



FEDERAL TRADE COMMISSION REGULATIONS REQUIRE ACKNOWLEDGMENT OF FRANCHISE DISCLOSURES. PLEASE SIGN, DATE, AND RETURN THE LAST PAGE OF THIS DISCLOSURE DOCUMENT TO JEFFREY A. MARTIN, **DNA SERVICES INTERNATIONAL, INC.**, 1507 KALISTE SALOOM ROAD, SUITE D, LAFAYETTE, LA 70508

IF YOU CHOOSE TO SIGN A FRANCHISE AGREEMENT, THE FRANCHISE AGREEMENT MUST BE DATED AND YOUR FRANCHISE FEE MUST BE RECEIVED AT LEAST TEN BUSINESS DAYS AFTER YOU RECEIVE, DATE AND RETURN THE DISCLOSURE ACKNOWLEDGMENT TO US. YOU MUST ALSO RECEIVE THE FRANCHISE AGREEMENT IN FINAL FORM, READY FOR EXECUTION, AT LEAST FIVE BUSINESS DAYS BEFORE YOU EXECUTE THE AGREEMENT. WE CANNOT ACCEPT ANY FUNDS, FOR ANY REASON, WITHOUT A FRANCHISE AGREEMENT SIGNED BY YOU AFTER THE APPROPRIATE WAITING PERIODS.

THANK YOU,

JEFFREY A. MARTIN
DNA SERVICES INTERNATIONAL, INC.
1507 KALISTE SALOOM ROAD, SUITE D
LAFAYETTE, LA 70508
(337) 769-1806
www.dnasoa.com

DATE THIS CIRCULAR WAS DELIVERED TO THE PROSPECTIVE FRANCHISEE:
THE ____ DAY OF _____, 200__.

INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY THE FEDERAL TRADE COMMISSION

TO PROTECT YOU, WE HAVE REQUIRED YOUR FRANCHISOR TO GIVE YOU THIS INFORMATION. WE HAVE NOT CHECKED IT AND DO NOT KNOW IF IT IS CORRECT. IT SHOULD HELP YOU MAKE UP YOUR MIND. STUDY IT CAREFULLY. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACT, DO NOT RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACT. READ ALL OF YOUR CONTRACT CAREFULLY. BUYING A FRANCHISE IS A COMPLICATED INVESTMENT. TAKE YOUR TIME TO DECIDE. IF POSSIBLE, SHOW YOUR CONTRACT AND THIS INFORMATION TO AN ADVISOR, LIKE A LAWYER OR AN ACCOUNTANT. IF YOU FIND ANYTHING YOU THINK MAY BE WRONG OR ANYTHING IMPORTANT THAT'S BEEN LEFT OUT, YOU SHOULD LET US KNOW ABOUT IT. IT MAY BE AGAINST THE LAW.

THERE MAY ALSO BE LAWS ON FRANCHISING IN YOUR STATE. ASK YOUR STATE AGENCIES ABOUT THEM.

Federal Trade Commission
Washington, DC 20590



FRANCHISE OFFERING CIRCULAR

DNA SERVICES INTERNATIONAL, INC.

A Louisiana Corporation
1507 KALISTE SALOOM ROAD, SUITE D
LAFAYETTE, LA 70508
(337) 769-1806
www.dnasoa.com

We are ***DNA SERVICES INTERNATIONAL, INC.*** a Louisiana corporation. We offer franchises to qualified individuals to own and operate a DNA Services franchise under the names "***DNA SERVICES OF AMERICA***", "***DNA SERVICES INTERNATIONAL***", "***DNA SERVICES***" and "***DNASOA***". Our franchisees offer highest quality DNA identification, paternity, and forensics testing to the public under the Service Marks (the "Method of Operation").

The Initial Franchisee Fee for an urban office territory is **\$15,000** plus **1¢** per person of population over 500,000 in the franchise territory. The Initial Franchise Fee for a rural mobile territory is **\$7,500**. Your total initial franchise investment will range from **\$40,175** to **\$103,600** for an Urban franchise and from **\$26,125** to **\$78,100** for a Rural Mobile franchise. The initial investment estimate is only approximate and initial fees are more fully described in Items 5, 6 and 7 of this Offering Circular.

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RISK FACTORS:

THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO SUE ONLY IN LOUISIANA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST MORE TO SUE WITH US IN LOUISIANA THAN IN YOUR HOME STATE.

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

WE HAVE BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME, SINCE SEPTEMBER 22, 2005. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.

