O. Box 1768
Madison, WI 53701
Telephone: (608) 266-3364

EXHIBIT B

DEFINITIONS

“Accounting Period” means Franchisor’s accounting month, which is based upon calendar months but may differ from calendar months at times. There are twelve Accounting Periods in each calendar year. The first period is four weeks, the second period is four weeks, and the third period is five weeks. This pattern repeats for the remaining weeks in the year. The first Accounting Period under the Franchise Agreement will be the portion of the Accounting Period starting the date the Franchise Agreement is signed, and the last Accounting Period will be the portion of the Accounting Period ending with expiration or termination of the Franchise Agreement.

“Credit Limit” means the credit limitations we may set for customers based on our review of a customer’s creditworthiness. You must adhere to all credit policies and practices we may from time to time recommend.

“Direct-Hire Billings” means the amounts billed from or in connection with all Direct-Hire Employment services, consultation, assistance or sales provided from, through, or attributable to the Franchised Business regardless of where or to whom provided, including bona fide refunds and adjustments.

“Fiscal Year” means the Franchisor’s accounting year, which consists of twelve Accounting Periods, and ends on the final Sunday in December. Each fiscal year consists of either fifty-two (52) or fifty-three (53) weeks.

“Franchisee’s Split” means a percentage of Gross Profit Dollars and Subcontractor Gross Profit as set forth in the Gross Profit Split Schedule used to calculate Franchisee’s Share.

“Franchisor’s Share” shall be an amount of money, paid to Franchisor, equal to the sum of (i) Franchisor’s Split of the Gross Profit Dollars, determined according to the Gross Profit Split Schedule set forth in Section 5(E) of the Franchise Agreement and Exhibit C to the Franchise Agreement, (ii) ten percent (10%) of Direct-Hire Billings during an Accounting Period, (iii) Franchisor’s Split of Subcontractor Gross Profit during an Accounting Period, (iv) ten percent (10%) of Other Billings during an Accounting Period; and (v) ten percent (10%) of Temporary-to-Hire Conversion Fees during an Accounting Period.

“Franchisor’s Split” means a percentage of Gross Profit Dollars and Subcontractor Gross Profit as set forth in the Gross Profit Split Schedule used to calculate Franchisor’s Share.

“Gross Billings” means gross amounts received or receivable, directly or indirectly, from or in connection with all services, consultation, assistance or sales provided from, or through or attributable to the Franchised Business regardless of where or to whom provided, including,

without limitation, services of Temporary Employees and Direct-Hire Employees, including bona fide refunds and adjustments as approved by Franchisor.

“Gross Profit Dollars” means Gross Billings minus Temporary Employee Wages and other Temporary Employee Expenses attributable to Temporary Employees.

“Gross Profit Split Schedule” means the schedule that determines Franchisor’s Split and Franchisee’s Split of Gross Profit Dollars, described in Exhibit C of the Franchise Agreement.

“Index” means the Consumer Price Index (1982-84=100: all items; CPI-U; all urban consumers) published by the U.S. Bureau of Labor Statistics. We will have the right to use this Index or other comparable index that we may select for the purpose of determining adjustments to fixed dollar amounts stated in the Franchise Agreement and otherwise.

“In-House Temporary Staffing” means your use of Temporary Employees for the staffing needs of operating the Franchised Business and any other businesses or endeavors you and any of your principals or affiliates, and their shareholders, members or equity owners, general partners, directors, officers, or employees, may own or operate.

“In-House Temporary Staffing Fee” means a fee of up to ten percent (10%) of billings from In-House Temporary Staffing employees that Franchisor can assess, and deduct from the Franchisee’s Share, to compensate Franchisor or Franchisor’s affiliate for the additional administrative costs and expenses Franchisor incurs in connection with In-House Temporary Staffing.

“Network Access Fee” means a fee paid by Franchisee each Accounting Period to compensate Franchisor for the costs of connecting Franchisee’s Computer System to Franchisor’s operating system, and for the licensing to Franchisee of certain software used in connection with the Computer System. The Network Access Fee is currently Ninety-Two Dollars and 50/100 (\$92.50) per user per Accounting Period, which is subject to increase or decrease annually by Franchisor in proportion to the Index, as well as documented increases or decreases in costs from Franchisor’s vendors relating to software and other products provided to Franchisee via the Computer System and/or the Operating Manual.

“Other Billings” means amounts received or receivable, directly or indirectly, from or in connection with non-staffing related services and assistance Franchisee provides to customers serviced by the Franchised Business, at Franchisee’s or the customer’s request, or upon Franchisor’s direction. Any non-staffing related services and assistance must be approved in writing by Franchisor prior to any such service or assistance being provided. Franchisor may approve or disapprove of such services in its sole discretion. Examples of such services or assistance include, but are not limited to, consulting or training services Franchisee may provide to customers of the Franchised Business that are billed to the customer through the Franchised Business.

“Subcontractor Gross Profit” means all amounts billed for a given time period to a customer for services provided to the customer by subcontractors, minus amounts paid to subcontractors for providing Temporary Employee services to the customer through the Franchised Business.

“Temporary Employee Expenses” means all costs and expenses attributable to Temporary Employees, pursuant to signed contractual agreements with clients, that are not reimbursed through an associate deduction, nor billed through to the client, nor paid for in any other manner, including, without limitation, wages, payroll taxes, workers’ compensation costs, assessments, deductibles, and/or accruals, expenses and related charges, longevity pay, sick pay, holiday pay, state employment charges, taxes and/or costs related to Temporary Employee healthcare benefits, accruals and taxes, the cost of drug screens, background checks, and personal protective equipment, and any additional expenses as Franchisor may designate in the Operating Manual or otherwise in writing. Temporary Employee Expenses also include, to the extent maintained by Franchisor and/or Franchisor’s Affiliate, all insurance charges for liability and other insurances carried by Franchisor and/or Franchisor’s affiliate that are related to the employment and placement of Temporary Employees, including, without limitation, insurance policy premiums, deductibles, hard costs related to the management of policies and claims, additional premium amount to establish a pool for losses below the deductible, hard costs for actual settlement and liability payments to third-party claimants, court, arbitration and similar costs and internal and external legal counsel, which cover franchisee’s related claims, and expenses for any losses not covered by an insurance policy attributable to Temporary Employees furnished by the Franchised Business during the term of this Agreement.

“Temporary Employee Wages” means all wages, vacation pay, longevity pay, sick pay and holiday pay paid to Temporary Employees that are billed through to clients of the Franchised Business and paid for pursuant to signed contractual agreements with such clients.

“Temporary-to-Hire Conversion Fees” means for a given time period the amounts billed, directly or indirectly, in connection with the conversion of employees from Temporary Employment positions to Direct-Hire Employment positions with the customer through the Franchised Business, including bona fide refunds and adjustments.

“Uncollected Billings Reserve” means contributions to an escrow or reserve account established from time to time by Franchisor to pay Uncollectible Amounts. The Uncollected Billings Reserve shall be deducted from Franchisee’s Split pursuant to Section 5(A) of the Franchise Agreement at a rate not to exceed one-half of one percent (.005%) of Gross Billings during each Accounting Period. The total amount retained in the Uncollected Billings Reserve at any time shall not exceed, in the aggregate, three percent (3%) of the Gross Billings from the Accounting Period with the highest Gross Billings during the previous twelve (12) Accounting Periods. Franchisor shall maintain the Uncollected Billings Reserve in a separate or segregated interest-bearing account, and shall not commingle such funds with Franchisor’s own funds. Franchisor shall apply amounts in the Uncollected Billings Reserve to recover Uncollectible Amounts. If amounts in the Uncollected Billings Reserve are at any time (whether during the term of the Franchise Agreement or upon

expiration or termination) insufficient to pay all Uncollectible Amounts, all remaining Uncollectible Amounts shall be paid pursuant to Section 5(A)(iii) of the Franchise Agreement. Upon expiration or termination of the Franchise Agreement and collection by Franchisor of all Uncollectible Amounts and other deductions from the Uncollected Billings Reserve, any balance remaining in the Uncollected Billings Reserve shall be paid to Franchisee.

“Uncollectible Amounts” means all gross amounts receivable by Franchisor and due from a customer of the Franchised Business, which amounts remain uncollected for a period of one hundred and twenty (120) days or more.

“Write-Off” means the action Franchisor is permitted, but not obligated, to take to write off any Uncollectible Amounts which remain uncollected for a period of one hundred and eighty (180) days or more after the date such amounts are receivable by Franchisor. Franchisor is not obligated to write-off amounts at any particular time.

EXHIBIT C
TO THE REMEDY INTELLIGENT STAFFING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

REMEDY INTELLIGENT STAFFING, LLC
FRANCHISE AGREEMENT

REMEDY INTELLIGENT STAFFING, LLC
FRANCHISE AGREEMENT
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FRANCHISE #_____	NEW FRANCHISEE

REMEDY INTELLIGENT STAFFING, LLC

1040 Crown Pointe Parkway, Suite 1040, Atlanta, Georgia 30338

FRANCHISE AGREEMENT

THIS AGREEMENT is entered into between Remedy Intelligent Staffing, LLC, a California limited liability company organized and existing under the laws of the State of California ("Remedy" or "Franchisor") and _____ ("Franchisee") for the purposes of granting Franchisee the rights necessary to operate a Remedy Franchised Business (the "Agreement"). Franchisee is doing business as a:

Corporation, state of incorporation: _____ LLC, state of organization: _____

Effective Date of Agreement: _____ Non-Refundable Franchise Fee: \$39,950

Term of Franchise ("Initial Term"): 10 years

Franchisee agrees to receipt of all correspondence sent via U.S. MAIL at the following address:

Email Address: _____ FEIN: _____

Owner Name:

Address:

Phone: _____ Percentage Interest*: _____

Owner Name:

Address:

Phone: _____ Percentage Interest*: _____

Owner Name:

Address:

Phone: _____ Percentage Interest*: _____

Owner Name:

Address:

Phone: _____ Percentage Interest*: _____

TERMS OF AGREEMENT

DEFINITIONS.

The following are certain defined terms used in this Agreement. Terms used in this Agreement and not otherwise defined herein shall have the meanings set forth below:

“Accounting Period” means Franchisor’s accounting month, which is based upon calendar months but may differ from the calendar month at times. There are twelve Accounting Periods in each calendar year. The first period is four weeks, the second period is four weeks, and the third period is five weeks. This pattern repeats for the remaining weeks in the year. The first Accounting Period under the Franchise Agreement will be the portion of the Accounting Period starting the date the Franchise Agreement is signed, and the last Accounting Period will be the portion of the Accounting Period ending with expiration or termination of the Franchise Agreement.

“Accounts Receivable” means the amounts of money owed from customers and clients serviced by Franchised Business as a result of all services provided by Franchisee including, but not limited to, Direct-Hire Employee and Temporary Employee placement services provided by the Franchised Business. Accounts Receivable shall be the property of Franchisor and held in trust for the benefit of the Franchisee.

“Affiliate” means any company directly or indirectly owned or controlled by or under common control with Franchisor.

“Appropriate Franchisee” means, with respect to any customer, the franchisee operating a franchised business within whose Territory that customer’s business is situated.

“Approved Services” means the Clerical Employment Services and the Light Industrial Employment Services that Franchisee is approved to offer to customers from the Franchised Business under the Marks in accordance with the terms of this Agreement and the Operating Manual.

“Clerical Employment Services” means general clerical temporary employment services, including such services as Franchisor shall from time to time designate in the Operating Manual, or otherwise in writing, as Clerical Employment Services.

“Computer System” means (a) the computer hardware and operating system required by Franchisor for the operation of the Franchised Business and use of the Software; (b) data, audio, video, and voice storage, retrieval, and transmission systems for use at the Franchised Business; (c) printers and other peripheral devices; (d) archival back-up systems; and (e) internet access mode (e.g., form of telecommunications connection) and speed.

“Confidential Information” means all customer and associate contracts and lists, sales and promotional information, employee lists, financial information furnished or disclosed to Franchisee by Franchisor, certain software and data contained therein, the Operating Manual, Online Sites, Franchisor’s internal and external databases, and all other information that Franchisor deems to be confidential or proprietary with respect to Franchisor, the System, or customers of Franchisor (i) of which Franchisee becomes aware as a result of its franchise relationship with Franchisor or the operation of the Franchised Business, (ii) which has actual or potential economic value to Franchisor from it not being generally known to other persons who could obtain economic value from its disclosure or use, and (iii) which is the subject of reasonable efforts by Franchisor to maintain its secrecy or confidentiality, whether assembled and compiled by Franchisee or produced and provided by Franchisor, and the physical embodiments of such information, all of which are the confidential and proprietary information and property of Franchisor.

“Covered Business” means Temporary Employment services or Direct-Hire Employment services.

“Direct-Hire Billings” means the amounts billed from or in connection with all Direct-Hire Employment services, consultation, assistance or sales provided from, through, or attributable to the Franchised Business regardless of where or to whom provided, including bona fide refunds and adjustments.

“Direct-Hire Employee” means an individual placed into a Direct-Hire Employment position by the Franchised Business.

“Direct-Hire Employment” means placement of an individual for employment directly with a company or firm during which time such individual is not an employee of Franchisor, Franchisor’s affiliate or Franchisee.

“Fiscal Year” means the Franchisor’s accounting year, which consists of twelve Accounting Periods and ends on the final Sunday in December. Each fiscal year consists of fifty-two (52) or fifty-three (53) weeks.

“Franchise Conference” means a meeting of Franchisor’s franchisees to be held from time to time at Franchisor’s discretion and in such location(s) as Franchisor may require.

“Franchisee’s Share” means an amount of money determined in accordance with Section 5(A). Franchisee’s Share shall be calculated during each Accounting Period beginning with the Accounting Period in which Franchisee commences operations of the Franchised Business.

“Franchisee’s Split” means a percentage of Gross Profit Dollars and Subcontractor Gross Profit as set forth in the Gross Profit Split Schedule used to calculate Franchisee’s Share.

“Franchisor’s Share” shall be an amount of money, paid to Franchisor, equal to the sum of (i) Franchisor’s Split of the Gross Profit Dollars, determined according to the Gross Profit Split

Schedule set forth in Section 5(E) and Exhibit C, (ii) ten percent (10%) of Direct-Hire Billings during an Accounting Period, (iii) Franchisor's Split of Subcontractor Gross Profit during an Accounting Period, (iv) ten percent (10%) of Other Billings during an Accounting Period; and (v) ten percent (10%) of Temporary-to-Hire Conversion Fees during an Accounting Period.

"Franchisor's Split" means a percentage of Gross Profit Dollars and Subcontractor Gross Profit as set forth in the Gross Profit Split Schedule used to calculate Franchisor's Share.

"Gross Billings" means gross amounts received or receivable, directly or indirectly, from or in connection with all services, consultation, assistance or sales provided from, or through or attributable to the Franchised Business regardless of where or to whom provided, including, without limitation, services of Temporary Employees and Direct-Hire Employees, including bona fide refunds and adjustments as approved by Franchisor.

"Gross Profit Dollars" means Gross Billings minus Temporary Employee Wages and other Temporary Employee Expenses attributable to Temporary Employees for a given time period for a given time period.

"Gross Profit Split Schedule" means the schedule that determines Franchisor's Split and Franchisee's Split of Gross Profit Dollars as set forth in Exhibit C attached hereto.

"Index" means the Consumer Price Index (1982-84=100: all items; CPI-U; all urban consumers) published by the U.S. Bureau of Labor Statistics. Franchisor has the right to use this Index or other comparable index that Franchisor may select for the purpose of determining adjustments to fixed dollar amounts stated in the Franchise Agreement and otherwise.

"In-House Temporary Staffing" means use by Franchisee of Temporary Employees for the staffing needs of operating the Franchised Business and any other businesses or endeavors owned or operated by Franchisee, or any of its principals or affiliates, and their shareholders, members or equity owners, general partners, directors, officers, or employees, as contemplated by the Franchisor.

"In-House Temporary Staffing Fee" means a fee of up to ten percent (10%) of billings from In-House Temporary Staffing employees that Franchisor can assess, and deduct from the Franchisee's Share, to compensate Franchisor or Franchisor's affiliate for the additional administrative costs and expenses Franchisor incurs in connection with In-House Temporary Staffing.

"Initial Franchise Fee" means a franchise fee for each Territory of Thirty-Nine Thousand Nine Hundred Fifty Dollars (\$39,950).

"Initial Location" means the first physical office location opened by Franchisee in the Territory.

"Light Industrial Employment Services" means general light industrial and logistics Temporary Employment services, including such services as Franchisor shall from time to time designate in the Operating Manual, or otherwise in writing, as Light Industrial Employment Services.

"Location" means the physical (brick and mortar) office or location within the Territory (hereinafter defined) with a secured connection to Franchisor's computer system from which the Franchised Business shall be conducted. The Location shall be either (i) at the address set forth in

Exhibit Attached hereto and incorporated herein by this reference, or (ii) at an address approved by Franchisor pursuant to Section 3.

“Manager” means the person primarily responsible to coordinate and manage the Franchised Business for Franchisee and who will devote full time to the coordination and management thereof.

“Minimum Performance Standards” means the minimum required amount of Gross Profit Dollars produced by the Franchised Business as specified in Exhibit A attached hereto and incorporated herein by this reference.

“National Accounts” means any customer designated as such by Franchisor, based upon Franchisor’s sole determination that, because such customer conducts its business at multiple locations and is deemed of strategic importance by Franchisor, the account, services and pricing of such customer shall be negotiated and secured either (i) by Franchisor or (ii) with Franchisor’s assistance, approval and oversight.

“Network Access Fee” means a fee paid by Franchisee each Accounting Period to compensate Franchisor for the costs of connecting Franchisee’s Computer System to Franchisor’s operating system, and for the licensing to Franchisee of certain software used in connection with the Computer System. The Network Access Fee is currently Ninety-Two Dollars and 50/100 (\$92.50) per user per Accounting Period, which is subject to increase or decrease annually by Franchisor in proportion to the Index, as well as documented increases or decreases in costs from Franchisor’s vendors relating to software and other products provided to Franchisee via the Computer System and/or the Operating Manual.

“Non-Mark Businesses” means Temporary Employment and Direct-Hire Employment service businesses, or any other business, that are not operated using the Marks, and that are identified by trademarks, service marks, trade names, logotypes, or commercial symbols other than the Marks but which are owned and/or licensed by Franchisor or Franchisor’s Affiliates (including, but not limited to, the marks “RemX”, “Select”, “SelectRemedy”, and all marks associated with the EmployBridge brand of staffing companies).

“Online Site” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, webpages, microsites, social networking sites (e.g., Facebook, Twitter, LinkedIn, You Tube, Google Plus, Pinterest, etc.), blogs, vlogs, applications to be installed on mobile devices (e.g., iPad or Droid apps), and other applications, etc.

“Operating Manual” means the Franchisor’s confidential operations manual containing the Confidential Information, specifications, standards and procedures, as amended from time to time by Franchisor, by which Franchisee shall conduct the Franchised Business. Franchisor shall have the right to provide the Operating Manual, including Franchisor’s confidential automated library, procedural help system, as well as any hardcopy operating manuals and policies, in any format it chooses (including, but not limited to, hard copy, CD, or online).

“Other Billings” means amounts received or receivable, directly or indirectly, from or in connection with non-staffing related services and assistance Franchisee provides to customers serviced by the Franchised Business, at Franchisee’s or the customer’s request, or upon Franchisor’s direction. Any non-staffing related services and assistance must be approved in writing by Franchisor prior to any

such service or assistance being provided. Franchisor may approve or disapprove of such services in its sole discretion. Examples of such services or assistance include, but are not limited to, consulting or training services Franchisee may provide to customers of the Franchised Business that are billed to the customer through the Franchised Business.

“Protected Customer” means a customer, except for a National Account customer, situated within the geographic area that has been granted to another franchisee of Franchisor under a franchise agreement with Franchisor for all business other than Direct-Hire Employment services.

“Software” means such computer software designated or licensed from time to time by Franchisor for use in connection with the Franchised Business (including, without limitation, software to assist with and report on the operations of the Franchised Business, and software tools used for applicant screening, testing, and processing).

“Special Services” means Temporary Employment services other than Clerical Employment Services or Light Industrial Employment Services (including, without limitation, specialty medical, legal, and accounting temporary employment services) that Franchisor shall from time to time designate in the Operating Manual, or otherwise in writing, as Special Services.

“Subcontractor Gross Profit” means all amounts billed for a given time period to a customer for services provided to the customer by subcontractors, minus the amounts paid to subcontractors for the provision of Temporary Employee services to such customer through the Franchised Business.

“Temporary Employee” means an employee placed into a Temporary Employment position by the Franchised Business.

“Temporary Employee Expenses” means all costs and expenses attributable to Temporary Employees, pursuant to signed contractual agreements with clients, that are not reimbursed through an associate deduction, nor billed through to the client, nor paid for in any other manner, including, without limitation, wages, payroll taxes, workers’ compensation costs, assessments, deductibles, and/or accruals, expenses and related charges, longevity pay, sick pay, holiday pay, state employment charges, taxes and/or costs related to Temporary Employee healthcare benefits, accruals and taxes, the cost of drug screens, background checks, and personal protective equipment, and any additional expenses as Franchisor may designate in the Operating Manual or otherwise in writing. Temporary Employee Expenses also include, to the extent maintained by Franchisor and/or Franchisor’s Affiliate, all insurance charges for liability and other insurances carried by Franchisor and/or Franchisor’s affiliate that are related to the employment and placement of Temporary Employees, including, without limitation, insurance policy premiums, hard costs related to the management of policies and claims, additional premium amount to establish a pool for losses below the deductible, hard costs for actual settlement and liability payments to third party claimants, court, arbitration and similar costs and internal and external legal counsel, which cover franchisees related claims, and expenses for any losses not covered by an insurance policy attributable to Temporary Employees furnished by the Franchised Business during the term of the Franchise Agreement.

“Temporary Employee Wages” means all wages, vacation pay, longevity pay, sick pay and holiday pay paid to Temporary Employees that are billed through to clients of the Franchised Business and paid for pursuant to signed contractual agreements with such clients.

“Temporary Employment” means employment with a company or firm other than for a Direct-Hire Employment position, during which time such employee remains the employee of Franchisor’s Affiliate.

“Temporary-to-Hire Conversion Fees” means for a given time period the amounts billed, directly or indirectly, in connection with the conversion of employees from Temporary Employment positions to Direct-Hire Employment positions with the same customer through the Franchised Business, including bona fide refunds and adjustments.

“Territory” means the protected geographic area, described or identified in Exhibit A to this Agreement and incorporated herein by this reference.

“Terrorism Laws” means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

“Uncollected Billings Reserve” means contributions to an escrow or reserve account established from time to time by Franchisor to pay Uncollectible Amounts. The Uncollected Billings Reserve shall be deducted from Franchisee’s Split pursuant to Section 5(A) hereof at a rate not to exceed one-half of one percent (.005%) of Gross Billings during each Accounting Period. The total amount retained in the Uncollected Billings Reserve at any time shall not exceed, in the aggregate, three percent (3%) of the Gross Billings from the Accounting Period with the highest Gross Billings during the previous twelve (12) Accounting Periods. Franchisor shall maintain the Uncollected Billings Reserve in a separate or segregated interest bearing account, and shall not commingle such funds with Franchisor’s own funds. Franchisor shall apply amounts in the Uncollected Billings Reserve to recover Uncollectible Amounts. If amounts in the Uncollected Billings Reserve are at any time (whether during the term of this Agreement or upon expiration or termination) insufficient to pay all Uncollectible Amounts, all remaining Uncollectible Amounts shall be paid pursuant to Section 5(A)(iii) hereof. Upon expiration or termination of this Agreement and collection by Franchisor of all Uncollectible Amounts and other deductions from the Uncollected Billings Reserve, any balance remaining in the Uncollected Billings Reserve shall be paid to Franchisee.

“Uncollectible Amounts” means all gross amounts receivable by Franchisor and due from a customer serviced by the Franchised Business, which amounts remain uncollected for a period of one hundred and twenty (120) days or more.

“Unforeseeable Losses” means Temporary Employee payroll fraud; theft, and other Temporary Employee dishonesty claims; property damage; bodily injury; personal injury; and other liability claims by customers serviced by the Franchised Business or third parties in connection with the operation of the Franchised Business.

“Write-Off” means the action Franchisor is permitted, but not obligated, to take to write off any Uncollectible Amounts which remain uncollected for a period of one hundred and eighty (180) days

or more after the date such amounts are receivable by Franchisor. Franchisor is not obligated to write-off any Uncollectible Amount at any particular time.

“Year” means the twelve (12) calendar months beginning on January 1 and ending on December 31 each year. The first Year shall begin on the Effective Date and end on the following December 31, and the last Year shall begin on the January 1 preceding the termination or expiration of the Initial Term (or any Renewal Agreement term, as applicable) and end on the date of termination or expiration of the Initial Term (or any Renewal Agreement term, as applicable).

NOW, THEREFORE, for and in consideration of the mutual rights and obligations contained in this Agreement, Remedy and Franchisee agree as follows:

1. NATURE AND SCOPE OF FRANCHISE.

A. Remedy markets, sells and provides a unique format and system (the “Remedy System” or “System”) relating to the establishment and operation of a business offering high quality Temporary Employment services and Direct-Hire Employment services to business and industry (the “Franchised Business”). Franchisee is purchasing a Franchised Business and receives the right to use the Remedy System, and the right to use certain Remedy trade names, service marks and trademarks, designs, and logos as Remedy may from time to time designate (the “Marks”), pursuant to Exhibit A, attached hereto. Franchisee shall operate using only the Remedy Marks or the Westaff Marks as designated by Franchisee prior to the operation of the Franchised Business and as set forth on Exhibit A.

B. Remedy owns the Remedy System and the right to use and license the Marks, and has the right to authorize their adoption and use.

C. The rights granted to Franchisee to operate the Franchised Business are set forth in this Agreement.

D. The Franchised Business shall be operated in conformity with the Remedy System and adherence to Remedy’s standards, policies and procedures as they may be issued from time to time, including but not limited to those set forth in the Operating Manual.

E. Franchisee intends by executing this Agreement to purchase a Franchised Business, becoming an independent business owner of a Remedy Franchised Business.

F. Restrictions.

(i). **TEMPORARY EMPLOYEES.** Franchisee’s license under this Agreement with respect to Temporary Employees is limited to providing only Approved Services (and, if approved, Special Services) within the Territory. Franchisee may, upon receiving prior written approval from Franchisor, provide Approved Services (and, if approved, Special Services) for Temporary Employees outside the Territory, subject to the provisions of Section 1(F)(ii) below. Except for certain National Accounts as described below, Franchisee shall not provide Temporary Employment services to any customer located in a geographic area granted to another franchisee of Franchisor.

(ii). **PROTECTED CUSTOMERS.** If Franchisee provides Temporary Employment services to a customer located outside the Territory, but in a geographic area which subsequently becomes a geographic area granted to another franchisee of Franchisor, that customer shall become a Protected Customer of the other franchisee unless the customer is a National Account. If Franchisee sells Temporary Employment services to a Protected Customer, upon being notified thereof, Franchisee shall immediately relinquish all sales and service rights and obligations associated with such Protected Customer to the Appropriate Franchisee for such Protected Customer in the manner proscribed in the Operating Manual.

(iii). **DIRECT-HIRE EMPLOYMENT.** Franchisee may offer and sell Direct-Hire Employment services to customers with physical locations within the Territory, or upon receipt of Franchisor's prior written consent, outside the Territory. Franchisee may not, however, provide to any customer located in the Territory of another franchisee of Franchisor, a Direct-Hire Employee who is already employed within such Territory as a Temporary Employee of such other franchisee.

2. FRANCHISE GRANT AND TERM.

A. Remedy grants Franchisee for the stated Term, the right, license, and privilege to adopt and use the Remedy System, to advertise to the public that Franchisee is a franchisee of Remedy, and to adopt and use, but only in connection with the sale of Approved Services, and if permitted by Remedy, Special Services, the Marks that Franchisee designates on Exhibit A hereto, as may be amended by Remedy from time to time.

B. The Initial Term of this Agreement is ten (10) Years.

C. Subject to the terms herein, upon the expiration of the Initial Term of this Agreement, Franchisee shall have the right to renew the franchise agreement for up to two (2) consecutive five (5) Year terms (each, separately, the "Renewal Term"), subject to the following conditions:

(i). Franchisee will have no further right to operate a Franchised Business unless Remedy and Franchisee execute a written renewal agreement at the commencement of each Renewal Term ("Renewal Agreement"). The Renewal Agreement shall be upon the terms and conditions as Remedy is then granting to new franchises, which terms and conditions may be materially different from the terms and conditions of this Agreement. The Renewal Agreement after the first Renewal Term shall be modified to provide only for one further five (5) Year renewal period, and any then applicable conditions for renewal.

(ii). A \$10,000.00 Renewal Fee shall be due to Franchisor upon execution of each Renewal Agreement.

(iii). Franchisee will have no right to a Renewal Agreement if any default exists upon the expiration of the Initial Term and/or any Renewal Term(s).

(iv). Franchisee will have no right to a Renewal Agreement unless Franchisee provides Remedy with written notice, at least six (6) months but not more than (9) months,

prior to the expiration of the Initial Term and any Renewal Terms, of its desire to renew the Agreement. As a condition of renewal, Franchisee shall execute a general release in favor of Remedy.

