

**EXHIBIT B  
FRANCHISE AGREEMENT**



**Welcome to the Simple Office™**

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**INDIVIDUAL FRANCHISE AGREEMENT**

THIS AGREEMENT IS ENTERED INTO BY AND BETWEEN CONCERTO NETWORKS, INC., A CALIFORNIA CORPORATION AND THE PERSON OR PERSONS LISTED BELOW DESCRIBED AS "FRANCHISEE"

**PARTIES AND RECITALS**

FRANCHISOR: CONCERTO NETWORKS, INC.  
A CALIFORNIA CORPORATION

FRANCHISEE: FULL LEGAL NAME  
See attached ownership information form

\_\_\_\_\_  
\_\_\_\_\_

FRANCHISEE'S CONCERTO NETWORKS BUSINESS ADDRESS:

\_\_\_\_\_  
(Street address)

\_\_\_\_\_  
(City) (State) (Zip code)

CONCERTO NETWORKS FRANCHISE NO. \_\_\_\_\_

**IN THIS AGREEMENT, CAPITALIZED WORDS AND PHRASES SHALL HAVE THE MEANINGS SET FORTH IN SECTION 25.**

Franchisor has the right to license certain trademarks, service marks, trade names, logos, and/or indicia of origin, the distinctiveness and value of which are acknowledged by Franchisee;

Franchisor had developed know-how and a unique and comprehensive system for the operation of businesses offering mobile, onsite information technology services and computer network solutions;

Franchisor has developed and provides services, sales development programs and other related benefits for use of Franchisee under the trademark "Concerto Networks";

Franchisee acknowledges the substantial goodwill and business value in Franchisor's trademarks, System and services;

Franchisee desires to obtain a franchise from Franchisor for the right to operate a business using the Marks and the System and having access to the services pursuant to the terms of this Agreement.

**NOW THEREFORE, IN CONSIDERATION OF THE FOREGOING, THE FEES AND OTHER SUMS PAYABLE BY FRANCHISEE AND OF THE MUTUAL COVENANTS CONTAINED IN THIS AGREEMENT, THE ADEQUACY OF WHICH IS HEREBY ACKNOWLEDGED BY BOTH PARTIES, THE PARTIES AGREE AS FOLLOWS:**

**1.0 GRANT OF FRANCHISE**

Until expiration or termination of this Agreement and subject to all the terms and conditions of this Agreement:

- 1.1 CNI hereby grants to Franchisee and Franchisee hereby accepts the right to operate a Concerto Networks Business, including the right to use in connection therewith the System and the Marks, within the boundaries of the Territory.
- 1.2 Franchisee is permitted to solicit clients as a CNI Franchisee in the Territory only.
- 1.3 Franchisee acknowledges that CNI and other franchisees of CNI may also be permitted to solicit clients in the Territory.

## 2.0 TERRITORY

- 2.1 Franchisee acknowledges that CNI and other franchisees of CNI may also be permitted to solicit clients in the Territory.
- 2.2 Franchisee acknowledges that CNI has the right to own, operate or franchise other Concerto Networks businesses within the Territory.
- 2.3 Franchisee acknowledges that CNI has the right to own, operate or franchise any other business under a different trademark or trade name within or outside the Territory.
- 2.4 The rights granted to Franchisee hereunder are non-exclusive and CNI, in its sole and absolute discretion, reserves the right to grant licenses to others in and to the Marks, and to sell or license to sell products or services under the Marks or otherwise through alternate delivery systems or other distribution channels, both within and outside the Territory.
- 2.5 Franchisee's rights to the Territory described herein shall continue during the initial term hereof and shall be subject to modification, at CNI's sole discretion, at the time of renewal of this Agreement.
- 2.5 This Agreement does not provide Franchisee with any options, rights of first refusal or similar rights to acquire additional franchises with the Territory or areas contiguous to the Territory. The boundaries of the Territory may be altered during the initial term hereof only by mutual consent in writing by both parties.

## 3.0 TERM AND RENEWAL

The term of this Agreement shall be ten (10) years from the Effective Date subject to earlier termination as provided herein.

- 3.1 Provided that Franchisee shall have complied with all the terms of this Agreement, and subject to fulfillment of the conditions in Section 3.2 below, Franchisee shall have the option to renew this Agreement for successive periods of ten (10) years each.
- 3.2 As conditions to renewal, Franchisee must:
  - a. Provide CNI written notice of intent to renew this Agreement at least six (6) months prior to the end of the term hereof;
  - b. At the time of such notice, pay a Renewal Fee of twenty five percent (25%) of the then-current initial CNI franchise fee;
  - c. Execute the then-current franchise agreement for new Concerto Network franchised businesses as of the date of expiration of the term hereof;
  - d. Execute all other required documents, including a consent to renew;
  - e. Be in complete compliance with this Agreement, including payment of all fees due, the requirements described in the Manual and all other agreements and policies in effect between CNI and Franchisee;
  - f. Be current with all financial obligations to third parties, including Franchisee's landlord and other vendors or products or services to Franchisee's Concerto Networks Business;
  - g. Upgrade all hardware, software and equipment used in Franchisee's Business to comply with CNI's then-current standards as described in the Manual;
  - h. Upgrade the motor vehicle to comply with CNI's then-current standards; and
  - i. Execute a general release in favor of CNI from any claims arising during the term hereof.
- 3.2.1 Upon expiration of the term of this Agreement, if Franchisee does not renew as set forth above, CNI shall have the option to purchase the assets of Franchisee's Business at a purchase price of sixty percent (60%) of Gross Revenue of the Business for the preceding twelve (12) months, from which shall be deducted in the following order:
  - a. All outstanding and unpaid obligations of Franchisee to CNI, including all unpaid fees, late payment fees and interest, promissory notes and equipment leases;

- b. All of CNI's costs of collection of such unpaid obligations, if any;
- c. The cost of upgrading Franchisee's Business to CNI's then-current standards; and
- d. All outstanding claims of Franchisee's creditors.
- e. CNI is hereby granted sixty (60) days from expiration of the term of this Agreement within which to provide notice of its exercise of these option rights.

#### 4.0 FRANCHISOR ASSISTANCE

- 4.1 Prior to opening of Franchisee's Business, CNI or its designee shall provide the following assistance and service to Franchisee:
- a. CNI will make available for sale to Franchisee an equipment package to operate the Business.
  - b. CNI will loan to you a single copy of the Manual. The Manual may be in print form, CD Rom, software copy or other formats and materials.
  - c. CNI will provide an initial training and orientation program to Franchisee.
- 4.2 During the ongoing operation by Franchisee of the Business, CNI or its designee shall provide the following assistance and services to franchisee:
- a. CNI will provide, from time to time, reasonable continuing consultation and advice regarding operation of the Business, including technical and business support during normal business hours.
  - b. Upon Franchisee's written request, CNI will provide reasonable assistance by e-mail, telephone, fax, or if the situation warrants, through on-site assistance by your Area Franchisee or CNI employee or agent. This method of assistance shall be subject to the availability of personnel and shall be at CNI's discretion.
  - c. Franchisee acknowledges that that there may or may not be an Area Franchisee within the geographic area where Franchisee's Territory is located. If there is no such Area Franchisee, CNI will directly provide services otherwise provided by an Area Franchisee.

#### 5.0 FEES

- 5.1 Franchisee shall pay to CNI the following fees:
- a. An initial franchise fee in the amount of \$21,000.00 at the execution of this Agreement and paid in consideration of the granting of the rights hereunder. The initial franchise fee is fully earned by CNI and is not refundable.  
  
An initial training fee in the amount of \$4,800 at the execution of this Agreement and paid in consideration of the granting of the rights hereunder. The initial franchise fee is fully earned by CNI and is not refundable.
  - b. **Franchisee selects, agrees and operates under the Option A Plan-**  
  
**Royalty Fee Option A:** A continuing Royalty amounting to fourteen percent (14%) of Gross Billable Hours/Rates Service Revenue (Described in item 6 and Notes in the FOC and/or Operations Manual). Following ninety days after successful completion of Training by Franchisee, the minimum Royalty shall be \$150 monthly.  
  
**Marketing Fee Option A:** A Marketing Fee of one percent (1%) of Gross Billable Hours/Rates Service Revenue (Described in item 6 and Notes in the FOC and/or Operations Manual).  
  
**Advertising Fee Option A:** An Advertising Fee of two percent (2%) of Gross Billable Hours/Rates Service Revenue (Described in item 6 and Notes in the FOC and/or Operations Manual).

c. **Franchisee selects, agrees and operates under the Option B Plan-**

**Royalty Fee Option B:** A continuing Royalty amounting to twelve (12%) of Gross Billable Hours/Rates Service Revenue (Described in Item 6 and Notes in the FOC and/or Operations Manual). And not subject to a minimum monthly Royalty.

**Marketing Fee Option B:** \$300 per month, subject to 5-10% increase each year.

**Advertising Fee Option B:** \$300 per month, subject to 5-10% increase each year.

- d. Franchisee shall pay CNI intranet access, POS system usage, administration, server maintenance fee in the amount of \$55/month, per user. At CNI's discretion, this rate is subject to change up to \$99/month, per user at any time.
- f. Franchisee shall pay Merchant Card Services fee of Gross Merchant Card Sales Revenue (Current fees range from 1.5-2.99% and fees are subject to change at any time by the current merchant card services provider).

## 5.2 Payment of Fees

- a. Royalties, Advertising Fees and Marketing Fees are payable by Franchisee to CNI immediately upon Franchisee's receipt of payment from Franchisee's Client pursuant to a Transaction.

Depending on the option plan, franchisee may be required to pay the Advertising and Marketing Fees at the 1<sup>st</sup> day of each month. Immediately or direct payment by CNI-approved transaction process as described in the operations manual as part of the Concerto Networks "System".