YOU WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$36,150 TO \$98,400. THIS AMOUNT EXCEEDS OUR STOCKHOLDERS EQUITY AS OF AUGUST 31, 2006, WHICH IS \$_____.

Comment [RDS1]: Insert once we receive audited financial statements.

ALL INTERNET MARKETING IS PART OF OUR MARKETING PROGRAMS DESCRIBED IN THE OPERATIONS MANUAL AND DEFINED IN THE FRANCHISE AGREEMENT, AND MUST BE COORDINATED THROUGH US AND APPROVED BY US. YOU MAY NOT MARKET INDEPENDENTLY ON THE INTERNET OR ACQUIRE AN INDEPENDENT INTERNET DOMAIN NAME OR WEB SITE.

EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT "HOME STATE" LAW APPLIES, LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO ANY STATE-SPECIFIC ADDENDUM THAT MAY BE ATTACHED TO THE OFFERING CIRCULAR FOR DETAILS.

THERE MAY BE OTHER RISKS CONCERNING THE FRANCHISE.

The relevant state authorities and our agents to receive services of process are listed in Exhibit D.

Information comparing franchisers is available. Call the state administrators, listed in Exhibit D, or your public library for sources of information.

Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this offering circular. If you learn that anything in the offering circular is untrue, contact the Federal Trade Commission and Your State or Provincial authority.

This offering circular is effective:

1. Federal Trade Commission (and All States not Requiring Registration): **December 4, 2006**
2. States Requiring Registration Approval Date (not approved if blank):

California:	
Florida:	December 2, 2005
Hawaii:	
Illinois:	
Indiana:	
Kentucky:	November 23, 2005
Maryland:	
Michigan:	November 7, 2005
Minnesota:	
Nebraska:	November 7, 2005
New York:	
North Dakota:	
Rhode Island:	
South Dakota:	
Texas:	November 7, 2005
Utah:	November 8, 2005
Virginia:	
Washington:	
Wisconsin:	

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1. THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

We are **DNA SERVICES INTERNATIONAL, INC.** We are a Louisiana corporation that was formed on September 22, 2005. We do business under the names "**DNA SERVICES OF AMERICA**", "**DNA SERVICES INTERNATIONAL**", "**DNA SERVICES**" and "**DNASOA**". We do not intend to do business under any other names. **DNA SERVICES INTERNATIONAL, INC.** is called "Us" or "We" in this Uniform Franchise Offering Circular. In this Uniform Franchise Offering Circular, "You" means the purchaser of a **DNA SERVICES** franchise, and includes owners or partners of a corporation, partnership or other legal entity that purchases a franchise.

We license our franchisees in specified territories to own and operate a **DNA SERVICES** franchise under the names "**DNA SERVICES OF AMERICA**", "**DNA SERVICES INTERNATIONAL**", "**DNA SERVICES**" and "**DNASOA**." We authorize our franchisees to operate, promote and advertise businesses that offer highest quality DNA identification, paternity, and forensics testing to the public and to use our Method of Operation and Service Marks in the process.

Our affiliate DNA Services Of America, Inc. is a Louisiana corporation that was formed in April 2004. Its principal places of business are 108 Cove Circle, Lafayette, Louisiana 70508 and 1507 Kaliste Saloom Road, Suite D, Lafayette, LA 70508. Since its inception, DNA Services of America has provided DNA testing information, national sales support, and orientation to its affiliate offices. It has operated a business that is similar to the franchised business being offered since May 2004.

We retain the right to own or operate **DNA SERVICES** offices and franchises. Our majority owner operates a **DNA SERVICES** business as explained in Item 2. We do not have any predecessors.

Our principal place of business is 1507 Kaliste Saloom Road, Suite D, Lafayette, LA 70508. Our registered agents for service of process are listed in Exhibit D.

The general market for DNA testing is developing. Your potential customers will include individuals seeking DNA identification testing and DNA forensics testing, including paternity testing, DNA banking, DNA safeguarding, semen detection and infidelity testing. Noting that the primary income-generator for affiliate branches has been paternity tests, demographics such as unwed birth rates, income levels and education levels should be considered for site selection and marketing.

The principal sources of direct competition for **DNA SERVICES** franchises are genetic laboratories that often market their services through telephone book advertising and hospital referral systems.

The American Association of Blood Banks regulates the laboratories with which we have ongoing relationships, but not the franchised **DNA SERVICES Service Centers**. You must comply with all laws, rules and regulations regarding privacy of non-public personal information. There are no other regulations that are specific or unique to our industry or your franchise operations.