D. The Initial Term shall begin on the Effective Date.

3. **TERRITORY.**

During the Term of this Agreement, Franchisee shall have the right to provide Approved Services from the Location within the Territory using the Remedy Marks or the Westaff Marks, as designated by Franchisee on Exhibit A, and the Remedy System. Such Territory may be reduced or modified by Franchisor for Franchisee's failure to meet the Minimum Performance Standards. During the Term, Remedy will not establish or license any other person to establish, another franchise utilizing the Marks from a location within the Territory. Franchisor may establish or license to other persons, the right to operate franchises of competing brands that utilize different trademarks than the Marks licensed to you hereunder, within your Territory, including but not limited to, Westaff or Remedy franchises, whichever is not elected by Franchisee. In addition, Franchisor's Affiliates may establish or operate competing business locations within the Territory utilizing different trademarks, including but not limited to, Select, SelectRemedy, RemX, EmployBridge and its associated brands, and other brands later developed or acquired by Franchisor's Affiliates. Franchisee shall lease or purchase the Initial Location within the Territory which is satisfactory to Franchisor, and meets the requirements set forth in the Operating Manual, within ninety (90) days after execution of this Agreement. Franchisor does not assist with site selection, but Franchisor will approve or disapprove Franchisee's proposed location(s) within thirty (30) days after Franchisor has received all requested information. Franchisee may not relocate the Location or Locations without Franchisor's prior written consent.

Franchisee may open multiple Locations within the Territory, in addition to the Initial Location, upon prior written approval from Franchisor, which shall not be unreasonably withheld. All proposed locations for additional Locations must be approved by Franchisor, and may not be relocated once approved without Franchisor's prior written consent.

Franchisee shall sign and obtain Landlord's signature on a Conditional Assignment and Assumption of Lease, attached hereto as Exhibit D, prior to, or contemporaneous with, the execution of any lease for a Location, allowing Franchisor to assume the lease of the Location or Locations in event of Franchisee's default and/or termination of this Agreement or Franchisor's repurchase of any Location, pursuant to Section 19(D) of this Agreement.

4. **FRANCHISEE FEE.** The Franchise Fee stated on Page 1 is payable in a lump sum upon execution of this Agreement and is non-refundable subject only to Section 7 in the event Franchisee fails to complete training to Franchisor's satisfaction.

5. **FRANCHISEE'S SHARE AND FEES.**

A. **Franchisee's Share, Uncollectible Amounts, and Collection Expenses.** Beginning upon the commencement of operations of the Franchised Business, and for each Accounting Period of this Agreement thereafter, Franchisee's Share shall be the sum of (i) Franchisee's Split of Gross

Profit Dollars as determined pursuant to Section 5(E) below, (ii) 90% of Direct-Hire Billings, (iii) Franchisee's Split of Subcontractor Gross Profit, (iv) 90% of Other Billings, and (v) 90% of Temporary-to-Hire Conversion Fees less the following amounts:

- (i) The Network Access Fee;
- (ii) Uncollected Billings Reserve contributions;
- (iii) All Uncollectible Amounts (plus interest as provided in Section 5(C) below) under the Credit Limit (as defined in the Operating Manual, as may be modified from time to time) on a pro-rata basis in accordance with Franchisee's Split, and/or Write-Off amounts over the Credit Limit in total;
- (iv) Franchisee's share of all legal and other out-of-pocket collection expenses incurred by Franchisor related to the Franchised Business billings and operations;
- (v) The cost (including all Temporary Employee Wages and Temporary Employee Expenses) arising from In-House Temporary Staffing;
- (vi) Any In-House Temporary Staffing Fees;
- (vii) A formulaic charge for insurance policies (based on Remedy's total temporary payroll) purchased for our Temporary Employees placed by your Franchised Business. The charge includes, but is not limited to, insurance premiums, hard costs for management of policies and claims, additional premium amount to establish a pool for losses below the deductible, and hard costs for actual settlement and liability payments to third party claimants, court, arbitration and similar costs and internal and external legal counsel, costs and fees, which cover franchisees related claims; and
- (viii) At Franchisor's discretion, any other amounts owed by Franchisee to Franchisor or any of its Affiliates under this Agreement or otherwise.

To the extent that any payments are received from a customer during the Accounting Period on account of receivables previously deemed Uncollectible Amounts, Franchisee's Share shall be increased accordingly, and such payments shall be applied first to all Uncollectible Amounts for such customer up to and including the Credit Limit, and then to all Uncollectible Amounts for such customer over the Credit Limit. The amount of the Network Access Fee, any additional software system fees charged in accordance with Section 5(G) and 5(H), and any other amounts set forth in this Agreement, may be adjusted annually by Franchisor, in January of each calendar year or later, based upon: (a) the Index; and (b) documented increases or decreases in Franchisor's costs, including, without limitation, as a result of higher or lower costs from Franchisor's vendors, relating to Software and other products and services provided to Franchisee.

B. Payment of Franchisee's Share. As long as this Agreement remains in effect and Franchisee is not in default hereunder, Franchisor will remit to Franchisee Franchisee's Share within fifteen (15) calendar days after the end of each Accounting Period.

C. Right to Set-Off and Interest. Franchisor shall have the right to set off from payment of Franchisee's Share all amounts due to Franchisor and/or any Affiliate of Franchisor. For all Uncollectible Amounts, and all other amounts due from Franchisee to Franchisor not otherwise paid within thirty (30) days after due, Franchisor shall be entitled, in addition to the amount due, to receive interest equal to the lesser of one and one-half percent (1.5%) per month of the amount due from the date due until paid, or the maximum rate allowable under applicable law. Interest shall accrue on Uncollectible Amounts until, and if ever, such amounts become a Write-Off; and after which time interest shall no longer accrue on Write-Off amounts (but all interest accruing on Uncollectible

Amounts prior to Write-Off shall still be due to Franchisor). Franchisor is not required to make any amount a Write-Off at or within any particular time. This provision is neither an agreement by Franchisor to accept any late payment nor a commitment by Franchisor to extend credit or otherwise finance any aspect of the Franchised Business, and shall not be construed as such.

D. Application of Payments. Franchisor shall have the right to apply any payment(s) received from Franchisee to any amount(s) owed Franchisor or Franchisor's Affiliates by Franchisee under this Agreement or otherwise regardless of Franchisee's designation as to application of such payment(s).

E. Calculation of Franchisor's Split and Franchisee's Split. Beginning in the first Accounting Period following the commencement of operations of the Franchised Business, and for each Accounting Period of this Agreement thereafter, Franchisor's Split and Franchisee's Split shall be calculated in accordance with the Gross Profit Split Schedule, attached hereto as Exhibit C.

F. Intentionally deleted.

G. Network Access Fee. Franchisee shall be required to pay the Network Access Fee to Franchisor each Accounting Period, per user. The Network Access Fee shall be used to compensate Franchisor for providing the Software updates and support as set forth in the Operating Manual. The Network Access Fee shall be deducted from Franchisee's Share in accordance with Section 5(A). In addition, if Franchisor purchases or develops additional software systems for use in connection with the Franchised Business, Franchisor may charge, and Franchisee shall be required to pay, an additional fee for such systems; provided, however, that during the Initial Term, additional fees for such systems shall be limited to a total of One Thousand Dollars (\$1,000) during each Year.

H. Software. Franchisee shall be required to pay a fee for all required Software and other Software Franchisee elects to use in connection with the Franchised Business. The fees for the Software shall be as set forth in the Operating Manual, as may be amended from time to time, and may include a one-time initial fee, an annual fee, or other periodic license fee and other fees. Franchisee may be required to pay separate Software initial license fees and periodic license fees for each Location operated by the Franchisee pursuant to this Agreement.

I. Minimum Fee. Notwithstanding anything to the contrary in this Agreement, after Franchisee has been in business for twenty-four (24) months, Franchisor shall be entitled to a minimum payment from Franchisee each Accounting Period in the amount of Three Thousand Dollars (\$3,000) (the "**Minimum Fee**"), as partial compensation for the payroll and billing services Franchisor provides for the Franchised Business. Accordingly, beginning the subsequent first full Accounting Period following the first 24 months in business, if the Franchisor's Share for any Accounting Period is less than the Minimum Fee, Franchisee will pay Franchisor the amount

necessary so that Franchisor receives the Minimum Fee. The Minimum Fee may be adjusted annually by Franchisor, in January of each calendar year or later, based upon changes in the Index.

6. OTHER FEES.

A. Transfer Fee. The Transfer Fee for the transfer of any interest in Franchisee, this Agreement, and/or the Franchised Business, subject to Section 19, is Ten Thousand Dollars (\$10,000.00). Franchisor may, from time to time, revise the Transfer Fee. Any such change will be published in the Operating Manual.

7. TRAINING.

A. Initial and Continuing Training. Franchisor shall furnish for Franchisee and the Manager, an initial training program covering topics in the management of the Franchised Business which may include, but are not limited to, the sales, service and operations of the Franchised Business. Franchisee shall be responsible for all personal and employee salaries, other compensation, expenses and other costs, including but not limited to, travel and living expenses associated with attendance or participation in the initial training program. The training shall include classes in all aspects of the Franchised Business, and shall take place in part at Franchisor's corporate headquarters, the Franchised Business, and in part remotely or by other means, and at such other location or additional places as Franchisor may designate.

B. Training by Franchisee. After the initial training program, Franchisee shall provide continuing training to its employees at its cost to ensure that Franchisee's employees satisfactorily meet System standards.

C. Completion of Training; Additional Evaluation. Franchisee and Manager shall complete Franchisor's training program to Franchisor's satisfaction in Franchisor's sole discretion, exercised in good faith. During the initial training program, Franchisor shall have the right to evaluate Franchisee's and Manager's fitness to operate the Franchised Business. The parties acknowledge that only Franchisor is capable of making this judgment due to its unique experience and knowledge of the business methods involved in the operations of the Franchised Business.

D. Failure to Complete Training/Evaluation. Upon Franchisor's good faith determination that Franchisee lacks fitness to operate the Franchised Business, or has failed to satisfactorily complete the training program, or Franchisor has doubts about Franchisee's ability to operate the Franchised Business in Franchisor's sole discretion, Franchisor shall provide written notice of such determination to Franchisee and Franchisor may, in its sole discretion, elect to terminate this Agreement, and refund to Franchisee the amount of the Initial Franchise Fee paid to Franchisor, less a non-refundable training fee of Fifteen Thousand Dollars (\$15,000.00).

E. Training Materials. Franchisor shall make available to Franchisee from time to time, at Franchisor's expense, certain training and related materials for use in the operation of the Franchised Business. If Franchisee prepares or proposes to prepare any training or related materials for use in connection with the Franchised Business (whether for colleagues, associates, customers or otherwise), Franchisee shall submit samples of such materials to Franchisor for Franchisor's review

and prior written approval. Franchisee shall not use any such materials without obtaining Franchisor's prior written approval. Once approved by Franchisor, any training and related materials shall become and remain the sole property of Franchisor, and must be used at all times in the form and manner as Franchisor may specify. Franchisor shall have the right to withdraw any approval previously given.

F. Franchise Conference. Franchisor, at its sole discretion, may, as frequently as annually, sponsor a Franchise Conference and require the attendance of the Franchisee and/or the Manager. The Franchise Conference will be designed to provide further training, and provide information and facilitate discussions, on topics of interest to franchisees and will be of a one (1) to five (5) day duration. Franchisee shall be responsible for all personal and employee salaries and other compensation, and other costs and expenses, including, but not limited to, travel expenses, and other costs incurred by Franchisee in connection with attendance at or participation in such Franchise Conference, which shall be communicated to Franchisee in advance of the Franchise Conference.

G. Additional Training. Franchisee is required to complete Initial Training in the Remedy System. Subsequent training is Additional Training, and may include, but shall not be limited to, any training course offered in the Initial Training, or any other training provided by Remedy to Franchisee and/or Franchisee's employee(s). Additional Training may also include courses introducing new methods developed after the Initial Training, which Additional Training may be mandatory in Franchisor's sole discretion. Franchisee's Additional Training may be offered online, through webinars, personal consultation and/or through group seminars. Personal consultations may be scheduled at the request of Franchisee and may be conducted by telephone or in person. There is no charge for Additional Training. Additional Training programs or refresher courses may be required if Franchisor receives complaints regarding Franchisee's services, failure to respond or communicate with client, or refusal to service a client, as more specifically described in Section 13B. Additional Training due to the above listed offenses shall be Franchisee's sole expense, at the then-current rate of training services as listed in the Operating Manual.

H. Franchisee acknowledges the importance of quality and uniformity of business operation among all Franchised Businesses in the Remedy System, and Franchisee agrees to enroll Franchisee and Manager in the Initial Training program.

8. EMPLOYMENT, BILLING, COLLECTION AND PAYMENT OF TEMPORARY EMPLOYEE EXPENSES.

A. Franchisor's Obligations.

(i) EMPLOYMENT OF TEMPORARY EMPLOYEES. Temporary Employees provided by the Franchised Business shall be employees of Franchisor or one of Franchisor's Affiliates. Franchisee acknowledges and agrees that Temporary Employee Wages and Temporary Employee Expenses will be deducted from Gross Billings in order to calculate Gross Profit Dollars.

(ii) BILLINGS AND COLLECTIONS. Franchisor and/or its Affiliates shall bill customers serviced by the Franchised Business, and collect all payments made by customers serviced

by the Franchised Business, for all Direct-Hire Employment and Temporary Employment placement services, including pre-employment testing and other services, provided by the Franchised Business (including all Temporary-to-Hire Conversion Fees). Franchisee shall not bill or collect any amounts from customers, but shall, at Franchisor's direction, actively assist and cooperate with Franchisor in Franchisor's billing and collections efforts. Franchisor shall endeavor in good faith to collect all billings made by Franchisor to customers serviced by the Franchised Business. The payments and Accounts Receivable that arise from all Direct-Hire Employee and Temporary Employee placement services provided by the Franchised Business shall be the property of Franchisor or its Affiliates.

B. Franchisee's Obligations.

(i) **TEMPORARY EMPLOYEES.** Franchisee shall exercise its best efforts to recruit, screen, interview, test, recommend for hire, train, indoctrinate, assign, place and dispatch Temporary Employees on behalf of Franchisor and/or Franchisor's Affiliates in strict compliance with all applicable local, state, and federal law, including, without limitation, all laws related to employment discrimination, and in compliance with Franchisor's policies and procedures. Prior to placement of any Temporary Employee through the Franchised Business, Franchisee shall obtain from such Temporary Employee a current application and required documentation for employment in a form satisfactory to Franchisor. Franchisee shall maintain the original application and required documentation in its files in accordance with retention policies as may be prescribed by Franchisor from time to time and shall promptly provide Franchisor with a copy of such application and required documentation on request. Without the prior written consent of Franchisor, Franchisee shall not use Temporary Employees to operate Franchisee's business. Franchisee shall indemnify and defend Franchisor and its affiliates, directors, officers, and employees, for any failure by Franchisee to comply with applicable employment law, or with employment policies and procedures, as set forth in the Operating Manual.

(ii) **CREDIT POLICIES.** Franchisee shall adhere to all credit policies and practices that may be recommended by Franchisor from time to time. Franchisor reserves the right to review the creditworthiness of any new customer and to set credit limitations for customers (a "Credit Limit"). Franchisee shall not provide services to customers deemed uncreditworthy by Franchisor or customers whose accounts Franchisor has deemed delinquent and shall not extend credit to any customer in any amount exceeding the Credit Limit set by Franchisor for such customer. All Uncollectible Amounts up to and including the Credit Limit shall be allocated pro-rata among Franchisor and Franchisee in accordance with applicable Franchisor's Split and Franchisee's Split. In the event that Franchisor incurs collection expenses or any other losses, Write-Off amounts, or Uncollectible Amounts in connection with any customer or account for which Franchisee has failed to adhere to Franchisor's credit policies and practices and/or exceeded the Credit Limit, Franchisor shall be entitled to deduct all such expenses, losses, Write-Off amounts, or Uncollectible Amounts solely from Franchisee's Share pursuant to Section 5(A). Such amount shall be payable by Franchisee in full on Franchisor's demand, or at Franchisor's election, from Franchisee's Share, or a combination of such methods. In addition, all of Franchisee's owners required by Franchisor to execute the Guarantee, Indemnification and Acknowledgment attached hereto as Exhibit B shall be personally and individually responsible for all losses, Write-Off amounts, or Uncollectible Amounts beyond the Credit Limit.

(iii) **SERVICE LETTERS.** Franchisee will enter into a client service agreement with each customer serviced by the Franchised Business to whom Temporary Employees and/or Direct-Hire Employees are provided (a "Service Letter"). The form for Service Letters shall be provided by Franchisor from time to time in the Operating Manual or otherwise in writing.

Franchisee must maintain such Service Letters throughout the term of this Agreement. Franchisee may request changes to the form of the Service Letter subject to Franchisor's prior written approval. Franchisor may also modify the Service Letter form or process for enrolling clients at any time and Franchisee shall comply with any such modifications.

(iv) **WORKERS' COMPENSATION RISK POLICIES.** Franchisee shall adhere to all workers' compensation risk minimization policies that may be recommended by Franchisor from time to time, and will make every effort to obtain OSHA logs, loss run reports, and other documents and reports deemed necessary by Franchisor with respect to workers' compensation information for Temporary Employees. Franchisee shall investigate the nature of work for which Temporary Employees are provided and shall not provide Temporary Employees to any customer which, in Franchisor's opinion, involves an excessive risk of workers' compensation claims as determined by Franchisor.

(v) **TRANSMITTAL OF PAYMENTS.** Franchisee shall immediately forward to Franchisor, without any deduction of any kind, any payment received by Franchisee from customers on account of billings made by Franchisor or Franchisor's Affiliates.

(vi) **IN-HOUSE TEMPORARY STAFFING.** Franchisee shall comply with Franchisor's operating procedures as specified in the Operating Manual, and otherwise in writing by Franchisor, with respect to using In-House Temporary Staffing. Franchisee must obtain Franchisor's prior written approval before employing In-House Temporary Staffing employees, and must not conduct In-House Temporary Staffing in excess of the maximum number of In-House Temporary Staffing hours per Year specified and permitted in the Operating Manual.

C. **Nature of Collections Relationship.** Franchisee shall endeavor in good faith to assist Franchisor in collecting all billings made by Franchisor for accounts of the Franchised Business, but Franchisor is not an agent, legal representative, joint venturer, partner, employee or servant of Franchisee and shall not be a fiduciary of Franchisee by reason of the billing and collection arrangements described in this Agreement or the provision of any advice or guidance to Franchisee. Franchisor shall not be obligated to commence any legal proceeding against any customer, and shall not be responsible to Franchisee for any uncollected receivables unless due to its gross negligence or willful malfeasance.

9. INCORPORATION, BUSINESS LICENSE AND BUSINESS BANK ACCOUNT.

Prior to signing this Agreement, Franchisee shall form a corporation or limited liability company; procure a business license, if applicable; obtain a Federal Employer Identification Number ("FEIN"); and open a business bank account in the name of the Franchised Business.

10. OPERATING MANUAL.

Franchisor shall loan Franchisee the Remedy Operating Manual and grant Franchisee with access to Franchisor's on-line training program. The Operating Manual contains detailed proprietary information about the Remedy System. Franchisee agrees to promptly adopt and use exclusively the methods, policies and procedures in the Operating Manual. The Operating Manual may be revised from time to time. Franchisee acknowledges that Franchisor owns all proprietary rights in and to the Remedy System, and that the information revealed in the Operating Manual, in its entirety,

constitutes confidential trade secrets. Without the prior written consent of Franchisor, Franchisee shall not disclose any content of the Operating Manual to any person, except employees of Franchisee for purposes related solely to the operation of the Franchised Business, and only such portions those employees need to fulfill their employment responsibilities, nor shall Franchisee reprint or reproduce the Operating Manual in whole or in part for any purpose except in connection with the instruction of Franchisee's employees in the operation of the Franchised Business, and only such portions as those employees need to fulfill their employment responsibilities. Upon termination of the franchise relationship for any reason, Franchisee shall return the Operating Manual to Franchisor.

11. COMPLIANCE WITH REMEDY SYSTEM.

Franchisee agrees that every component of the Remedy System is important to Franchisor and the operation of the Franchised Business, including, but not limited to, uniformity of services, appearance, and adherence to Remedy standards and policies. Franchisor shall have the right to observe and evaluate from time to time Franchisee's business operations, including but not limited to, inspecting any customer premises where Temporary Employees or Direct-Hire Employees are provided by Franchisee to assure that the quality of the services rendered is in accordance with Remedy System Standards.

12. NATIONAL ACCOUNTS.

Except as provided below in this Section 12, for all National Accounts located within the Territory, Franchisee shall have the right and option to provide Temporary Employees to such National Accounts on the same terms and conditions agreed upon between Franchisor and the National Account. If Franchisee does not desire to provide Temporary Employees to a National Account, or if Franchisee does not desire to service a National Account under Franchisor's terms and conditions, or if the National Account does not desire services from Franchisee, or if, in Franchisor's sole discretion, Franchisee is unable to provide the National Account with necessary Temporary Employment services, Franchisor reserves the right to provide Temporary Employment services itself, or through its affiliate, another franchisee, or a third party, to National Accounts located within the Territory. In determining whether Franchisee is or is not able to provide a National Account with necessary Temporary Employment services, Franchisor shall consider numerous factors consistent with its standards and specifications for National Accounts. Franchisor and its Affiliates shall have the right to negotiate exclusively with all National Accounts. The procedures for dealing with and providing services to National Accounts shall be set forth in the Operating Manual.

If a National Account is obtained by a Non-Mark Business operated by Franchisor or any Affiliate (a "**Company-Owned Unit**") in a territory other than the Territory but has an outlet to be serviced in the Territory, then, if there is a Company-Owned Unit in the Territory, the Company-Owned Unit located in the Territory shall have the right to service such National Account. A Company-Owned Unit may request to engage Franchisee's Location in the Territory as a subcontractor with respect to serving or assisting in serving a National Account if, in Franchisor's sole discretion, the Location is of a size and capability to service the National Account and if Franchisee is in compliance with this Agreement and Franchisor's standards for the operation of the Franchised Business.

13. FRANCHISEE BUSINESS OPERATIONS.

Franchisee acknowledges that every component of the Remedy System is important to Franchisor, its Franchisees, and to the operation of the Franchised Business. Franchisee shall comply with the entire Remedy System, including but not limited to the following:

A. Franchisee to Attend Training Course. At least one principal or owner of Franchisee and a Manager shall attend and successfully complete Initial Training, and any other Additional Training that Franchisor may require from time to time, in accordance with Section 7 of this Agreement.

B. Re-training of Franchisee. In the event Franchisee is required to attend re-training for the below listed infractions, Franchisee shall be responsible to pay Franchisor for the cost of such re-training at the then-current rate for such re-training as set forth in the Operating Manual:

- (i) Within a sixty (60) day period, any two (2) customers being serviced by Franchisee, complains about Franchisee's failure to respond to customer communications, failure to adequately staff a project, or any aspect of Franchisee's service; or
- (ii) At any time any customer being serviced by Franchisee cancels Franchisee's services for lack of communication, other dissatisfaction with Franchisee's service, or other default under that customer's Service Agreement; or
- (iii) Pursuant to Sections 12 and 14, Franchisor discontinues Franchisee's services to a customer.

C. Staffing. Franchisee shall be responsible for all employment decisions and functions of the Franchised Business, including without limitation, hiring, firing, training, wage and hour compliance, compliance with federal immigration laws, record keeping and supervision of all employees of the Franchised Business. Franchisee also has the authority to hire, assign, re-assign, and fire Temporary Employees deployed to service by Franchisee's accounts, except those employed on National Accounts, where franchisee must consult with Franchisor prior to exercising authority which will have a material impact on the relationship with the National Account, financial or otherwise.

D. Identifying Franchisee's Franchised Business. Franchisee shall identify its Franchised Business as an independently owned and operated franchise of Remedy (in the manner Remedy specifies in the Operating Manual) and cause all persons involved in the operation of the Franchised Business to reflect that independent status with customers and other third parties. Franchisee shall cause all persons involved in the operation of the Franchised Business to wear approved apparel. Franchisee shall comply with customer-imposed requirements, which may include the use of identification badges.

E. Advertising.

(i) REQUIRED ADVERTISING. Franchisee shall provide and maintain suitable signs approved by Franchisor identifying the Franchised Business using the Remedy Marks or

Westaff Marks, as Franchisee designates on Exhibit A and indicating conspicuously that Franchisee is a franchisee of Franchisor, and advertise Franchisee's offices and services in conformity with the Operating Manual. Franchisee shall maintain a current mailing list in the Software of the customers serviced by the Franchised Business for direct mailing and communication purposes and shall promptly provide a copy of such list to Franchisor upon request for use in Franchisor's advertising, promotions or other programs.

(ii) APPROVALS. Franchisee shall submit to Franchisor, before use, samples of all local advertising and promotional materials, and descriptions of all local advertising programs, not prepared or previously approved by Franchisor, for Franchisor's written approval. Franchisee shall not use any advertising material or program that Franchisor disapproves. Franchisor's failure to provide Franchisee written notice of Franchisor's decision concerning any such submission within ten (10) business days after Franchisor receives the submission shall constitute Franchisor's approval.

Franchisor shall have the right to withdraw a prior approval. If Franchisee uses an advertisement, public media, or promotional material not approved by Franchisor, Franchisor may require Franchisee to pay a fee of \$500 per ad to compensate Franchisor for the expense of evaluating the effect of the item that was not approved and taking any necessary corrective action. If Franchisee continues to use such unapproved material after receiving written notice from Franchisor to desist, Franchisor shall have the right to immediately terminate this Agreement. Any fees and/or costs incurred by Franchisor in the enforcement of this Section may be deducted by Franchisor from Franchisee's Share.

F. Insurance.

(i) POLICIES. Franchisee shall, at its sole cost and expense, maintain insurance policies covering the risks enumerated and in at least the amount of coverage specified in the Operating Manual. Currently, Franchisor purchases the following insurances in connection with the employment and placement of Temporary Employees and deducts the cost of each franchisee's premiums and administrative costs from Franchisee's Gross Profit Dollars, prior to applying the Franchisee's Split: workers' compensation, employer's liability, general liability, employment practices liability, professional liability, umbrella liability, directors' and officers' liability, criminal liability, medical professional liability, excess liability, and auto hired/non-owned liability insurance.

Franchisee's participation in the above insurance program is mandatory, and Franchisee must maintain the insurances purchased on its behalf by Franchisor. Franchisor, in its sole discretion, may from time to time increase or decrease the amounts of coverage required under such insurance policies. Franchisor may from time to time require different or additional kinds of insurance, and/or policy terms, such as excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, customer requirements, higher damage awards or other changes in relevant circumstances. Franchisor may choose to discontinue purchasing insurance on behalf of franchisees at any time, and may require Franchisee to obtain and maintain its own insurance policies in its sole discretion, at any time.

(ii) PROOF OF COVERAGE. For policies not purchased by Franchisor, as described above in Section 13(F)(i) but that are required to be purchased by Franchisee in accordance with the Operating Manual, Franchisee shall provide evidence satisfactory to Franchisor that such insurance policies are in force at least ten (10) days before commencing operations at the Franchised Business. Furthermore, Franchisee shall provide Franchisor with evidence of all required insurance policies and related documents within ten (10) days following any request by Franchisor for such disclosure. Franchisee shall provide Franchisor with satisfactory evidence of renewal of required insurance policies fifteen (15) days prior to the expiration of any such policies. Satisfactory evidence shall consist, at a minimum, of certificates of insurance including copies of required endorsements issued by the insurance carrier or an authorized representative thereof.

(iii) ADDITIONAL INSURED. The insurance policies required under this Agreement and/or the Operating Manual shall be endorsed to show Franchisor, Remedy Temporary Services, LLC, EmployBridge, LLC, EmployBridge Holding Company, Westaff Workforce Solutions, LLC and their officers, directors, agents and employees, as additional insureds with respect to Franchise operations performed by or on behalf of the named insured. These endorsements shall provide that insurance for the additional insureds shall be primary and not contributing as to any insurance maintained by the additional insureds. The policy shall not contain any exclusion for claims between insureds and/or additional insureds.

(iv) CROSS-LIABILITY. The policies required under this Agreement, and/or the Operating Manual shall be endorsed to show that each such policy applies separately to each insured against which claim is made or suit is brought, except with respect to the limits of the insurance company's liability.

(v) WAIVER OF SUBROGATION. The policies required under this Agreement, and/or the Operating Manual, shall be endorsed to show that the respective insurers agree to waive all rights of subrogation against the Franchisor, its officers, directors, agents and employees.

(vi) LOSS OF COVERAGE. The required insurance policies shall include a provision requiring insuring companies to provide not less than thirty (30) days written notice to Franchisor of any intent to cancel, not to renew, or to materially alter or reduce the required insurance. Franchisee shall not alter, reduce, cancel, or fail to renew or replace the required insurance without prior written consent of Franchisor, which shall be at Franchisor's sole discretion but not unreasonably withheld and which, if given, shall not waive any other rights of Franchisor.

(vii) FAILURE TO MAINTAIN. If Franchisee fails for any reason to maintain all required insurance policies, as set forth in this Agreement and/or the Operating Manual, or to furnish evidence satisfactory to Franchisor that such insurance policies are in force, Franchisor shall have the option, but not the obligation, in addition to Franchisor's other rights and remedies, to obtain insurance on Franchisee's behalf. In such circumstances Franchisee shall cooperate with Franchisor in Franchisor's efforts to obtain and maintain such insurance; promptly execute all forms or instruments; allow any inspections of the Franchised Business appropriate or necessary to obtain such insurance; and pay Franchisor on demand all costs and premiums incurred by Franchisor.

(viii) INSURANCE PROGRAMS. Franchisor may, but is not required to, establish programs for its franchisees, including Franchisee, for any of the required insurance coverage. Franchisee shall enroll and maintain its participation in any such programs, if requested to do so by Franchisor.

(ix) OBLIGATION UNCONDITIONAL. Separate insurance that Franchisor from time to time maintains shall not effect Franchisee's obligation to maintain insurance as described in this Agreement and/or the Operating Manual. Franchisor shall have no liability for the sufficiency of insurance that Franchisor requires Franchisee to maintain, that Franchisor maintains on Franchisor's behalf, or that Franchisor obtains for Franchisee pursuant to this Agreement.