- b. Royalties, Advertising Fees and Marketing Fees are payable by electronic funds transfer or determined by CNI immediately after each Transaction is completed by Franchisee. Immediately or direct payment by CNI-approved transaction process as described in the operations manual as part of the Concerto Networks "System".
- c. Electronic funds transfers shall be completed through a CNI approved commercial bank, as described in the Manual as part of the Concerto Networks "System".
- d. CNI may, at its option, charge a late fee of up to \$35.00 for any Royalty, Advertising Fees or Marketing Fees that are not paid when due.
- e. CNI may, in addition, charge interest at the highest applicable legal rate for open account business credit, not to exceed one and one-half percent (1½%) per month, on any Royalty, Advertising Fees or Marketing fees that are not paid when due.
- f. All payments required hereunder shall be made without deduction or setoff.

## 6.0 COMMISSIONS PAID TO FRANCHISEES

- 6.1 Subject to the provisions hereof, CNI shall pay to Franchisee a Commission of a percentage of Gross Revenue from an Approved Sales Channel Transaction, as described in the Manual or otherwise specified in writing by CNI.
- 6.2 In order to be eligible to receive a Commission, Franchisee must claim the Client as described in the Manual.
- 6.3 Payment shall be made to Franchisee within thirty (30) days of CNI's receipt of payment for compensation of sales made through Franchisee. Upon payment of commission to Franchisee, CNI shall furnish Franchisee with a commission statement and point-of-sale report listing all billings, invoices and amounts paid.
- 6.4 CNI shall pay Commissions by electronic funds transfer through a CNI approved commercial bank.

## 7.0 OWNERSHIP OF INTELLECTUAL PROPERTY

- 7.1 Franchisee hereby acknowledges and agrees that all right, title and interest to the System and the Marks are and shall remain vested solely in CNI and that any use thereof by Franchisee shall inure to the benefit of CNI. Franchisee hereby disclaims any right or interest in the System, the Marks or in the goodwill derived therefrom. Upon termination or

expiration of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Marks.

- 7.2 Franchisee agrees not to contest, either directly or indirectly, the validity of the Marks or CNI's ownership, right, title or interest in the Marks and/or the System and/or CNI's sole right to register, use or license others to use the same.
- 7.3 Franchisee understands and agrees that any use of the Marks other than as expressly authorized by this Agreement, without CNI's prior written approval, constitutes infringement of CNI's rights therein and that Franchisee's right to use the Marks does not extend beyond the termination or expiration of this Agreement.
- 7.4 Franchisee shall not use any of the Marks, or any abbreviations or variations thereof, or any words deemed by CNI to be confusingly similar to the Marks as part of Franchisee's corporate or other business name.
- 7.5 Franchisee shall immediately notify CNI of any infringements or imitations of the Marks or the System, or of any challenges to Franchisee's use of any of the Marks or the System. CNI shall have sole discretion to take any action, administrative proceedings or litigation affecting the Marks or the System. Franchisee shall cooperate in the prosecution or defense of any such action and shall be named as a party in any such action if requested by CNI. CNI shall bear the legal expenses incidental to Franchisee's participation in such action, except for the cost of Franchisee's personal legal counsel if Franchisee elects to be represented by counsel of Franchisee's choosing.
- 7.6 CNI reserves the right, in its sole discretion, to designate one or more new, modified or replacement Marks for use by Franchisee and to require the use by Franchisee of any such new, modified or replacement Marks in addition to or in lieu of any previously designated Marks. Any expenses or costs associated with the use by Franchisee of any such new, modified or replacement Marks shall be the sole responsibility of Franchisee.

## 8.0 STANDARDS OF OPERATION

- 8.1 Franchisee shall adhere to the System. The System is described herein, in the Manual and otherwise specified in writing by CNI. CNI plans to continue to update and modify the System from time to time, as it deems advisable, in its sole judgment.
- 8.2 Franchisee shall meet all the standards and specifications, as those may change from time to time, and follow the procedures communicated in writing by CNI to Franchisee, including CNI's standards in computer hardware and software. During the term of this Agreement, Franchisee agrees to comply with such specified changes or modifications promptly upon notice from CNI, at Franchisee's cost.
- 8.3 Franchisee shall offer to its Clients only those products and services, including products and services which are required, optional or are being test-marketed by, as described in the Manual or otherwise specified in writing by CNI.
- 8.4 During the term of this Agreement, Franchisee shall purchase and maintain, at Franchisee's sole expense, a motor vehicle which complies with CNI's requirements. These requirements currently include the brand, age and color, to which is applied a designed graphics package, featuring the Concerto Networks trademark "wrapped" around the vehicle.
- 8.5 Franchisee shall do business under Franchisee's legal name followed by the initials "d.b.a." and the business name "Concerto Networks" or such other business name as designated by CNI. Franchisee shall promptly register such "d.b.a." business name at the office of the county or at such other public office as required by the laws of the state and county in which Franchisee's Business is located.
- 8.6 Franchisee shall, during the term of this Agreement, maintain access to the Internet and comply with all Internet Policies.
- 8.7 Franchisee shall, during the term of this Agreement, use the Internet website provided by CNI, and shall not establish any other Internet presence or website using the System or the Marks.
- 8.8 Franchisee shall submit to CNI in such form as required by the manual, reports containing information about Clients of Franchisee's Business. All such information, including Client lists, shall become the property of CNI and CNI shall have the right to contact such Clients for business reasons at any time.

## 9.0 CONFIDENTIAL OPERATIONS MANUAL

- 9.1 CNI shall loan to Franchisee for the term of this Agreement, the most current edition of the Manual, as well as other written standards and approved sources for the System. The Manual and all such other information shall be returned to CNI promptly upon expiration or earlier termination of this Agreement.
- 9.2 The Manual, as it may be renamed, amended, expanded and consolidated from time to time by CNI, contains mandatory operating standards, specifications and procedures as prescribed from time to time by CNI for the operation of a Concerto Networks Business. Franchisee shall strictly adhere to the standards, specifications and procedures set forth in the Manual.
- 9.3 The material contained in the Manual consists of confidential trade secrets of CNI and CNI is the owner of the Manual and all proprietary rights in and to the material and information contained therein. Such material is to be used by Franchisee only in connection with the operation of Franchisee's Concerto Networks Business.
- 9.4 The provisions of the Manual as modified from time to time and any other mandatory specifications, standards or procedures communicated in writing by CNI to Franchisee are incorporated herein and shall constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement shall include all such mandatory specifications, standards and operating procedures.

## 10.0 MARKETING AND ADVERTISING

The parties acknowledge the value of standardized marketing and advertising programs to the growth of the goodwill and public image associated with the Marks and the System and agree as follows:

### Marketing

- 10.1 CNI shall maintain and administer the Marketing Fee and shall, in its sole discretion, use such fee for national advertising and public relations, research and development, testing and pilot programs to promote the sale of existing or new products of services for the System; for promotional programs to assist specific regions or franchises; for promoting the sale of new franchises; for market research; and for producing common promotional material for use by Concerto Networks franchisees on a local, regional or national basis.

If franchisee agrees to operate under the Marketing Fee Option B Plan, \$100 or 1/3 of the \$300/Monthly Marketing Fee will be provided to the CNI designated Area Developer to promote the development of the franchise network in the designated territory and the remaining \$200 or 2/3 of the \$300/Monthly Marketing Fee will be used by CNI in its sole discretion and may use such fee for national advertising, public relations, research and development, testing and pilot programs to promote the sale of existing or new products of services for the System; for promotional programs to assist specific regions or franchises; for promoting the sale of new franchises; for market research; and for producing common promotional material for use by Concerto Networks franchisees on a local, regional or national basis.

- 10.2 CNI will not segregate the Marketing Fee in a separate account and it will be co-mingled with CNI's general operating revenues.
- 10.3 CNI shall have complete discretion as to the use and allocation of these funds, which may be used for payment of direct program costs and/or overhead expenses related to the above-described activities.

### Advertising

- 10.4 Advertising Fees will be administered by CNI.
- 10.4A If franchisee agrees to operate under the Advertising Fee Option B Plan, 100% of the \$300/Monthly or current Advertising fee will be administered by CNI and used in your franchise territory/FSA to support your local advertising campaigns or programs. You may be required to pay for the additional expenses beyond the \$300/month to support advertising campaigns for your territory/FSA.
- 10.5 At a time to be determined by CNI in its discretion, CNI will implement a national advertising program.
- 10.6 If franchisee agrees to operate under the Advertising Fee Option A Plan, until a national advertising program is implemented, one-half of the Advertising Fees will be set aside in a separate account by CNI and will not be used for any other purpose, and will be available as matching funds for use by the Ad Association as described in Section 10.8 below.

- 10.7 Franchisee shall join and participate in an Ad Association.
- 10.8 Ad Associations shall be governed as follows:
- a. CNI will have the right, in its sole discretion, to designate any geographic area for purposes of establishing an Ad Association and to determine which Ad association Franchisee is required to join.
  - b. CNI may require an Ad Association to be changed, dissolved or merged with another such association.
  - c. The Ad Association shall be organized and governed in a form and manner approved by a majority of its members and consistent with applicable law and CNI's written guidelines, if any.
  - d. No promotional or advertising plans or materials shall be used for the Ad Association or any of its members without CNI's prior written approval.
  - e. If franchise agrees to operate under the Advertising Option A Plan, the Ad Association may require its members to make contributions; provided, however, that Franchisee shall not be required to contribute more than 2% of Gross Billable Service Hours/Rates Revenues to the Ad Association.
  - f. All amounts contributed to the Ad Association by its members will be eligible for matching funds from the Advertising Fees as described in Section 10.6 above.
- 10.9 Franchisee shall comply with advertising and marketing standards established from time to time by CNI. Franchisee shall use, sell or distribute only those advertising or marketing materials, which are authorized by CNI in writing prior to use. Any advertising or marketing materials must be approved by CNI in writing prior to use.
- 10.10 Franchisee is required to advertise in the local "yellow" pages and "white" pages of the applicable telephone directory, using advertisements approved by CNI, in those categories as specified in the Manual or otherwise in writing by CNI.
- 10.11 Above and beyond the franchisee's Option A or B Plans, CNI in its sole discretion will arrange for direct mail programs for the benefit of Franchisee in Franchisee's Territory. Franchisee will reimburse CNI for such direct mail programs, provided that the cost thereof will not exceed \$4,000 in any calendar year.
- 10.12 Any advertising or other presence or promotion by Franchisee on the Internet must comply with CNI's Internet Policies.
- 10.13 Franchisee shall use the Marks, trade styles, color combinations, designs, symbols and slogans only in the manner and to the extent specifically permitted by this Agreement, the Manual or otherwise by written consent of CNI. CNI reserves the right to approve all advertising or promotional materials, such as signs, stationary, business cards, forms and supplies which were not provided by CNI but which contain or use the Marks. All advertising (including Internet advertising), publicity signs, decoration, furnishings, equipment or other materials employing in any way the Marks must be approved in writing by CNI prior to publication or use.
- 10.14 CNI will, upon written request, provide a statement to Franchisee of the annual receipts and expenses of all Advertising Fees received in the prior fiscal year. This financial statement need not be audited.