Deleted: collection sites

Although paternity testing comprises the large majority of DNA Services' composition, the list of services extends far beyond the field of paternity and can be offered to a wide variety of clientele.

For each service offered, focus is on the highest standards of quality in the collection process, accurate test results, strict confidentiality, and competitive pricing in each of the following services:

DNA Paternity Testing

Legally Admissible Test: This paternity test involves the collection of DNA samples under strict "chain of custody" collection methods to enable clients to resolve paternity-related issues in a court of law. These chain of custody methods, which you must follow, are outlined in the Operations Manual. The test provides the court-required proof that the samples were collected from the parties involved in the legal dispute. After collecting the DNA samples, the specimens are packaged and shipped to the genetics laboratory for testing. The results are then reported to the client with the understanding that they are legally admissible and can be used in cases of child custody, child support, immigration and heirship.

Peace of Mind Test: This paternity test also involves the collection of DNA samples by DNA Services' trained collectors. The results are not legally admissible, but are tested in the same manner and will provide clients with the answers to their paternity questions.

Home Test: This paternity test enables an independent third party to collect the DNA samples at a time and place of the client's choosing, including the privacy of the client's home. Clients are provided with a "home kit" and instructions on how to properly collect the samples. After collecting the samples privately, the client ships the kit directly to the contracted laboratory. The results are reported by the laboratory to DNA Services which in turn shares them with the client. The results are not legally admissible, but are tested in the same manner and will provide clients with the answers to their paternity questions.

DNA Identification Testing

DNA Safeguarding: After collecting a sample of a donor's DNA, DNA Services will forward the sample to be stored in a secure climate-controlled vault where it can be profiled should the need arise. These samples are maintained and can be tested for five years after collection.

DNA Banking: After collecting a sample of a donor's DNA, DNA Services will forward the sample to a genetics laboratory which can create a DNA profile to be provided to the donor. In addition, the DNA sample will also be stored in a secure climate-controlled vault along with the profile and is readily accessible should a need arise. These samples are maintained for five years after collection.

DNA Forensics Testing

Semen Detection: Clients may submit articles of clothing or materials thought to contain semen. These articles are then submitted to the genetics laboratory to be tested to determine whether semen and sperm are present, and help provide clients peace of mind with questions about fidelity of their relationships. Should these materials test positive for the presence of seminal fluid and enough sperm is present to obtain a DNA profile, an infidelity test can then be performed to compare the acquired DNA profile with a DNA profile obtained from a reference/suspect sample.

Infidelity Test: An infidelity test obtains a DNA profile from the sperm found in the previous semen detection test and compares it to a reference/suspect sample. The reference sample can belong to the suspected party and/or whoever is requesting the test.

In the United States, the private DNA testing industry has revolved around five prominent genetics laboratories which have primarily focused their national marketing efforts on DNA

paternity testing. Moreover, until the arrival of DNA Services of America, the marketing of DNA testing services has been very limited. In large part, the only marketing conducted has been two-fold:

- (1) Placing listings in local phonebooks with a toll free number. Anyone interested in receiving such services would call the toll-free number and either reach a call center or interact with an automated phone system and eventually a sales person in a remote location who would then attempt to schedule the collection locally; and
- (2) Using national mail campaigns to referral sources such as hospitals, attorneys, doctors, and some court systems.

As very few of the laboratories have local offices, they have relied upon pre-existing companies which have been performing collections in other fields to create a nationwide collection site network. These collection sites are usually provided a flat fee for each collection, generally equating to approximately \$20 for each person from whom DNA is collected. In light of the collection sites being heavily involved in other endeavors, such as conducting pre-insurance physicals and drug screens, they have little opportunity to market DNA testing locally. Moreover, under the fee structure, there is little monetary incentive for the collection sites to actively seek out or market additional clients. As a result, no relationship exists between the local collection sites and the most frequent referral sources. With no local relationship existing, there is little incentive for local referral sources to favor one particular collection site over another. In short, none of the laboratories have the leverage within a local community that a local business would have.

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We began to offer franchises in 2005. Prior to this, neither we nor our affiliates have ever offered franchises in this or any other lines of business. We are not involved in any other business activities.

Our majority shareholder and President, Jeffrey A. Martin, has personally operated businesses involving sample collections, including blood for laboratory testing, urine and hair for drug testing, and buccal swabs for DNA testing since 1996. Prior to that time, he operated as an independent contractor performing these same tasks since 1992. He opened the Lafayette affiliate Service Center of DNA Services of America in May of 2004.