G. Franchisee to Abide by Policies and Procedures. Franchisee shall be free to conduct its business as it deems best in providing services to customers. However, Franchisee understands and acknowledges that implementation of the Remedy System is essential to the Remedy brand in order to:

- (i) Develop and maintain quality operating standards;
- (ii) Increase the demand for the services sold by other franchisees operating Remedy Franchised Businesses; and
- (iii) Protect Remedy's reputation and goodwill.

Franchisee may not deviate from or implement any modification to the System without Franchisor's prior written consent. Remedy shall have the right to incorporate any modification to the System developed by Franchisee without compensation to Franchisee.

H. Franchisee to Abide by Laws. Franchisee agrees to abide by all of the terms of this Agreement, the Operating Manual and all federal, state and local laws. By way of illustration, such obligations include, but are not limited to:

- (i) Franchisee shall obtain all applicable business licenses and/or registrations from all local or state agencies having jurisdiction over Franchisee's Franchised Business, as required. Franchisee shall furnish Franchisor proof that Franchisee obtained the applicable business licenses and registrations.
- (ii) Franchisee shall be solely responsible to pay any taxes or other assessments due to any governmental agencies.
- (iii) Franchisee is solely responsible for the payment of the employer's portion of social security and other taxes required to be withheld for Franchisee's employees.
- (iv) Franchisee shall also pay all taxes withheld from employee wages, and premiums for unemployment and worker's compensation insurance, as required by law.
- (v) Franchisee shall provide Remedy, upon demand, proof of payment of all taxes due and compliance with all laws.

I. Modification to the System. Franchisee acknowledges and agrees that due to changes in competitive circumstances, presently unforeseen changes in the needs of the market place, changing customer demands, presently unforeseen technological innovations, and for protection of the Marks, the Remedy System must be subject to modification in order to best serve the interests of Remedy, Franchisee, and the Remedy System. Accordingly, Franchisee expressly acknowledges and agrees that Remedy may from time to time alter, modify, or change the components of the Remedy System, including, but not limited to, modifying, altering, varying, and adopting new products, services, equipment, techniques, methods, programs, standards, training, sales training, forms, and policies and procedures; adding to, deleting from, or modifying those programs and services which Franchisee is authorized to offer; and changing, improving, or modifying the Marks. Franchisee agrees, at Franchisee's own expense, to adopt on a timely basis (but in no case later than sixty (60) days after notice) any such modifications to the Remedy System set forth in updates or changes to the Operating Manual, or in other written communications, as if they were a part of the Remedy System at the time of the execution of this Agreement. Franchisor shall notify Franchisee in writing as to changes in the Operating Manual or other changes in the operational structure of the Franchise.

J. Remedy's Right to Audit. At Franchisor's request, Franchisee or its designee shall meet with Franchisor or its designee to discuss and review the Franchised Business' operations, status and financial performance. Franchisee agrees to keep true and accurate business records and books of account which shall be open to inspection by Remedy or its duly authorized agent during regular business hours, and Remedy shall have the right to examine same, including other related records.

Upon Franchisor's request, Franchisee shall prepare and/or produce to Franchisor such records and books, and any other information, including without limitation financial statements, files, accounting, sales tax, bank statements, bookkeeping, and personal and business income tax returns of the Franchised Business and each owner of Franchisee, that will permit Remedy to verify that all fees due Remedy are fully, accurately, and truthfully accounted for, and that Franchisee is not otherwise in breach of this Agreement. Franchisee shall be responsible to reimburse Remedy for the cost of the audit, including travel expenses and attorneys' and accountant's fees if applicable, if the audit reveals a violation of this Agreement. Franchisor's right to reimbursement shall be in addition to any other rights or remedies it has under this Agreement or otherwise. Franchisor may also interview Franchisee and employees of the Franchised Business, customers serviced by the Franchised Business, and vendors/suppliers used by the Franchised Business in connection with its audit.

K. Computer Equipment. Franchisee must have access to a personal computer or other device with Internet access and full-web browsing capabilities, the ability to send and receive electronic mail, and must provide Franchisor with an email address. At Franchisee's expense, before the Franchised Business begins operating, Franchisee must purchase and install at the premises of the Franchised Business the computer hardware and related equipment required for the operation and use of the software. The hardware may be purchased through hardware vendors specified in the Operating Manual. All hardware and related equipment must meet our specifications, which may periodically be updated in the Operating Manual.

L. Website. Franchisee may establish a website only upon obtaining Franchisor's prior written consent. Franchisee shall adopt the format specified by Franchisor from time to time for the Franchised Business website; and shall not upload its website to the web until approved by Franchisor's Marketing Department. Franchisee agrees, upon Franchisor's request, to link its website to the official Remedy website, and/or remove its current website and adopt the format then mandated by Franchisor's Marketing Department.

M. Franchisee Service to Customers. All services provided to the customers serviced by the Franchised Business shall be performed in a professional manner, according to high standards, in a manner that is satisfactory to the customers, and in accordance with Remedy standards. High quality services are essential to the reputation and goodwill associated with the Remedy System and Marks.

N. Voluntary Abandonment of Customer by Franchisee. If Franchisee desires to cease servicing a customer, Franchisee shall give Remedy thirty (30) days' written notice before ceasing service. In such event, Remedy may elect to provide services to such customer directly or through another franchisee and/or an Affiliate. Franchisor need not wait for the expiration of the notice period, and may have the other franchisee and/or Affiliate begin providing services immediately, in Franchisor's sole discretion.

14. PROTECTION OF THE GOODWILL OF THE SYSTEM.

A. Remedy, the Remedy System and Marks, and Remedy's franchisees benefit from Remedy's goodwill, which arises out of Remedy's reputation in the market place. In order to protect Remedy and its franchisees from the harm that arises from activities, omissions, or other circumstances that may diminish Remedy's goodwill and Marks, Franchisor shall have the right to terminate Franchisee's services to any client serviced by Franchisee's Franchised Business upon the occurrence of any of the following:

- (i). Franchisee fails to perform any obligation to the customer's satisfaction; or,
- (ii). Franchisee breaches the terms of the Service Agreement; or,
- (iii). The customer has made an oral or written complaint to Franchisor; or,
- (iv). Upon notice and opportunity to cure a service issue, Franchisee fails to satisfactorily perform within the cure period, and the customer remains dissatisfied; or
- (v). Franchisee receives three (3) written notices of failure to perform within a period of sixty (60) consecutive days, regardless of whether Franchisee cured the deficiencies; or
- (vi). Remedy receives a request from a customer to terminate its Service Agreement; or,
- (vii). Remedy receives a request from a customer to remove and replace Franchisee; or,

(viii). Franchisee fails to properly staff a customer on any two (2) occasions within a period of sixty (60) days; or,

(ix). Franchisee ceases or unreasonably refuses to service a customer; or

(x). Franchisee engages in conduct that reflects materially and adversely upon the operation and reputation of Franchisor's and/or Franchisee's business(es) or the Marks or the System.

B. Marks.

(i) OWNERSHIP. Franchisee acknowledges that Franchisee's right to use the Marks is derived solely from this Agreement 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 by Franchisor from time to time. Franchisee may not utilize any other trademarks or marks owned by or associated with Franchisor or any of Franchisor's Affiliates that are not expressly licensed to Franchisee by this Agreement, or as permitted by Franchisor in the Operating Manual. Franchisee may not use the trademarks of Franchisor's other brands, or the marks of its Affiliates, including but not limited to trademarks associated with either Westaff or Remedy, whichever is not elected by Franchisee, Select, RemX, SelectRemedy, and EmployBridge and its associated brands.

This Agreement confers no goodwill or other interest in the Marks other than the non-exclusive right to use them in the Franchised Business only for the duration of this Agreement. Franchisee acknowledges and agrees that all goodwill resulting from Franchisee's use of the Marks shall belong exclusively to Franchisor and be exclusively for Franchisor's benefit. Franchisee shall not sub-franchise, sub-license or otherwise authorize any other person to use the Marks. In the event that Franchisor authorizes and licenses Franchisee to use other trademarks, service marks, trade names, logotypes, or other commercial symbols, all provisions of this Agreement which apply to the Marks shall apply equally to all such additional marks and symbols.

(ii) USE. Franchisee shall use either the Remedy Marks or the Westaff Marks, as is designated on Exhibit A, only to identify the Franchised Business. Franchisee shall prominently display the Marks on stationery, products, invoices, and materials and in connection with advertising and marketing of the Franchised Business pursuant to the specifications, standards and operating procedures set forth in the Operating Manual.

(iii) PROHIBITED USES. Franchisee may use the Marks only as prescribed in this Agreement and all other uses are expressly prohibited unless pre-approved by Franchisor in writing. Franchisee shall not use the Marks as part of any corporate or trade name or with any prefix, suffix, or modifying words, terms, designs, or symbols other than logos authorized for use by Franchisee under this Agreement. Franchisee shall not use the Marks in any modified form, in connection with performance of any unauthorized services, or in any other manner, unless expressly authorized in writing by Franchisor. Franchisee shall not use any of the Marks in signing any contract, check, purchase agreement, negotiable instrument or other legal obligation, application for any license or permit, or in any manner that may result in liability of Franchisor for any debt or obligation of

Franchisee whatsoever. Franchisee may not use any Marks owned by Franchisor or its Affiliates, other than those designated on Exhibit A, without prior written consent of Franchisor.

(iv) NOTICES. Franchisee shall immediately notify Franchisor of any apparent infringement of or challenge to Franchisee's use of the Marks, or claim by any person of any rights in the Marks, and Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge, or claim.

(v) CONTROL OF PROCEEDINGS. Franchisor retains sole discretion to take or refrain from taking any action in connection with any possible or actual infringement, challenge or claim described in this Section 14(B). Franchisor retains the exclusive right to control any litigation, Patent and Trademark Office or other proceeding that in any way relates to any of the Marks. Franchisor may require Franchisee to participate in any claim or suit involving the Marks, at Franchisor's request and in Franchisor's sole discretion.

(vi) INDEMNIFICATION. So long as Franchisee's use of the Marks complies with the terms of this Agreement, including, without limitation, this Section 14(B) and the Operating Manual, Franchisor shall indemnify Franchisee against and reimburse Franchisee for all damages for which Franchisee is held liable in any proceeding arising from Franchisee's use of the Marks and for all costs that Franchisee reasonably incurs in defense of any such claim against Franchisee or in any such proceeding in which Franchisee is named as a party, provided Franchisor receives timely written notice of any such claim from Franchisee, has the right to fully control the defense, settlement or compromise of any such claim and receives Franchisee's full cooperation in such defense. In a claim for use of the Marks, that also includes one or more other claims, Franchisor's obligations under this Section 14(B)(vi) shall be allocated and limited to the portion of the claim(s) concerning the Marks.

(vii) DISCONTINUANCE OF USE. If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor to modify or discontinue use of any or all of the Marks, and/or use one or more additional or substitute trademarks, service marks, trade names, logotypes, or other commercial symbols, Franchisee shall comply with Franchisor's directions to modify or otherwise discontinue use of such Marks within such reasonable time, and pursuant to such directions, that Franchisor specifies to Franchisee in writing. Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of any Mark, or the costs associated with changing any materials in connection with such modification or discontinuance.

15. MINIMUM PERFORMANCE STANDARDS.

A. Minimum Performance Standards. During each Fiscal Year of the term of this Agreement, Franchisee's average Gross Profit Dollars shall be not less than the Minimum Performance Standards. The average Gross Profit Dollars required for the Minimum Performance Standards for the first and last Fiscal Years of this Agreement shall be determined on a pro-rata basis, based on the number of days the Franchised Business was open and in operation during such Fiscal Years.

B. Remedies for Failure to Satisfy Minimum Performance Standards. Franchisor shall determine Franchisee's compliance with the Minimum Performance Standards within ninety (90) days after the end of each Fiscal Year. If Franchisee at any time fails to satisfy the applicable Minimum Performance Standard, Franchisee shall have the option to pay to Franchisor the difference between Franchisor's Share of the Gross Profit Dollars remitted to Franchisor and Franchisor's Share of the required Minimum Performance Standard required within sixty (60) days of notice from Franchisor of Franchisee's failure to meet the Minimum Performance Standard. If Franchisee fails to remit the required sum within the sixty (60) day period, Franchisor shall have the option, exercisable at any time within ten (10) months after the end of the Fiscal Year in which the Minimum Performance Standards are not satisfied, to (a) terminate this Agreement pursuant to Section 20; (b) itself operate a Franchised Business within the Territory; (c) permit an affiliate or grant a franchise to others to operate a Franchised Business in the Territory (in which event Franchisee shall have no right of first refusal with respect thereto); or (d) unilaterally modify the Franchise Agreement to eliminate or remove portions of the Territory or one or more Approved Services, and shall be free to operate or license/franchise to a third party the right to operate a Remedy Franchised Business within the eliminated or removed portions of the Territory, and as to the eliminated or removed Approved Services at any location within or outside the Territory. Franchisor shall exercise its option by providing written notice to Franchisee of its election to do so.

C. Minimum Performance Standards in Renewal Term. If Franchisee and Franchisor enter into a Renewal Franchise Agreement for a Renewal Term, Franchisee shall be required to comply with the Minimum Performance Standards set forth in such Renewal Franchise Agreement, which shall begin at no less than the Minimum Performance Standard of Fiscal Year 10 of this Agreement.

16. RESTRICTIONS.

Franchisee agrees and covenants as follows:

A. Noncompetition; Nonsolicitation. Franchisee's acknowledgements, covenants and promises contained in this Section 16 are a significant element of the consideration for which Franchisor grants the rights in this Agreement to Franchisee, and Franchisor has entered into this Agreement in reliance upon such acknowledgements, covenants and promises. Franchisee recognizes that Franchisor's Confidential Information is an important aspect of Franchisor's business, and protection of the Confidential Information is a matter of critical importance to Franchisor, and Franchisee acknowledges Franchisor's need to protect the Confidential Information against

unauthorized use or disclosure as well as Franchisor's simultaneous need to encourage free exchange of ideas and information among Remedy franchisees. In addition, Franchisee acknowledges it will acquire significant knowledge and information concerning the business of Franchisor and that such business is very competitive. Competition by Franchisee with Franchisor's business during the term of, and after the expiration or termination of, this Agreement would severely injure Franchisor's business and impair the goodwill created by Franchisor.

(i) **FRANCHISEE'S COVENANT NOT TO COMPETE.** During the term of this Agreement, and for a period of two (2) years thereafter, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

- (a) solicit, divert or appropriate to any competing business, any person or entity which is, or was at any time a customer serviced by the Franchised Business;
- (b) solicit, divert or hire away, or attempt to solicit, divert or hire away, any person employed, or who has been employed during the past twelve (12) months, by Franchisor, whether or not such employee is or was a full-time or Temporary Employee of Franchisor, whether or not such employment was pursuant to a written agreement and whether or not such employment was for a determined period or was at will, without the prior written consent of Franchisor; nor will Franchisee solicit, divert or hire away or attempt to solicit, divert or hire away to the Franchised Business or any competing business any such employee of any other licensee or franchisee of Franchisor, without the prior written consent of such licensee or franchisee of Franchisor; and
- (c) compete with the business of Franchisor by engaging, directly or indirectly in a Covered Business anywhere during the term of this Agreement or, during the two (2) year period following the assignment, expiration or termination of this Agreement (whether terminated by Franchisee or Franchisor or otherwise), within the Territory or within 100 miles of the external boundary of the Territory.

Each of Franchisee's principal owners that Franchisor may request shall execute and deliver to Franchisor the Guarantee, Indemnification and Acknowledgment attached hereto as Exhibit B. Franchisee further acknowledges that participation in a Covered Business by a spouse or immediate family member of Franchisee, any shareholder, member or equity owner, general partner, director, officer, manager, or other key employee of Franchisee that is an employee, independent contractor, volunteer or has other involvement in the day to day operation of the Franchised Business, shall be a violation of the terms of this Agreement for which Franchisor shall have the right to immediately terminate this Agreement pursuant to Section 20.

(ii) **EMPLOYEES' COVENANTS NOT TO COMPETE.** Franchisee shall obtain from each of its employees within five (5) days after the date of this Agreement, or the date of employment of each employee, whichever is later, covenants and agreements not to compete, in a

form provided or approved by Franchisor. Franchisee shall, with Franchisor's consultation and prior approval, revise the form of such covenants and agreements as may be necessary to be able to enforce the requirements of this Section 16 in the jurisdiction(s) of the Territory. Such covenants and agreements shall be for the benefit of and enforceable by Franchisor against the employee. In the event that Franchisee becomes aware of any actual or threatened violation of any such covenants and agreements by any of its employees, Franchisee shall promptly and fully advise Franchisor in writing of all related facts known to Franchisee.

(iii) **EXCEPTIONS.** The restrictions in this Section 16 shall not apply to ownership of securities traded on a nationally recognized stock exchange that constitute less than one percent (1%) of the shares of the class of securities issued and outstanding, or to the conduct of other franchised businesses pursuant to franchise agreements with Franchisor.

B. Use of Remedy System. Franchisee shall not appropriate, use or duplicate the Remedy System, or any portion thereof, for use in any other Temporary Employment service and/or Direct-Hire service business or related business.

C. Confidentiality. Franchisee shall not disclose or reveal any portion of the Remedy System to a non-franchisee other than to Franchisee's employees who have a need to know in order to carry out the functions of their employment.

D. License and Goodwill Restrictions. Franchisee shall acquire no right to use, or to license the use of, any name, Mark, or other intellectual property right granted or to be granted herein, except in connection with the operation of the Franchised Business. Franchisee has no right, title or interest in or to Remedy's goodwill. Goodwill inures solely to the benefit of Remedy.

E. Survival. The provisions of this Section 16 shall survive termination, expiration, or other cessation of this Agreement.

17. **FRANCHISEE IS AN INDEPENDENT CONTRACTOR.** Franchisee is and shall remain at all times a completely independent contractor in business for itself operating a Temporary Employment and Direct-Hire service Franchised Business, and shall have no right or interest in or authority over Remedy, the Remedy System, or any of Remedy's goodwill, property or business. Franchisee hereby acknowledges that it has no authority to sign on behalf of Remedy any written agreement.

A. Neither Franchisee, nor Franchisee's employees, are employees of Franchisor. Neither Franchisor nor Franchisee is the principal, agent, employer, employee, partner, officer, director, or owner of the other. Franchisee shall always hold itself out as an independent contractor in its dealings and communications with the public.

B. Franchisee acknowledges and agrees that it is not an employee of Franchisor; that Franchisee intended to buy a Franchised Business; and that Franchisee does not intend to become an employee of Remedy. Franchisee is the owner of a Franchised Business, a business owner in all respects, and is not entitled to participate in any benefits provided by Franchisor to those whom Franchisor classifies as its employees; and Franchisee is not covered by either Franchisor's workers' compensation insurance or unemployment compensation. Franchisee must purchase this insurance

on its own for the benefit of employees of its Franchised Business. Should any state or federal agency or court determine that Franchisee falls within the definition of an employee of Franchisor under any state or federal statute, Franchisor does not intend to provide Franchisee retroactively or thereafter with any benefits (including but not limited to, vacation pay, overtime, rest and meal breaks, healthcare benefits, worker's compensation, or unemployment compensation) that it may provide to those whom Franchisor classifies as employees, unless obligated by law to do so.

18. INDEMNIFICATION.

Franchisee shall be solely responsible for its business operations, including but not limited to, the services and results of services performed by Franchisee and its employees for customers serviced by Franchisee, and shall indemnify, defend, and hold harmless Remedy and its affiliates, and directors, officers and employees of each, and all other Remedy franchisees from all expenses, fines, suits, proceedings, claims, losses, damages, liabilities or actions of any kind of nature (including, but not limited to, costs and attorneys' fees) arising out of or in any way connected with Franchisee's business operations. This indemnity, defense, and hold harmless obligation shall apply even to matters that are claimed, alleged, or determined to be in some way the fault of Franchisor. Franchisee further agrees that if Remedy is made a party to a lawsuit or other legal action in connection with the activities of Franchisee, then Remedy may tender the defense and/or prosecution of the case to Franchisee who shall be responsible for diligently pursuing the case or action at Franchisee's expense, or Remedy may hire counsel directly to protect its interests and bill Franchisee for all costs and attorneys' fees incurred, and Franchisee shall promptly reimburse Remedy costs and expenses incurred. The obligations of Franchisee pursuant to this Paragraph shall survive the expiration or termination of this Agreement.

19. ASSIGNMENT.

A. Remedy's Right to Assign the Franchise Agreement. Remedy may, without the consent of Franchisee, assign this Agreement, or Remedy's rights and duties under this Agreement, to any other entity or third party, whether affiliated with or independent of Remedy. Remedy's rights under this Agreement shall inure to the benefit of any assignee or legal successor to Remedy.

B. Franchisee's Right to Assign the Franchise Agreement. Except as stated below, neither Franchisee nor any shareholder or member of Franchisee may transfer or assign any interest in the Agreement, the Franchised Business or shares or membership interests in Franchisee.

(i) CHANGE OF BUSINESS FORM. Whether or not an assignment or transfer of the Franchised Business is involved, Franchisee, whether an individual or otherwise, shall not change its business form, whether to obtain the services of a partner, to merge, consolidate, reorganize, or to accomplish any other change, without the prior written approval of Franchisor.

(ii) FRANCHISOR'S RIGHT OF FIRST REFUSAL. Franchisee shall give Franchisor thirty (30) days prior written notice of any intended transfer of any of its rights or interest under this Agreement or in Franchisee. Such notice shall set forth the name of the proposed transferee and a detailed statement of all the terms and conditions of such intended or proposed

transfer. Franchisor shall have the first right and option to purchase the interest on the same terms contained in the offer by the third party purchaser, provided that Franchisor shall have the right to substitute the cash equivalent of any noncash consideration described in such offer. Franchisor shall make such determination as promptly as practicable, but in no event later than thirty (30) days after it has received the notice of the intended transfer.

(iii) CONDITIONS OF TRANSFER. If Franchisor does not exercise its right of first refusal, Franchisee may, with the written consent of Remedy obtained after thirty (30) days written notice to Remedy, which consent will not be unreasonably withheld, transfer or assign all or part of its interest in this Agreement, the Franchised Business, or shares or membership interests in Franchisee provided that:

(a) Franchisee provides Remedy a copy of any written agreements relating to the proposed Assignment, and any additional information which Remedy may require in order to determine whether it will grant its consent to the proposed assignment, including but not limited to, background investigations of the assignee(s); or if the assignee is another entity owned or held by Franchisee, such entity's charter and/or articles of incorporation and disclosure of the entity's ownership interests and officers;

(b) If an Assignment of 100% of Franchisee's interest in the Franchised Business or this Agreement, the assignee enters into the Franchise Agreement then used by Remedy for granting new franchises;

(c) Franchisee shall pay Remedy the then current Transfer Fee as published in the Operating Manual;

(d) Franchisee pays to Remedy all amounts due by Franchisee to Remedy;

(e) Franchisee executes confidentiality and non-solicitation agreements in assignee's favor and in Remedy's favor with terms and conditions the same as the confidentiality and non-solicitation covenants in this Agreement;

(f) The assignee shall have the ability to immediately be in compliance with all laws, regulations and ordinances governing the operation of a Temporary Employment and Direct-Hire services business;

(g) Franchisee executes a general release, in a form satisfactory to Remedy, of any and all claims against Remedy and its affiliates and their officers, directors, employees, and agents; and

(h) Any person to whom the shares or membership interests are transferred or assigned agrees to be bound by the guarantee provisions of this Agreement and execute Remedy's then standard Guarantee Agreement to personally guarantee the obligations of Franchisee to Remedy and execute Remedy's then standard Confidentiality Agreement.

If at the time of an assignment of this Agreement, Franchisee is servicing customers and those customers will be transferred to assignee, the assignee shall, within forty-five (45) days from the date of the assignment, complete to Remedy's satisfaction Initial Training. Until assignee completes the Initial Training to Remedy's satisfaction, the assignor shall remain responsible for assignor's customers, including but not limited to, supervising the assignee and/or assignee's employees servicing of the customers. If the assignee does not complete training to Remedy's satisfaction within forty-five (45) days, or assignor does not provide the required supervision, Remedy may at the end of this forty-five (45) day period terminate the assignment. However, assignee's Franchise Agreement may be terminated prior to the expiration of forty-five (45) days if the assignee is in default under the terms of the Franchise Agreement, and/or it is apparent to Franchisor that assignee has not taken sufficient steps to complete training, in which case the assignment shall be terminated retroactively to the date of approval and Franchisee shall remain obligated by this Agreement.

Remedy may, in Remedy's sole discretion, withhold written consent of any proposed assignment in the event that Franchisee is in default under the terms of this or any other agreement with Remedy until default is cured.

C. Deemed Assignment. Any of the following transactions shall be deemed to be an assignment within the meaning of this Section: (1) the issuance of any securities by Franchisee, (2) the transfer of securities or voting power of Franchisee, or (3) the transfer of ownership of the Franchised Business to another entity, including but not limited to, an entity wholly owned by the shareholders, members or partners of Franchisee, whether the ownership structure of that entity remains the same as that of the original Franchisee, or the ownership structure changes, (4) any merger, consolidation, or reorganization involving Franchisee, the effect of which is that the shareholders or members of Franchisee as of the transaction fail to own or control in excess of fifty percent (50%) of the aggregate voting securities of Franchisee or otherwise lose the right to control the affairs of Franchisee.

If Franchisee is at any time a general partnership or limited partnership, then the death, voluntary or involuntary or other withdrawal of any general partner, admission of any additional general partner, or transfer of any general partner's interest in the property, management or profits and/or losses of the partnership shall be deemed to be an assignment within the meaning of this Section.

D. Franchisor's Option to Purchase Location. Franchisor shall have the right, but not the obligation, to purchase your interest in the assets utilized in connection with the business operating at any Franchised Business or Location Franchisee operates pursuant to this Agreement, upon providing you sixty (60) days' advanced written notice. The purchase may include, but shall not be limited to, leasehold rights for the Location, the right to service customer accounts serviced by the Franchised Business or Location, furniture, fixtures and equipment used in the business operated at the Franchised Business or Location, and Franchisee's rights under certain contracts necessary to operate the business at the Franchised Business or Location, upon acquisition of the assets identified in this Section 19(D). Franchisor shall pay Franchisee the sum total of the Franchisee's Share of the

Franchised Business in the twenty-four (24) Accounting Periods prior to the notice of intention to exercise the option to purchase, or three times the initial Franchise Fee, whichever is higher.

If, during the sixty (60) day notice period, the Gross Billings of any Location is less than eighty-five percent (85%) of the average Gross Billings for the twenty-four (24) weeks preceding Franchisor's notice, Franchisor may revoke its option to purchase, without waiving its right to exercise the option again in the future. This Option to Purchase a Franchised Business or Location shall not automatically terminate the Franchise Agreement. The Section 16 non-competition covenant in this Agreement shall survive Franchisor's exercise of this option.

20. DEFAULT AND TERMINATION. Apart from an approved transfer pursuant to Section 19, Franchisee may not terminate this agreement. If Franchisee terminates this Agreement prior to the end of the Term, Franchisee shall be responsible to pay liquidated damages to Franchisor in an amount equal to twenty-four (24) times the average monthly Franchisor's Share for the six (6) month period before termination, plus interest of eighteen percent (18%) per annum if not paid within fourteen (14) days of termination.

A. Remedy may terminate this Agreement, effective upon delivery of written notice of termination to Franchisee, if:

- (i) Franchisee (or any of its owners) has made or makes any material misrepresentation or omission in its franchise application or in acquiring or operating the Franchised Business;
- (ii) Franchisee becomes insolvent, admits in writing the inability to pay Franchisee's monetary obligations as they mature, is adjudicated bankrupt, voluntarily files a petition for liquidation or reorganization under any provision of the United States Bankruptcy Code, makes an assignment for the benefit of creditors or takes any other action pursuant to any federal or state insolvency statute;
- (iii) Franchisee makes, attempts to, or purports to make an unauthorized assignment of this Agreement, the Franchised Business, or an ownership interest in Franchisee;
- (iv) In connection with the operation of the Franchised Business, Franchisee (or any of its owners) engages in any dishonest, immoral, unethical or illegal conduct which might adversely affect the reputation of the Franchised Business or Remedy or the goodwill associated with the Marks;
- (v) In the event of Franchisee's or its principal owner's death or disability, this Agreement or the principal owner's interest in the Franchised Business is not assigned in accordance with the provisions of Paragraph 19 of this Agreement;
- (vi) Franchisee fails, on three (3) or more separate occasions within any twelve (12) month period, to comply with the terms of this Agreement, any other agreement between Franchisee and Remedy, or any Service Agreement, whether or not it corrects the failure after receipt of written notice; or

(vii) Franchisee fails to meet the Minimum Performance Standards as required by Section 15.

(viii) Franchisee discloses, attempts or threatens to disclose any of the Confidential Information or proprietary information in violation of the Agreement;

(ix) Franchisee violates any of the non-competition covenants set forth in Section 16.

(x) Franchisee offers or sells any services from the Franchised Business other than Approved Services or approved Special Services.

B. Remedy may terminate this Agreement, effective upon delivery of written notice of termination to Franchisee, if Franchisee fails to cure the following defaults, to the satisfaction of Franchisor in Franchisor's discretion, within thirty (30) days after delivery of written notice of the default:

(i) Franchisee breaches this Agreement, any other agreement between Franchisee and Remedy or any affiliate of Remedy, or any Service Agreement; or

(ii) Franchisee abandons the Franchised Business by failing to actively operate the Franchised Business for a period of five (5) consecutive days.

(iii) Franchisee fails to locate a site and begin operating the Franchised Business within ninety (90) days of execution of the Franchise Agreement.

(iv) Franchisee engages in conduct that, in Franchisor's sole discretion, reflects adversely upon the operation and reputation of Franchisor's and/or Franchisee's business, the Marks, and/or the System.

D. Other Termination Rights. Franchisor's right to terminate this Agreement is in addition to all other rights and remedies, whether at law or in equity, that Franchisor may have against Franchisee as a result of any breach or default by Franchisee of any provision of this Agreement.