## 11.0 STATEMENTS, RECORDS, PAYMENTS AND AUDIT

### 11.1 Statements and Records

- a. Franchisee shall make reports and keep records concerning the financial operation of Franchisee's Business as described below and in the Manual. Franchisee agrees to use forms as designated by CNI and to complete such forms in a manner satisfactory to CNI.
- b. Franchisee shall supply CNI with yearly financial information on forms and in a format designated by CNI.
- c. Franchisee shall maintain copies of all tax returns and accounting records as described in the Manual and as required by the IRS and any other taxing authority.
- d. Franchisee shall maintain true and accurate accounts and records of all Transactions of the Business in a form satisfactory to CNI.

- e. Franchisee shall maintain records of the Business either in accordance with an accounting system designated by CNI or with an accounting system, which conforms to generally accepted accounting principles. Franchisee shall be responsible for the expense of maintaining such accounting system.
- f. Franchisee shall file all Federal, State and local reports and returns as required by law and as described in the Manual.
- g. Franchisee shall provide to CNI copies of any such reports, returns or records upon request.

## 11.2 Audit

- a. CNI shall have access to Franchisee's POS computer data and related information by means of direct access in person, via the Internet or by other means as described in the Manual.
- b. Franchisee grants to CNI or its representatives the right, at any time, to conduct an examination and audit of all of Franchisee's financial books and records relating to Franchisee's Business, and to make copies. Franchisee shall cooperate with the audit process and make a knowledgeable representative of Franchisee available to CNI to answer questions and explain transactions.
- c. Such audit shall be at CNI's expense; provided however that Franchisee shall pay the reasonable cost of any audit where such audit discloses that Franchisee has paid less than 95% of the Royalties, Advertising Fees or Marketing Fees due in the audited period.
- d. Franchisee shall immediately pay the amount of any deficiency, plus interest at the rate set forth herein for late payments from the date such deficiency was due, as well as the cost of the audit.
- e. In connection with any audit, Franchisee further agrees and authorizes any vendors with whom Franchisee does business to release to CNI or CNI's representative any information, reports or data that any such vendor may obtain from Franchisee in connection with providing goods or services to the Franchisee.

## 12.0 REPRESENTATIONS, WARRANTIES AND COVENANTS

12.1 During the term of this Agreement, Franchisee, its principals and each guarantor hereof covenants:

- a. To use best and continuing efforts to promote and develop Franchisee's Business;
- b. To devote sufficient time and attention to ensure proper management of Franchisee's Business;
- c. To maintain a sufficient number of competent, conscientious, trained staff to operate Franchisee's Business;
- d. To comply with all applicable laws;
- e. To attend, at Franchisee's expense, all regional meetings as arranged by CNI or your Area Franchisee and to attend and participate in CNI's annual convention;
- f. To arrange for Franchisee's manager and other employees to attend and complete such training as required by CNI from time to time; and
- g. During the term of this Agreement, not to engage in any business other than operation of Franchisee's Concerto Networks Business.

12.2 Franchisee agrees that Franchisee or its principals will not, for a period of two (2) years after expiration or termination of this Agreement, either directly or indirectly, by virtue of being an employee, proprietor, partner, stockholder, agent, principal, owner, part-owner, co-venturer, officer, director, manager, operator, financier, salesperson, or other participant (including through family relationships):

- a. Be associated with a competing business within a fifty mile radius of any existing Concerto Networks franchised business;
- b. Directly or indirectly solicit business or make contact with customers of any Concerto Networks business for any competitive purpose; or

- c. Persuade, entice, or attempt to persuade or entice any employee of a Concerto Networks franchised business to discontinue their employment.

- 12.3 Franchisee and all its principals executing this Agreement shall be liable jointly and severally for the performance of Franchisee's obligations under this Agreement.
- 12.4 Franchisee has furnished CNI with a true, accurate and complete description of its ownership structure. This ownership structure shall remain unchanged during the term of this Agreement, unless modified in compliance with the provisions of this Agreement.
- 12.5 Franchisee affirms that all information set forth in applications, financial statements and submissions to CNI is true, accurate and complete in all respects, and franchisee acknowledges that CNI is relying upon the truthfulness, accuracy and completeness of such information in initially granting the franchise.

### 13.0 TRANSFER AND ASSIGNMENT

#### 13.1 By CNI

CNI may assign all of its right, title and interest in and to this Agreement, and the rights hereunder shall inure to the benefit of its successors and assigns, provided that any such successors and assigns shall agree in writing to assume all of CNI's obligations hereunder. Such assignment shall discharge CNI from any further obligations hereunder.

#### 13.2 By Franchisee

The rights and duties created by this Agreement are those of Franchisee or its principals and CNI has entered into this Agreement in reliance on many factors, including the character, skill, aptitude and business and financial capacity of Franchisee and its principals. Accordingly, Franchisee shall not, without CNI's prior written consent, directly or indirectly, sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement, Franchisee's Business, the premises where Franchisee conducts its Business, or any equity or voting interest in Franchisee. Any such purported or attempted transfer occurring by operation of law or otherwise, including any transfer by a trustee in bankruptcy, without CNI's prior written consent, shall be a material default of this Agreement, Franchisee shall not permit Franchisee's Business to be operated, managed, directed or controlled, by any person other than Franchisee, without the prior written approval of CNI.

- 13.3 Franchisee recognizes that there are many objective and subjective factors that comprise the process by which CNI selects a suitable franchisee. The consent of CNI to a transfer by Franchisee shall remain within CNI's discretion, but the conditions for approval by CNI of such transfer shall include, but will not be limited to, the following:
  - a. Franchisee and the proposed transferee must complete, execute and comply with all requirements of CNI's then-current transfer packet;
  - b. The proposed transferee must be a person or entity that meets CNI's then-current standards or qualifications with respect to new applicants for franchised Concerto Networks businesses;
  - c. The proposed transfer must be at a price and upon terms and conditions as CNI, in its sole judgment, shall deem reasonable, and Franchisee acknowledges that CNI shall have the right to advise a prospective transferee if, in CNI's sole opinion, the proposed sale price appears to be grossly excessive;
  - d. As of the effective date of the proposed transfer, all obligations of Franchisee hereunder and under all other agreements between franchisee and CNI must be fully satisfied;
  - e. The proposed transferee must execute a new franchise agreement, in CNI's then-current form, for a full ten (10) year initial term;
  - f. The Transfer Fee and prorated Renewal Fee must be paid in full;
  - g. Transferee must complete CNI training and pay the then-current Training Fee;
  - h. At or prior to transfer, Franchisee's Business must be upgraded, if necessary, to CNI's then-current standards and specifications;

- i. Franchisee shall enter into a General Release which will release CNI from any and all suits, claims or causes of action arising from or in any way connected with the sale or operation of Franchisee's Business during Franchisee's ownership; and
- j. Neither Franchisee nor the prospective transfer shall have any right of action against CNI for reasonably denying approval of any proposed transfer.

#### 13.4 CNI's Right of First Refusal

If Franchisee desires to make a transfer of any interest in Franchisee's Business for value, Franchisee shall, at least sixty (60) days prior to such proposed sale or transfer, notify CNI in writing. Said notice must set forth the name of the proposed purchase, a description of the offered property, all terms and conditions of the proposed sale, and must be accompanied by a fully completed CNI transfer packet, including a fully executed purchase and sale agreement. The purchase and sale agreement must explicitly state that its effectiveness is contingent upon CNI's waiver of its right of first refusal as described herein and upon CNI's consent to the transaction. The sixty- (60) day notice period shall commence upon receipt by CNI of all required documents.

- 13.5 Within the sixty- (60) day notice period, CNI may elect to purchase the offered property (as applicable) on the same terms and conditions set forth in the notification, including the purchase and sale agreement. In the event that CNI exercises its right of first refusal and elects to purchase the offered property, the closing shall take place on the earlier of the date stated in the notice of proposed transfer or ninety (90) days following CNI's receipt of all requirements as described above.

- 13.6 If CNI does not exercise its right of first refusal, CNI shall notify Franchisee within the proposed transfer has been approved. Such approval shall not be unreasonably withheld upon compliance with CNI's transfer requirements as described herein.

- 13.7 If Franchisee desires to assign their rights under this Agreement and the assets of Franchisee's Business to a business entity such as a corporation or LLC which is owned or controlled by Franchisee, such assignment may only be made with CNI's prior written consent. Franchisee understands and agrees that conditions of CNI's consent to any such assignment include the following:

- a. The new business entity must execute such documents as CNI may require, whereby the new business entity assumes all Franchisee's obligations under this Agreement;
- b. The principals must personally guarantee and covenant to ensure compliance by any such new business entity with the terms and obligations of this Agreement;
- c. The principals will continue to be obligated to personally supervise the Business;
- d. Franchisee must deliver to CNI certified copies of the Articles of Incorporation or Association of the proposed assignee;
- e. Franchisee must pay the Incorporation Fee;
- f. Franchisee is prohibited from using any combination of "Concerto" or "Networks" or any other Mark or variation thereof in the name of the business entity.