This Offering Circular contains a summary of some material provisions of the Franchise Agreement. However, the Franchise Agreement itself expresses and governs the actual legal relationship between you and us. We are willing to negotiate the terms of the Franchise Agreements with our existing franchisees, existing business locations, our employees and multiple franchise purchasers.

2. BUSINESS EXPERIENCE

The following are the occupational histories for at least the last five years of our officers, directors, franchise sales agents and persons having management responsibility in connection with our franchise operations:

Chairman, Chief Executive Officer, President, and Franchisee Training: JEFFREY A. MARTIN

Mr. Martin has been our CEO and President since our inception on September 22, 2005. He also serves as CEO and President of our affiliate, DNA Services of America, Inc. since its inception on April 15, 2004. From 2000 to April 2004, Mr. Martin served as President of Jeffrey A. Martin Enterprises, Inc. in Lafayette, Louisiana providing paramedical insurance examinations, laboratory services, health screenings and medical staffing.

Chief Financial Officer and Member of Board of Directors: ARTHUR S. PAINE, II, C.P.A.

Mr. Paine has been our CFO since our inception. He has been self-employed as a certified public accountant in Baton Rouge, Louisiana since 1972.

Chief Operating Officer, Member of Board of Directors, Franchise Marketing, and Franchisee Training: TERRI L. STOMATT

Ms. Stromatt has been our Chief Operating Officer since our inception. She has also served as Chief Operating Officer for our affiliate DNA Services of America, Inc. since May 2005. From 1999 to March 2005 she was Director of Business Development for Identigene, Inc in Houston, Texas.

Additional Members of our Board of Directors:

KATHERINE P. MARTIN

Ms. Martin has served on our Board of Directors since December 2006. She has served as President and attorney for Katherine P. Martin, APLC in Lafayette, Louisiana since November 2001. She was an attorney with McManus & Martin, APLC in Lafayette, Louisiana from June 1999 to November 2001.

LISA WHITE, PHD

Ms. White has served on our Board of Directors since December 2006. She has served as Director and Assistant Professor for the Baylor College of Medicine in Houston, Texas since September 2001. From May 1998 to September 2001, Ms. White served as Laboratory Director for Identigene, Inc. in Houston, Texas.

GLEN HARTWIG

Mr. Hartwig has served on our Board of Directors since December 2006. He has served as Chief Financial Officer for TCB in Houston, Texas since May 2004. From May 2001 to September 2003, Mr. Hartwig served as Chief Financial Officer for Timec in Carson, California.

GARY WILKERSON

Mr. Wilkerson has served on our Board of Directors since December 2006. Since August 2003, he has served as President of Kergan Bros., Inc. in Lafayette, Louisiana. Mr. Wilkerson served as President of City Club at River Ranch in Lafayette, Louisiana from January 2001 to June 2003.

SALLY ANN ROCKHOLD MARTIN

Ms. Martin has served on our Board of Directors since December 2006. She has served as Director of Education/Support/Field Services for the Louisiana State School for the Deaf in Louisiana since 1989.

RAQUEL MANDEL

Ms. Mandel has served on our Board of Directors since December 2006. She has served as our Regional Manager in Fort Lauderdale, Florida since February 2006. From February 2005 to January 2006, Ms. Mandel served as a paralegal for Alan Cohn & Angela Cohn, P.A. in Pines,

Florida. She served as a paralegal for Brown & Associates, P.A. in Fort Lauderdale, Florida from January 2001 to February 2005. From September 1999 to December 2001, Ms. Mandel served as a paralegal for Marks & Fleischer, P.A. in Fort Lauderdale, Florida.

Director of Franchise Development: STEPHEN R. SHENBERGER

Mr. Shenberger has served as our Director of Franchise Development since February 2006. He served as Manager of Franchise Development with Pro Forma in Cleveland, Ohio from May 2004 to January 2006. He was an independent business consultant in Canton, Ohio from September 2002 to May 2004. From September 2001 to September 2002, Mr. Shenberger served as Regional Account Manager for Gintzler Graphics in Buffalo, New York. He was Business Development Manager with Kennedy Group in Willoughby, Ohio from January 2001 to August 2001.