21. PROCEDURES AFTER EXPIRATION, TERMINATION OR ASSIGNMENT.

Upon expiration, termination for any reason, or assignment of this Agreement, Franchisee shall cease to be a Remedy Franchisee and shall do all of the following acts and things, each of which shall survive the termination of this Agreement:

A. Immediately pay to Remedy all monies due to the date of expiration, termination, or assignment, and cease doing business as a Remedy franchisee. Any amounts due Remedy at or after Franchisee's termination may be offset against any amounts collected by Remedy on Franchisee's behalf.

B. Immediately and permanently discontinue the use of the Remedy System and all Remedy Marks, or any other name or designation indicating or tending to indicate that Franchisee is or ever was an authorized Remedy franchisee. Furthermore, Franchisee shall not promote or advertise the fact that Franchisee was formerly a franchisee or affiliate of Remedy.

C. Except in the case of an assignment of this Agreement, promptly surrender to Remedy all documents, including but not limited to, the Remedy Operating Manual, marketing material, letterhead, business forms, bearing the Marks, or any designation indicating or tending to indicate that Franchisee is or was an authorized Remedy franchisee.

D. Immediately cease to use any of the Confidential Information disclosed to Franchisee pursuant to this Agreement. Upon such termination or expiration, Franchisee shall, at its own expense, immediately return to Franchisor all Confidential Information and proprietary materials that Franchisor has provided to Franchisee, including the Remedy Operating Manual. Franchisee's continued use of any of the Confidential Information or any other confidential or proprietary materials or information following expiration of this Agreement or termination of this Agreement for any reason shall constitute an unfair method of competition, and will entitle Franchisor to seek injunctive relief in addition to any other remedies it may have available.

E. Upon any assignment, expiration or termination of this Agreement for any reason, Franchisee shall deliver to Franchisor all copies of all materials in Franchisee's possession which in any way identify the customers or Temporary Employees serviced by the Franchised Business, including without limitation all customer or Temporary Employee tax forms. If requested by Franchisor, Franchisee also shall assist Franchisor with the transition of all Temporary Employees to an entity designated by Franchisor, as well as the transition of customers serviced by the Franchised Business to an entity designated by Franchisor. Franchisee agrees that any failure by Franchisee to fully comply with this Section shall constitute an unfair method of competition, and will entitle Franchisor to seek injunctive relief in addition to any other remedies it may have available.

F. Immediately and permanently discontinue all advertising for the Franchised Business.

G. Maintain all books, records, and reports required by Remedy for a period of not less than three (3) years after the termination, and allow Remedy to perform one or more audits of Franchisee's books and records during normal business hours within the three (3) year period.

H. Immediately and permanently discontinue wearing any apparel indicating or tending to indicate that the Franchised Business is or was an authorized Remedy Franchised Business, and promptly surrender to Remedy all apparel bearing any Mark.

I. All obligations of the parties which survive the expiration or termination of this Agreement shall continue in full force and effect.

22. INFORMAL DISPUTE RESOLUTION/MEDIATION.

If a dispute arises between Remedy and Franchisee and if the dispute is not resolved or settled, Remedy and Franchisee agree that prior to filing of any arbitration or other legal proceeding consistent with the provisions of this Agreement, they will attempt, in good faith, to settle the dispute by non-binding mediation administered pursuant to the Commercial Mediation Rules of the American Arbitration Association, or as otherwise agreed upon in writing by the parties. The mediation shall take place in Atlanta, Georgia, and shall be administered by a neutral mediator agreed upon by the parties. In the event Remedy and Franchisee are unable to agree upon a mediator within 15 days of the date on which either party requests mediation of a matter, the mediator shall be provided by the American Arbitration Association. The costs of the mediation shall be shared equally by the parties unless otherwise agreed in writing.

23. DISPUTE RESOLUTION/ARBITRATION.

A. Arbitration. All controversies, disputes or claims between Remedy, its officers, directors, agents and/or employees (in their respective capacities) and Franchisee (and Franchisee's owners, officers, directors, agents and/or employees and/or any guarantors of this Agreement) arising out of or related to this Agreement or the validity of this Agreement any related agreement between the parties or the validity thereof, the relationship of the parties hereunder or under any related agreement between the parties, and/or any specification, standard or operating procedure of Remedy, including those set forth in the Operating Manual, which controversies, disputes or claims are not resolved in accordance with Paragraph 22, shall be submitted promptly for binding arbitration. The arbitration shall take place in Atlanta, Georgia. Arbitration shall be subject to the Federal Arbitration Act and not any state arbitration law and, except as otherwise provided in this Agreement or agreed upon by the parties in writing, the then current Rules of the American Arbitration Association for Commercial Arbitration.

B. The parties agree that in connection with any arbitration proceeding, each party must submit or file any compulsory counterclaim (as defined by the Federal Rules of Civil Procedure) within thirty (30) days of the date of the submission or filing of the claim to which it relates or such counterclaim shall be forever barred. Further, the parties agree that discovery may be conducted in accordance with the provisions of the Federal Rules of Civil Procedure.

C. The decision of the arbitrator shall be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction.

D. Waiver of Jury Trial and Class Action Suits. Franchisor and Franchisee (and Franchisee's Owners and Guarantors, if applicable) irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by Franchisor or Franchisee. Neither the Franchisee nor Franchisor shall seek to litigate or arbitrate against the other party to this Agreement, or the other parties' affiliates, either as a representative of, or on behalf of, any other person, class, or entity, any dispute, controversy or claim of any kind arising out of or relating to this Agreement, the rights and obligations of the parties the sale of the Franchised Business, or other claims or causes of action relating to the performance of either party to this Agreement. No

litigation, arbitration, or other action or proceeding under this Agreement shall add as a party, by consolidation, joinder, or in any other manner, any person or party other than Franchisee and Franchisor and any person in privity with or claiming through in the right of or on behalf of, Franchisee and Franchisor, unless both Franchisee and Franchisor consent in writing. Franchisor has the absolute right to refuse such consent. Franchisee agrees and acknowledges that any proceeding directly or indirectly arising from or relating to this Agreement, the relationship between the parties, or any Agreement or relationship between Franchisee and Affiliate of Franchisor will be considered unique on its facts and may not be brought as a class or group action.

E. Injunction and Specific Performance. Notwithstanding anything set forth herein to the contrary, Remedy shall be entitled to apply at any time directly to a court of competent jurisdiction for the entry of temporary, preliminary and permanent injunctions and orders of specific performance.

F. Attorneys' Fees. Should either party incur attorneys' fees in order to enforce the terms and conditions of this Agreement, including post-term covenants, whether or not an arbitration proceeding is instituted, the prevailing party shall be entitled to reimbursement by the other party of all litigation costs, including attorneys' fees.

G. Survival. The parties agree that the provisions of this Paragraph 23 are intended to benefit and bind certain third party non-signatories and shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

24. TIME TO ASSERT CLAIMS. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee to Remedy, or Franchisee's operation of its business, brought by any Party hereto against the other, shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred. This limitations period shall be enforceable to the fullest extent permitted by law.

25. GOVERNING LAW. This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed exclusively under the laws of the state of Georgia (without regard to, and without giving effect to, the application of the state's choice-of-law rules).

26. ENTIRE AGREEMENT. This is the full agreement of the parties. Any matter which is not actually written down and included in this document is not a term of this Agreement. To avoid any later misunderstanding about the exact terms of the Agreement, each party affirms, by signing this Agreement, that he, she, or it has not relied on any comment, promise, or representation not actually included in this Agreement. By signing this Agreement, the parties mutually agree that no evidence shall be admitted in any proceeding as to the existence of any term or promise claimed to be a part of the Agreement unless that term is explicitly stated within the Agreement.

***DO NOT SIGN THIS AGREEMENT IF FRANCHISEE IS RELYING UPON ANY
REPRESENTATION OR PROMISE NOT STATED IN THIS AGREEMENT. NOTHING IN
THE AGREEMENT IS INTENDED TO DISCLAIM THE REPRESENTATIONS REMEDY***

MADE IN THE FRANCHISE DISCLOSURE DOCUMENT THAT REMEDY FURNISHED TO FRANCHISEE.

27. **AMENDMENT.** This Agreement may not be modified, altered, or amended except in writing executed by all of the Parties.
28. **WAIVERS.** Waiver by Remedy of any one or more defaults shall not operate as a waiver of successive or other defaults and all of Remedy's rights shall continue notwithstanding any such waiver or waivers.
29. **FORCE MAJEURE.** No party shall be liable for any loss or damage due to any delay in the performance of the terms (except for the payment of money) by reason of strikes, lockouts, and other labor troubles, fires, riots, wars, acts of terrorism, embargoes and civil commotion, or acts of God. Any such delay shall extend performance only so long as such event is in progress.
30. **SEVERABILITY.** If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.
31. **NOTICES.** Any notices to be given by either Party to the other may be effected in writing either by personal delivery or by first class mail, postage prepaid. Mailed notices should be addressed to Franchisee and to Remedy at the addresses set forth on Page 1 of this Agreement. Either Party may designate a different address for notice in writing delivered to the other party. Notices personally delivered shall be deemed received when delivered. Notices sent by mail shall be deemed received on the second day following mailing.
32. **SUCCESSORS BOUND.** This Agreement shall bind, and shall inure to the benefit of, the partners, executor, administrator, personal representative, heirs, successors and assigns of each of the Parties.
33. **SURVIVAL OF PROVISIONS.** Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive expiration or termination.
34. **CAPTIONS.** The captions used in this Agreement are inserted as a matter of convenience, and shall not be used to interpret or construe the provisions of this Agreement. The text of any paragraph of this Agreement shall control its interpretation.
35. **GUARANTEE.** The shareholders or members of any corporate entity constituting Franchisee, and shareholders or members of any corporate entity that may own the shares of the partnership or corporate entity which is Franchisee, (the shareholders or members are listed in on page 1), do by signing this Agreement, (i) guarantee the performance of all Franchisee's responsibilities and duties; (ii) guarantee the payment of all sums which may from time to time become due to Remedy under this Agreement; and (iii) agree to be bound by Paragraphs 18, 21, 22,

23 and 25. The shareholders or members shall also, at the time of the execution of this Agreement, execute the current form Guarantee to the Remedy Franchise Agreement.

This provision shall be equally binding upon the current shareholders or members of the corporate entity which is Franchisee, and upon any additional shareholders or members who may subsequently obtain an ownership interest in Franchisee, pursuant to Paragraph 19 of this Agreement. Franchisee specifically agrees that within thirty (30) days prior to any additional shareholders or members obtaining an ownership interest in Franchisee, that Franchisee shall notify Remedy in writing of this fact, and such additional shareholders or members shall be approved by Remedy, who approval shall not be unreasonably refused. At that time, Remedy will give Franchisee its then current Franchisee confidentiality and guarantee form. These forms are to be executed by the additional shareholders or members concurrently with their obtaining their ownership interest in Franchisee.

36. **CERTIFICATION.** Franchisee certifies that he/she/it is not, nor to their best knowledge been designated, a terrorist and/or a suspected terrorist, nor are associated and/or affiliated in any way with any terrorist and/or suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

If Franchisee is a company, the person signing on behalf of Franchisee certifies that, to Franchisee's best knowledge, neither Franchisee, such person, and/or any owners, officers, board members, similar individuals and/or affiliates/associates of Franchisee are, or have been designated, a terrorist and/or a suspected terrorist, nor is Franchisee or any such persons and/or affiliates/associates owned, controlled, associated and/or affiliated in any way with any terrorist and/or a suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

Franchisee agrees to fully comply and/or assist Remedy in its compliance efforts with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including without limitation the U.S.A. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or regulations, including properly performing any currency reporting and other obligations, whether relating to Franchisee in each case as designated by Remedy and/or as required by applicable law.

[Signatures appear on the following page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year written above.

THIS AGREEMENT SHALL NOT BE VALID UNLESS SIGNED BY (i) FRANCHISEE; AND (ii) AN OFFICER OF REMEDY.

FRANCHISEE: _____

By: _____

REMEDY INTELLIGENT STAFFING, LLC

By: _____

Title: _____

ACCEPTED ON THIS _____ DAY OF _____, 20_____.

EXHIBIT A
TO
FRANCHISE AGREEMENT

DATA ADDENDUM

¶	Term	Item														
1	Location	The Location(s) under this Agreement shall be: _____ _____.														
2	Territory	The Territory under this Agreement shall be: _____ _____.														
3	Manager	The Manager of the Franchised Business shall be: _____ _____.														
4	Marks	The Marks licensed to Franchisee under this Agreement, which may be amended by Franchisor in its sole discretion, shall be: (check one) Remedy Marks _____ Westaff Marks _____ <u>The Remedy Marks are defined as follows:</u> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; padding: 5px;">REGISTRATIO N NUMBER</th> <th style="text-align: center; padding: 5px;">DESCRIPTION OF MARK</th> <th style="text-align: center; padding: 5px;">REGISTERED OWNER</th> <th style="text-align: center; padding: 5px;">REGISTRATIO N DATE</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 5px;">1,357,133</td> <td style="text-align: center; padding: 5px;">REMEDY</td> <td style="text-align: center; padding: 5px;">EB IP HOLDINGS, LLC</td> <td style="text-align: center; padding: 5px;">8-27-85</td> </tr> <tr> <td style="text-align: center; padding: 5px;">3,776,882</td> <td style="text-align: center; padding: 5px;">CU THERE</td> <td style="text-align: center; padding: 5px;">EB IP HOLDINGS, LLC</td> <td style="text-align: center; padding: 5px;">04-20-10</td> </tr> </tbody> </table>			REGISTRATIO N NUMBER	DESCRIPTION OF MARK	REGISTERED OWNER	REGISTRATIO N DATE	1,357,133	REMEDY	EB IP HOLDINGS, LLC	8-27-85	3,776,882	CU THERE	EB IP HOLDINGS, LLC	04-20-10
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1,357,133	REMEDY	EB IP HOLDINGS, LLC	8-27-85													
3,776,882	CU THERE	EB IP HOLDINGS, LLC	04-20-10													

	2,007,936	INTELLIGENT STAFFING	EB IP HOLDINGS, LLC	10-15-96
	3,776,882	CU THERE (logo)	EB IP HOLDINGS, LLC	04-20-10
	3283052	[logo design of two heads and globe]	EB IP HOLDINGS, LLC	08-21-07
	3,528,477	HIRE PAY	EB IP HOLDINGS, LLC	11-04-08
	3,714,323	TYMETRICS	EB IP HOLDINGS, LLC	11-24-09
	2,879,681	MEGABLAST	EB IP HOLDINGS, LLC	8-31-04
	3,037,996	REMEDY KNOWLEDGE BANK [with logo]	EB IP HOLDINGS, LLC	1-3-06
	3,061,073	MANAGER MATCH	EB IP HOLDINGS, LLC	2-21-06
	3,791,142	REQUISTAFF	EB IP HOLDINGS, LLC	05-18-10
	3,244,549	WE GET PEOPLE	EB IP HOLDINGS, INC.	5-22-07
	3,850,929	REQUISTAFF [with logo]	EB IP HOLDINGS, LLC	09-21-10

	3,933,107	iSEARCH	EB IP HOLDINGS, LLC	03-15-11
	3,947,069	iSTATEMENT	EB IP HOLDINGS, LLC	02-01-11
	4,197,415	TYMENTRY	EB IP HOLDINGS, LLC, LLC	06-12-12
	4,429,575	TEAMLINK	EB IP HOLDINGS, LLC, LLC	01-22-13
	4,512,906	CANDID8	EB IP HOLDINGS, LLC, LLC	

The Westaff Marks are defined as follows:

	1,855,940	WESTAFF	EB IP HOLDINGS, LLC	9-27-94
	3,381,117	PROVIDING ESSENTIAL PEOPLE	EB IP HOLDINGS, LLC	02-12-08
	2,357,309	ON LOCATION & ESSENTIAL	EB IP HOLDINGS, LLC	06-13-00
	2,878,383	TIME TRAK	EB IP HOLDINGS, LLC	08-31-04
	2,763,783	TALENT TRAK	EB IP HOLDINGS, LLC	09-16-03

5	Minimum Performance Standards	<p>The Minimum Performance Standards under this Agreement shall be:</p> <table> <thead> <tr> <th style="text-align: center;">Fiscal Year of Agreement</th> <th style="text-align: center;">Gross Profit Dollars</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">Fiscal Year 1</td><td style="text-align: center;">\$100,000</td></tr> <tr><td style="text-align: center;">Fiscal Year 2</td><td style="text-align: center;">\$200,000</td></tr> <tr><td style="text-align: center;">Fiscal Year 3</td><td style="text-align: center;">\$300,000</td></tr> <tr><td style="text-align: center;">Fiscal Year 4</td><td style="text-align: center;">\$375,000</td></tr> <tr><td style="text-align: center;">Fiscal Year 5</td><td style="text-align: center;">\$450,000</td></tr> <tr><td style="text-align: center;">Fiscal Year 6</td><td style="text-align: center;">\$525,000</td></tr> <tr><td style="text-align: center;">Fiscal Year 7</td><td style="text-align: center;">\$600,000</td></tr> <tr><td style="text-align: center;">Fiscal Year 8</td><td style="text-align: center;">\$650,000</td></tr> <tr><td style="text-align: center;">Fiscal Year 9</td><td style="text-align: center;">\$700,000</td></tr> <tr><td style="text-align: center;">Fiscal Year 10</td><td style="text-align: center;">\$750,000</td></tr> </tbody> </table>	Fiscal Year of Agreement	Gross Profit Dollars	Fiscal Year 1	\$100,000	Fiscal Year 2	\$200,000	Fiscal Year 3	\$300,000	Fiscal Year 4	\$375,000	Fiscal Year 5	\$450,000	Fiscal Year 6	\$525,000	Fiscal Year 7	\$600,000	Fiscal Year 8	\$650,000	Fiscal Year 9	\$700,000	Fiscal Year 10	\$750,000
Fiscal Year of Agreement	Gross Profit Dollars																							
Fiscal Year 1	\$100,000																							
Fiscal Year 2	\$200,000																							
Fiscal Year 3	\$300,000																							
Fiscal Year 4	\$375,000																							
Fiscal Year 5	\$450,000																							
Fiscal Year 6	\$525,000																							
Fiscal Year 7	\$600,000																							
Fiscal Year 8	\$650,000																							
Fiscal Year 9	\$700,000																							
Fiscal Year 10	\$750,000																							

IN WITNESS WHEREOF, the parties have executed this Exhibit A effective as of the Effective Date.

“Franchisor”

REMEDY INTELLIGENT STAFFING, LLC

By: _____

Name: _____

Title: _____

“Franchisee”

By: _____

Name: _____

Title: _____

EXHIBIT B
TO
FRANCHISE AGREEMENT

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGMENT

GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENTS

As an inducement to Remedy Intelligent Staffing, LLC, a California limited liability company (“**Franchisor**”) to execute the Remedy Intelligent Staffing, LLC Franchise Agreement between Franchisor and _____ (“**Franchisee**”), dated _____, 201____ (the “**Agreement**”), the undersigned, jointly and severally, unconditionally guarantee to Franchisor and Franchisor’s successors and assigns that all of Franchisee’s monetary and other obligations under the Agreement will be fully and punctually paid and performed.

Guarantee

Upon demand by Franchisor, the undersigned each jointly and severally agree to immediately make each payment required of Franchisee under the Agreement and waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; or (d) give notice of demand for payment by Franchisee. Without affecting the obligations of the undersigned under this Guarantee, Indemnification and Acknowledgement, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement.

Indemnification

The undersigned each jointly and severally agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney’s fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any breach of this Agreement by Franchisee or any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein, or any matter arising from the operation of the Franchised Business.

Acknowledgements

The undersigned each jointly and severally acknowledge and expressly agree to be individually bound by all of the covenants and promises made by Franchisee under the Agreement, including, without limitation, those in Sections 10 (Operating Manual), 14(B) (Marks), 16 (confidentiality and non-competition) and 21 (post termination and expiration obligations) of the Agreement, and acknowledge and agree that this Guarantee, Indemnification and Acknowledgement does not grant the undersigned any right to use the Marks or System licensed to Franchisee under the Agreement.

Miscellaneous

This Guarantee, Indemnification and Acknowledgement shall not terminate upon the termination or expiration or cancellation of the Agreement. All obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination or expiration or cancellation shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination or cancellation of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall continue to be bound by this Guarantee, Indemnification

and Acknowledgement, and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee, Indemnification and Acknowledgement shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 18 of the Agreement. This Guarantee, Indemnification and Acknowledgement shall be interpreted and construed under the laws of the State of Georgia, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of the state's choice-of-law rules). All controversies, disputes or claims between Remedy, its officers, directors, agents and/or employees (in their respective capacities) and Franchisee (and Franchisee's owners, officers, directors, agents and/or employees and/or any guarantors of this Guarantee) arising out of or related to this Guarantee or the validity of this Guarantee shall be adjudicated by the courts, state and/or federal, presiding in Atlanta, Georgia.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee, Indemnification and Acknowledgement as of the date of the Agreement.

GUARANTOR(S)/INDEMNITOR(S)/ACKNOWLEDGEE(S)

(seal)	Signed:	<hr/> <hr/> <p style="text-align: center;">(In his/her individual capacity)</p>
	Name:	<hr/> <hr/>
	Address:	<hr/> <hr/>
		<hr/> <hr/>
(seal)	Signed:	<hr/> <hr/> <p style="text-align: center;">(In his/her individual capacity)</p>
	Name:	<hr/> <hr/>
	Address:	<hr/> <hr/>
		<hr/> <hr/>
(seal)	Signed:	<hr/> <hr/> <p style="text-align: center;">(In his/her individual capacity)</p>
	Name:	<hr/> <hr/>
	Address:	<hr/> <hr/>
		<hr/> <hr/>

EXHIBIT C
TO
FRANCHISE AGREEMENT

GROSS PROFIT SPLIT SCHEDULE

Subject to the terms and conditions of Section 5(E), the Gross Profit Split Schedule shall follow the below cliff-vesting schedule, whereby the franchisee retains the below percentage of Gross Profit. The Gross Profit Split is determined annually.

For the first \$250,000 of Gross Profit, the franchisee shall retain 60% of Gross Profit, subject to the deductions listed in Section 5(E). If Gross Profit exceeds \$250,000, franchisee shall receive 61% of Gross Profit for the amount of Gross Profit that exceeds \$250,000 up to \$375,000, and so on, with the franchisee receiving an additional 1% of Gross Profit on the portion of Gross Profit that exceeds the previous milestone, as listed below.

GROSS PROFIT SPLIT SCHEDULE

Gross Profit Split Schedule		
Franchisee Split Chart		
From	To	Franchisee Split Percentage
\$0	\$250,000	60%
\$250,001	\$375,000	61%
\$375,001	\$500,000	62%
\$500,001	\$625,000	63%
\$625,001	\$750,000	64%
\$750,001	\$875,000	65%
\$875,001	\$1,000,000	66%
\$1,000,001	\$1,125,000	67%
\$1,125,001	\$1,250,000	68%
\$1,250,001	\$1,375,000	69%
\$1,375,001	above	70%

IN WITNESS WHEREOF, the parties have executed this Exhibit C effective as of the Effective Date.

“Franchisor”

REMEDY INTELLIGENT STAFFING, LLC

By: _____

Name: _____

Title: _____

“Franchisee”

By: _____

Name: _____

Title: _____

EXHIBIT D TO THE FRANCHISE AGREEMENT
CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE (this “Assignment”) is made, entered into and effective as of the effective date of the Lease (as defined herein below), by, between and among Remedy Intelligent Staffing, LLC, with its principal business address located at 1040 Crown Pointe Parkway, Suite 1040, Atlanta, Georgia 30338 (the “Franchisor”), and _____ whose current principal place of business is _____ (the “Franchisee”).

BACKGROUND INFORMATION

The Franchisor entered into that certain Franchise Agreement (the “Franchise Agreement”) dated as of _____, 20____ with the Franchisee, pursuant to which the Franchisee plans to own and operate a staffing agency Franchised Business, utilizing the Franchisor’s trademarks (the “Franchised Business”) located at _____ (the “Location”). In addition, pursuant to that certain Lease Agreement (the “Lease”), the Franchisee has leased or will lease certain space containing the Franchised Business described therein from _____ (the “Lessor”). The Franchise Agreement requires the Franchisee to deliver this Assignment to the Franchisor as a condition to the grant of a franchise.

OPERATIVE TERMS

The Franchisor and the Franchisee agree as follows:

1. **Background Information.** The background information is true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the background information.

2. **Incorporation of Terms.** Terms not otherwise defined in this Assignment have the meanings as defined in the Lease.

3. **Indemnification of Franchisor.** The Franchisee agrees to indemnify and hold the Franchisor and its affiliates, stockholders, directors, officers and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys’ fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, the Franchisee’s breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.

4. **Conditional Assignment.** The Franchisee hereby grants to the Franchisor a security interest in and to the Lease, all of the furniture, fixtures, inventory and supplies located

in the Location and the franchise relating to the Franchised Business, and all of the Franchisee's rights, title and interest in and to the Lease as a condition to the grant of the franchise.

Franchisor shall have the right, but not the obligation, to assume the rights and obligations of the Franchisee under the Lease by providing Franchisee and Lessor with written notice of such election. The rights of the Franchisor to assume all obligations under the Lease provided in this Assignment are totally optional on the part of the Franchisor, to be exercised in its sole discretion. Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein.

5. **No Subordination.** The Franchisee shall not permit the Lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, liens securing bank financing for the operations of Franchisee on the Site and the agreements and other instruments referenced herein. The Franchisee will not terminate, modify or amend any of the provisions or terms of the Lease without the prior written consent of the Franchisor. Any attempt at termination, modification or amendment of any of the terms without such written consent is null and void.

6. **Exercise of Remedies.** In any case of default by the Franchisee under the terms of the Lease or under the Franchise Agreement, or in the case of Franchisor exercising its purchase option pursuant to Section 19(D) of the Franchise Agreement, the Franchisor shall be entitled to exercise any one or more of the following remedies in its sole discretion.

- a) to take possession of the Location, or any part thereof, personally, or by its agents or attorneys;
- b) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Location, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee;
- c) to exclude the Franchisee, its agents or employees from the Location;
- d) as attorney-in-fact for the Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Franchised Business operated out of the Location and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to the Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;

e) to cancel or terminate any unauthorized agreements or subleases entered into by the Franchisee, for any cause or ground which would entitle the Franchisor to cancel the same;

f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious, in the sole discretion of the Franchisor; and

g) to insure and reinsurance the same for all risks incidental to the Franchisor's possession, operation and management thereof; and/or

7. **Power of Attorney.** The Franchisee does hereby appoint irrevocably the Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Location, to rent, lease, manage and operate the Location to any person, firm or corporation upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as the Franchisor would have upon taking possession of the Location pursuant to the provisions set forth in the Lease. The power of attorney conferred upon the Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of the Franchisor.

8. **Election of Remedies.** It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to the Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the Franchisor and the Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to the Franchisor, all of which remedies are enforceable concurrently or successively. No exercise by the Franchisor or any of the rights hereunder will cure, waive or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by the Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by the Franchisor of any such rights and remedies shall be construed as a waiver by the Franchisor of any future rights and remedies.

9. **Binding Agreements.** This Assignment and all provisions hereof shall be binding upon the Franchisor and the Franchisee, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words "Franchisor" and "Franchisee" when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent

and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

10. **Assignment to Control.** This Assignment governs and controls over any conflicting provisions in the Lease.

11. **Attorneys' Fees, Etc.** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys' fees, costs and expenses relating to any trial or appeal or arbitration or bankruptcy proceeding from the non-prevailing Party.

12. **Severability.** If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the Parties have caused this Assignment to be executed as of the day and year first above written.

THE "FRANCHISEE":

By: _____
Name: _____
Date: _____

THE "FRANCHISOR":

REMEDY INTELLIGENT STAFFING,
LLC

By: _____
Name: _____
Title: _____
Date: _____

The Lessor hereby consents, agrees with, approves of and joins in with this COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE.