- 13.8 In the event of death or incapacity of Franchisee or its controlling principals, the heirs or representatives shall have six (6) months from the date of death or incapacity to:

- a. agree to the terms of the then-current CNI franchise agreement (except that the term shall be the balance of the ten(10) year term); or
- b. transfer Franchisee's rights under this Agreement to a third party approved by CNI.

## 14.0 DEFAULT AND TERMINATION

### 14.1 Termination by Franchisee

Franchisee may not terminate this Agreement prior to the expiration of its term except through the dispute resolution process set forth in Section 23. In the event Franchisee claims that CNI has failed to meet any obligation under this Agreement, Franchisee shall provide CNI with written notice of such claim, within one year of its occurrence, specifically

enumerating all alleged deficiencies and providing CNI with a reasonable opportunity to cure. Failure to give such notice shall constitute a waiver of any such alleged default.

#### 14.2 Termination by Franchisor

CNI has the right to terminate this Agreement for good cause, which includes, but is not limited to, any event of default described below.

#### 14.3 Immediate Termination

Franchisee agrees that this Agreement and the franchise relationship may be terminated by CNI, in its sole discretion, immediately with or without written notice of termination to Franchisee based upon the occurrence of any of the following acts, omissions or conditions:

- a. Franchisee makes a general assignment for the benefit of creditors, or, Franchisee files a petition in bankruptcy, or such a petition is filed against and consent to by Franchisee, all without dismissal within thirty (30) days of filing;
- b. Franchisee's bank accounts, property or accounts receivable are attached;
- c. Execution is levied against Franchisee's Business or other property of Franchisee;
- d. Franchisee abandons Franchisee's Business by failing to operate the Business as required by this Agreement and the Manual;
- e. Franchisee makes a material misrepresentation or omission in the application for the franchise granted or in any information provided to CNI pursuant to this agreement or in the course of Franchisee's operation of the Business;
- f. Franchisee is convicted or pleads no contest to any crime or offense that might adversely affect the goodwill associated with the Marks;
- g. Franchisee has engaged in an action or a failure or refusal to act which endangers public health or safety;
- h. Franchisee receives from CNI three (3) or more notices of default of this Agreement during any twelve (12) month period, whether or not such defaults are cured; and
- i. Franchisee engages in activity, which reflects adversely on the value or reputation of the System or the Marks.

#### 14.4 Termination After Notice

CNI shall also have the right to terminate this Agreement if after thirty (30) days notice, Franchisee fails to cure any of the following conditions:

- a. Franchisee makes any unauthorized use of the Marks or any unauthorized use or disclosure of any Confidential Information;
- b. Franchisee violates any law, ordinance or regulation relating to the operation of Franchisee's Business;
- c. Franchisee fails to maintain and operate the Business in accordance with CNI's standards and specifications or offers or sells any product or service which does not conform to CNI's standards and specifications;
- d. Franchisee fails to pay when due any Royalty, Advertising Fee, Marketing Fee or any other fee payable under this Agreement;
- e. Franchisee fails to submit proper and complete reports, including all financial reports and statements when due;
- f. Franchisee submits any information to CNI, to any financial institution or to any governmental authority which contains any inaccurate, incomplete or misleading statements, or omits any material fact necessary in order to make the statements made not misleading;

- g. Franchisee attempts to transfer Franchisee's rights under this Agreement or attempts to close any transaction to transfer such rights without the prior written consent of CNI;
  - h. Franchisee fails to comply with any other provision of this Agreement or defaults under any other agreement or financial obligation owing to CNI;
  - i. Franchisee defaults or is in material breach of the terms of any national agreement with a CNI-approved vendor; or
  - j. Franchisee engages in activity involving dishonesty or moral turpitude.
- 14.5 CNI's rights as stated in this Section shall be without prejudice to any other rights or remedies provided by law or under this Agreement.
- 14.6 If any applicable law or rule requires greater prior notice of termination, the prior notice required by such law or rule shall be substituted for the notice requirements herein.
- 14.7 CNI's failure to terminate this Agreement upon the occurrence of one or more of the above events shall not constitute a waiver or otherwise affect the right of CNI to terminate this Agreement because of any other occurrence of one or more of the events set forth above.

#### 15.0 CNI'S RIGHTS UPON FRANCHISEE'S DEFAULT

Upon Franchisee's default under this Agreement as set forth above, and after failure to cure, if applicable, in addition to all other rights and remedies, CNI may, at its option:

- a. terminate this Agreement; or
- b. commence proceedings for damages.

#### 16.0 OBLIGATIONS UPON EXPIRATION OR TERMINATION

- 16.1 Upon expiration or termination of this Agreement, Franchisee shall immediately:
- a. Cease to operate the Business, cease to use the System and Marks in any form, cease to hold out as a Franchisee of CNI and shall not use or identify in any business name, the words "Concerto" or "Networks" in any combination, form or fashion. Franchisee shall take such action as CNI may require you to accomplish the foregoing;
  - b. Pay all sums due to CNI;
  - c. Pay all sums required to satisfy in full all obligations, trade accounts, promissory notes, financing agreements and equipment leases owing to CNI;
  - d. Submit such reports, at your expense, as CNI requires through CNI's official or unofficial audit processes, including but not limited to profit and loss statements for the two year period preceding the date of termination, business plans, federal and state tax records, receipts, invoices, customer records, activity calendars, etc. as requested by CNI;
  - e. Return to CNI or to its designee, at your expense, the Manual, Confidential Information, proprietary hardware, software, computer disks and all other trade secrets and other confidential information and instructions delivered to Franchisee and all copies thereof;
  - f. Surrender to CNI, at your expense, such stationery, printed matter, signs and advertising materials containing the CNI name and/or Marks, as may be requested by CNI;
  - g. Take such action as may be requested by CNI, including:
    - (i) At your expense, transfer and assign the business telephone number, fax number, business Internet e-mail address and any other identifying information, listings or commercial holding out for Franchisee's Business to CNI or its designee;

- (ii) At your expense, disconnect and forward all such telephone numbers and Internet addresses to CNI;
- (iii) At your expense, transfer "white" and "yellow" page telephone listings, references and advertisements and all trade and similar name registrations and business licenses to CNI and cancel any interest which Franchisee may have in the same.

- 16.2 In the event of termination or expiration of this Agreement, Franchisee hereby authorizes and appoints CNI to act as special agent or attorney-in-fact for Franchisee to transfer any listed telephone and fax numbers, transfer "white" pages and "yellow" pages listings, e-mail address, Internet presence and any other identifying information, listings or commercial holding out relating to Franchisee's Business.
- 16.3 In the event of termination or expiration of this Agreement, Franchisee hereby authorizes CNI to notify Franchisee's customers, vendors, suppliers, landlord, banks, local advertisers and any other appropriate party that this Agreement has been terminated.

## 17.0 INSURANCE

- 17.1 During the term of this Agreement and any renewals thereof, Franchisee shall maintain, at Franchisee's sole expense, the types of insurance described in the Manual or otherwise described in writing by CNI. Such insurance must be in such amounts as may be required by CNI from time to time, issued by a company acceptable to CNI and must designate CNI as an additional named insured. Such insurance must include the following:
- a. Comprehensive general liability insurance covering the operation of Franchisee's Business, with limits per occurrence of \$1,000,000.00 as to bodily injury and general liability, and \$300,000.00 as to property damage;
  - b. All risk coverage insurance on the equipment, fixtures and supplies of Franchisee's Business on full repair or replacement value basis;
  - c. Employer's liability and worker's compensation insurance as required by the laws of the state in which Franchisee's Business is located;
  - d. Automobile insurance with an insurance carrier approved by CNI, with coverage for liability for personal injury and property damage in an amount of not less than \$1,000,000.00, and full value coverage for comprehensive, collisions, theft, and uninsured motorists coverage; and
  - e. Business interruption insurance in amounts equal to at least the average quarterly Royalty paid to CNI.
- 17.2 Franchisee shall submit to CNI a certificate of such insurance, describing and conforming to the required coverage's set for above, each of which shall contain a statement by the insurer that the policy will not be cancelled or materially altered without at least thirty (30) days prior written notice to CNI.
- 17.3 If Franchisee fails to comply with the insurance requirements herein, CNI may, but is not obligated to, obtain such insurance and keep the same in force and effect, and Franchisee shall pay CNI, on demand, the cost thereof.

## 18.0 COMPLIANCE WITH LAW AND OBLIGATIONS

- 18.1 Franchisee shall comply with all federal, state and local laws, rules and regulations and timely obtain any and all permits, certificates and licenses for the full and proper conduct of Franchisee's Business pursuant to the terms of this Agreement.
- 18.2 Franchisee shall pay promptly when due, all taxes, accounts, and indebtedness of any kind incurred by Franchisee in the conduct of its Business, and Franchisee shall indemnify, defend and hold CNI harmless from any and all claims, losses, damages, causes of action and liabilities with respect thereto.
- 18.3 Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of Franchisee's Business.