Director of Franchise Support and Community Relations Manager: CINDY T. HUVAL

Ms. Huval has served as our Director of Franchise Support and Community Relations Manager in Lafayette, Louisiana since August 2006. She served in the following positions with the Louisiana Procurement Technical Assistance Center: Procurement Counselor (from October 2004 to July 2006 in Lafayette, Louisiana); Statewide Marketing and Training Coordinator (from August 2002 to September 2004 in Lafayette); and Procurement Counselor (from March 2000 to March 2002 in New Orleans, Louisiana).

Independent Franchise Sales Agents:

RICK FOSTER

Mr. Foster has served as an independent franchise sales agent for us in Houston, Texas since September 2006. He has served as a Private Investigator with CSI in Houston, Texas since June 1989. From August 2005 to August 2006, Mr. Foster served as Account Manager at Identigene in Houston, Texas. He served as a Tax Consultant with Bob Leonard Interests in Houston, Texas from July 2002 to July 2005. He owned Foster's Bar-B-Que in Buda, Texas from August 1989 to September 2001.

3. LITIGATION

Florida Department of Agriculture & Consumer Services, Case Number 0509-28718. September 17, 2005.

Our affiliate DNA Services of America, Inc. was cited for failure to comply with the filing requirements of Florida's Business Opportunities Act. It paid a \$2,000 fine and submitted the required exemption filing with the Florida Department of Agriculture & Consumer Services under the Business Opportunity law.

Other than the case described above, no litigation is required to be disclosed in this Offering Circular.

4. BANKRUPTCY

On November 2001, Stephen R. Shenberger (see Item 2 above) and Sara K. Shenberger filed a Chapter 7 personal bankruptcy in the Bankruptcy Court for the Northern District of Ohio (Case No. 165078). A discharge was granted in March 2002. Mr. Shenberger is one of our franchise sales agents. He does not have equity or ownership interest in us or our affiliate, and he is not one of our officers.

Other than this one action, no person or corporation previously identified in Items 1 and 2 of this Offering Circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item.

5. INITIAL FRANCHISE FEE

The Initial Franchisee Fee for an urban office territory is ~~\$15,000~~ plus ~~1¢~~ per person of population over 500,000 in the franchise territory. The Initial Franchise Fee for a rural mobile territory is ~~\$7,500~~ for a territory of up to 500,000 persons of population. You must pay the Initial Franchise Fee to us in cash, certified check or wire transfer. You pay half of the Initial Franchise Fee at the time the Franchise Agreement is executed, unless otherwise specified in State Addenda to this offering circular. The balance must be paid upon scheduling your initial training session.

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The Initial Franchise Fee is non-refundable unless you fail to successfully complete the training program described in Item 11, below, or fail to open the franchise within the time limits expressed in the Franchise Agreement and Item 11, below. If you fail to successfully complete the training program, we may terminate the Franchise Agreement and refund to you the Initial Franchise Fee. If you fail to open your franchise within the required time frames, we may terminate the Franchise Agreement and refund to you not less than one-half of the Initial Franchise Fee.

In consideration of the Initial Franchise Fee, we will deliver to you prior to the time you open your franchise for business the following "Business In a Box." This includes all of the literature necessary to begin marketing immediately, including pre-printed materials featuring your office location and contact information. More specifically, the materials include:

- a) 1000 personalized business cards featuring your name and physical location;
- b) 1000 generic business cards featuring your location, contact information and services provided;
- c) 1000 personalized envelopes;
- d) 1000 pieces of stationery with personalized letterhead;
- e) 1000 flyers explaining the paternity services offered;
- f) 1000 flyers explaining the safeguarding services offered;
- g) 1000 3-fold brochures explaining all of the services offered;
- h) 1000 3-fold brochures explaining forensic services offered;
- i) 900 mailing labels for informational packets;
- j) 500 personalized Rolodex cards;
- k) 500 customized thank you notes and envelopes;

- l) 300 personalized Bic clip pens;
- m) 100 customized pocket folders;
- n) 100 customized letter openers;
- o) 2 personalized rubber stamps to identify the office for the genetics laboratory;
- p) 1 shirt embroidered with the DNA Services of America logo;
- q) 1 pack of tamper evident tape;
- r) 1 fingerprint pad; and
- s) 1 projection banner display

We have in the past, and may in the future, offer franchises at a reduced rate to prospective franchisees who in our opinion possess the knowledge and experience to conduct business with minimal assistance from us or who are purchasing multiple franchises.

The Initial Franchise Fee is paid in consideration of our sales expenses, administrative overhead, return on investment, and start-up costs related to the execution of this Agreement and the opening of the Franchise and for our lost or deferred opportunity to sell franchises in the Franchise Territory to others.