THE "LESSOR":

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT D-1
TO THE REMEDY INTELLIGENT STAFFING, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF REMEDY FRANCHISEES

As of December 31, 2017

Franchisee Last Name	Franchisee First Name	Name/DBA	Address	City	State	Zip	Phone
Henninger/De ehan	Jayne/Joy	Remedy Intelligent Staffing	5055 E. Broadway, Suite B-103	Tucson	AZ	85711	520-745-9696
Mills*	David & Mary	Remedy Intelligent Staffing	2830 Winkler Avenue, Suite 104	Fort Myers	FL	33916	239-278-1515
Rose*	Brian & Diane	Remedy Intelligent Staffing	12961 North Main Street, Suite 103	Jacksonville	FL	32218	904-714-9010
Dodd	Carol	Remedy Intelligent Staffing	1650 Sand Lake Road, Suite 111	Orlando	FL	32809	407-250-5820
Pichard*	Jay & Stephanie	Remedy Intelligent Staffing	1550-2 Village Square Blvd.	Tallahassee	FL	32309	850-523-0005
Yanagihara*	Kristi	Remedy Intelligent Staffing	1003 Bishop Street, Suite 1477	Honolulu	HI	96813	808-733-8550
Schminke*	Tim & Susan	Remedy Intelligent Staffing	1950 Dodge Road N.E. Suite 105	Cedar Rapids	IA	52402	319-294-0290
Martin	Clint	Remedy Intelligent Staffing	1200 Valley West Drive, Suite 105	Des Moines	IA	50266	515-225-4000
Braker	Lynn	Remedy Intelligent Staffing	1030 Monarch Street, Suite 300	Lexington	KY	40513	859-224-4455
Moore/Suddick	Stan/Rick	Remedy Intelligent Staffing	3834 Taylorsville Road #6	Louisville	KY	40220	502-671-5530
Sehon	Suzanne	Remedy Intelligent Staffing	3525 N. Causeway Blvd., Suite 336	Metairie	LA	70002	504-835-6465
Mount/Mount*	James/Karen	Remedy Intelligent Staffing	188 Allenbrook Lane	Williston	MA	05495	978-860-3140
Skowyra	Will	Remedy Intelligent Staffing	5714 South Lindbergh Boulevard, Suite 100	St. Louis	MO	63123	314-842-6440

Franchisee Last Name	Franchisee First Name	Name/DBA	Address	City	State	Zip	Phone
Neff	John & Carol	Remedy Intelligent Staffing	11414 W. Center Road, Suite 150	Omaha	NE	68144	402-330-1220
Caravella*	Silvia & John	Remedy Intelligent Staffing	255 Clearview Rd	Edison	NJ	08837	732-851-1308
Weber*	Jeff	Remedy Intelligent Staffing	403 Main Street, Suite 106	Buffalo	NY	14203	716-381-8355
Mills*	Kevin & Brigitte	Remedy Intelligent Staffing	5295 Westpointe Plaza	Hilliard	OH	43228	614-527-5860
Much*	Margaret & Irwin	Remedy Intelligent Staffing	612 St. Andrews Road, Suite 12	Columbia	SC	29210	803-743-0707
Eckensberger *	Jim & Erin	Remedy Intelligent Staffing	7800 I-H 10 West Suite 123	San Antonio	TX	78230	210-366-3400
Harper*	John & Cindy	Remedy Intelligent Staffing	909 ESE Loop 323, Suite 510	Tyler	TX	75701	903-509-8367
Gray*	John & Heather	Remedy Intelligent Staffing	525 West 5300 South, Suite 210	Salt Lake City	UT	84123	801-685-8100
Itzhak	Shmuel	Remedy Intelligent Staffing	144 Business Park Drive, Suite 104	Virginia Beach	VA	23462	757-490-8367
Mullins*	Burke	Remedy Intelligent Staffing	825 Center Street, Suite B-1	Tacoma	WA	98409	253-272-2221
Holwerda	Jim	Remedy Intelligent Staffing	4602 Biltmore Lane Suite 112	Madison	WI	53718	608-310-3200

* These franchisees operate more than one Remedy Branch Location

LIST OF REMEDY FRANCHISEES THAT HAVE LEFT THE SYSTEM

As of December 31, 2017

Name of Franchisee	Franchisee Address	Number of Offices Closed or reacquired	Telephone Number
Dan Jourdan	dan@danjourdan.com	1	770-998-3855
Dan Doherty	doh246@aol.com	1	630-292-8670
Kurt Loeffelholz	kurtloeffelholz@sbcglobal.net	3	405-834-6272

EXHIBIT D-2
TO THE REMEDY INTELLIGENT STAFFING, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF WESTAFF FRANCHISEES

As of December 31, 2017

Franchisee Last Name	Franchisee First Name	Name/DBA	Address	City	State	Zip	Phone
Corte*	Lou	Westaff	639 Research Parkway	Meriden	CT	06450	203-235-5100
Mobley*	Kemp	Westaff	419 W 49 th Street, Suite 104	Hialeah	FL	33012	305-362-2000
James	Jeanette	Westaff	3149 North Ponce De Leon Blvd, Suite 2	St. Augustine	FL	32084	904-824-9794
Yanagihara	Kristi	Westaff	1003 Bishop Street, Suite 1477	Honolulu	HI	96813	808-733-8550
Hamilton	Nancy	Westaff	5145 S. Meridian Street, Suite E	Indianapolis	IN	46217	317-359-8367
Coleman*	Lisa	Westaff	7249 Florida Blvd., Suite A	Baton Rouge	LA	70806	225-612-4910
Caldarera*	Larry	Westaff	The Heritage Plaza 111 Veterans Memorial Blvd Suite 720	Metairie	LA	70005	504-832-7237
Back*	Linn	Westaff	416 N. Homer, Suite 107	Lansing	MI	48912	517-332-5500
Lillemo*	Mike	Westaff	544 25th Avenue North	St Cloud	MN	56303	320-203-9655

Franchisee Last Name	Franchisee First Name	Name/DBA	Address	City	State	Zip	Phone
Hill*	Greg & Missy	Westaff	680 Craig Road Suite 301	St Louis	MO	63141	314-994-3950
Edmunds	Michelle	Westaff	210 E. Lyndale	Helena	MT	59601	406-443-7169
Thiboutot	Bob	Westaff	2 Greenleaf Woods Drive, Suite 101	Portsmouth	NH	03801	603-427-0465
Yearby	Sheila	Westaff	3200 Croasdale Drive, Suite 403	Durham	NC	27705	919-489-8540
Brooks	John	Westaff	48 E Main Street	Norwalk	OH	44857	419-663-5201
Dershaw*	Ken	Westaff	1301 McKinley Road	St. Marys	OH	45885	419-394-8444
Mount/Mount *	James/Karen	Westaff	188 Allenbrook Lane	Williston	VT	05495	802-862-6500
Shelton	Randy	Westaff	1130 East Main Street	Wytheville	VA	24382	276-223-4424

*These franchisees operate more than one Westaff Branch Location

LIST OF WESTAFF FRANCHISEES THAT HAVE LEFT THE SYSTEM

As of December 31, 2017

None.

EXHIBIT E
TO THE REMEDY INTELLIGENT STAFFING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

Remedy Intelligent Staffing, LLC and Subsidiaries

(A Wholly Owned Subsidiary of EmployBridge
Holding Company)

Consolidated Financial Statements as of and
for the Years Ended December 31, 2017
and December 25, 2016 and
Independent Auditors' Report

REMEDY INTELLIGENT STAFFING, LLC AND SUBSIDIARIES
(A Wholly Owned Subsidiary of EmployBridge Holding Company)

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Deloitte.

Deloitte & Touche LLP
191 Peachtree Street NE
Suite 2000
Atlanta, GA 30303-1943
USA
Tel: +1 404 631 1000
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Remedy Intelligent Staffing LLC and subsidiaries:

We have audited the accompanying consolidated financial statements of Remedy Intelligent Staffing LLC and subsidiaries (the "Company"), a wholly-owned subsidiary of EmployBridge Holding Company, which comprise the consolidated balance sheets as of December 31, 2017 and December 25, 2016, and the related consolidated statements of operations, member's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Remedy Intelligent Staffing LLC and its subsidiaries as of December 31, 2017 and December 25, 2016, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the Company is a wholly-owned subsidiary of EmployBridge Holding Company (the "Parent"), and all cash generated from the Company is swept into the Parent's bank accounts. Additionally, as discussed in Notes 2 and 3, the Company is dependent on the Parent for certain general and administrative and other support services for which the Parent directly charges the Company or allocates the costs of providing such services to the Company. These costs are not necessarily the same as those that would result from transactions with unrelated third parties. Our opinion is not modified with respect to these matters.

Heisler + Duval LLP

April 25, 2018

REMEDY INTELLIGENT STAFFING, LLC AND SUBSIDIARIES
(A Wholly Owned Subsidiary of EmployBridge Holding Company)

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2017 AND DECEMBER 25, 2016
 (In thousands, except member's units)

	December 31, 2017	December 25, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 5	\$ 10
Accounts receivable	55,033	55,758
Workers' compensation insurance assets, current	467	2,090
Due from Parent	8,889	-
Prepaid expenses and other current assets	176	1,381
Total current assets	<u>64,570</u>	<u>59,239</u>
LONG-TERM ASSETS:		
Property and equipment—net	33	77
Workers' compensation insurance assets	1,242	4,447
Intangible assets—net	42,987	45,147
Other assets	-	27
TOTAL ASSETS	<u>\$ 108,832</u>	<u>\$ 108,937</u>
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 179	\$ 355
Accrued payroll, benefits, and related costs	8,636	8,928
Accrued expenses	8,487	10,391
Workers' compensation insurance reserve	3,998	4,599
Due to Parent	-	1,740
Total current liabilities	<u>21,300</u>	<u>26,013</u>
NONCURRENT LIABILITIES:		
Other long-term liabilities	302	559
Workers' compensation insurance reserve	6,725	6,251
Total liabilities	<u>28,327</u>	<u>32,823</u>
COMMITMENTS AND CONTINGENCIES (NOTE 8)		
MEMBER'S EQUITY:		
Member's units, no par value—5,000 units authorized and outstanding as of December 31, 2017 and December 25, 2016	-	-
Member's equity	86,289	86,289
Accumulated deficit	(5,784)	(10,175)
Total member's equity	<u>80,505</u>	<u>76,114</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$ 108,832</u>	<u>\$ 108,937</u>

The accompanying notes are an integral part of the consolidated financial statements.

REMEDY INTELLIGENT STAFFING, LLC AND SUBSIDIARIES
(A Wholly Owned Subsidiary of EmployBridge Holding Company)

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND DECEMBER 25, 2016
(In thousands)

	For the years ended	
	December 31, 2017	December 25, 2016
LICENSED FRANCHISE REVENUES	\$ 460,566	\$ 462,671
FRANCHISE ROYALTIES	<u>567</u>	<u>604</u>
TOTAL REVENUES	461,133	463,275
COST OF REVENUES	<u>373,935</u>	<u>380,148</u>
GROSS PROFIT	<u>87,198</u>	<u>83,127</u>
OPERATING EXPENSES:		
Franchise costs	64,169	62,452
Selling, general, and administrative	3,767	2,404
Depreciation and amortization	2,211	3,618
Intangible asset impairment	-	1,400
Corporate allocations from Parent	<u>13,140</u>	<u>12,573</u>
Total operating expenses	<u>83,287</u>	<u>82,447</u>
INCOME FROM OPERATIONS	<u>3,911</u>	<u>680</u>
OTHER INCOME (EXPENSE):		
Interest income	-	48
Interest expense	-	(51)
Other income	<u>480</u>	<u>634</u>
Total other income—net	<u>480</u>	<u>631</u>
NET INCOME	<u>\$ 4,391</u>	<u>\$ 1,311</u>

The accompanying notes are an integral part of the consolidated financial statements.

REMEDY INTELLIGENT STAFFING, LLC AND SUBSIDIARIES
(A Wholly Owned Subsidiary of EmployBridge Holding Company)

CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND DECEMBER 25, 2016
(In thousands, except unit data)

	Member's Units	Amount	Member's Equity	Accumulated Deficit	Total Equity
Balances—December 27, 2015	5,000	\$ -	\$ 86,289	\$ (11,486)	\$ 74,803
Net income	-	-	-	1,311	1,311
Balances—December 25, 2016	5,000	-	86,289	(10,175)	76,114
Net income	-	-	-	4,391	4,391
Balances—December 31, 2017	5,000	\$ -	\$ 86,289	\$ (5,784)	\$ 80,505

The accompanying notes are an integral part of the consolidated financial statements.

REMEDY INTELLIGENT STAFFING, LLC AND SUBSIDIARIES
(A Wholly Owned Subsidiary of EmployBridge Holding Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND DECEMBER 25, 2016
(In thousands)

	For the years ended		
	December 31, 2017	December 25, 2016	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 4,391	\$ 1,311	
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,211	3,618	
Intangible asset impairment	-	1,400	
Changes in operating assets and liabilities, excluding the impact of acquisitions and divestitures:			
Accounts receivable	725	4,294	
Prepaid expenses and other assets	1,232	(1,082)	
Workers' compensation insurance assets	4,828	4,663	
Accounts payable	(176)	(85)	
Accrued payroll, benefits, and related costs	(292)	(2,048)	
Accrued expenses	(1,592)	538	
Workers' compensation insurance reserve	(127)	(2,014)	
Other long-term liabilities	(257)	559	
Net cash provided by operating activities	10,943	11,154	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions	(242)	(261)	
Purchases of property and equipment	(7)	(64)	
Net cash used in investing activities	(249)	(325)	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Changes in due to/from Parent	(10,699)	(10,819)	
Net cash used in financing activities	(10,699)	(10,819)	
NET (DECREASE) INCREASE IN CASH POSITION	(5)	10	
CASH AND CASH EQUIVALENTS:			
Beginning of year	10	-	
End of year	\$ 5	\$ 10	

(Continued)

REMEDY INTELLIGENT STAFFING, LLC AND SUBSIDIARIES
(A Wholly Owned Subsidiary of EmployBridge Holding Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND DECEMBER 25, 2016
(In thousands)

	For the years ended	
	December 31, 2017	December 25, 2016
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ -	\$ 52
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES:		
Issuance of promissory note for acquisition	\$ 2,242	\$ 2,970
Assignment of promissory notes to Parent	\$ 2,242	\$ 3,725
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:		
Net (liabilities) assets assigned to Parent	\$ (70)	\$ 788

The accompanying notes are an integral part of the consolidated financial statements.

REMEDY INTELLIGENT STAFFING, LLC AND SUBSIDIARIES
(A Wholly Owned Subsidiary of EmployBridge Holding Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND DECEMBER 25, 2016

1. BUSINESS ORGANIZATION

Nature of Business—Remedy Intelligent Staffing, LLC (the "Company") and its subsidiaries is a national provider of temporary personnel and direct-hire services. The Company provides skilled/technical, professional, light industrial, and clerical staffing services to a variety of industries including manufacturing, eCommerce, logistics, financial services, life sciences, consumer packaging, and healthcare. The Company provides its services in more than 34 states, through a network of licensed, independently managed franchise branches operating under the names of Remedy Intelligent Staffing™ and Westaff™.

The sales and delivery functions for the Company's clients are handled through a network of franchise branches. The Company's headquarters staff provides support services to the franchise branches in functional areas that include payroll, billing, data processing, human resources, risk management, legal, marketing, and national sales.

Basis of Presentation—The Company is an indirect wholly owned subsidiary of EmployBridge Holding Company (the "Parent"), and all cash generated by the Company is generally swept into the Parent's bank accounts. As a result, the Company is dependent on its Parent for cash to satisfy its obligations. Furthermore, substantially all of the assets of the Company are provided as collateral under the Parent's debt agreements. The Parent is subject to various covenants under its debt agreements. If the Parent does not continue to comply with its debt covenants in the future, this may affect the Parent's ability to provide financial support to the Company and adversely impact the Company's ability to satisfy its obligations.

Fiscal Year—The Company's fiscal year ends on the last Sunday in December and consists of either 52 or 53 weeks. The year ended December 31, 2017 had 53 weeks, and the year ended December 25, 2016 had 52 weeks.

Traditional Franchise Arrangements—Under the Company's traditional franchise agreements, the franchisee pays all of the costs associated with operating the local branch office and is responsible for all working capital requirements of the local branch office, including funding temporary payroll and collecting clients' accounts receivable. Generally, the franchisee pays the Company an initial franchise fee and ongoing royalties, at a standard rate of 7% of its gross billings. Franchisees that renew their franchise agreement may qualify for a reduced royalty rate (ranging from 4% to 6.5%) based on gross billings. The Company processes payroll and invoices clients, and the franchisee employs all management staff and temporary personnel affiliated with the local branch office. As of both December 31, 2017 and December 25, 2016, there were two franchisees operating under traditional franchise agreements. The Company no longer offers this form of franchise agreement to new franchisees.

Licensed Franchise Arrangements—Under the Company's licensed franchise agreements, the licensee pays the Company an initial franchise fee and is responsible for sales efforts in their local markets. Licensees pay all costs associated with operating their local offices, including occupancy costs, staff costs, and other selling, general, and administrative expenses. The initial franchise fees are recognized as revenue after the licensee's first period of operation when the Company has performed all of its material obligations and initial services.

Under the licensed franchise arrangements, the Company is the employer of record for temporary personnel affiliated with licensee offices and, as such, is responsible for paying all wages, payroll taxes, and insurance. The Company also owns all the accounts receivable generated by licensee offices and handles all billing and cash collections. Licensees receive a share of their local office gross profit that generally ranges from 60%–72%, and these amounts are recorded as franchise costs in the consolidated statements of operations. As of December 31, 2017 and December 25, 2016, there were 39 and 41 licensees, respectively, operating under these agreements.

The Company's share of the licensee's gross profit varies depending on the life of the individual franchise agreement. The licensee/Company share ranges from a 60%/40% split to a 72%/28% split of the gross profit. In addition, the Company's gross profit share is reduced (i) for some national accounts to encourage licensee's participation in national account programs, (ii) for specific targeted accounts to secure high volume or better margin business, and (iii) for volume-based reductions in certain franchise agreements. Licensed franchise agreements provide substantially all of the Company's revenues.

2. CORPORATE ALLOCATIONS

The Parent charges the Company a management fee of 1% of revenues as consideration for certain services provided to the Company. Total fees charged by the Parent were \$4.6 million in each of the years ended December 31, 2017 and December 25, 2016. These fees are included in corporate allocations from Parent in the consolidated statements of operations.

Interest expense is also allocated to the Company based on the Company's share of the Parent's total accounts receivable, as management believes this method of allocation is reasonable. Based on this allocation method, the Parent allocated \$8.5 million and \$8.0 million of interest expense to the Company during the years ended December 31, 2017 and December 25, 2016, respectively. The allocated interest expense is included in corporate allocations from Parent, rather than interest expense, in the consolidated statements of operations, as the Company is not the primary obligor on any debt facilities.

Management believes its methods of allocating these expenses are reasonable, although the terms of these transactions are not necessarily the same as those that would result from arms-length transactions with unrelated parties.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

estimates in the Company's consolidated financial statements include the collectability of accounts receivable; workers' compensation insurance assets, reserves and expenses; litigation reserves; allocation of corporate overhead; and the values of long-lived assets, including intangibles, and related impairments, if any.

Property and Equipment—Property and equipment are recorded at cost, net of accumulated depreciation, and depreciated using the straight-line method over their estimated useful lives, ranging from three to seven years. Amortization of leasehold improvements is computed on a straight-line basis over the life of the improvement or the term of the lease, whichever is shorter. Expenditures for maintenance and repairs are charged to expense as incurred. When assets are sold, the related cost and accumulated depreciation are removed from the accounts and resulting gains and losses are included in operations in the year of disposal.

The Company periodically evaluates the estimated useful lives used to depreciate its assets and the estimated amount of assets that will be abandoned or have minimal use in the future. While the Company believes its estimates of useful lives are reasonable, significant differences in actual experience or significant changes in assumptions may affect future depreciation expense.

Indefinite-Lived Intangible Assets—The Company's indefinite-lived intangible assets consist of trade names and trademarks. Trade names and trademarks are included in "Intangible Assets" in the consolidated balance sheet. The Company applies a fair value-based impairment test to the carrying value of the indefinite-lived intangible assets on an annual basis (as of the first day of the fourth quarter) and, if certain events or circumstances indicate that an impairment loss may have been incurred, on an interim basis. The Company assesses the value of its indefinite-lived intangible assets under either a qualitative or quantitative approach. Under a qualitative approach, the Company considers various factors, including the key assumptions listed below. Management analyzes these factors to determine if events and circumstances have affected the fair value of indefinite-lived intangible assets. If the Company determines that it is more likely than not that the asset may be impaired, management uses the quantitative approach to assess the asset's fair value and the amount of the impairment. Under a quantitative approach, the Company calculates the fair value of the asset using the key assumptions listed below. If the asset's carrying value exceeds its fair value calculated using the quantitative approach, the Company will record an impairment charge for the difference in fair value and carrying value.

When management performs a quantitative impairment assessment of indefinite-lived intangible assets, fair value is estimated based on (1) recent market transactions, where available, (2) estimated royalties, or (3) projected discounted future cash flows (an income approach).

The key assumptions in the Company's impairment tests include (1) forecasted revenues and expenses, (2) terminal period revenue growth and cash flows, (3) weighted-average cost of capital, (4) discount rates applicable to the various assets, (5) royalty rates for trade names and trademarks, and (6) a tax rate. These assumptions are consistent with a hypothetical market participant approach. Since management is required to make estimates and assumptions when evaluating indefinite-lived intangible assets for impairment, actual transaction amounts may differ materially from these estimates. In addition, management considers the amount by which the intangible assets' fair values exceed their respective carrying values in the most recent fair value measurements calculated using a quantitative approach.

During the Company's annual review of impairment for the trade name intangible asset for the year ended December 31, 2017, the Company did not identify any potential impairment. During the Company's annual review of impairment for the trade name intangible asset for the year ended December 25, 2016, management identified an impairment of \$1.4 million resulting from a marginally higher discount rate as well as less than expected revenue growth. The \$1.4 million impairment charge is included in the consolidated statement of operations.

Other Intangible Assets—The Company's other identifiable intangible assets consist of franchise rights agreements, employee lists, and customer lists. Intangible assets are stated at cost less accumulated amortization. For intangible assets with finite lives, the pattern in which the economic benefit of the assets will be consumed is evaluated based on projected usage or production of revenues. The Company considers certain factors when assigning useful lives, such as legal, regulatory, and contractual provisions as well as the effects of obsolescence, demand, competition, and other economic factors. Intangible assets are generally amortized using the straight-line method over estimated useful lives ranging from three to fifteen years. The Company reviews the carrying values of long-lived assets, other than intangible assets with indefinite useful lives, for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered by the Company include, but are not limited to, significant underperformance relative to expected historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for the overall business, and significant negative industry or economic trends. During the years ended December 31, 2017 and December 25, 2016, the Company performed quantitative and qualitative impairment assessments of its finite-lived intangible assets and did not identify any potential impairment.

Workers' Compensation—The Company is substantially self-insured for workers' compensation through the Parent. The Parent's workers' compensation program requires the Company to be responsible for a large deductible for each workers' compensation claim. As of December 31, 2017 and December 25, 2016, the deductible was generally \$1.0 million per claim with an unlimited annual aggregate. The Parent is contractually required to collateralize its obligations under each workers' compensation insurance contract through the use of irrevocable letters of credit and loss fund deposits, which are funds placed on deposit with the insurance carriers. The level and type of collateral required for each policy year is determined by the insurance carrier at the inception of the policy year and may be modified periodically. The Parent's loss fund deposits allocated to the Company are included in workers' compensation insurance assets in the consolidated balance sheets. To the extent that paid losses under the policy exceed the loss fund, the Parent is required to make additional payments to the insurer.

Income Taxes—The Company is a limited liability company (LLC). Accordingly, the Company's income is included in the taxable income of the Parent and no provision for income taxes has been made in the accompanying consolidated financial statements.

Fair Value of Financial Instruments—The carrying values of cash, accounts receivable, and accounts payable approximate their fair values due to the short maturities of such instruments.

In accordance with ASC 820, *Fair Value Measurements and Disclosures*, the Company utilizes certain valuation methodologies to estimate fair value in an orderly transaction between market participants when establishing market pricing for the transfer of assets or liabilities. In addition, ASC 820 requires an entity to utilize the maximum amount of

observable inputs when establishing fair value. The Company assesses the significance of each of these estimates to establish their classification level within the fair value hierarchy.

ASC 820 establishes the following fair value hierarchy that prioritizes the inputs used to measure fair value:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments, such as exchange-traded derivatives, listed equities, and U.S. government treasury securities.

Level 2: Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument and can either be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category include non-exchange-traded derivatives, such as over-the-counter forwards, options, and repurchase agreements.

Level 3: Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. At each balance sheet date, the Company performs an analysis of all instruments subject to ASC 820 and includes in Level 3 all of those instruments whose fair value is based on significant unobservable inputs.

During the year ended December 25, 2016, the Company identified a \$1.4 million impairment of its indefinite-lived trade name intangible asset. The valuation and resulting impairment of the trade name were determined based on Level 3 inputs.

Concentrations of Credit Risk and Allowance for Doubtful Accounts—Financial instruments that potentially subject the Company and the Parent to significant concentrations of credit risk consist primarily of cash and accounts receivable. The Parent maintains its cash at financial institutions with high credit quality. At various times throughout the year, such cash balances are in excess of federally insured limits.

The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral. Concentrations of credit risk are limited due to the large number of customers comprising the Company's customer base and their dispersion across different business and geographic areas.

Accounts receivable are carried at the amount estimated to be collectible based upon the Company's analysis of historical write-offs, the aging of amounts due from customers, historical cash collections, current economic trends, routine assessments of customer creditworthiness, and any other known factors that may impact collectability of receivables. The Company provides for the possible inability to collect accounts receivable by recording an allowance for doubtful accounts and reserves for specific accounts.

receivable when they are deemed uncollectible. Recoveries are recognized in the period they are received.

Revenue Recognition—The Company's revenue recognition policies comply with ASC 605, *Revenue Recognition*. The Company generates revenue from the sale of temporary staffing and permanent placement services by its licensed franchise operations and from royalties on sales of such services by its traditional franchise operations. Temporary staffing revenues and the related labor costs and payroll taxes are recorded in the period in which the services are performed. Permanent placement revenues are recognized when the direct-hire candidate begins full-time employment. Revenue generated by the licensed franchise operations are recorded gross because the Company is deemed to be the primary obligor.

The Company utilizes two types of franchise agreements referred to as "traditional" and "licensed." Under the Company's traditional franchise agreements, the licensees pay the Company royalties based on a percentage of net sales earned as well as initial start-up fees. The royalties are recognized as earned and the initial franchise fees are recorded as deferred income when received and are recognized as revenue when the franchised locations are opened as all material services and conditions related to the franchise fee have been substantially performed.

Under the Company's licensed franchise agreement, revenues, net of sales tax, generated by the licensed franchise operation and the related costs of revenues are included in the Company's consolidated financial statements. The Company has the direct contractual relationship with the customer, holds title to the related customer receivables, and is the legal employer of the temporary employees. Thus, certain risks associated with the licensed franchise operations remain with the Company. The net distribution paid to the licensee for the services rendered is based on a percentage of the gross profit generated by the licensed franchise operation and is included in franchise costs in the consolidated statements of operations.

Selling, General, and Administrative Expenses—The Parent charges the Company for the costs of certain services provided directly to the Company, including salaries, benefits, travel, and rent. Such costs were \$3.8 million and \$2.4 million for the years ended December 31, 2017 and December 25, 2016, respectively.

Recently Issued Accounting Pronouncements—

Revenue from Contracts with Customers—In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. Under ASU No. 2014-09, revenue is recognized at the time a good or service is transferred to a customer for the amount of consideration received for that specific good or service. Entities may adopt ASU No. 2014-09 using a full retrospective approach or report the cumulative effect as of the date of adoption. In August 2015, the FASB issued ASU No. 2015-14 that deferred the effective date of ASU No. 2014-09.

In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*, which updated ASU No. 2014-09. ASU No. 2016-12 clarifies certain core recognition principles, including collectability, sales tax presentation, noncash consideration, contract modifications, and completed contracts at transition and disclosures no longer required if the full retrospective transition method is adopted.

ASU No. 2014-09 and ASU No. 2016-12 are effective for the Company for its fiscal year ending December 29, 2019, with early adoption permitted. The Company has not adopted ASU No. 2014-09 and ASU No. 2016-12 and is currently evaluating the impact ASU No. 2014-09 and ASU No. 2016-12 will have on its consolidated financial statements.

Statement of Cash Flows—In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU No. 2016-15 makes eight targeted changes to how cash receipts and cash payments are presented and classified in the consolidated statement of cash flows. ASU No. 2016-15 is effective for the Company for its fiscal year ending December 29, 2019. ASU No. 2016-15 requires adoption on a retrospective basis. The Company is currently assessing the impact ASU No. 2016-15 will have on its consolidated statement of cash flows.

4. ACQUISITIONS

During 2017, the Company acquired two licensees for aggregate consideration of \$2.2 million, which primarily consisted of promissory notes payable to the sellers with initial maturities of up to 18 months. During 2016, the Company acquired three licensees for aggregate consideration of \$3.5 million, which primarily consisted of promissory notes payable to the sellers with initial maturities of up to two years.

All assets and obligations associated with these acquisitions were assigned to the Parent or one of the Parent's other subsidiaries, which included the following for the years ended December 31, 2017 and December 25, 2016 (in thousands):

	For the years ended	
	December 31, 2017	December 25, 2016
Property and equipment	\$ -	\$ 62
Intangible assets—customer lists	1,393	2,775
Goodwill	779	1,891
Total assets	2,172	4,728
Promissory notes	2,242	3,725
Other liabilities	-	215
Total liabilities	2,242	3,940
Net (liabilities) assets assigned	\$ (70)	\$ 788

The assignment of net liabilities resulted in a reduction in the due from Parent in the year ended December 31, 2017, and the assignment of net assets resulted in a reduction in the due to Parent in the year ended December 25, 2016. The goodwill above for the year ended December 25, 2016 includes goodwill as of December 27, 2015 of \$0.8 million.

5. INTANGIBLE ASSETS

The Company's intangible assets at December 31, 2017 and December 25, 2016 consist of the following (in thousands):

	December 31, 2017			December 25, 2016		
	Gross Carrying Value	Accumulated Amortization	Net	Gross Carrying Value	Accumulated Amortization	Net
Trade name	\$ 28,600	\$ -	\$ 28,600	\$ 28,600	\$ -	\$ 28,600
Franchise rights	19,000	(4,613)	14,387	19,000	(3,315)	15,685
Employee lists	7,000	(7,000)	-	7,000	(6,138)	862
Total	<u>\$ 54,600</u>	<u>\$ (11,613)</u>	<u>\$ 42,987</u>	<u>\$ 54,600</u>	<u>\$ (9,453)</u>	<u>\$ 45,147</u>

The Company has definite-lived intangible assets, including franchise rights and employee lists. The franchise rights and employee lists are amortized on a straight-line basis over 15 and three years, respectively. Amortization of intangible assets was \$2.2 million and \$3.6 million for the years ended December 31, 2017 and December 25, 2016, respectively. The Company expects amortization expense to be as shown below (in thousands):

<u>Years Ending</u>	
2018	\$ 1,298
2019	1,298
2020	1,298
2021	1,298
2022	1,298
Thereafter	<u>7,897</u>
 Total	 <u>\$14,387</u>

The Company has indefinite-lived intangible assets, including trade names, which were valued using the income approach, specifically the relief from royalty method, based on estimated after-tax royalty savings attributable to owning the trade names as opposed to paying a third party for their use, discounted to present value. The Company anticipates using the trade names for an indefinite period. The Company's intangible assets were valued using Level 3 inputs within the fair value hierarchy.