## 19.0 INDEMNIFICATION AND INDEPENDENT CONTRACTOR

- 19.1 Franchisee shall, at Franchisee's sole cost, defend and indemnify CNI (if CNI is brought in), its affiliates, and their respective shareholders, directors, officers, employees, agents, attorneys, accountants, successors and assigns, and hold each of them harmless from and against, and reimburse them for, all losses, claims, liabilities, obligations,

damages, attorneys' fees, costs, settlement amounts, judgments, lost profits, charges, expenses and taxes based upon, arising out of, or in any way related to the operation of Franchisee's Business, Franchisee's acts or omissions, or the breach by Franchisee of any provision of this Agreement. CNI and its affiliates have the right to defend and/or settle any such matter in such manner, as they deem appropriate, in their sole discretion, and without the consent of Franchisee. Franchisee shall also reimburse each of the foregoing indemnified parties for all costs reasonably incurred in investigating and defending any such matter, including without limitation, attorneys' fees and court costs. This Section shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

- 19.2. In all dealings with third parties, including without limitation, employees, suppliers and customers, Franchisee shall disclose in an appropriate manner acceptable to CNI that Franchisee is an entity licensed by CNI under this Agreement. Nothing in this Agreement is intended by the parties to create a fiduciary relationship between them; nor to constitute Franchisee an agent, legal representative, subsidiary, joint ventures, partner or employee of CNI for any purpose whatsoever. It is understood and agreed that Franchisee is an independent contractor, and is in no way authorized to make any contract, warranty or representation or to create any obligation on behalf of CNI. Neither CNI nor Franchisee shall act as agent for the other and neither CNI nor Franchisee shall guarantee the obligations of the other or in any way become obligated for the debts or expenses of the other.

## 20.0 WAIVERS, FORMS OF AGREEMENT AND AMENDMENT

- 20.1 No failure of CNI to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of CNI's right to demand exact compliance with any of the terms herein. No waiver or approval by CNI of any particular breach or default by Franchisee, nor any delay, forbearance or omission by CNI to act or give notice of default or to exercise any power or right arising by reason of such default hereunder, nor acceptance by CNI of payments due hereunder shall be considered a waiver or approval by CNI of any preceding or subsequent breach or default by Franchisee of any term, covenant or condition of this Agreement.
- 20.2 No warranty or representation is made by CNI that all CNI franchise agreements heretofore or hereafter issued by CNI do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee recognizes and agrees that CNI may, in its reasonable business judgment, due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other CNI franchisees in a non-uniform manner.
- 20.3 Except as otherwise provided in this Agreement, no amendment, change or variance from this Agreement shall be binding on either Franchisee or CNI except by mutual written agreement.

## 21.0 ACCESS AND INSPECTION

Franchisee agrees that CNI or its designated agent shall be permitted, with or without notice, full and complete access during business hours to enter Franchisee's Business and observe, inspect, photograph and videotape Franchisee's Business. CNI shall also be permitted to inspect and photocopy any books, records and documents relating to the operation of Franchisee's Business. Franchisee shall cooperate with CNI in connection with any such inspections. CNI shall exercise its rights under this section in a manner intended to minimize interference with the operation of Franchisee's Business.

## 22.0 NOTICES

All notices and other communications (including notices of default or termination) permitted or required to be delivered by the provisions of this Agreement shall be deemed delivered: (a) at the time personally delivered to CNI's Corporate Office or Franchisee's address as described in this Agreement; (b) on the next day after placing in the hands of a commercial courier service or the United States Postal Service for next day delivery; or (c) five days after placement in the United States Mail by Certified Mail, Return Receipt Requested, postage prepaid and addressed to CNI's Corporate Offices or Franchisee's address, or on the date of actual receipt, whichever is earlier.

## 23.0 GOVERNING LAW AND DISPUTE RESOLUTION

- 23.1 Validity:
- a. This Agreement shall become valid when executed and accepted by CNI in San Diego, California; it shall be deemed made and entered into in the State of California and shall be governed and construed under and in accordance with the laws of the State of California; provided, however, that where a provision of this Agreement is unenforceable under California law, including, but not limited to the covenant not to compete in

Section 12, such provision shall be governed and construed under the law of the state in which Franchisee's Business is located.

- b. Exclusive venue and jurisdiction of any suit arising hereunder, as set forth in Section 23.3 below, and for all actions enforcing the arbitration provisions in Section 23.2 shall lie within the courts of the State of California located in San Diego or within the courts of the United States of America located within the Southern District of California.

#### 23.2 Arbitration:

- a. Except for controversies, disputes or claims set forth in Section 23.3, below, every claim or dispute arising out of or relating to the negotiation, performance or non-performance of this Agreement including, without limitation, any alleged torts, and specifically including any claims regarding the validity, scope, and enforceability of this Section shall be determined by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), or as otherwise agreed by the parties. The place of arbitration shall be San Diego, California.
- b. In the event of any such claim or dispute, the parties shall first attempt to resolve the matter through good faith, informal negotiations, including non-binding mediation. In the event that the parties are unable to resolve the dispute, either party hereto may demand arbitration by written notice to the other party and to the AAA in San Diego.
- c. The parties shall mutually agree on one arbitrator. If the parties cannot so agree, the single arbitrator shall be selected by the AAA. The costs of arbitration are to be shared equally by the parties. Each party shall be responsible for its own costs and attorneys' fees.
- d. The arbitrator shall not have any power to alter, modify or change any of the terms of this Agreement or to grant any remedy which is either inconsistent with or prohibited by the terms of this Agreement, or not available in a court of law. The arbitrator shall not have the authority to commit errors of law or errors of legal reasoning. In addition, the arbitrator shall have no power or authority to award punitive, consequential or incidental damages.
- e. The arbitrator shall, within thirty (30) days after the matter has finally been submitted to him or her, render a written decision making specific findings of fact and setting forth the reasons for the decision which shall be consistent with the terms of this Agreement. The parties intend that this agreement to arbitrate be valid, binding, enforceable and irrevocable. The terms of this Section shall survive the termination or expiration of this Agreement. Judgment on any award of the arbitrator shall be binding and may be entered in any court having jurisdiction thereof.

23.3 CNI shall have the right to proceed to any court of competent jurisdiction and seek appropriate remedies, including, but not limited to, damages, repossession, foreclosure, specific performance, and injunctive relief, in the following instances:

- a. Conduct or threatened conduct which may cause CNI, the System, or the Marks irreparable harm;
- b. Franchisee's infringement, misuse or inappropriate use of CNI's Marks (including but not limited to actions seeking relief under the Trademark Act of 1946, as amended, 15 U.S.C. §§ 1051 - 1127), copyrights, trade dress, trade secrets, or other proprietary or confidential information;
- c. Abandonment of Franchisee's Business;
- d. Any failure to properly 'de-identify' upon expiration, termination, or abandonment, if any;
- e. Any actions by CNI as a secured creditor under applicable law under any promissory notes, equipment leases, or other secured obligations; and
- f. Any actions by CNI under applicable bankruptcy law.

CNI may be granted injunctive relief without the necessity of a bond, but upon notice. Nothing in this Section will prohibit CNI from asserting the same or similar claims as a defense or counterclaim in any arbitration proceeding.

**24.0 SEVERABILITY AND CONSTRUCTION**

- 24.1 If any other provision of this Agreement or any Exhibit or other document referred to herein is declared by an arbitrator or court of competent jurisdiction to be invalid or unenforceable under applicable law, CN! shall have the right, in its sole discretion, to modify such invalid or unenforceable provision to the extent required to render such provision valid or enforceable, including without limitation the right to delete the provision in its entirety. The remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this Section shall operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents, which may be reasonably required to effectuate fully the provisions hereof.
- 24.2 This Agreement and all other writings referred to herein, including the Exhibits and Manual, contains the entire agreement of the parties pertaining to the subject-matter hereof and no representations, inducements, promises, or agreements, oral or otherwise, between the parties not set forth herein shall be of any force and effect.
- 24.3 The table of contents, headings and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. All terms used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each Section of this Agreement shall be construed independently of any other section or provision of this Agreement.
- 24.4 This Agreement may be not be modified except by a writing signed by all parties.

## 25.0 DEFINITIONS

In this Agreement, the following words and phrases shall have the following meanings:

**“Ad Association”**

a regional advertising association comprised of CNI franchisees in a geographic area determined by CNI, which administers regional advertising and develops standardized materials for use by its members in local and regional advertising, as described in Section 10.8

**“Advertising Fee”**

a fee payable pursuant to Section 5 of this Agreement.

**“Approved Sales Channel Transaction”**

a transaction whereby a Client purchases goods and services from a CNI-approved vendor, through a CNI-approved sales channel, pursuant to the requirements described in the Manual.

**“Area Franchisee”**

a person who has executed an Area Franchise Agreement with CNI, which grants Area Franchisee certain rights and provides for Area Franchisee to fulfill certain obligations to provide training, assistance, support and guidance to Franchisee.

**“Business”**

a franchised business using the System and the Marks pursuant to the terms of this Agreement.

**“Client”**

a person with whom Franchisee conducts a transaction pursuant to the terms of this Agreement.

**“Commission”**

a payment from CNI to Franchisee for Approved Sales Channel Transactions completed pursuant to this Agreement and the Manual.

**“Concerto Networks Business”**

A franchised business offering mobile, on-site information technology products and services, operated pursuant to a Franchise Agreement with CNI.

**“Confidential Information”**

the business methods and trade secrets that comprise the System, including sales techniques, pricing, advertising format, accounting systems, operation systems, policies, procedures, systems, compilations of information, records, specifications, manuals and other information received by Franchisee from CNI.

**“CNI”**

Concerto Networks, Inc. a California corporation, the Franchisor under this Agreement.

**“CNI’s Corporate Office”**

610 West Ash Street, Suite 1501, San Diego, CA 92101

**“Effective Date”**

the date this Agreement was executed by Franchisee

**“Gross Revenues”**

the total of all receipts for all billable services provided by or through the Business, including cash, credit and electronic funds transfer sales and consisting of all amounts received or invoiced for services, goods or merchandise sold by Franchisee, as specified in the Manual or otherwise in writing by CNI, as amended from time to time.

**“Incorporation Fee”**

a fee currently in the amount of \$100, or as otherwise amended and payable to CNI pursuant to Section 13.7

**“Internet”**

the interactive, multimedia, global communications network.

**“Internet Policies”**

CNI’s policies and procedures regarding the Internet as specified in the Manual or otherwise communicated to Franchisee in writing.

**“Manual”**

the confidential operations manual which describes the System and is loaned to Franchisee during the term of this Agreement.

**“Marks”**

the following trademarks:

**“Concerto Networks®”**

**“Consistent Quality Service”**

**Others described and updated in the operations manual**

and such other trademarks, service marks, trade names, logos and/or indicia of origin as CNI may authorize Franchisee to use from time to time.