6. OTHER FEES

Our recurring and isolated fees under the Franchise Agreement, at their current rates, include*:

Name of Fee	Amount	Date Due	Remarks
DNA Test Payment from You to Us	Portion of each DNA test according to then current rates. Our current rates are outlined below.	Upon shipping case to laboratory	You or your clients make payments to us at our established prices for each DNA test you order. See Note 1 below.
Local Advertising Contribution/Advertising Cooperative Fee	1 st Year: 4% of your Gross Monthly Revenue with \$500 minimum 2 nd Year and thereafter: 2% of your Gross Monthly Revenue with \$250 minimum	You are to spend these amounts on advertising in your territory each month.	Your costs for yellow page advertising (described below) will be credited toward this Local Advertising Contribution obligation. See Note 2 below.
Additional Training	Currently up to \$500 per day plus expenses with a maximum of \$2,500	Prior to starting training	
Yellow Page Advertising	\$100 to \$1,500 per month	As Incurred	As part of your Local Advertising Contribution obligation, we require you to purchase and maintain yellow page advertisements. See Note 3 below.

Deleted: placing order for test

Name of Fee	Amount	Date Due	Remarks
Step-in Right Costs		As Incurred	You must reimburse us for our out of pocket expenses and costs we incur if we step-in to operate your franchise pursuant to the step-in rights provisions of the Franchise Agreement.
Transfer	\$1,500	Prior to Transfer	Paid when you sell your franchise. This fee will reimburse us for reasonable legal, accounting, training, and investigation expenses that result from the transfer.
Audit Costs	\$0 to \$5,000	As incurred	Incurred if you fail to report Gross Revenue or understate by more than 2 percent. See Note 4 below.
Required Modifications	\$0 to \$5,000 per year.	As incurred	\$20,000 cap during the term of the Franchise Agreement. See Note 5 below.
Renewal	None		

*All fees are imposed by and payable to us. The Local Advertising Assessment and yellow page advertising are not fees and are not paid to us. All fees are non-refundable.

Note 1 - DNA Test Retail Price and Payments. You must order all DNA tests from us as outlined in the Operations Manual. You or your clients make payments to us at our established prices for each DNA test you order. Payment is made by electronic funds transfer through our proprietary, secure, web-based operating system called DNA DataLink or by other means as outlined in the Operations Manual. Our current suggested retail prices, the payments that you must make to us and the amounts that you retain (based on our suggested retail prices) are as follows. They may be modified at any time through our Operations Manual:

Deleted: by credit card or
Deleted: through our website

	Franchisee Cost	Retail Price	Franchisee Profit	Case/Bonus Eligible
Family Relationship Services				
Legally Admissible Paternity Test	\$210.00	\$450.00	\$240.00	YES
Peace of Mind Paternity Test	\$210.00	\$375.00	\$165.00	YES
Home Paternity Test	\$210.00	\$295.00	\$85.00	YES
Grandpaternity Test	\$440.00	\$750.00	\$310.00	YES
Twin Zygosity Test	\$210.00	\$395.00	\$185.00	YES
Siblingship Studies	\$470.00	\$750.00	\$280.00	YES
Family Reconstruction Studies-(Up to 5 individuals tested)	\$650.00	\$1,500.00	\$850.00	YES
Additional Samples Each	\$200.00	\$350.00	\$150.00	NO
Y-Chromosome Test-(Up to 2 individuals tested)	\$210.00	\$450.00	\$240.00	YES
Additional Samples Each	\$80.00	\$125.00	\$45.00	NO
Individual DNA Type	\$95.00	\$150.00	\$55.00	NO