During the Company's annual review of impairment for the year ended December 31, 2017, the Company did not identify any potential trade name impairments.

During the Company's annual review of impairment for the year ended December 25, 2016, the Company identified trade name impairments of \$1.4 million. Key assumptions

used in the impairment analysis included a 15.5% discount rate, a 1.0% royalty rate, effective tax rates ranging from 25.0% to 38.9%, and a 2.5% terminal growth rate.

6. RELATED PARTY TRANSACTIONS

The Parent has debt agreements with certain lenders. Substantially all assets of the Parent, including those of the Company, are provided as collateral under these agreements.

The Parent uses a centralized treasury function in which it controls all cash transactions and maintains all cash accounts on behalf of its subsidiaries, including the Company. This results in a net due to or due from Parent presented as a current liability or current asset, respectively, in the consolidated balance sheets.

The Company had an uncollateralized, non-interest-bearing note receivable from the Parent of \$8.9 million as of December 31, 2017 and an uncollateralized, non-interest-bearing note payable to the Parent of \$1.7 million as of December 25, 2016.

7. WORKERS' COMPENSATION

The Company is substantially self-insured through the Parent whereby the Parent's workers' compensation program requires the Company to be responsible for a deductible of generally \$1.0 million per claim with an unlimited annual aggregate.

The Parent is contractually required to collateralize its remaining obligations under each workers' compensation insurance contract through the use of irrevocable letters of credit and loss fund deposits (funds placed into deposit with the insurance carrier). The level and type of collateral required for each policy year is determined by the insurance carrier at the inception of the policy year and may be modified periodically. The Parent's loss fund deposits allocated to the Company are included in workers' compensation insurance assets in the consolidated balance sheets. To the extent that paid losses under the policy exceed the loss fund, the Parent is required to make additional payments to the insurer.

Management has estimated workers' compensation expense by calculating ultimate retained losses attributable to the Company, and allocating certain expenses of the Parent including workers' compensation insurance policy expenses, state-sponsored workers' compensation costs, and risk management staff salaries and expenses. Workers' compensation insurance assets and workers' compensation insurance reserves were allocated to the Company based on its share of unpaid retained losses compared to the Parent's total losses for loss pools and claim years in which the Company participates.

8. COMMITMENTS AND CONTINGENCIES

Litigation—Commencing in November 2013, 23 Remedy licensees (the "Remedy Arbitration Group") gave notice of their intent to initiate arbitration and/or litigation proceedings against the Company. The allegations in the arbitrations and litigation included, among other items, a claim that the Company improperly handled insurance coverages and associated fees applicable to the franchise group. Certain licensees ultimately negotiated a settlement with the Company in April 2015, with no parties admitting liability. The April 2015 settlement included \$3.8 million to be paid out to these certain licensees in equal monthly installments over two years, ending in March 2017. As of December 31, 2017, all amounts had been paid, and as of December 25, 2016, the remaining accrual was \$0.6 million.

In March 2014, a group of Westaff licensees filed a case similar to the Remedy Arbitration Group, which the Company settled in June 2015 and accrued \$1.2 million. As of December 31, 2017, all amounts had been paid, and as of December 25, 2016, the remaining accrual was \$0.1 million.

The Company is subject to legal proceedings and claims that arise in the ordinary course of business. Management does not believe the ultimate outcome of any of these matters will be material to the Company's consolidated financial statements.

Other Matters—Terms of the April 2015 settlement require the Company to monitor surplus insurance reserves for workers' compensation and general liability that are attributable to each licensee and the licensees collectively. The surplus insurance reserves result from charges that reduce the licensees' gross profit that are greater than current estimates of claims and the Company's costs associated with administering the workers' compensation and general liability insurance programs. The surplus insurance charges result in reductions in the licensees' gross profit that is shared among the Company and the licensee (see Note 1). The Company has not historically included in its consolidated financial statements contingent liabilities for these surplus workers' compensation and general liability insurance reserves that may ultimately be paid to the licensees because it is uncertain when, or if, such amounts will be paid to the licensees.

When the Company is able to determine with certainty the timing and amount of surplus insurance reserves payable to a licensee, the Company accrues the surplus amount payable at its estimated fair value and records the cost to franchise cost in the consolidated statement of operations. During the years ended December 31, 2017 and December 25, 2016, the Company determined with certainty that certain surplus workers' compensation insurance reserves were payable to licensees due to acquisitions and other circumstances. Accordingly, the Company recorded \$0.3 million and \$1.1 million for the fair value of estimated surplus amounts payable to licensees, which are included in franchise costs in the accompanying consolidated financial statements for the years ended December 31, 2017 and December 25, 2016, respectively.

Pursuant to the April 2015 Settlement, any surplus insurance reserves in excess of established thresholds must be paid to the licensees in the succeeding fiscal year. During the year ended December 25, 2016, the surplus for workers' compensation exceeded the threshold and, accordingly, the Company accrued \$1.6 million for excess surplus reserves payable in 2017 on a pro rata basis to licensees in a surplus position. The \$1.6 million is included in accrued expenses and franchise costs in the accompanying consolidated financial statements as of and for the year ended December 25, 2016, and the \$1.6 million was paid in January 2017. The surplus for workers' compensation did not exceed the threshold for the year ended December 31, 2017.

9. SUBSEQUENT EVENTS

In accordance with ASC 855, *Subsequent Events*, the Company evaluated all subsequent events that occurred after the consolidated balance sheet date through April 25, 2018, the date the consolidated financial statements were available to be issued.

Remedy Intelligent Staffing, LLC and Subsidiaries

(A Wholly Owned Subsidiary of EmployBridge
Holding Company)

Consolidated Financial Statements as of and
for the Years Ended December 25, 2016
and December 27, 2015 and
Independent Auditors' Report

REMEDY INTELLIGENT STAFFING, LLC AND SUBSIDIARIES
(A Wholly Owned Subsidiary of EmployBridge Holding Company)

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Remedy Intelligent Staffing, LLC and subsidiaries:

We have audited the accompanying consolidated financial statements of Remedy Intelligent Staffing, LLC and subsidiaries (the "Company"), a wholly-owned subsidiary of EmployBridge Holding Company, which comprise the consolidated balance sheets as of December 25, 2016 and December 27, 2015, and the related consolidated statements of operations, member's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, 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 consolidated financial statements.

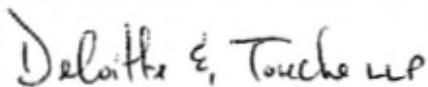
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Remedy Intelligent Staffing, LLC and its subsidiaries as of December 25, 2016 and December 27, 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the Company is a wholly-owned subsidiary of EmployBridge Holding Company (the "Parent"), and all cash generated from the Company is swept into the Parent's bank accounts; therefore, the Company is dependent on its Parent for cash to satisfy its obligations. Furthermore, substantially all of the Company's assets are pledged as collateral under the Parent's debt agreements, and the Parent's ability to satisfy its debt covenants may affect the Company's ability to satisfy its obligations. Additionally, as discussed in Note 2, the Company is dependent on the Parent for certain general and administrative and other support services for which the Parent directly charges the Company or allocates the costs of providing such services to the Company. These costs are not necessarily the same as those that would result from transactions with unrelated third parties. Our opinion is not modified with respect to these matters.



May 19, 2017

REMEDY INTELLIGENT STAFFING, LLC AND SUBSIDIARIES
(A Wholly Owned Subsidiary of EmployBridge Holding Company)

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 25, 2016 AND DECEMBER 27, 2015
(In thousands of dollars, except member's units)

	December 25, 2016	December 27, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 10	\$ -
Accounts receivable—net of allowances of \$0 and \$275 as of December 25, 2016 and December 27, 2015, respectively	55,758	60,277
Prepaid workers' compensation insurance	2,090	3,946
Prepaid expenses and other current assets	<u>1,381</u>	<u>322</u>
Total current assets	59,239	64,545
LONG-TERM ASSETS:		
Property and equipment—net	77	68
Prepaid workers' compensation insurance	4,447	7,254
Goodwill	-	828
Other intangibles—net	45,147	50,530
Other assets	<u>27</u>	<u>4</u>
TOTAL ASSETS	<u>\$108,937</u>	<u>\$123,229</u>
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES:		
Current portion of promissory note	\$ -	\$ 377
Accounts payable	355	440
Accrued payroll, benefits, and related costs	8,928	10,976
Accrued legal and consulting	707	2,883
Accrued expenses	9,684	7,162
Workers' compensation insurance reserve	4,599	6,009
Due to Parent	<u>1,740</u>	<u>13,347</u>
Total current liabilities	26,013	41,194
NONCURRENT LIABILITIES:		
Long-term portion of promissory note	-	377
Other long-term liabilities	559	-
Workers' compensation insurance reserve	<u>6,251</u>	<u>6,855</u>
Total liabilities	<u>32,823</u>	<u>48,426</u>
COMMITMENTS AND CONTINGENCIES (Note 8)		
MEMBER'S EQUITY:		
Member's units, no par value—5,000 units authorized and outstanding as of December 25, 2016 and December 27, 2015	-	-
Member's equity	86,289	86,289
Accumulated deficit	<u>(10,175)</u>	<u>(11,486)</u>
Total member's equity	<u>76,114</u>	<u>74,803</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$108,937</u>	<u>\$123,229</u>

The accompanying notes are an integral part of the consolidated financial statements.

REMEDY INTELLIGENT STAFFING, LLC AND SUBSIDIARIES
(A Wholly Owned Subsidiary of EmployBridge Holding Company)

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 25, 2016 AND DECEMBER 27, 2015
(In thousands of dollars, except member's units)

	For the Years Ended	
	December 25, 2016	December 27, 2015
LICENSED FRANCHISE REVENUES	\$462,671	\$482,436
FRANCHISE ROYALTIES	<u>604</u>	<u>627</u>
Total revenues	463,275	483,063
COST OF REVENUES	<u>380,148</u>	<u>398,934</u>
GROSS PROFIT	<u>83,127</u>	<u>84,129</u>
OPERATING EXPENSES:		
Franchise costs	62,452	58,632
Selling, general, and administrative	2,404	2,077
Depreciation and amortization	3,618	3,611
Other Intangibles Impairment	1,400	13,000
Corporate allocations from Parent	<u>12,573</u>	<u>13,167</u>
Total operating expenses	<u>82,447</u>	<u>90,487</u>
INCOME (LOSS) FROM OPERATIONS	<u>680</u>	<u>(6,358)</u>
OTHER INCOME (EXPENSE):		
Interest income	48	38
Interest expense	(51)	(65)
Other income	<u>634</u>	<u>616</u>
Total other income—net	<u>631</u>	<u>589</u>
NET INCOME (LOSS)	<u>\$ 1,311</u>	<u>\$ (5,769)</u>

The accompanying notes are an integral part of the consolidated financial statements.

REMEDY INTELLIGENT STAFFING, LLC AND SUBSIDIARIES
(A Wholly Owned Subsidiary of EmployBridge Holding Company)

CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY
FOR THE YEARS ENDED DECEMBER 25, 2016 AND DECEMBER 27, 2015
(In thousands of dollars, except share or unit data)

	Member's Units	Member's Amount	Member's Equity	Accumulated Deficit	Total Equity
BALANCES—December 28, 2014	5,000	\$ -	\$86,289	\$ (5,717)	\$80,572
Net loss	—	—	—	(5,769)	(5,769)
BALANCES—December 27, 2015	5,000	—	86,289	(11,486)	74,803
Net income	—	—	—	1,311	1,311
BALANCES—December 25, 2016	<u>5,000</u>	<u>\$ -</u>	<u>\$86,289</u>	<u>\$(10,175)</u>	<u>\$76,114</u>

The accompanying notes are an integral part of the consolidated financial statements.

REMEDY INTELLIGENT STAFFING, LLC AND SUBSIDIARIES
(A Wholly Owned Subsidiary of EmployBridge Holding Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 25, 2016 AND DECEMBER 27, 2015
(In thousands of dollars, except share or unit data)

	For the Years Ended	
	December 25, 2016	December 27, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (loss)	\$ 1,311	\$ (5,769)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	3,618	3,611
Impairment of other intangibles	1,400	13,000
Changes in operating assets and liabilities, excluding the impact of acquisitions and divestitures:		
Accounts receivable	4,294	(3,543)
Prepaid expenses and other current assets	(1,059)	48
Prepaid workers' compensation insurance	4,663	(8,378)
Deposits and other assets	(23)	(2)
Accounts payable	(85)	(3,979)
Accrued payroll, benefits, and related costs	(2,048)	1,785
Accrued legal and consulting	(2,176)	(3,160)
Accrued expenses	2,714	5,605
Workers' compensation insurance reserve	(2,014)	10,066
Other long-term liabilities	559	(7)
Net cash provided by operating activities	11,154	9,277
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition	(261)	(301)
Purchases of property and equipment	(64)	(21)
Change in restricted cash	-	2,632
Net cash (used in) provided by investing activities	(325)	2,310
CASH FLOWS FROM FINANCING ACTIVITIES:		
Changes in due to/from Parent	(10,819)	(11,587)
Net cash used in financing activities	(10,819)	(11,587)
NET INCREASE IN CASH POSITION	10	-
CASH AND CASH EQUIVALENTS:		
Beginning of year	-	-
End of year	\$ 10	\$ -

(Continued)

REMEDY INTELLIGENT STAFFING, LLC AND SUBSIDIARIES
(A Wholly Owned Subsidiary of EmployBridge Holding Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 25, 2016 AND DECEMBER 27, 2015
(In thousands of dollars, except share or unit data)

	For the Years Ended	
	December 25, 2016	December 27, 2015
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 52	\$ 65
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES:		
Issuance of promissory note for acquisition	\$ 2,970	\$ 755
Assignment of promissory notes to Parent	\$ 3,725	\$ -
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:		
Net assets assigned to Parent	\$ 788	\$ -

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

REMEDY INTELLIGENT STAFFING, LLC AND SUBSIDIARIES
(A Wholly Owned Subsidiary of EmployBridge Holding Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 25, 2016 AND DECEMBER 27, 2015

1. BUSINESS ORGANIZATION

Nature of Business—Remedy Intelligent Staffing, LLC (the "Company") and its subsidiaries is a national provider of temporary personnel and direct-hire services to the clerical, light industrial, information technology, and financial sectors. The Company provides its services to Fortune 1000 companies, as well as small and mid-size local and regional companies, including manufacturing, service, retail, and banking companies and governmental agencies. The Company provides its services in more than 33 states, through a network of licensed, independently managed franchise branches. The Company and its affiliates operate under the names of Remedy Intelligent Staffing™ and Westaff™.

The sales and delivery functions for the Company's clients are concentrated in and through field offices. The Company's headquarters provides support services to the field offices in areas such as human resources, risk management, legal, marketing, and national sales initiatives, in addition to traditional "back-office" support services such as payroll, billing, accounting, tax, and data processing, which are highly centralized.

Basis of Presentation—The Company is an indirect wholly owned subsidiary of EmployBridge Holding Company (the "Parent"), and all cash generated by the Company is generally swept into the Parent's bank accounts. As a result, the Company is dependent on its Parent for cash to satisfy its obligations. Furthermore, substantially all of the assets of the Company are provided as collateral under the Parent's debt agreements. The Parent is subject to various covenants under its debt agreements, and its financial covenants become more restrictive over time. If the Parent is unable to meet any of its covenants in the future, this may affect the Parent's ability to provide financial support to the Company and adversely impact the Company's ability to satisfy its obligations.

Fiscal Year—The Company's fiscal year ends on the last Sunday in December and consists of either 52 or 53 weeks. Each of the years ended December 25, 2016 and December 27, 2015 had 52 weeks.

Traditional Franchise Arrangements—Under the Company's traditional franchise agreements, the franchisee pays all lease and working capital costs relating to its office, including funding payroll and collecting clients' accounts. Generally, the franchisee pays the Company an initial franchise fee and continuing franchise fees, or royalties, at a standard rate of 7% of its gross billings. Franchisees that renew their franchise agreement may qualify for a reduced rate (ranging from 4% to 6.5%) based on gross billings. Additionally, a discounted rate is utilized with national accounts. The Company processes payroll and invoices clients, and the franchisee employs all management staff and temporary personnel affiliated with its office. As of both December 25, 2016 and December 27, 2015, there are two traditional franchisees operating under these agreements. The Company no longer offers this form of franchise agreement.

Licensed Franchise Arrangements—Under the Company's licensed franchise agreements, the licensee pays the Company an initial franchise fee and pays all lease and operating costs relating to its office. Based on Accounting Standards Codification ("ASC") 952-605, *Franchisors—Revenue Recognition*, revenue is to be recognized for such fees "when the franchise sale transaction is completed, that is, when all material services or conditions relating to the sale have been substantially performed or satisfied by the franchisor." As such, the revenue from the initial fee is recognized by the Company after the licensee's first period of operation.

In the licensed franchise arrangements, the licensee employs all management staff affiliated with its office, but the Company employs all temporary personnel affiliated with the licensed franchise office, handles invoicing and collecting clients' accounts, and generally remits to the licensed franchisee 60% to 75% of the office's gross profit. As of December 27, 2016, and December 27, 2015, there are 41 and 48 licensed franchisees, respectively, operating under these agreements.

The Company's share of the licensee's gross profit, representing the continuing franchise fees, varies depending on the life of the individual franchise agreement. The licensee/Company share ranges from a 60%/40% share to a 72%/28% share of the gross profit. Additionally, the Company's gross profit share is reduced (i) for some national accounts to encourage franchisee's participation, (ii) for specific targeted accounts to secure high volume or better margin business, and (iii) for volume-based reductions in certain franchise agreements. Licensed franchise agreements provide the majority of the Company's total revenues.

2. CORPORATE ALLOCATIONS

The Parent charges the Company for the cost of services the Parent or its other subsidiaries incur on the Company's behalf. Additionally, certain costs are allocated to the Company pursuant to a management services agreement among the Parent, the Company, and other wholly owned subsidiaries of the Parent. In consideration for the services provided, the Company incurs fees equal to 1% of gross revenue. The Parent allocated \$4.6 million and \$4.9 million of costs to the Company during the years ended December 25, 2016 and December 27, 2015, respectively, pursuant to the management services agreement, which are included in corporate allocations from Parent in the consolidated statements of operations.

Interest expense is also allocated to the Company based on the Company's share of the Parent's total accounts receivable, as management believes this method of allocation is reasonable. Based on this allocation method, the Parent allocated \$8.0 million and \$8.3 million of interest expense to the Company during the years ended December 25, 2016 and December 27, 2015, respectively. This interest expense is included in corporate allocations from Parent, rather than interest expense, in the consolidated statements of operations, as the Company is not the primary obligor on any debt facilities.

Management believes its methods of allocating these expenses are reasonable, although the terms of these transactions are not necessarily the same as those that would result from transactions among wholly unrelated parties.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires

management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. Significant estimates in the Company's consolidated financial statements include the allowance for doubtful accounts; workers' compensation insurance assets; reserves and expenses; litigation reserves; allocation of corporate overhead; and the values of long-lived assets, including intangibles, and related impairments, if any.

Property and Equipment—Property and equipment are recorded at cost, net of accumulated depreciation, and depreciated using the straight-line method over their estimated useful lives, ranging from three to seven years. Amortization of leasehold improvements is computed on a straight-line basis over the life of the improvement or the term of the lease, whichever is shorter. Expenditures for maintenance and repairs are charged to expense as incurred. When assets are sold, the related cost and accumulated depreciation are removed from the accounts and resulting gains and losses are included in operations in the year of disposal.

The Company periodically evaluates the estimated useful lives used to depreciate its assets and the estimated amount of assets that will be abandoned or have minimal use in the future. While the Company believes its estimates of useful lives are reasonable, significant differences in actual experience or significant changes in assumptions may affect future depreciation expense.

Goodwill and Indefinite-Lived Intangible Assets—The Company's indefinite-lived intangible assets consist of goodwill, trade names, and trademarks. Trade names and trademarks are included in "Other Intangibles" in the consolidated balance sheet. The Company applies a fair value-based impairment test to the carrying value of goodwill and indefinite-lived intangible assets on an annual basis (as of the first day of the fourth quarter) and, if certain events or circumstances indicate that an impairment loss may have been incurred, on an interim basis. The Company assesses the value of its goodwill and indefinite-lived intangible assets under either a qualitative or quantitative approach. Under a qualitative approach, the Company considers various factors, including the key assumptions listed below. Management analyzes these factors to determine if events and circumstances have affected the fair value of goodwill and indefinite-lived intangible assets. If the Company determines that it is more likely than not that the asset may be impaired, management uses the quantitative approach to assess the asset's fair value and the amount of the impairment. Under a quantitative approach, the Company calculates the fair value of the asset using the key assumptions listed below. If the asset's carrying value exceeds its fair value calculated using the quantitative approach, the Company will record an impairment charge for the difference in fair value and carrying value.

When evaluating goodwill for impairment using a quantitative approach, management estimates the fair value using the discounted cash flow method. When management performs a quantitative impairment assessment of indefinite-lived intangible assets, fair value is estimated based on (1) recent market transactions, where available; (2) estimated royalties; or (3) projected discounted future cash flows (an income approach).

The key assumptions in the Company's impairment tests include (1) forecasted revenues and expenses, (2) terminal period revenue growth and cash flows, (3) weighted-average cost of capital, (4) discount rates applicable to the various assets, (5) royalty rates for trade names and trademarks, and (6) a tax rate. These assumptions are consistent with a hypothetical market participant approach. Since management is required to make

estimates and assumptions when evaluating goodwill and indefinite-lived intangible assets for impairment, actual transaction amounts may differ materially from these estimates. In addition, management considers the amount by which the intangible assets' fair values exceed their respective carrying values in the most recent fair value measurements calculated using a quantitative approach.

During the Company's annual review of impairment for the trade name intangible asset for the years ended December 25, 2016 and December 27, 2015, management identified potential impairment as a result of the Company's marginally higher discount rate as well as less than expected revenue growth. Further analysis indicated trade name impairments of \$1.4 million and \$13.0 million, for the years ended December 25, 2016 and December 27, 2015, respectively, which are included in the consolidated statements of operations.

Other Intangible Assets—The Company's other identifiable intangible assets consist of franchise rights agreements, employee lists, and customer lists. Intangible assets are stated at cost less accumulated amortization. For intangible assets with finite lives, the pattern in which the economic benefit of the assets will be consumed is evaluated based on projected usage or production of revenues. The Company considers certain factors when assigning useful lives, such as legal, regulatory, and contractual provisions as well as the effects of obsolescence, demand, competition, and other economic factors. Intangible assets are generally amortized using the straight-line method over estimated useful lives ranging from three to fifteen years. The Company reviews the carrying values of long-lived assets, other than intangible assets with indefinite useful lives, for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered by the Company include, but are not limited to, significant underperformance relative to expected historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for the overall business, and significant negative industry or economic trends. During the years ended December 25, 2016 and December 27, 2015, the Company performed quantitative and qualitative impairment assessments of its finite-lived intangible assets and did not identify any potential impairment.

Workers' Compensation—The Company is partially self-insured for workers' compensation through the Parent. The Parent's workers' compensation program requires the Company to be responsible for a large deductible for each workers' compensation claim. As of December 25, 2016 and December 27, 2015, the deductible was \$1.0 million per claim with an unlimited annual aggregate. The Parent is contractually required to collateralize its remaining obligations under each workers' compensation insurance contract through the use of irrevocable letters of credit and loss fund deposits, which are funds placed on deposit with the insurance carriers. The level and type of collateral required for each policy year is determined by the insurance carrier at the inception of the policy year and may be modified periodically. The Parent's loss fund deposits allocated to the Company are included in prepaid workers' compensation insurance in the consolidated balance sheets. To the extent that paid losses under the policy exceed the loss fund, the Parent is required to make additional payments to the insurer.

Income Taxes—The Company is a limited liability company (LLC). Accordingly, the Company's income is included in the taxable income of the Parent and no provision for income taxes has been made in the accompanying consolidated financial statements.

Fair Value of Financial Instruments—The carrying values of cash, accounts receivable, and accounts payable approximate fair values due to the short maturities of such instruments.

In accordance with ASC 820, *Fair Value Measurements and Disclosures*, the Company utilizes certain valuation methodologies to estimate fair value in an orderly transaction between market participants when establishing market pricing for the transfer of assets or liabilities. In addition, ASC 820 requires an entity to utilize the maximum amount of observable inputs when establishing fair value. The Company assesses the significance of each of these estimates to establish their classification level within the fair value hierarchy.

ASC 820 establishes the following fair value hierarchy that prioritizes the inputs used to measure fair value:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments, such as exchange-traded derivatives, listed equities, and U.S. government treasury securities.

Level 2: Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument and can either be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category include non-exchange-traded derivatives, such as over-the-counter forwards, options, and repurchase agreements.

Level 3: Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. At each balance sheet date, the Company performs an analysis of all instruments subject to ASC 820 and includes in Level 3 all of those instruments whose fair value is based on significant unobservable inputs.

As a result of its annual impairment assessment during the years ended December 25, 2016 and December 27, 2015, the Company identified a \$1.4 million impairment and a \$13.0 million impairment, respectively, of its indefinite-lived trade name intangible asset, and the valuation and resulting impairment of the trade name in each year was determined based on Level 3 inputs.

Concentrations of Credit Risk and Allowance for Doubtful Accounts—Financial instruments that potentially subject the Company and the Parent to significant concentrations of credit risk consist primarily of cash and accounts receivable. The Parent maintains its cash at financial institutions with high credit quality. At various times throughout the year, such cash balances are in excess of federally insured limits.

The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral. Concentrations of credit risk are limited due to the large number of customers comprising the Company's customer base and their dispersion across different business and geographic areas.

Accounts receivable are carried at the amount estimated to be collectible. The Company maintains an allowance for potential losses based upon management's analysis of historical write-off levels, current economic trends, routine assessment of its customers' financial strength, and any other known factors impacting collectibility. The Company provides for the possible inability to collect accounts receivable by recording an allowance for doubtful accounts and reserves for an account when it is considered uncollectible. Recoveries are recognized in the period they are received. The ultimate amount of accounts receivable that become uncollectible could differ from those estimated.

Revenue Recognition—The Company's revenue recognition policies comply with ASC 605, *Revenue Recognition*. The Company generates revenue from the sale of temporary staffing and permanent placement services by its licensed franchise operations and from royalties on sales of such services by its traditional franchise operations. Temporary staffing revenues and the related labor costs and payroll taxes are recorded in the period in which the services are performed. Permanent placement revenues are recognized when the direct-hire candidate begins full-time employment. Revenue generated by the licensed franchise operations are recorded gross because the Company is deemed to be the primary obligor.

The Company utilizes two types of franchise agreements referred to as "traditional" and "licensed." Under the Company's traditional franchise agreements, the franchisees pay the Company royalties based on a percentage of net sales earned as well as initial start-up fees. The royalties are recognized as earned and the initial franchise fees are recorded as deferred income when received and are recognized as revenue when the franchised locations are opened as all material services and conditions related to the franchise fee have been substantially performed.

Under the Company's licensed franchise agreement, revenues, net of sales tax, generated by the franchise operation and the related costs of revenues are included in the Company's consolidated financial statements. The Company has the direct contractual relationship with the customer, holds title to the related customer receivables, and is the legal employer of the temporary employees. Thus, certain risks associated with the licensed franchise operations remain with the Company. The net distribution paid to the licensee for the services rendered is based on a percentage of the gross profit generated by the licensed operation and is included in franchise costs in the consolidated statements of operations.

Selling, General, and Administrative Expenses—The Parent charges the Company for costs of services directly attributable to the Company that the Parent or its other subsidiaries incur, including selling, general, and administrative expenses such as travel, professional and outside services, legal fees, personnel and related costs incurred in providing back-office support services, and management salaries and benefit costs. Such costs were \$2.4 million and \$2.1 million for the years ended December 25, 2016 and December 27, 2015, respectively.

Recently Adopted Accounting Standards—

Going Concern—In August 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-15, *Presentation of Financial Statements—Going Concern*. ASU No. 2014-15 requires management to evaluate whether there are conditions or events that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date the financial statements are issued and provide enhanced disclosure of uncertainties about an entity's ability to

continue as a going concern. ASU No. 2014-15 is effective for the Company for its fiscal year ended December 25, 2016. The Company has concluded substantial doubt about its ability to continue as a going concern does not exist, and therefore, pursuant to ASU No. 2014-15, no disclosures are required.

Recently Issued Accounting Pronouncements Not Yet Adopted—

Revenue from Contracts with Customers—In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. Under ASU No. 2014-09, revenue is recognized at the time a good or service is transferred to a customer for the amount of consideration received for that specific good or service. Entities may adopt ASU No. 2014-09 using a full retrospective approach or report the cumulative effect as of the date of adoption. In August 2015, the FASB issued ASU No. 2015-14 that deferred the effective date of ASU No. 2014-09.

In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*, which updated ASU No. 2014-09. ASU No. 2016-12 clarifies certain core recognition principles, including collectibility, sales tax presentation, noncash consideration, contract modifications, and completed contracts at transition and disclosures no longer required if the full retrospective transition method is adopted.

ASU No. 2014-09 and ASU No. 2016-12 are effective for the Company for its fiscal year ending December 29, 2019, with early adoption permitted. The Company has not adopted ASU No. 2014-09 and ASU No. 2016-12 and is currently evaluating the impact ASU No. 2014-09 and ASU No. 2016-12 will have on its consolidated financial statements.

Statement of Cash Flows—In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU No. 2016-15 makes eight targeted changes to how cash receipts and cash payments are presented and classified in the consolidated statement of cash flows. ASU No. 2016-15 is effective for the Company for its fiscal year ending December 29, 2019. ASU No. 2016-15 requires adoption on a retrospective basis. The Company is currently assessing the impact ASU No. 2016-15 will have on its consolidated statement of cash flows.