**“Marketing Fee”**

a fee payable to CNI pursuant to Section 5 of this Agreement.

**“POS”**

point of sale device which records Transactions of the Business as they occur.

**“Renewal Fee”**

a fee payable to CNI at the time of renewal pursuant to Section 3.3.

**“Royalty”**

a fee payable to CNI pursuant to Section 5 of this Agreement.

**“System”**

the system developed by CNI for operation of Concerto Networks Businesses. The system is described herein, in the Manual and otherwise specified in writing by CNI. CNI may continue to update and modify the system from time to time, as it deems advisable, in its sole judgment.

**“Territory”**

that certain territory discussed in Section 2, the specific boundaries of which are described in Exhibit A attached hereto.

**“Transaction”**

a business transaction between Franchisee and their client, whereby products or services are provided by Franchisee pursuant to the terms of this Agreement.

**“Transfer Fee”**

a fee payable to CNI by Franchisee in the event Franchisee wishes to assign Franchisee’s rights under this Agreement pursuant to section 13 of this Agreement.

**26.0 State Law Addenda****26.1 Scope of State Law Addenda**

Franchisor and Franchisee acknowledge that certain state statutes have been enacted in various states, which are intended to supersede certain specific provisions of this Agreement. CNI and Franchisee agree that provisions of the State Law Addenda set forth below may supersede specific provisions in this Agreement, which are inconsistent with or contrary to the specific state laws. The following State Law Addenda apply only to those Agreements executed with residents of each respective state. For further information about your state's franchise laws, please consult your attorney.

**26.2 Presumption of State Residency**

For purposes of determining the applicability of the following State Law Addenda, a Franchisee shall be conclusively presumed to be a resident of the state in which Franchisee's Concerto Network's Business is located, as provided in this Agreement, unless at the time Franchisee executes this Agreement, Franchisee notifies CNI in writing that Franchisee is a resident of another state.

**26.3 California Addendum**

For a Franchisee who is a resident of California, California law provides as follows:

California Business and Provisions Code Sections 20000 to 20043 provide rights to Franchisee concerning termination or non-renewal of a franchise. If this Agreement contains a provision that is inconsistent with this California law, the California law will control.

**26.4 Illinois Addendum**

For a Franchisee who is a resident of Illinois, Illinois law provides as follows:

- a. This Agreement is to be construed under and governed by the laws of the State of Illinois including but not limited to the Illinois Franchise Disclosure Act.
- b. Venue and jurisdiction for all actions enforcing this Agreement are in the State of Illinois except for those actions submitted to arbitration at a location chosen by mutual agreement and which does not conflict with Section 4 of the Illinois Franchise Disclosure Act.

**26.5 Maryland Addendum**

For a Franchisee who is a resident of Maryland, Maryland Law provides as follows:

- a. Any general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- b. Lawsuits for claims arising under the Maryland Franchise Registration and Disclosure Law may be brought in Maryland.

**26.6 Minnesota Addendum**

For a Franchisee who is a resident of Minnesota, Minnesota law provides as follows:

- a. Franchisor must comply with Minnesota Statutes, Section 80C. 14, Subdivisions 3, 4 and 5, which require, except in certain specified cases, that Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of this Agreement
- b. Arbitration proceedings may, by mutual agreement, take place outside of Minnesota. The arbitration clause in this Agreement shall not in any way abrogate or reduce any right of Franchisee, as provided under Minnesota Statutes, Chapter 80C, including the right to submit matters to the jurisdiction of Minnesota courts.
- c. Section 7 of this Agreement pertains to claims of infringement, demands and legal challenges to Franchisee's use of CNI's Marks. Minnesota law requires that Franchisor indemnify and save Franchisee harmless from any

loss, costs or expenses arising out of or related to any such claim, suit or demand against Franchisee, relating to Franchisee's use of CNI's Marks in accordance with this Agreement.

- d. Notwithstanding any terms of this Agreement, Franchisee is not required to agree to any general release as a condition for approval of any assignment, transfer or renewal of this Agreement.
- e. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit CNI from requiring litigation to be conducted outside Minnesota.
- f. Nothing in this Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
- g. The Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.
- h. Minnesota law prohibits a Franchisor from requiring a Franchisee to assent to a general release.

#### 26.7 North Dakota Addendum

For a Franchisee who is a resident of North Dakota, North Dakota law provides as follows:

- a. a requirement that a Franchisee sign a general release upon renewal of the Franchise Agreement is not enforceable;
- b. a requirement that arbitration or mediation of disputes to be held at a location that is remote from the site of the Franchisee's business is not enforceable;
- c. a requirement that a Franchisee consent to jurisdiction of courts outside of North Dakota is not enforceable;
- d. a provision that the Franchise Agreement be governed by the laws of a state other than North Dakota are not enforceable;
- e. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

#### 26.8 Rhode Island Addendum

For a Franchisee who is a resident of Rhode Island, Rhode Island law provides as follows:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

#### 26.9 South Dakota Addendum

For a Franchisee who is a resident of South Dakota, South Dakota law provides as follows:

- a. The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the state of South Dakota; but as to contractual and all other matters, this Agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the governing law of California.
- b. Venue and jurisdiction for all actions to enforce this Agreement shall be in South Dakota.
- c. Notwithstanding the provisions of Section 12 of this Agreement, Franchisee shall be given thirty (30) days written notice and opportunity to cure any breach of this Agreement, any failure to meet performance and quality standards or any failure to make payments of Royalties as required by this Agreement.

26.10 Washington Addendum

For a Franchisee who is a resident of Washington, Washington law provides as follows:

- a. 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.
- b. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 R.C.W. shall prevail.
- c. If any of the provisions in CNI's Franchise Offering Circular or this Agreement are inconsistent with the relationship provisions of R.C.W. 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provision of the Franchise Offering Circular or this Agreement with regard to any franchise sold in Washington.

In witness whereof, the parties hereto have caused this Agreement to be executed this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_\_.

<b>Franchisee Agrees and Operates their CNI franchise business by selecting ONE of the following Royalty, Advertising and Marketing Fee Option (A or B) Plans:</b>	<b>Select one</b>
Option A Plan: 14% Royalty Fee (subject to min. royalty), 2% Advertising Fee and 1% Marketing Fee:	
Option B Plan: 12% Royalty Fee, \$300/Monthly Advertising Fee and \$300/Monthly Marketing Fee:	

**CONCERTO NETWORKS, INC.**  
a California corporation

**FRANCHISEE #** \_\_\_\_\_

**#** \_\_\_\_\_

BY: \_\_\_\_\_  
**Authorized Signing Officer**

**INDIVIDUALS**

\_\_\_\_\_  
**Print Name**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**CORPORATION OR LLC**

\_\_\_\_\_  
Name of Corporation or LLC

By: \_\_\_\_\_  
Signature Title

By: \_\_\_\_\_  
Print Name

**PARTNERSHIP OR OTHER ENTITY**

\_\_\_\_\_  
Name of Partnership or other entity

By: \_\_\_\_\_  
Signature Title

By: \_\_\_\_\_  
Print Name

By: \_\_\_\_\_  
Signature Title

By: \_\_\_\_\_  
Print Name

**OWNERSHIP INFORMATION FORM**

FULL NAME(S) OF FRANCHISEE

\_\_\_\_\_

THE FRANCHISE WILL BE OWNED BY: (Check which one applies)

SOLE PROPRIETOR		Fed. Tax ID#
PARTNERSHIP		Fed. Tax ID#
CORPORATION		Fed. Tax ID#
LIMITED LIABILITY COMPANY		Fed. Tax ID#
OTHER BUSINESS ENTITY (Please Explain on a separate piece of paper)		Fed. Tax ID#

FULL NAMES OF ALL OWNERS, PARTNERS, SHAREHOLDERS OR MEMBERS AND PERCENTAGE OF OWNERSHIP INTEREST

NAME	PERCENTAGE OF OWNERSHIP	SOCIAL SECURITY NUMBER

LIST OF DIRECTORS

NAME	SOCIAL SECURITY NUMBER

LIST OF OFFICERS

NAME	TITLE	SOCIAL SECURITY NUMBER

DESIGNATED CONTACT PERSON

\_\_\_\_\_

**LIST OF SCHEDULES TO FRANCHISE AGREEMENT**

- SCHEDULE 1 – DESCRIPTION OF TERRITORY
- SCHEDULE 2 – PERSONAL GUARANTEE
- SCHEDULE 3 – NONDISCLOSURE AND CONFIDENTIALITY
- SCHEDULE 4 – TERMINATED FRANCHISES
- SCHEDULE 5 – LIST OF FRANCHISEES AND AREA DEVELOPERS
- SCHEDULE 6 – SAMPLE OF GENERAL RELEASE



**SCHEDULE "2"**

**TO THE CONCERTO NETWORKS, INC. INDIVIDUAL FRANCHISE AGREEMENT  
CONTINUING PERSONAL GUARANTEE**

As an inducement to Concerto Networks, Inc., a California corporation ("CNI"), to enter into that certain Franchise Agreement (the "Franchise Agreement") by and between CNI and Franchisee, the undersigned guarantors (Guarantors") jointly and severally, absolutely and unequivocally personally guarantee the performance by Franchisee of all obligations of Franchisee to CNI, including, without limitation, any fees, and performance of all covenants and obligations of Franchisee pursuant to the Franchise Agreement and any extensions or renewals thereof, equipment leases or sales, promissory notes and all other obligations now due CNI or hereafter incurred in favor of CNI ("Obligations") should Franchisee fail to perform. Our Obligations under this Continuing Personal Guarantee are not transferable.

Guarantors waive any right to require CNI to (a) proceed against Franchisee; (b) proceed against or exhaust any security held for any obligation of Franchisee; or (c) pursue any other remedy in CNI's power whatsoever. Guarantors shall not have any right of subrogation until all indebtedness of Franchisee to CNI shall be paid in full. Guarantors waive any right to collateral and waive any right to participate in any collateral, until all indebtedness of Franchisee to CNI shall have been paid in full.