DNA Safeguarding- 5 years	\$20.00	\$60.00	\$40.00	NO
DNA Banking- 15 years	\$65.00	\$95.00	\$30.00	NO
Detection Services-(verification of the presence of DNA - use other than for Infidelity Testing)				
Semen Detection-(detects protein found in semen)	\$125.00	\$225.00	\$100.00	NO
Add'l semen detection	\$60.00	\$95.00	\$35.00	NO
Blood Detection	\$140.00	\$195.00	\$55.00	NO
Infidelity Testing Services				
DNA Detection (verifies presence of male and female cells)	\$175.00	\$250.00	\$75.00	NO
DNA Differential Extraction (to separate male and female cells)	\$325.00	\$450.00	\$125.00	NO
DNA Comparison with buccal reference sample	\$200.00	\$300.00	\$100.00	YES
ADD ON SERVICES FOR PATERNITY AND OTHER DNA IDENTIFICATION SERVICES				
Additional Paternity Samples	\$80.00	\$125.00	\$45.00	NO
Viability Study	\$230.00	\$350.00	\$120.00	NO
Bone Sample	\$1,000.00	\$1,500.00	\$500.00	NO
STAT (Next Business Day)	\$575.00	\$950.00	\$375.00	NO
Forensic DNA Testing Services-(Includes criminal, civil and private investigations, as well as criminal paternity.)				
Evidence Sample	\$480.00	\$800.00	\$320.00	YES
Reference Sample	\$480.00	\$800.00	\$320.00	YES
Bone Sample	\$1,000.00	\$1,500.00	\$500.00	NO
Mitochondrial DNA (price per sample) using Swab Reference Sample	\$2,250.00	\$2,500.00	\$250.00	NO
using Evidence Sample-(Bone, hair, tooth)	\$2,750.00	\$3,000.00	\$250.00	NO
Y-Chromosome Test-(Up to 2 individuals tested)	\$750.00	\$995.00	\$245.00	YES
Evidence Screening	\$110.00	\$150.00	\$40.00	NO
Detection Services-(presence of DNA material found in Semen or Blood)				
Semen Detection-(detects protein found in semen)	\$150.00	\$250.00	\$100.00	NO
Add'l semen detection	\$75.00	\$100.00	\$25.00	NO
Blood Detection	\$140.00	\$195.00	\$55.00	NO
Rape kit-(victim, suspect and evidence)	\$1,275.00	\$1,750.00	\$475.00	
ADD ON SERVICES FOR FORENSIC DNA TESTING-(to be added to base price above)				
STAT for Detection Services (Next Business Day)	\$600.00	\$850.00	\$250.00	NO
STAT for Detection Services (3 Business Days)	\$175.00	\$250.00	\$75.00	NO
OTHER SERVICES				
DNA Witness 2.5	\$1,250.00	\$1,500.00	\$250.00	NO
Expert Testimony*(Plus expenses)	\$1,450.00	\$1,500.00	\$50.00	NO
Evidence Analysis**(Per hour price)	\$250.00	\$300.00	\$50.00	NO
Case Consultation**(Per hour price)	\$250.00	\$300.00	\$50.00	NO
Deposition**(Per hour price)	\$250.00	\$300.00	\$50.00	NO

Express Courier (U.S and International)- (Prices quoted during consultation only)					
				NO	
Veterinary DNA Services		Franchisee Cost	Retail Price	Franchisee Profit	Case/Bonus Eligible
CANINE					
DNA Profiling - Per Sample		\$35	\$40	\$5	NO
Parentage Evaluation - Per Sample - 16 Markers		\$36	\$42	\$6	NO
Parentage Evaluation - Per Sample - 29 Markers		\$65	\$75	\$10	NO
Parentage Using Existing Profile - Per Sample		\$10	\$11	\$1	NO
Cystinuria		\$64	\$72	\$8	NO
Phosphofructokinase Deficiency (PFK)		\$64	\$72	\$8	NO
Pyruvate Kinase Deficiency (PK)		\$64	\$72	\$8	NO
Copper Toxicosis (CT)		\$46	\$53	\$7	NO
Canine Coat Color Testing		\$71	\$80	\$9	NO
DNA "Fluff" Test for Coat Length		\$53	\$59	\$6	NO
EQUINE					
Hyperkalemic Periodic Paralysis (HYPP)		\$44	\$49	\$5	NO
FELINE					
DNA Profiling - Per Sample		\$35	\$40	\$5	NO
Parentage Evaluation - Per Sample		\$36	\$42	\$6	NO
AVIAN DNA SEXING					
Blood Samples		\$18	\$21	\$3	NO
Feather Samples		\$22	\$24	\$2	NO
DNA Storage		\$32	\$36	\$4	NO
Blood Sample DNA Extraction and Banking		\$46	\$51	\$5	NO

¹ The amounts you pay to us cover all payments made by us to the genetic laboratory for fees and cover our administrative costs associated with the actual DNA testing.

A "case" is a genetic test performed for **comparative analysis** and without additional tested parties or additional services performed. A case is defined as any service submitted to our lab with the exception of the following individual services: additional tested parties, individual semen detections, individual blood detections, individual profiles, individual DNA Safeguarding, individual DNA Banking and any Veterinary DNA testing services.