Goodwill and Impairment—In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. ASU No. 2017-04 eliminates Step 2 of the goodwill impairment test, which requires the determination of the implied fair value of goodwill by allocating the reporting unit's fair value to each of its assets and liabilities as if the reporting unit was acquired in a business acquisition. ASU No. 2017-04 requires an entity to perform its annual or interim goodwill impairment test by comparing the fair value of the reporting unit to its carrying value and recognizing a noncash impairment charge for the amount by which the carrying value exceeds the reporting unit's fair value with the loss not exceeding the total amount of goodwill allocated to that reporting unit. ASU No. 2017-04 is effective for the Company for its fiscal year ending December 25, 2022, with early adoption permitted no earlier than the Company's fiscal year ending December 31, 2017. The Company is currently assessing the impact ASU No. 2017-04 will have on its consolidated financial statements.

4. ACQUISITIONS

During 2016, the Company acquired three franchisees for aggregate consideration of \$3.5 million, which primarily consisted of promissory notes payable to the sellers with initial maturities of up to two years. On October 25, 2015, the Company acquired a franchisee for \$1.2 million, which included a promissory note payable to the seller with an initial maturity of 18 months.

During 2016, all assets and obligations associated with these acquisitions were assigned to the Parent or one of the Parent's other subsidiaries, which included the following (in thousands):

Property and equipment	\$ 62
Intangible assets—customer lists	2,775
Goodwill	<u>1,891</u>
 Total assets	 <u>4,728</u>
 Promissory notes	 3,725
Other liabilities	<u>215</u>
 Total liabilities	 <u>3,940</u>
 Net assets assigned	 <u>\$ 788</u>

The assignment of the net assets resulted in a reduction in the due to Parent during 2016. The goodwill above includes goodwill as of December 27, 2015 of \$0.8 million.

5. INTANGIBLE ASSETS

The Company's intangible assets at December 25, 2016 and December 27, 2015 consist of the following (in thousands):

	December 25, 2016			December 27, 2015		
	Gross Carrying Value	Accumulated Amortization	Net	Gross Carrying Value	Accumulated Amortization	Net
Trade name	\$ 28,600	\$ -	\$ 28,600	\$ 30,000	\$ -	\$ 30,000
Franchise rights	19,000	(3,315)	15,685	19,000	(2,048)	16,952
Employee lists	7,000	(6,138)	862	7,000	(3,805)	3,195
Customer lists	<u>-</u>	<u>-</u>	<u>-</u>	<u>383</u>	<u>-</u>	<u>383</u>
Total	<u>\$ 54,600</u>	<u>\$ (9,453)</u>	<u>\$ 45,147</u>	<u>\$ 56,383</u>	<u>\$ (5,853)</u>	<u>\$ 50,530</u>

The Company has definite-lived intangible assets, including franchise rights, employee lists, and customer lists. The franchise rights, employee lists, and customer lists are amortized on a straight-line basis over 15, three, and six years, respectively. Amortization of intangible assets was \$3.6 million for each of the years ended December 25, 2016 and December 27, 2015. The Company expects amortization expense to be as shown below (In thousands):

Years Ending

2017	\$ 2,129
2018	1,267
2019	1,267
2020	1,267
2021	1,267
Thereafter	<u>9,350</u>
 Total	 <u>\$16,547</u>

The Company has indefinite-lived intangible assets, including trade names, which were valued using the income approach, specifically the relief from royalty method, based on estimated after-tax royalty savings attributable to owning the trade names as opposed to paying a third party for their use, discounted to present value. The Company anticipates using the trade names for an indefinite period. The Company's intangible assets were valued using Level 3 inputs within the fair value hierarchy. During the fiscal years ended December 25, 2016 and December 27, 2015, the Company identified trade name impairments of \$1.4 million and \$13.0 million, respectively. A summary of the impairment analysis, including key assumptions, for the years ended December 25, 2016 and December 27, 2015 is as follows (dollars in thousands):

	Carrying Value	Fair Value	Discount Rate	Royalty Rate	Terminal Growth Rate	Tax Rate
Year ended December 25, 2016	\$30,000	\$28,600	15.5 %	1.0 %	2.5 %	25.0% to 38.9%
Year ended December 27, 2015	43,000	30,000	16.0	1.0	2.5	38.9

6. RELATED PARTY TRANSACTIONS

The Parent has debt agreements with certain lenders. Substantially all assets of the Parent, including those of the Company, are provided as collateral under these agreements.

The Parent uses a centralized treasury function in which it controls all cash transactions and maintains all cash accounts on behalf of its subsidiaries, including the Company. This results in a net due to or due from Parent presented as a current liability or current asset, respectively, in the consolidated balance sheets.

The Company has an uncollateralized, non-interest-bearing note payable to the Parent of \$1.7 million and \$13.3 million as of December 25, 2016 and December 27, 2015, respectively.

7. WORKERS' COMPENSATION

The Company is partially self-insured through the Parent. The Parent's workers' compensation program requires the Company to be responsible for a large deductible for each workers' compensation claim. As of December 25, 2016 and December 27, 2015, the deductible was \$1.0 million per claim with an unlimited annual aggregate.

The Parent is contractually required to collateralize its remaining obligations under each workers' compensation insurance contract through the use of irrevocable letters of credit and loss fund deposits (funds placed into deposit with the insurance carrier). The level and type of collateral required for each policy year is determined by the insurance carrier at the inception of the policy year and may be modified periodically. The Parent's loss fund deposits allocated to the Company are included in prepaid workers' compensation insurance in the consolidated balance sheets. To the extent that paid losses under the policy exceed the loss fund, the Parent is required to make additional payments to the insurer.

Management has estimated workers' compensation expense by calculating ultimate retained losses attributable to the Company, and allocating certain expenses of the Parent including workers' compensation insurance policy expenses, state-sponsored workers' compensation costs, and risk management staff salaries and expenses. Prepaid workers' compensation insurance assets and workers' compensation insurance reserves were allocated to the Company based on its share of unpaid retained losses compared to the Parent's total losses for loss pools and claim years in which the Company participates.

8. COMMITMENTS AND CONTINGENCIES

Litigation—Commencing in November 2013, 23 Remedy franchisees (the "Remedy Arbitration Group") gave notice of their intent to initiate arbitration and/or litigation proceedings against the Company. The allegations in the arbitrations and litigation included, among other items, a claim that the Company improperly handled insurance coverages and associated fees applicable to the franchise group. Certain franchisees ultimately negotiated a settlement with the Company in April 2015, with no parties admitting liability. The April 2015 settlement included \$3.8 million to be paid out to these certain franchisees in equal monthly installments over two years, ending in March 2017. The settlement permitted the release of escrowed amounts of \$2.6 million, which were released during the year ended December 27, 2015. As of December 25, 2016 and December 27, 2015, the remaining accrual is \$0.6 million and \$2.9 million, respectively, which is included in accrued legal and consulting in the consolidated balance sheets. The Company also paid \$0.2 million in attorneys' fees to this subset of franchisees in 2014 and paid an additional \$0.2 million of their attorneys' fees during 2015.

In March 2014, a group of Westaff franchisees filed a case similar to the Remedy Arbitration Group, which the Company settled in June 2015 and accrued \$1.2 million. As of December 25, 2016 and December 27, 2015, the remaining accrual is \$0.1 million and \$0.7 million, respectively.

The Company is subject to legal proceedings and claims that arise in the ordinary course of business. Management does not believe the ultimate outcome of any of these matters will be material to the Company's consolidated financial statements.

Other Matters—Terms of the April 2015 settlement require the Company to monitor surplus insurance reserves for workers' compensation and general liability that are attributable to each licensed franchisee and the licensed franchisees collectively. The surplus insurance reserves result from charges that reduce the licensed franchisees' gross profit that are greater than current estimates of claims and the Company's costs associated with administering the workers' compensation and general liability insurance programs. The surplus insurance charges result in reductions in the licensed franchisees' gross profit that is shared among the Company and the licensed franchisee (see Note 1). The Company has not historically included in its consolidated financial statements contingent liabilities for these surplus workers' compensation and general liability insurance reserves that may ultimately be paid to the franchisees because it is uncertain when, or if, such amounts will be paid to the licensed franchisees.

When the Company is able to determine with certainty the timing and amount of surplus insurance reserves payable to a licensed franchisee, the Company accrues the surplus amount payable at its estimated fair value and records the cost to franchise cost in the consolidated statement of operations. During the year ended December 25, 2016, the Company determined with certainty that certain surplus workers' compensation insurance reserves were payable to licensed franchisees due to acquisitions (see Note 4) and other circumstances. Accordingly, the Company recorded a liability of \$1.1 million for the fair value of estimated surplus amounts payable to licensed franchisees, which is included in accrued expenses, other long-term liabilities, and franchise costs in the accompanying consolidated financial statements as of and for the year ended December 25, 2016.

Pursuant to the April 2015 settlement, any surplus insurance reserves in excess of established thresholds must be paid to the licensed franchisees in the succeeding fiscal year. During the year ended December 25, 2016, the surplus for workers' compensation exceeded the threshold, and accordingly, the Company accrued \$1.6 million for excess surplus reserves that are payable in 2017 on a pro rata basis to licensed franchisees in a surplus position. The \$1.6 million is included in accrued expenses and franchise costs in the accompanying consolidated financial statements as of and for the year ended December 25, 2016.

9. SUBSEQUENT EVENTS

In accordance with ASC 855, *Subsequent Events*, the Company evaluated all subsequent events that occurred after the consolidated balance sheet date through May 19, 2017, the date the consolidated financial statements were available to be issued.

* * * * *

**Remedy Intelligent
Staffing, LLC**
(A Wholly Owned Subsidiary of EmployBridge Holding
Company)

Consolidated Financial Statements
December 27, 2015

REMEDY INTELLIGENT STAFFING, LLC
(A Wholly Owned Subsidiary of EmployBridge Holding Company)

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Remedy Intelligent Staffing LLC:

We have audited the accompanying consolidated financial statements of Remedy Intelligent Staffing LLC (the "Company"), a wholly-owned subsidiary of EmployBridge Holding Company, which comprise the consolidated balance sheet as of December 27, 2015, and the related consolidated statements of operations, member's equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, 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 consolidated financial statements.

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

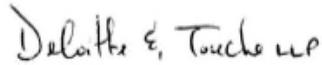
Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 27, 2015, 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.

Member of
Deloitte Touche Tohmatsu Limited

Emphasis of Matter

As discussed in Note 1, the Company is a wholly-owned subsidiary of EmployBridge Holding Company (the "Parent"), and all cash generated from the Company is swept into the Parent's bank accounts. Therefore, the Company is dependent on its Parent for cash to satisfy its obligations. Furthermore, substantially all of the Company's assets are pledged as collateral under the Parent's debt agreements, and the Parent's ability to satisfy its debt covenants may affect the Company's ability to satisfy its obligations. Additionally, as discussed in Notes 2 and 3, the Company is dependent on the Parent for certain general and administrative and other support services for which the Parent directly charges the Company or allocates the costs of providing such services to the Company. These costs are not necessarily the same as those that would result from transactions with unrelated third parties. Our opinion is not modified with respect to these matters.



April 5, 2016

Remedy Intelligent Staffing, LLC
(A Wholly Owned Subsidiary of EmployBridge Holding Company)

CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 27, 2015
(In thousands of dollars, except Member's units)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ -
Accounts receivable, net of allowance for doubtful accounts of \$275	60,277
Prepaid workers' compensation insurance	3,946
Prepaid expenses and other current assets	<u>322</u>
Total current assets	64,545

LONG-TERM ASSETS:	
Property and equipment—net	68
Prepaid workers' compensation insurance	7,254
Goodwill	828
Other intangibles—net	50,530
Other assets	<u>4</u>
Total assets	\$ 123,229

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES:

Current portion of promissory note	\$ 377
Accounts payable	440
Accrued payroll, benefits and related costs	10,976
Accrued legal and consulting	2,883
Accrued expenses	7,162
Workers' compensation insurance reserve	6,009
Due to Parent	<u>13,347</u>

Total current liabilities

41,194

NONCURRENT LIABILITIES

Long-term portion of promissory note	377
Workers' compensation insurance reserve	<u>6,855</u>

TOTAL LIABILITIES

48,426

COMMITMENTS AND CONTINGENCIES (NOTE 10)

MEMBER'S EQUITY

Member's units, no par value, 5,000 units authorized and outstanding as of December 27, 2015	-
Member's equity	86,289
Accumulated deficit	<u>(11,486)</u>

TOTAL MEMBER'S EQUITY

74,803

TOTAL LIABILITIES AND MEMBER'S EQUITY

\$ 123,229

The accompanying notes are an integral part of the Consolidated Financial Statements.

Remedy Intelligent Staffing, LLC
 (A Wholly Owned Subsidiary of EmployBridge Holding Company)

CONSOLIDATED STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED DECEMBER 27, 2015
(In thousands of dollars, except Member's units)

LICENSED FRANCHISE REVENUES	\$ 482,436
FRANCHISE ROYALTIES	<u>627</u>
TOTAL REVENUES	483,063
COST OF REVENUES	<u>398,934</u>
GROSS PROFIT	<u>84,129</u>
Operating expenses:	
Franchise costs	58,632
Selling, general and administrative	2,077
Depreciation and amortization	3,611
Other intangibles impairment	13,000
Corporate allocations from Parent	<u>13,167</u>
TOTAL OPERATING EXPENSES	<u>90,487</u>
LOSS FROM OPERATIONS	(6,358)
Other income (expense):	
Interest income	38
Interest expense	(65)
Other income	<u>616</u>
Total other income—net	589
INCOME TAXES	<u>-</u>
NET LOSS	<u>\$ (5,769)</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Remedy Intelligent Staffing, LLC
 (A Wholly Owned Subsidiary of EmployBridge Holding Company)

CONSOLIDATED STATEMENT OF MEMBER'S EQUITY
 FOR THE YEAR ENDED DECEMBER 27, 2015
(In thousands of dollars, except Member's units)

	Member's Units	Amount	Member's Equity	Accumulated (Deficit)	Total Equity
Balances at December 28, 2014	\$ 5,000	\$ -	\$ 86,289	\$ (5,717)	\$ 80,572
Net loss	_____	_____	_____	<u>(5,769)</u>	<u>(5,769)</u>
Balances at December 27, 2015	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 86,289</u>	<u>\$ (11,486)</u>	<u>\$ 74,803</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Remedy Intelligent Staffing, LLC
 (A Wholly Owned Subsidiary of EmployBridge Holding Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 27, 2015
 (In thousands of dollars, except Member's units)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	\$ (5,769)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	3,611
Impairment of other intangibles	13,000
Changes in operating assets and liabilities:	
Accounts receivable	(3,543)
Prepaid expenses and other current assets	48
Prepaid workers' compensation insurance	(8,378)
Accounts payable	(3,979)
Accrued payroll, benefits and related costs	1,785
Accrued legal and consulting	(3,160)
Accrued expenses	5,605
Workers' compensation insurance reserve	10,066
Other long-term liabilities	(9)
Net cash provided by operating activities	9,277
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition	(301)
Purchases of property and equipment	(21)
Change in restricted cash	2,632
Net cash provided by investing activities	2,310
CASH FLOWS FROM FINANCING ACTIVITIES	
Changes in due to/from parent	(11,587)
Net cash used in financing activities	(11,587)
Net change in cash position	-
CASH AND CASH EQUIVALENTS	
Beginning of year	-
End of year	\$ -
Supplemental disclosure of cash flow information—	
Cash paid during the year for interest	\$ 65
Supplemental disclosure of non-cash financing activities—	
Issuance of promissory note for acquisition	\$ 755

The accompanying notes are an integral part of the Consolidated Financial Statements.

REMEDY INTELLIGENT STAFFING, LLC
(A Wholly Owned Subsidiary of EmployBridge Holding Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 27, 2015

1. BUSINESS ORGANIZATION

Nature of Business—Remedy Intelligent Staffing, LLC (the “Company”) and its subsidiaries is a national provider of temporary personnel and direct-hire services to the clerical, light industrial, information technology, and financial sectors providing services to Fortune 1000 companies, as well as small and mid-size local and regional companies, including manufacturing, service, retail, banking and governmental agencies. The Company provides its services in 37 states, through a network of independently managed franchise branches. The Company and its affiliates operate under the names of Remedy Intelligent Staffing and Westaff.

The sales and delivery functions for the Company’s clients are concentrated in and through field offices. The Company’s headquarters provides support services to the field offices in areas such as human resources, risk management, legal, marketing, and national sales initiatives, in addition to traditional “back office” support services such as payroll, billing, accounting, tax, credit, collections, and data processing, which are highly centralized.

Basis of Presentation—The Company is a wholly owned subsidiary of EmployBridge Holding Company (formerly known as New Koosharem Corporation) (the “Parent”), and all cash generated from the Company is concentrated into the Parent’s bank accounts. As a result, the Company is dependent on its Parent for cash to satisfy its obligations. Furthermore, substantially all of the assets of the Company are provided as collateral under the Parent’s debt agreements. The Parent Company is subject to various covenants under its debt agreements, and its financial covenants become more restrictive over time. If the Parent Company is unable to meet any of its covenants in the future, this may affect the Parent’s ability to satisfy the Company’s obligations.

Fiscal Year—The Company’s fiscal year ends on the last Sunday in December and consists of either 52 or 53 weeks. For 2015, the Company’s fiscal year had 52 weeks, began on December 29, 2014 and ended on December 27, 2015.

Traditional Franchise Arrangements—Under the Company’s traditional franchise agreements, the franchisee pays all lease and working capital costs relating to its office, including funding payroll and collecting clients’ accounts. Generally, the franchisee pays the Company an initial franchise fee and continuing franchise fees, or royalties, at a standard rate of 7% of its gross billings. Franchisees that renew their franchise agreement may qualify for a reduced rate (ranging from 4%-6.5%) based on gross billings. Additionally, a discounted rate is utilized with national accounts. The Company processes payroll and invoices clients, and the franchisee employs all management staff and temporary personnel affiliated with its office. As of December 27, 2015, there are only two traditional franchisees operating under these agreements. The Company no longer offers this form of franchise agreement.

Licensed Franchise Arrangements—Under the Company’s licensed franchise agreements, the licensee pays the Company an initial franchise fee and pays all lease and operating costs relating to its office. Based on Accounting Standards Codification (“ASC”) 952-605, *Franchisors—Revenue Recognition*, revenue is to be recognized for such fees “when the franchise sale transaction is completed, that is, when all material services or conditions relating to the sale have been substantially performed or satisfied by

the franchisor". As such, the revenue from the initial fee is recognized by the Company after the licensee's first period of operation. The licensee employs all management staff affiliated with its office, but the Company employs all temporary personnel affiliated with the licensed franchise office, processes payroll and invoicing, and collecting clients' accounts, and generally remits to the licensed franchisee 60%-75% of the office's gross margin. As of December 27, 2015, there are 48 licensed franchisees operating under these agreements.

The Company's share of the licensee's gross margin, representing the continuing franchise fees, varies depending on the life of the individual franchise agreement. The share ranges from a 60%/40% share to a 72%/28% share of gross margin. Additionally, the Company's gross margin share is reduced (i) for some national accounts to encourage franchisees' participation, (ii) for specific targeted accounts to secure high volume or better margin business, and (iii) for volume-based reductions in certain franchise agreements. Licensed franchise agreements provide the majority of the Company's total revenues.

2. CORPORATE ALLOCATIONS

The Parent charges the Company for the cost of services directly attributable to the Company that the Parent or its other subsidiaries incur. Additionally, certain costs are allocated to the Company pursuant to a management services agreement with other wholly owned subsidiaries of the Parent. In consideration for the services provided, the Company incurs fees equal to 1% of gross revenue. Interest expense is also allocated to the Company based on the Company's share of the Parent's total accounts receivable. Management believes that this method of allocation is reasonable. The terms of these transactions are not necessarily the same as those that would result from transactions among wholly unrelated parties. Amounts charged or allocated under these relationships were approximately \$13.2 million during the year ended December 27, 2015 and is recorded in the Consolidated Statement of Operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. Significant estimates in the Company's Consolidated Financial Statements include the allowance for doubtful accounts, workers' compensation insurance prepaid, reserves, and expense, litigation reserves, allocation of corporate overhead, as well as determining the value of long-lived assets, including intangibles, and related impairments, if any.

Property and Equipment—Property and equipment are recorded at cost, net of accumulated depreciation, and depreciated using the straight-line method over their estimated useful lives, ranging from three to seven years. Amortization of leasehold improvements is computed on a straight-line basis over the life of the improvement or the term of the lease, whichever is shorter. Expenditures for maintenance and repairs are charged to expense as incurred. When assets are sold, the related cost and accumulated depreciation are removed from the accounts and resulting gains and losses are included in operations in the year of disposal.

The Company periodically evaluates the estimated useful lives used to depreciate its assets and the estimated amount of assets that will be abandoned or have minimal use in the future. While the Company believes its estimates of useful lives are reasonable, significant differences in actual experience or significant changes in assumptions may affect future depreciation expense.

Goodwill and Indefinite-Lived Intangible Assets—The Company's indefinite-lived intangible assets consist of goodwill, tradenames and trademarks. The Company applies a fair value-based impairment test to the carrying value of goodwill and indefinite-lived intangible assets on an annual basis (as of the first day of the fourth quarter) and, if certain events or circumstances indicate that an impairment loss may have been incurred, on an interim basis. The Company assesses the value of its goodwill and indefinite-lived assets under either a qualitative or quantitative approach. Under a qualitative approach, the Company considers various factors, including key assumptions listed below. Management analyzes these factors to determine if events and circumstances have affected the fair value of goodwill and indefinite-lived intangible assets. If the Company determines that it is more likely than not that the asset may be impaired, management uses the quantitative approach to assess the asset's fair value and the amount of the impairment. Under a quantitative approach, the Company calculates the fair value of the asset using the key assumptions listed below. If the asset's carrying value exceeds its fair value calculated using the quantitative approach, the Company will record an impairment charge for the difference in fair value and carrying value.

When evaluating goodwill for impairment using a quantitative approach, management estimates the fair value by considering the discounted cash flow method. When management performs a quantitative impairment assessment of indefinite-lived intangible assets, fair value is estimated based on (1) recent market transactions, where available, (2) estimated royalties, or (3) projected discounted future cash flows (an income approach.)

The key assumptions in the impairment tests include: (1) forecasted revenues, (2) terminal period revenue growth and cash flows, (3) an estimated weighted average cost of capital, (4) assumed discount rates depending on the asset, (5) a royalty rate for tradenames and trademarks, and (6) a tax rate. These assumptions are consistent with a hypothetical market participant approach. Since management is required to make estimates and assumptions when evaluating goodwill and indefinite-lived intangible assets for impairment, actual transaction amounts may differ materially from these estimates. In addition, management considers the amount by which the intangible assets' fair values exceed their respective carrying values in the most recent fair value measurements calculated using a quantitative approach.

During the Company's annual review of impairment of the tradename intangible asset for the year ended December 27, 2015, management identified potential impairment as a result of the Company's marginally higher discount rate as well as less than expected revenue growth. Tradename impairment of \$13.0 million was identified and included in the Consolidated Statement of Operations.

Other Intangible Assets—The Company's other identifiable intangible assets consist of Franchise rights agreements, Employee lists and Customer lists. Intangible assets are stated at cost less accumulated amortization. For intangible assets with finite lives, the pattern in which the economic benefit of the assets will be consumed is evaluated based on projected usage or production of revenues. The Company considers certain factors when assigning useful lives such as legal, regulatory, and contractual provisions as well as the effects of obsolescence, demand, competition and other economic factors. Intangible assets are amortized using the straight-line method over estimated useful lives ranging from three to fifteen years or, if appropriate, on an accelerated basis commensurate with the related cash flows. The Company reviews the carrying values of long-lived assets, other than intangible assets with indefinite useful lives, for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered by the Company include, but are not limited to: significant underperformance relative to expected historical or projected future operating results; significant changes in the manner of use of the acquired assets or the strategy for the overall business; and significant negative industry or economic trends. During the fiscal year ended December 27, 2015, the Company performed qualitative assessments of its finite-lived intangible assets and did not identify any potential impairment.

Workers' Compensation—The Company is partially self-insured for workers' compensation whereby the Company maintains a large deductible for each workers' compensation claim. As of December 27, 2015, the Company's deductible was \$1.0 million per claim with an unlimited annual aggregate. The Company is contractually required to collateralize its remaining obligations under each workers' compensation insurance contract through the use of irrevocable letters of credit and loss fund deposits, funds placed into deposit with the insurance carrier. The level and type of collateral required for each policy year is determined by the insurance carrier at the inception of the policy year and may be modified periodically. Loss fund deposits are included in prepaid workers' compensation insurance on the Consolidated Balance Sheet. To the extent that paid losses under the policy exceed the loss fund, the Company is required to make additional payments to the insurer.

Income Taxes—The Company is a Limited Liability Company (LLC). Accordingly, the Company's income is included in the taxable income of the shareholder and no provision for income taxes has been made in the accompanying Consolidated Financial Statements.

Fair Value of Financial Instruments—The carrying values of cash, accounts receivable and accounts payable approximate fair values due to the short maturities of such instruments.

In accordance with ASC 820 ("Fair Value Measurement"), the Company utilizes certain valuation methodologies to estimate an orderly transaction between market participants when establishing market pricing for the transferring of assets or liabilities. In addition, ASC 820 requires an entity to utilize the maximum amount of observable inputs when establishing fair value. The Company assesses the significance of each of these estimates to establish their classification level within the fair value hierarchy.

ASC 820, *Fair Value Measurements*, established the following fair value hierarchy that prioritizes the inputs used to measure fair value:

Level 1—Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, listed equities and U.S. government treasury securities.

Level 2—Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument and can either be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category include non-exchange traded derivatives such as over-the-counter forwards, options and repurchase agreements.

Level 3—Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. At each balance sheet date, the Company performs an analysis of all instruments subject to ASC 820 and includes in Level 3 all of those instruments whose fair value is based on significant unobservable inputs.

As a result of its annual impairment assessment during the year ended December 27, 2015, the Company identified a \$13.0 million impairment on its Tradename intangible asset using Level 3 inputs. All other fair values of the Company's intangibles were determined to be in excess of their carrying values.

Concentrations of Credit Risk and Allowance for Doubtful Accounts—Financial instruments that potentially subject the Company and the Parent to significant concentrations of credit risk consist primarily of cash and accounts receivable. The Parent maintains its cash at financial institutions with high credit quality. At various times throughout the year, such cash balances are in excess of federally insured limits.

The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral. Concentrations of credit risk are limited due to the large number of customers comprising the Company's customer base and their dispersion across different business and geographic areas.

Accounts receivable are carried at the amount estimated to be collectible. The Company maintains an allowance for potential losses based upon management's analysis of historical write-off levels, current economic trends, routine assessment of its customers' financial strength and any other known factors impacting collectability. The Company provides for the possible inability to collect accounts receivable by recording an allowance for doubtful accounts and reserves for an account when it is considered uncollectible. Recoveries are recognized in the period they are received. The ultimate amount of accounts receivable that become uncollectible could differ from those estimated.

Revenue Recognition—The Company's revenue recognition policies comply with Accounting Standards Codification ("ASC") Topic 605, *Revenue Recognition*. The Company generates revenue from the sale of temporary staffing and permanent placement services by its licensed franchise operations and from royalties on sales of such services by its traditional franchise operations. Temporary staffing revenues and the related labor costs and payroll taxes are recorded in the period in which the services are performed. Permanent placement revenues are recognized when the direct-hire candidate begins full-time employment.

The Company utilizes two types of franchise agreements referred to as "traditional" and "licensed". Under the Company's non-licensed traditional franchise agreements, the franchisees pay the Company a royalty based on a percentage of net sales earned as well as initial startup fees. The royalties are recognized as earned and the initial franchise fees are recorded as deferred income when received and are recognized as revenue when the franchised locations are opened as all material services and conditions related to the franchise fee have been substantially performed.

Under the Company's licensed franchise agreement, revenues, net of sales tax, generated by the franchise operation and the related costs of revenues are included in the Company's Consolidated Financial Statements. The Company has the direct contractual relationship with the customer, holds title to the related customer receivables and is the legal employer of the temporary employees. Thus, certain risks associated with the licensed franchise operations remain with the Company. The net distribution paid to the licensee for the services rendered is based on a percentage of the gross margin generated by the licensed operation and is reflected as franchise costs in the Consolidated Statement of Operations.

General and Administrative Expenses—The Parent charges the Company for costs of services directly attributable to the Company that the Parent or its other subsidiaries incur, including general and administrative expenses such as travel, professional and outside services, legal fees and management salaries expense and benefit costs. Such costs were approximately \$2.1 million for the year ended December 27, 2015.

Corporate Allocations from Parent—In addition to direct general and administrative expenses directly attributable to the Company, certain costs are allocated to the Company by the Parent pursuant to a management services agreement with other wholly owned subsidiaries of the Parent. In consideration for the services provided, the Company incurred fees equal to 1% of gross revenue. The Parent allocated approximately \$4.9 million of costs to the Company during the year ended December 27, 2015.

Certain interest expense is also allocated to the Company based on the Company's share of the Parent's total accounts receivable. Accordingly, the Parent allocated approximately \$8.3 million of interest expense to the Company during the year ended December 27, 2015. This interest expense was then classified within the corporate allocations from Parent, rather than interest expense, in the Statement of Operations, as the Company is not the primary obligor on any debt facilities.

Management believes the Parent's methods of allocation are reasonable. The terms of these transactions are not necessarily the same as those that would result from transactions among wholly unrelated parties.