Guarantors shall pay reasonable attorneys' fees and all other costs and expenses which may be incurred by CNI in the enforcement of this Continuing Personal Guarantee.

This is a continuing personal guarantee and it shall remain in full force until all obligations of Franchisee to CNI pursuant to the Agreement are fully performed.

In the event of any default by Franchisee or by Guarantors, Guarantors acknowledge and agree that CNI may exercise all rights of offset to recoup any obligations owed to CNI.

Guarantors subordinate any debts and obligations of Franchisee to Guarantors to all the debts and obligations of Franchisee to BDS.

Should any one or more provisions of this Continuing Personal Guarantee be determined to be illegal or unenforceable, all other provisions shall nevertheless remain effective.

This Agreement shall inure to the benefit of and bind, as the case may require, CNI, its successors and assigns, including the assignees of any credit guaranteed hereby, and Guarantor's heirs, executors, administrators, successors and assigns.

Guarantors specifically acknowledge that they have read all the terms of this Continuing Personal Guarantee, have received a true copy of it and agree to be bound by its terms.

Dated: \_\_\_\_\_ at \_\_\_\_\_ (City/State)

\_\_\_\_\_  
Signature of Individual Guarantor

\_\_\_\_\_  
Signature of Individual Guarantor

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

## SCHEDULE "3"

TO THE CONCERTO NETWORKS, INC. INDIVIDUAL FRANCHISE AGREEMENT  
NONDISCLOSURE AND CONFIDENTIALITY AGREEMENT

The undersigned ("Undersigned") acknowledges that to protect Concerto Networks Inc. ("Franchisor") trade secrets and confidential information, and has agreed to execute, and to cause certain principals and shareholders in its organization, as well as its employees and suppliers to execute this Confidentiality and Nondisclosure Agreement ("this Agreement") in favor of Franchisor. The Undersigned has read this Agreement and understands its terms and is willing to execute this Agreement in favor of Franchisor.

**Nondisclosure of Confidential Information:** The Undersigned agrees not to disclose, duplicate, sell, reveal, divulge, publish, furnish or communicate, either directly or indirectly, any Confidential Information (defined in Section (3) herein) of Franchisor herein to any other person, firm or entity, unless authorized in writing by Franchisor. The Undersigned agrees not to use any Confidential Information for its own personal gain for purposes of others, whether or not the Confidential Information has been conceived, originated, discovered or developed, in whole or in part, by the Undersigned or represents the Undersigned's work product. To the extent the Undersigned has assisted in the preparation of any information which Franchisor considers to be Confidential Information or has itself prepared or created this information, the Undersigned hereby assigns any rights that it may have in this information as its creator to Franchisor, including all ideas made or conceived by the Undersigned.

**Definition of Confidential Information:** For purposes of this Agreement, the term Confidential Information means and includes any and all:

(i) trade secrets concerning the business and affairs of Franchisor, product specifications, operation manuals, data, know-how, formulae, compositions, processes, designs, sketches, equipment, photographs, graphs, drawings, samples, inventions and ideas, past, current, and planned research and development, current and planned manufacturing or distribution methods and processes, customer lists, current and anticipated customer requirements, price lists, market studies and marketing information, business plans, computer software and programs (including object code and source code), computer software and database technologies, systems, structures and architectures (and related processes, formulae, composition, improvements, devices, know-how, inventions, discoveries, concepts, ideas, designs, methods and information), supply and service information, such as goods and services, suppliers' names or addresses, terms of supply or service contracts, or of particular transactions, or related information about potential suppliers, to the extent that this information is not generally known to the public and to the extent that the combination of suppliers or use of a particular supplier, though generally known or available, yields advantages to Franchisor, the details of which are not generally known, and any other information, however documented, that is a trade secret within the meaning of any and all Federal or State laws related to trade secrets; and

(ii) information concerning the business and affairs of Franchisor and its franchises (which includes historical financial statements, financial projections and budgets, historical and projected sales, capital spending budgets and plans, the names and backgrounds of key personnel, personnel and franchise training techniques and materials), however documented, that has been or may hereafter be provided or shown to the Undersigned by Franchisor or its franchisees, or by the directors, officers, employees, agents, consultants, advisors, or other representatives, including legal counsel, accountants, and financial advisors ("Representatives") of Franchisor (the "Franchisor Representatives"), or is otherwise obtained from review of Franchisor documents or property or discussions with Franchisor's Representatives by the Undersigned for its Representatives, irrespective of the form of the communication, and also includes all notes, analyses, compilations, studies, summaries, and other materials prepared by the Undersigned or its Representatives, containing or based in whole or in part on any information included in the foregoing. Any trade secrets of Franchisor will also be entitled to the protections and benefits under any and all Federal and State laws relating to trade secrets any other applicable law. If any information that Franchisor deems to be a trade secret is found by a court of competent jurisdiction not to be a trade secret for purposes of this Agreement, then this information will be considered Confidential Information for purposes of this Agreement. In the case of trade secrets, the Undersigned hereby waives any requirements that Franchisor submit proof of the economic value of any trade secret or post a bond or other security.

**Obligations of Undersigned:** To preserve the Confidential Information, the Undersigned agrees that it shall take reasonably prudent procedures designed to maintain in confidence and safeguard the Confidential Information, shall not use the Confidential information except in a manner consistent with this Agreement or in this manner agreed to by Franchisor in writing, shall restrict disclosure of this Confidential Information to only those of its employees, agents, or affiliates who have a demonstrable and valid "need to know", and shall advise its employees, agents, and affiliates of the confidential nature of this information.

**Return of Proprietary Materials:** Upon expiration or termination of the Franchise Agreement, the Undersigned shall surrender to Franchisor all materials in the possession of the Undersigned which is considered confidential or proprietary by Franchisor, technical or non-technical, whether or not copyrighted, which relate to the Confidential Information.

**Severability:** Each term and provision of the Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such provision is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, un-appealable ruling issued by a court, agency or tribunal with competent jurisdiction in a proceeding to which both Franchisor and the Undersigned are parties, that ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the Undersigned. Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the ruling becomes final and un-appealable.

**Remedies:** The Undersigned agrees to indemnify and hold Franchisor its affiliates, officers, directors, agents, and their shareholders harmless from any damages, loss, cost, or liability (including legal fees and the cost of enforcing this indemnity) arising out of or resulting from any unauthorized use or disclosure by the Undersigned or the Undersigned's Representatives of the Confidential Information or other violation of this Agreement. In addition, because an award of money damages (whether pursuant to the foregoing sentence or otherwise) would be inadequate for any breach of this Agreement by the Undersigned or the Undersigned's Representatives, and any such breach would cause Franchisor irreparable harm, the Undersigned also agrees that, in the event of any breach or threatened breach of this Agreement, Franchisor, will also be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance. These remedies shall not be the exclusive remedies for any breach of this Agreement but shall be in addition to all other remedies available at law or in equity to Franchisor.

**Modification:** The agreements set forth in this Agreement may be modified or waived only by a separate writing signed by Franchisor and the Undersigned, expressly modifying or waiving these agreements.

**Waiver:** The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power, or privilege shall constitute a waiver by that party. To the maximum extent permitted by applicable law, (i) no claim or right arising out of this Agreement may be discharged by either party, in whole or in part, by waiver or renunciation of the claim or right unless in writing, signed by the other party; (ii) no waiver that may be given by either party will be applicable except in the specific instances for which it is given; and (iii) no notice to or demand on one party will be deemed to be a waiver of any obligation of such or of the right of the party giving this notice or demand to take further action without notice or demand as provided in this Agreement.

**Cost:** The Undersigned agrees that if it is held by any court of competent jurisdiction to be in violation, breach, or nonperformance of any of the terms of this Agreement, then it will pay all costs of this action or suit, including reasonable attorneys' fees.

**Section Headings, Construction:** The headings of Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to "Section" or "Sections" refer to the corresponding Section or Sections of this Agreement unless otherwise specified. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms.

**Jurisdiction:** Service of Process: Any action or proceeding seeking to enforce any provision of, or based on any right arising out of this Agreement may be brought against either of the parties in the courts of the State of California, or, if it has or can acquire jurisdiction, in the United States District Court for California, and each of the parties consent to the jurisdiction of these courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served on any party anywhere in the world.

**Governing Law:** This Agreement shall be governed by the laws of the State of California without regard to conflicts of laws principles.

**Counterparts:** This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement, and all of which, when taken together, shall be deemed to constitute one and the same Agreement.

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

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

**SCHEDULE "4"****TO CONCERTO NETWORKS INC. FRANCHISE AGREEMENT TERMINATED FRANCHISES**

The following is a list of Terminated Franchises" of Concerto Networks as of December 31, 2005.