Recent Accounting Pronouncements

Revenue from Contracts with Customers—In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers." Under the new standard, revenue is recognized at the time a good or service is transferred to a customer for the amount of consideration received for that specific good or service. Entities may use a full retrospective approach or report the cumulative effect as of the date of adoption. In August 2015, the FASB issued ASU No. 2015-14 that deferred the effective date by one year to annual reporting periods beginning on or after December 15, 2017 and interim periods beginning on or after December 15, 2018 and will require enhanced disclosures. The Company is currently evaluating the potential impact of the accounting and disclosure requirements on the Consolidated Financial Statements.

Uncertainties—In August 2014, the FASB issued authoritative guidance regarding disclosure of uncertainties about an entity's ability to continue as a going concern, which requires management to evaluate, at each interim and annual reporting period, whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued, and provide related disclosures. This guidance is to be applied for annual periods ending after December 15, 2016, and for annual and interim periods thereafter. Early adoption is permitted. The Company is currently evaluating the potential impact of the accounting and disclosure requirements on the Consolidated Financial Statements.

4. ACQUISITION

On October 25, 2015, the Company acquired a franchisee for approximately \$1.2 million. While management deems this acquisition not to be material, the purchase price allocation of this acquisition is shown below:

(In thousands)

Fair Value of Purchase Consideration:	
Cash	\$ 301
Promissory Note ⁽²⁾	755
Holdback ⁽¹⁾	<u>192</u>
Total fair value of purchase consideration	<u>1,248</u>
Identifiable Assets Acquired and Liabilities Assumed:	
Property, and equipment	\$ 37
Customer lists	<u>383</u>
Net identifiable assets acquired	<u>\$ 420</u>
Goodwill	<u>\$ 828</u>

⁽¹⁾ The holdback is related to any unpaid liabilities and obligations of the seller, any liabilities or obligations that arise due to misrepresentations made by seller, failure to disclose certain items and any indemnification claims. Any unused portion of the holdback is payable 24 months after the closing date.

⁽²⁾ The promissory note does not bear interest and is payable in equal installments nine months and eighteen months, respectively, from the closing date.

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

(In thousands)

Computer and office equipment	\$ 72
Leasehold improvements	7
Furniture and fixtures	3
Less: accumulated depreciation and amortization	<u>(14)</u>
Total property and equipment—net	<u>\$ 68</u>

6. GOODWILL

The Company had goodwill of approximately \$828,000 that it acquired in connection with an acquisition in October, 2015. Goodwill is not amortized, rather is tested for impairment annually, or more frequently if an event occurs or circumstances indicate that goodwill might be impaired. The Company has elected the first day of the fourth quarter as its annual impairment assessment date.

7. INTANGIBLE ASSETS

The Company has intangible assets, other than goodwill, at the below carrying values.

(In thousands)	Gross Carrying Value	Accumulated Amortization
Tradename	\$ 30,000	\$ -
Franchise rights	19,000	(2,048)
Employee lists	7,000	(3,805)
Customer lists	<u>383</u>	<u>-</u>
 Total	 <u>\$ 56,383</u>	 <u>\$ (5,853)</u>

The Company has definite-lived intangible assets, including Franchise rights, Employee lists and Customer lists. The Franchise rights, Employee lists and Customer lists are amortized on a straight-line basis over 15, three and six years, respectively. Amortization of intangible assets was \$3.6 million for the year ended December 27, 2015. The Company expects amortization expense to be as shown below:

(In thousands)	
FY2016	\$ 3,664
FY2017	2,203
FY2018	1,331
FY2019	1,331
FY2020	1,330
Thereafter	<u>10,671</u>
 Total	 <u>\$ 20,530</u>

The Company has indefinite-lived intangible assets, including tradenames, which were valued using the income approach, specifically the relief from royalty method, based on estimated after-tax royalty savings attributable to owning the trade names as opposed to paying a third party for their use, discounted to present value. The Company anticipates using the tradenames for an indefinite period. The Company's intangible assets were valued using Level 3 inputs within the fair value hierarchy. During the fiscal year ended December 27, 2015, the Company identified tradename impairment of \$13.0 million.

8. RELATED PARTY TRANSACTIONS

The Parent has debt agreements with certain lenders. Substantially all assets of the Parent, including those of the Company, are provided as collateral under these agreements.

The Parent uses a centralized treasury function in which it controls all cash transactions and maintains all cash accounts on behalf of its subsidiaries, including the Company. This results in a net due to or due from Parent presented as a current classification in the Consolidated Balance Sheet.

The Company has an uncollateralized, non-interest bearing note payable to the Parent of approximately \$13.3 million as of December 27, 2015.

9. WORKERS' COMPENSATION

The Company is partially self-insured whereby the Company maintains a large deductible for each workers' compensation claim. As of December 27, 2015, the Company's deductible was \$1.0 million per claim with an unlimited annual aggregate.

The Company is contractually required to collateralize its remaining obligations under each workers' compensation insurance contract through the use of irrevocable letters of credit and loss fund deposits (funds placed into deposit with the insurance carrier). The level and type of collateral required for each policy year is determined by the insurance carrier at the inception of the policy year and may be modified periodically. Loss fund deposits are included in prepaid workers' compensation insurance on the Consolidated Balance Sheet. To the extent that paid losses under the policy exceed the loss fund, the Company is required to make additional payments to the insurer.

Management has estimated workers' compensation expense by calculating ultimate retained losses attributable to the Company, and allocating certain expenses of the Parent including workers' compensation insurance policy expenses, state sponsored workers' compensation costs, and risk management staff salaries and expenses. Prepaid workers' compensation expense and workers' compensation reserves were allocated to the Company based on its share of unpaid retained losses compared to the Parent's as a whole.

10. COMMITMENTS AND CONTINGENCIES

Litigation—Commencing in November 2013, certain franchisees gave notice of their intent to initiate arbitration and/or litigation proceedings against the Company. The allegations in the arbitrations and litigation included, among other items, a claim that the Company improperly handled insurance coverages and associated fees applicable to the franchise group. Certain franchisees ultimately negotiated a settlement with the Company in April 2015, with no parties admitting liability. The April 2015 settlement included \$3.8 million to be paid out to these certain franchisees in equal monthly installments over two years, ending in March 2017. The Company also paid \$150,000 in attorneys' fees to this subset of the Claimant Franchisees in 2014 and paid an additional \$200,000 of their attorneys' fees during the second quarter of 2015.

The Company is subject to legal proceedings and claims that arise in the ordinary course of business. Management does not believe the ultimate outcome of any of these matters will be material to the Company's Consolidated Financial Statements.

Leases—At December 27, 2015, the Company was obligated under non-cancelable operating leases for certain office facilities and equipment that expire in fiscal year 2018. Future minimum lease payments under operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

(In thousands)

FY2016	\$ 49
FY2017	35
FY2018	<u>12</u>
Total	<u>\$ 96</u>

Certain leases contain renewal options to extend the lease on terms similar to current agreements, except for rental increases that are based on a specified inflation index.

11. SUBSEQUENT EVENTS

In accordance with ASC 855, Subsequent Events, the Company evaluated all subsequent events that occurred after the Consolidated Balance Sheet date through April 5, 2016, the date the Consolidated Financial Statements were available to be issued.

* * * * *

EXHIBIT F
TO THE REMEDY INTELLIGENT STAFFING, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC DISCLOSURE DOCUMENT ADDENDA

**ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE CONNECTICUT
BUSINESS OPPORTUNITY INVESTMENT ACT**

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR CALIFORNIA FRANCHISEES**

The California Franchise Investment Law contains certain laws governing the relationship between a Franchisor and Franchisee. Certain of these laws conflict with provisions contained in our customary Franchise Agreement and related documents. Set forth below is an overview of certain disclosures contained in the attached Franchise Disclosure Document which are amended by virtue of the California law.

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.
2. Neither the franchisor, any person or franchise broker in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.
3. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
4. 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. The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
6. The Franchise Agreement may contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
7. The Franchise Agreement requires application of the laws of the State of Georgia. This provision may not be enforceable under California law.

8. Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your Franchise Agreement.

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

10. This Franchise Agreement requires binding arbitration. The arbitration will occur in Atlanta, Georgia, and costs of enforcement of the franchise agreement, including arbitration, may be imposed upon you. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act, to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

11. 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.

12. Item 6 shall be amended to include the following language:

“The highest permissible interest rate in the state of California is 10%.”

13. Item 17(t) shall be amended to include the following language in the Summary section:

“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. Franchisor promises, under penalty of perjury in the State of California, to comply with Section 31125 of the California Code regarding material modifications of existing franchise agreements in California.”

DISCLOSURES REQUIREMENT BY CONNECTICUT LAW

Notwithstanding anything to the contrary in the disclosure document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Connecticut:

1. If the seller fails to deliver the products or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.
2. Item 2 of the Disclosure Document is amended to provide that each seller's current address is the address of Remedy Intelligent Staffing, LLC.

**ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE
HAWAII FRANCHISE INVESTMENT LAW**

1. THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HERE IS TRUE, COMPLETE AND NOT MISLEADING.
2. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST FOURTEEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST FOURTEEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.
3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.
4. Registered agent in the state authorized to receive service of process:

Commissioner of Securities
Department of Commerce & Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii, 96813
(808) 586-2722

5. Item 3 of the Disclosure Document is amended to provide that:

“neither the franchisor, nor any person in Item 2 of the Disclosure Document, has within the last 10 years (1) been found guilty of a felony or held liable in a civil action by final judgment of fraud, embezzlement, fraudulent conversion, or misappropriation of property, (2) been 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. § 78(a) et seq., denying registration to, suspending or expelling such persons from membership in that association or exchange or is subject to any currently effective order or ruling of the Federal Trade Commission or is subject to any currently effective order relating to business activity as a result of an action brought by any public agency or department, or (3) is subject to any currently effective order or ruling of the Federal Trade Commission or is subject to any currently effective order relating to business activity as a result of an action brought by any public agency or department.”

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT FOR INDIANA FRANCHISEES

The Indiana Deceptive Franchise Practices Law (Indiana Code 23-2-2.7) contains certain laws governing the relationship between a Franchisor and Franchisee. Certain of these laws conflict with provisions contained in our customary Franchise Agreement and related documents. Set forth below is an overview of certain disclosures contained in the attached Franchise Disclosure Document which are amended by virtue of the Indiana law.

1. The Franchise Agreement and related documents by and between us and you, as an Indiana franchisee, will be governed by Indiana law and not the law of the State of Georgia.

2. The laws of the State of Indiana shall supersede any provisions of the Franchise Agreement, the other agreements or Georgia law if such provision is in conflict of Indiana law.

3. You, as an Indiana franchisee, have the right to litigate in Indiana and are not restricted to the requirements in the Franchise Agreement to sue only in Georgia. Any provision of the Franchise Agreement which designates jurisdiction or venue, or requires you to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.

4. The covenants of non-competition with respect to you, as an Indiana franchisee, will be limited to an area equal to the protected area granted to you and other Franchisees.

5. Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law. No release language stated in the Disclosure Document or Franchise Agreement, including but not limited to Item 17 or Section 26 thereof, respectively, shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

6. The reservation of rights to any specified remedy or limitation of remedies available to you, as an Indiana franchise, contained in Section 24 of the Franchise Agreement is subject to the provisions of the Indiana Deceptive Franchise Practices Law [IC 23-2-2.7-1(10)].

7. The prohibition by Indiana Code Section 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined in the Indiana Code as material breach of the Franchise Agreement, shall supersede the provisions of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

8. Item 12 and Section 5 of the Franchise Agreement are subject to Indiana Code Section 23-2-2.7-1(2) and Section 23-2-2.7-2(4) which prohibit us from competing unfairly with you within a reasonable area.

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT FOR MICHIGAN FRANCHISEES

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

- (A) A prohibition of the right of a Franchisee to join an association of Franchisees.
- (B) A requirement that a Franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a Franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.
- (C) A provision that permits a Franchisor to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the Franchisee to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure each failure.
- (D) A provision that permits a Franchisor to refuse to renew a Franchise without fairly compensating the Franchisee by repurchase or other means for the fair market value at the time of expiration of the Franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if (1) the term of the Franchise is less than 5 years and (2) 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' notice of Franchisor's intent not to renew the Franchise.
- (E) A provision that permits the Franchisor to refuse to renew a Franchise on terms generally available to other Franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (F) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the Franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (G) A provision which permits a Franchisor to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent a Franchisor from exercising a right of first refusal to purchase the Franchise. Good cause shall include, but is not limited to:

(i) the failure of the proposed transferee to meet the Franchisor's then current reasonable qualification or standards.

(ii) the fact that the proposed transferee is a competitor of the Franchisor or subfranchisor.

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

(iv) the failure of the Franchisee or proposed transferee to pay any sums owing to the Franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

The fact that there is a notice of this offering on file with the Attorney General does not constitute approval, recommendation, or endorsement by the Attorney General.

Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchisor Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, 517-373-7117.

**ADDENDUM TO THE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
UNDER THE
MINNESOTA FRANCHISE INVESTMENT LAW**

Notwithstanding anything to the contrary stated in the Disclosure Document or Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

1. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(j) prohibit the franchisor from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the law of the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchise be given 90 days' notice of termination (with 60 days to cure) and 180 days; notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

3. The franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim suit or demand regarding the use of the name.

4. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

5. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

6. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400(J). Also, a court will determine if a bond is required.

7. Any limitation of claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE NEW YORK FRANCHISE LAW

Notwithstanding anything to the contrary stated in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of New York:

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

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

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

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

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

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

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

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

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

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

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

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

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA ADDENDUM TO THE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

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

1. Item 17(c) of the Disclosure Document and Section 2 of the Franchise Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release, and thus all references to any such general release are hereby deleted.

2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document and Section 16 of the Franchise Agreement are amended accordingly.

3. Item 17(u) of the Disclosure Document and Sections 22 and 23 of the Franchise Agreement provide that franchisees must agree to arbitration or mediation of disputes which will be held in Georgia. Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby amended to provide that any such mediation will be held at a site mutually agreeable to all parties and may not be held at a site remote from the franchisee's place of business.

4. Item 17(v) of the Disclosure Document and Sections 22 and 23 of the Franchise Agreement which require jurisdiction of courts in the State of Georgia are deleted.

5. Item 17(w) of the Disclosure Document and Section 23 of the Franchise Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.

6. Apart from civil liability as set forth in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law.

7. The provisions of Section 23 of the Franchise Agreement which require a franchisee to consent to a waiver of trial by jury are hereby deleted.

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

ATTEST

REMEDY INTELLIGENT STAFFING, LLC

Witness

By: _____
Name: _____
Title: _____

FRANCHISEE:

Witness

**ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE
RHODE ISLAND FRANCHISE DISCLOSURE ACT**

1. Item 17(v) Summary section is amended to read:

"You must litigate in the State of Georgia, except that to the extent required by applicable law, you may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act."

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND AMENDMENT
TO THE FRANCHISE AGREEMENT FOR SOUTH DAKOTA FRANCHISEES**

The following language shall be added to Item 5 of the Franchise Disclosure Document and Section 4 of the Franchise Agreement shall be amended to include the following language:

“Due to our financial relationship with our parent company, the South Dakota Division of Securities has required that we defer the collection of initial fees from you until our pre-opening obligations to you have been completed.”

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
AND AMENDMENT TO FRANCHISE AGREEMENT
FOR WASHINGTON FRANCHISEES**

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with us 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 us including the areas of termination and renewal of your franchise. This instrument constitutes both an Addendum to the Franchise Disclosure Document and an Amendment to your Franchise Agreement.

1. 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.

2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

3. A release or waiver of rights signed by you 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.

4. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

5. The State of Washington's policy pursuant to its Administrative Regulations pertaining to releases is as follows:

"The requirement of a release by the Franchisee to Franchisor is acceptable so long as it does not include a release of the Franchisee's claims under the Washington Franchise Investment Protection Act."

6. Item 5 of the FDD and Article 4 of the Franchise Agreement shall be amended to include the following: "The State of Washington's Department of Financial Institutions, Securities Division Registration Unit requires us to defer collection of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations to franchisees under the franchise agreement and the franchisee is opened for business."

7. Item 17 is amended to add the following:

"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."

8. A provision of the Franchise Agreement which terminates the franchise upon bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____, 20__.

Remedy Intelligent Staffing, LLC

By: _____
Its: _____

FRANCHISEE:

Signature

Print Name

Title (if any)

EXHIBIT G
TO THE REMEDY INTELLIGENT STAFFING, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC AGREEMENT AMENDMENTS

INDIANA AMENDMENT TO FRANCHISE AGREEMENT

Company and Franchisee hereby agree that the Franchise Agreement dated ___, 201___, will be amended as follows:

1. The laws of the State of Indiana supersede any provision of the Franchise Agreement if such provisions are in conflict with Indiana law. The Franchise Agreement will be governed by Indiana law.

2. The following language is added to Section 2C and 19B(vii) of the Franchise Agreement:

“, except that the general release provisions shall not apply to any liability under the Indiana Deceptive Franchise Practices Law.”

3. The reservation of rights to any specified remedy or limitation of remedies available to you, as an Indiana franchisee, contained in Section 21(d), (e), and (f) of the Franchise Agreement is subject to the provisions of the Indiana Deceptive Franchise Practices Law (IC 23-2-2.7-1(10)).

COMPANY:

Remedy Intelligent Staffing, LLC

By: _____

Its: _____
(title)

Franchisee:

By: _____

Its: _____
(title)

MINNESOTA AMENDMENT TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary stated in the Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated ___, 201___, will be amended as follows:

1. Section 14B of the Franchise Agreement is amended to add the following language:

“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 license, and, as a condition to indemnification; Franchisee must provide notice to Franchisor of any such claims within ten (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.”

2. Section 2 and 20 of the Franchise Agreement is amended to read as follows:

“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 nonrenewal of the Franchise Agreement.”

3. 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.

4. Sections 22, 23, and 25 of the Franchise Agreement is amended as follows:

“Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as

provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by laws of the jurisdiction.”

5. Section 23 is amended to read as follows:

“Franchisor may seek injunctive relief, without bond if determined by the court of competent jurisdiction that a bond is not required, against Franchisee restraining the unauthorized use of any Mark or Copyrighted Materials, or the unauthorized use or disclosure of Franchisor’s confidential information.

6. Section 23 is amended to read as follows:

“Franchisor may, at its option, seek injunctive and other equitable relief against Franchisee from any court of competent jurisdiction;”

IN WITNESS WHEREOF, Company and Franchisee have duly executed and delivered this Amendment as of the date stated above.

Franchisor:

Remedy Intelligent Staffing, LLC

By: _____

Its: _____
(title)

Franchisee:

By: _____

Its: _____
(title)

RHODE ISLAND AMENDMENT TO FRANCHISE AGREEMENT

Franchisor and Franchisee hereby agree that the Franchise Agreement dated _____, 201____, will be amended as follows:

1. The laws of the State of Rhode Island supersede any provisions of the Franchise Agreement, the other agreements if such provisions are in conflict with law.
2. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of Rhode Island, is deleted from any Franchise Agreement issued in the State of Rhode Island.

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date stated above.

Franchisor:

Remedy Intelligent Staffing, LLC

By: _____

Its: _____
(title)

Franchisee:

By: _____

Its: _____
(title)

**NEW YORK AMENDMENT
TO FRANCHISE AGREEMENT**

Franchisor and Franchisee hereby agree that the Franchise Agreement dated _____, 201____, will be amended as follows:

Section 20 of the Franchise Agreement is amended by adding a subsection and stating:

“Franchisee may terminate this Agreement upon any grounds available at law.”

The following is added to Section 22, 23, and 24 of the Franchise Agreement:

“These sections shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law and the regulations issued thereunder.”

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date stated above.

COMPANY:

Remedy Intelligent Staffing, LLC

By: _____

Its: _____
(title)

Franchisee:

By: _____

Its: _____
(title)

EXHIBIT H
TO REMEDY INTELLIGENT STAFFING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISEE COMPLIANCE CERTIFICATION

As you know, Remedy Intelligent Staffing, LLC, and you are preparing to enter into a Franchise Agreement for the operation of a franchise, utilizing either the Remedy or Westaff brand. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that Remedy Intelligent Staffing, LLC has not authorized or that may be untrue, inaccurate or misleading. Its purpose is also to be certain that you understand the limitations on claims that may be made by you by reason of the purchase and operation of your franchise. The questionnaire cannot be signed and dated the same day as the Acknowledgment of Receipt of the Franchise Disclosure Document (FDD), but must be signed and dated the same day you remit your franchise fee. Please review each of the following questions carefully and provide honest responses to each question. If you answer "NO" to any of the questions below, please explain your answer on the back of this sheet. For each question, please initial beside "Yes," or "No," as appropriate.

A. Representations and Other Matters

- Yes _____ No _____ 1. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?
- Yes _____ No _____ 2. Have you received and personally reviewed the Remedy Intelligent Staffing, LLC, Franchise Disclosure Document ("Disclosure Document") we provided you?
- Yes _____ No _____ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?
- Yes _____ No _____ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement?
- Yes _____ No _____ 5. A) Have you reviewed the Disclosure Document and Franchise Agreement with an attorney, accountant or other professional advisor?
B) Have you discussed the benefits and risks of operating a Remedy or Westaff franchise with your professional advisor, or did you deliberately decline to do so?
C) Did you discuss the benefits and risks of operating a Remedy or Westaff franchise with an existing Remedy or Westaff franchisee, or did you deliberately decline to do so?
D) Do you understand the risks of operating a Remedy or Westaff franchise?
- Yes _____ No _____

Yes _____ No _____

E) Do you understand that the Franchise Agreement contains an arbitration provision that requires disagreements to be arbitrated outside of the traditional judicial process?

Yes _____ No _____

6. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the market place?

Yes _____ No _____

7. Is it true that no employee or other person speaking on behalf of Remedy Intelligent Staffing, LLC, made any statement or promise regarding the costs involved in operating a Remedy or Westaff franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

8. Is it true that no employee or other person speaking on behalf of Remedy Intelligent Staffing, LLC, made any statement, representation, warranty, guarantee or promise regarding the actual, average, potential, future, past or projected profits or earnings, the likelihood of success, the amount of money you may earn, the sales volume, anticipated income or growth, or the total amount of revenue a Remedy or Westaff franchise will generate that is not contained in the Disclosure Document or that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

9. Is it true that no employee or other person speaking on behalf of Remedy Intelligent Staffing, LLC, made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

10. Is it true that you did not receive any marketing or other written materials with information that is contrary to, or different from, the information contained in the Disclosure Document

Yes _____ No _____

11. Is it true that no employee or other person speaking on behalf of Remedy Intelligent Staffing, LLC made any statement promising to provide or assist in finding you accounts for the services you will offer as Franchisee?

Yes _____ No _____

12. Is it true that no employee or other person speaking on behalf of Remedy Intelligent Staffing, LLC agreed to refund any amounts paid to Franchisor on account of dissatisfaction with the System, or any other reason?

Yes _____ No _____

13. Do you understand and acknowledge that Remedy Intelligent Staffing, LLC and its Affiliates currently operate other staffing agencies under different trademarks that may be substantially similar to the business you will be operating, and such businesses may be located and operated within your Territory.

Yes _____ No _____

14. Have you carefully considered the nature and extent of the restrictions upon Franchisee (including, without limitation, the covenants not to compete, not to solicit employees or customers, and restrictions on assignment in this Agreement) and Franchisee's rights and remedies conferred under this Agreement and acknowledges that these restrictions, rights and remedies are (1) fair and reasonable, including, but not limited to, their scope as to time, geography and activity; (2) designed to preclude competition which would be unfair to Franchisor; (3) fully required to protect Franchisor's legitimate business interests; and (4) do not confer benefits on Franchisor that are disproportionate to Franchisee's detriment;

You are directed to Exhibit D of the Franchise Disclosure Document for information that may affect this questionnaire in your state.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

The undersigned acknowledges and agrees that Remedy Intelligent Staffing, LLC does not make or endorse, nor does it allow any representative or other individual to make or endorse, any oral, written, visual, or other claim or representation that states or suggests any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise with respect to a Remedy or Westaff franchise other than those contained in Item 19 of the Franchise Disclosure Document.

In addition, Remedy Intelligent Staffing, LLC does not permit any promises, agreements, contracts, commitments, representations, understandings, options, rights-of-first-refusal, or otherwise, or changes in the Franchise Agreement, except by means of a written Addendum signed by all parties to the Franchise Agreement.

Each undersigned understands and agrees to all of the foregoing and certifies that all of the above statements are true, correct and complete.

Signature of Franchise Applicant

Date

Name (please print)

Signature of Franchise Applicant

Date

Name (please print)

Signature of Seller

Date

Name (please print)

Approved:

Remedy Intelligent Staffing, LLC

By: _____

SPECIAL NOTE FOR RESIDENTS OF THE STATE OF ILLINOIS AND FRANCHISED BUSINESSES LOCATED IN ILLINOIS: Statements A.1, A.2, and A.3, and the next-to-last full paragraph, do not apply to you.

SPECIAL NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND FRANCHISED BUSINESSES LOCATED IN MARYLAND: None of the above representations are intended to nor will they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

EXPLANATION OF ANY NEGATIVE RESPONSES (please refer to applicable question #) ARE AS FOLLOWS:

EXHIBIT I
TO REMEDY INTELLIGENT STAFFING, LLC
FRANCHISE DISCLOSURE DOCUMENT

GENERAL RELEASE

WHEREAS, _____, (“Franchisee”) wishes to terminate its agreement with Remedy Intelligent Staffing, LLC (“Franchisor”) and cease and desist operation of all business under that agreement, and as a condition of releasing Franchisee of its obligations under its franchise agreement with Franchisor, the parties agree as follows:

Release – General Provisions. The Franchisee and Franchisor, jointly and severally, hereby release and forever discharge each other of and from any and all causes of action, in law or in equity, suits, debts, liens, defaults under contracts, leases, agreements or promises, liabilities, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, howsoever arising, known or unknown, fixed or contingent, past or present, that they have or may hereafter have against each other by reasons of any matter, cause or thing whatsoever from the beginning of time to the date hereof (the “Claims”), it being the mutual intention of the parties that this release be unqualifiedly general in scope and effect and that any Claims against any of the are hereby forever cancelled and forgiven.

The Franchisee and Franchisor expressly assume the risk of any mistake of fact or fact of which they may be unaware or that the true facts may be other than any facts now known or believed to exist by Franchisee and Franchisor, and it is the Franchisee and Franchisor’s intention to forever settle, adjust and compromise any and all present and/or future disputes with respect to all matters from the beginning of time to the date of this document finally and forever and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases given by the Franchisee and Franchisor are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Franchisee and Franchisor represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as they in their independent judgment, believe necessary or appropriate. The Franchisee and Franchisor have not relied on any statement, promise, or representation, whether of fact, law or otherwise, by the other party or anyone else, not expressly set forth herein, in executing this document and/or the related releases.

No Assignment or Transfer of Interest. Franchisee and Franchisor represent and warrant that there have been, and there will be, no assignment or other transfer of any interest in any Claims that the Franchisee and Franchisor may have against any the other, all Claims having been fully and finally extinguished. The Franchisee and Franchisor agree to forever indemnify and hold each other harmless from any liability, claims, demands, damages, losses, costs, expenses or attorneys’ fees incurred by either party as a result of any person asserting any interest in any of the Claims and/or any voluntary, involuntary or other assignment or transfer thereof. It is the intention of the parties that this indemnity does not require payment by either party as a condition precedent to recovery against the other party under this indemnity.

Attorneys' Fees. If the Franchisee and Franchisor, or anyone acting for, or on behalf of, the Franchisee and Franchisor or claiming to have received, by assignment or otherwise, any interest in any of the Claims, commences, joins in, or in any manner seeks relief through any suit (or otherwise) arising out of, based upon or relating to any of the Claims released hereunder, or in any manner asserts against either of the parties any of the Claims released hereunder, each party agrees to pay its own attorneys' fees and other costs incurred in defending or otherwise responding to said suit or assertion.

Date of Releases, Joint and Several Liability. The releases granted hereunder shall be deemed effective as of the date hereof. The liabilities and obligations of the Franchisee and Franchisor shall be joint and several.

Severability. In event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

Governing Law/Jurisdiction. This Agreement shall be governed by and construed and interpreted in accordance with the laws of state of Georgia.

_____ [FRANCHISEE]

REMEDY INTELLIGENT STAFFING, LLC

By: _____

By: _____

EXHIBIT J

OPERATING MANUAL TABLE OF CONTENTS (TOTAL PAGES=196)



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EXHIBITS

EXHIBIT K
RECEIPT

(To be retained by you)

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 Remedy Intelligent Staffing, LLC offers you a franchise, it must provide this Disclosure Document to you:

- (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or
- (b) Under New York and Rhode Island law, if applicable, at the earlier of (i) your first personal meeting to discuss the distributorship, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale.
- (c) 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 Remedy Intelligent Staffing, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate agency listed in Exhibit A.

The franchisor is Remedy Intelligent Staffing, LLC, located at 1040 Crown Pointe Parkway, Suite 1040, Atlanta, Georgia 30338. Its telephone number is (805) 882-2200.

Issuance Date: April 25, 2018 (with effective dates of state registrations listed on the State Cover Page).

The franchise seller is: _____ at 1040 Crown Pointe Parkway, Suite 1040, Atlanta, Georgia 30338, telephone (805) 882-2200.

Any additional individual franchise sellers involved in offering the franchise are:

Remedy Intelligent Staffing, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I received a Franchise Disclosure Document dated April 25, 2018, and with effective dates of state registration as listed on the State Cover Page, that included the following Exhibits:

- | | |
|--|--|
| A List of State Regulatory Agencies and Administrators | E Financial Statements |
| B Definitions | F State Specific Disclosure Document Addenda |
| C Franchise Agreement | G State Specific Agreement Amendments |
| D-1 List of Remedy Franchisees | H Franchisee Compliance Certification |
| D-2 List of Westaff Franchisees | I General Release |
| | I General Release |
| | J Operating Manual Table of Contents |

Date Received

Prospective Franchisee

Name (please print)

Address: _____

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(To be signed, dated, and sent to Franchisor)

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Name (please print)

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