(Updated 03/31/06)

This list of "Terminated Franchises" includes every Franchise who has been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or who has not communicated with the Franchisor within 10 weeks of the above stated date. Franchises who never opened an Concerto Networks Franchise and terminated their Franchise Agreements by mutual consent are as follows:

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>	<b>Comments</b>
CN00230, Ray Yaldo	4557 Genser St.	San Diego	CA	92117	858-876-0054	Default & Terminated
CN00050, CH0050 Steve Smith & JC Harkins	4809 Clairemont Drive	San Diego	CA	92117	858-565-1034	Abandonment, Default & Terminated
CN00220, Afram Chamoun	4240 Via Dolores	Newbury Park	CA	91320	805-300-9039	Abandonment, Default & Terminated
CN00360, Shawn Hughes	Suwanee	Suwanee	GA	30024	404-992-2744	Abandonment, Default & Terminated
CN00080, David Vinas	Ashland	Ashland	OR	97520	541-301-9099	Abandonment, Default & Terminated
CN00150, Mark Orth	123 W. Griffin Creek, Rd. NE	Carnation	WA	98014	425-761-5829	Abandonment, Default & Terminated

**SCHEDULE "5"**

**CONCERTO NETWORKS INC. FRANCHISE AGREEMENT LIST OF FRANCHISEES, AREA DEVELOPERS AND INTERNATIONAL MASTER LICENSEES**

The following is a list of Concerto Networks FRANCHISEES and AREA DEVELOPERS, as of December 31, 2005.  
(Updated 03/31/06)

Single Units							
Franchisee # / Name	Address	City	ST	Zip	Phone	Alt. Phone	E-mail
CN00240 - Lanz, Tim	7526 East Tyndall Circle	Mesa	AZ	85207		(480) 215-8778	tlanz@itconcerto.com
CN00060 - Gallegos, Tony	954 South Prescott Place	Anaheim	CA	92808	(714) 612-5127		tgalegos@itconcerto.com
CN00020- Mark Marquez	310 S. Twin Oaks Valley Ste. 107	San Diego	CA	92078	(760) 809-4137	(760) 809-4137	mmarquez@itconcerto.com
CN00090 - Price, Phillip	2127 Olympic Parkway, Ste. 1006-221	Chula Vista	CA	91915	(619) 957-1100		pprice@itconcerto.com
CN00160 - Natter, Dylan	610 W. Ast St. Ste.1501	San Diego	CA	92101	(619) 726-2658	(619) 921-3400	dnatter@itconcerto.com
CN00170 - Rockwell, Eric	610 W Ash St. Ste. 1501	San Diego	CA	92101		619-921-3400	erockwell@itconcerto.com
CN00260 - Geske, Dave	PO Box 485	Lake Arrowhead	CA	92352	(909) 336-0408	(909) 855-1711	dgeske@itconcerto.com
CN00280 - Brubaker, Rollie	3853 Carnegie Drive	Oceanside	CA	92056	(760) 696-8220	(760) 696-8220	rbrubaker@itconcerto.com
CN00300- Nguyen, Diep	503 Messiah Place	Danville	CA	94526		(408) 406-2726	dnguyen@itconcerto.com
CN00430- Mkrtyan, Arsen	16834 Lahey St.	Granada Hills	CA	91344		818-482-9826	arsen@itconcerto.com
CN00030 - Hogan, Jeremiah	5036 SW 11th Place	Cape Coral	FL	33914		(239) 849-0522	jhogan@itconcerto.com
CN00040 - Hogan, Jeremiah	5036 SW 11th Place	Cape Coral	FL	33914		(239) 849-0522	jhogan@itconcerto.com
CN00340- Wood, Jim	2305 Stone Wood Court	Cumming	GA	30041	(770) 886-8868		jwood@itconcerto.com
CN00380- Fletcher, Devon	1557 Montauk Point	Conyers Rockdate	GA	30013	(401) 286-8741		dfletcher@itconcerto.com
CN00320- Roosevelt Harper	1750 Kalakaua Ave. Suite 103	Honolulu	HI	96826		808-393-3128	rharper@itconcerto.com
CN0040 - Kroemer, Herman	5304 Dial Drive	Fort Wayne	IN	46815		260-485-1967	hkroemer@itconcerto.com
CN00490- Shearer, Mark	Indianapolis	Indianapolis	IN			919-931-0121	mshearer@itconcerto.com
CN00140 - Ellis, Brian	20 Lindenwood Road	Stoneham	MA	02180-3522	(781) 568-9510	(781) 568-9510	bellis@itconcerto.com
CN00410- Greg Ball	27098 Graham Dr.	Chesterfield	MI	48047		612-719-6649	gball@itconcerto.com

CN00470- MacMartin, Scott	1420 N. Alexander Ave.	Royal Oak	MI	48067		248-629- 4210	smacmartin@itconcerto.com
CN00460- Barkley, Eve	2726 Croasdaile Rd. Suite 206B	Durham	NC	27705	919-382- 2060		ebarkley@itconcerto.com
CN00290- Jamele, Steve	333 Blackbrook Rd.	Sanbornton	NH	03269-	(603) 581-2604		sjamele@itconcerto.com
CN00100 - Clarke, Dean	31 Kensington Terrace Maplewood	Maplewood	NJ	07040-	(973) 761-6581		dclarke@itconcerto.com
CN00180 - Poplis, Mark	PO Box 352 Franklin Lakes	Franklin Lakes	NJ	07417-	(201) 327-4420	(551) 804-8701	mpoplis@itconcerto.com
CN00200 - Pegnataro, Teri	112 Colony Avenue	Park Ridge	NJ	07656-	(201) 538-5403	(201) 538-5403	tpegnataro@itconcerto.com
CN00350- Mann, JR	North Las Vegas	North Las Vegas	NV	89031	(808) 497-9408		jrmann@itconcerto.com
CN00370- Shumaker, David	Las Vegas	Las Vegas	NV	89134	(702) 510-6847		dshumaker@itconcerto.com
CN00110 - Hernandez, Roberto	3 Diamond Land, Howell, NJ 00731	Staten Island	NY	00000-	(347) 782-8265		rhernandez@itconcerto.com
CN00210 - Pollak, Steve	8011 Deershadown Lane	Cincinnati	OH	45242	(513) 252-3461	(513) 252-3461	spollak@itconcerto.com
CN00120 - Beinhaur, Jeff	155 Creekwood Drive	Camphill	PA	17011	(717) 421-6955		jbeinhaur@itconcerto.com
CN00070 - James, Robert	1109 Raven Drive	Pittsburgh	PA	15243	(412) 276-0188		rjames@itconcerto.com
CN00420 - Shaun Cook	195 W Laurel Ave.	McMinnville	TN	37110		931-575- 8597	scook@itconcerto.com
CN00400- Gary Gray	23303 Cannon Creek Trail	Tomball	TX	77377		832-257- 7103	ggray@itconcerto.com
CN00190 - Jones, Starina	PO Box 1632	Leesburg	VA	20177		(571) 437-5896	sjones@itconcerto.com
CN0330- Wolfert, Sheri	904 Susan Place	LaCrosse	WI			608-783- 7747	swolfert@itconcerto.com

Area Developers							
Franchisee # / Name	Address	City	ST	Zip	Phone	Alt. Phone	E-mail
CH0020 - Marquez, Mark Cuevas, Patrick	310 S. Twin Oaks Valley Ste. 107	San Diego	CA	92078	(760) 809-4137	(760) 809-4137	mmarquez.ad@itconcerto.com
CH0030 - Hogan, Jeremiah	5036 SW 11th Place	Cape Coral	FL	33914		(239) 849-0522	jhogan.ad@itconcerto.com
CH00460- Barkley, Eve	2726 Croasdaile Rd. Suite 206B	Durham	NC	27705		919-382-2060	ebarkley@itconcerto.com
CH0060 - Hernandez, Roberto	3 Diamond Land	Howell	NJ	07731-	(347) 782-8265		rhernandez.ad@itconcerto.com
CH0090 - Pollak, Steve	8011 Deershadown Lane	Cincinnati	OH	45242	(513) 252-3461	(513) 252-3461	spollak@itconcerto.com
CH0070 - Beinhaur, Jeff	155 Creekwood Drive	Camp Hill	PA	17011	(717) 421-6955		jbeinhaur.ad@itconcerto.com

International License							
Franchisee # / Name	Address	City	Zip	Phone	Alt. Phone	E-mail	
ML0010- New Zealand, Worsley, Justin	239 Ponsonby Rd, Ponsonby, Auckland	Ponsonby, Auckland		011-64-09-376-6599		jworsley@concertonetworks.co.nz	
ML0020- Spain, Antonio, Tutusaus	www.concertonetworks.es	Barcelona, Spain		900 101 368		tonitutusaus@telefonica.net	
ML0030- United Kingdom, Graham Williams	302 Regent Street, Office 401	London, UK		0870 067 3421		gwilliams@concertonetworks.co.uk	
ML0040- Ireland, Michael Cotter	Burnfort	Mallow, Ireland		353-87-8165690		mcotter@concertonetworks.co.ie, netlink@esatclear.ie	
ML0050- Australia Worsley, Justin	239 Ponsonby Rd, Ponsonby, Auckland	Ponsonby, Auckland		011-64-09-376-6599		jworsley@concertonetworks.co.nz	

**SCHEDULE "6"**  
**TO THE CONCERTO NETWORKS, INC. INDIVIDUAL FRANCHISE AGREEMENT**  
**GENERAL RELEASE**

**GENERAL RELEASE OF ALL CLAIMS**

This General Release of All Claims ("Release") is made by

\_\_\_\_\_ ("Franchisee") on \_\_\_\_\_, 2\_\_\_\_\_.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned Franchisee hereby releases and forever discharges Concerto Networks, Inc., its subsidiaries, affiliates, and their respective directors, officers and employees, from and against any and all liabilities, actions, rights, causes of action, judgments, suits, controversies, claims, demands, damages, costs and expenses whatsoever, in law or in equity, arising out of any matters prior to the date of execution hereof, which have ever existed, may now exist or may hereafter arise, known or unknown, foreseen or unforeseen.

Without limiting the generality of the foregoing, it is expressly understood and agreed that this Release includes any matters arising under any federal or state franchise, antitrust, trade regulation or similar law or under any state or federal security, blue sky or similar law, whether individually or as the member of any class. This Release also includes any claims of breach of contract and breach of implied covenant of good faith and fair dealing.

Franchisee recognizes that they may have some claim, demand or cause of action of which they may be unaware or unsuspecting which they are giving up by signing this Release. Franchisee further expressly waives all rights they might have under section 1542 of the Civil Code of California, which reads as follows:

"1542. Certain claims not affected by general release. A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

The undersigned Franchisee hereby certifies that he/she has read all provisions of this Release; that he/she is represented by counsel and has been advised or been afforded the opportunity to be advised of the effect of the provisions of this Release; that he/she has made such investigation and inquiry as he/she and counsel have deemed appropriate; and that he/she has executed this Release freely and without duress.

Franchisee

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date