We list all services that are considered cases and all services that are not considered cases in the Operations Manual. As an example, we would consider a paternity test a "case" if it included one mother, one alleged father and one child. If, however, we add an additional child or an additional alleged father, we would only consider this as one case and would charge the franchisee for an additional tested party.

In our bonus system we will pay you a bonus based upon the number of "bonus eligible cases" you submit in a given month. We will not pay you a bonus for any other services performed. Each service that we consider to be termed as a bonus eligible case (regardless of the type of case: paternity or forensic DNA) will be totaled each month and will enjoy bonus payments to you as follows:

<u>Cases</u>	<u>Bonus Payment for All Cases Submitted</u>
15 to 29	2%
30 to 44	4%
45 to 59	6%
60 to 74	8%
75 and above	10%

Examples:

If you submit 14 bonus eligible cases in a given month, you will pay us our standard fees on ALL cases and will NOT receive a bonus because you submitted fewer than 15 bonus eligible cases.

If you submit 21 bonus eligible cases in a given month, you will pay us our standard fees on ALL cases submitted that month, and we will pay you 2% of the total standard fees you paid to us for the bonus eligible cases, in the form of a bonus payment.

If you submit 56 bonus eligible cases in a given month, you will pay to us our standard fees on ALL cases submitted that month, and we will pay you 6% of the total standard fees you paid to us for the bonus eligible cases, in the form of a bonus payment.

And finally, if you submit 88 bonus eligible cases in a given month, you will pay us our standard fees on ALL cases submitted that month, and we will pay you 10% of the total standard fees you paid to us for the bonus eligible cases, in the form of a bonus payment.

We may modify the Suggested Retail Price, the Amount you Pay to Us and the Bonus Payment to you at any time upon not less than 30 days prior written notice. Both the Suggested Retail Price and the Bonus Payment to you will be uniform for all franchisees.

We will make these payments by the fifteenth day of each month based upon purchases made during the preceding month as described from time to time in the Operations Manual described in Section 11, below.

Note 2 - Local and Co-operative Advertising. If at any meeting of the franchisees in an advertising region, 65% of the franchisees vote to contribute to a regional advertising program, all franchisees within that region will be obligated to make a contribution to a regional advertising fund in the amount established by the vote (the "Regional Advertising Fund"). No advertising region may require any franchisee in that region to make a contribution to a Regional Advertising Fund in excess of 4% of that franchisee's Gross Revenue during the first year of operation of the franchise, or in excess of 2% of that franchisee's Gross Revenue after the first year of operation. "Gross Revenue" means the total Revenue for any calendar period. These amounts will be credited towards your Local Advertising Contribution obligation which is the greater of 4% of your Gross Revenue or \$500 per month during your first year of operation and the greater of 2% of your Gross Revenue or \$250 per month after your first year of operation.

"Revenue" means all receipts generated by your franchise from any source, including, but not limited to, sales, exchanges, services, labor, service charges, service contracts, etc., and excludes discounts, refunds, and sales taxes. Credit transactions will be included in Revenue as of the date of the transaction without deduction for uncollected credit accounts.

Note 3 - Yellow Page Advertising. As part of your obligation to place advertising in your market area each month, you will purchase and maintain advertisements, advertising your franchise, in the yellow page telephone directories that service some or all of the Franchise Territory. The

yellow page advertising must have lead designation and must comply with other form and content specifications in our Operations Manual. Depending on your location and the form and content specification in our Operations Manual, these costs range from \$100 to \$1,500 per month. This advertisement will be in the form and have the content specified from time to time in the Operations Manual.

Reports. You will furnish to us, as outlined in the Operations Manual, an itemized report of your business activities for the preceding month. The report must be in the form we designate. We may require you to prove that you have paid the required local advertising expenditures.

DNA DataLink is our proprietary, secure web based operating system. There are no additional computer requirements necessary to run the system, other than an internet connection (high-speed is recommended). The system is required of all franchisees. All fees for DNA testing services must be paid via DNA DataLink with your payment drawn from your business bank accounts daily via ACH withdrawals. Each franchisee must complete an ACH authorization form, from our bank, in order to use the DNA DataLink system. All bonuses paid to you are based on volume from "Bonus Eligible Cases". Bonuses are calculated on the first business day of each month from the preceding month's volume. You will be remunerated for all bonuses in the form of a credit, which will offset fees for testing services, until the testing services fees exceed the credit amount from the previous month's volume calculations. The entire process is generated automatically each month via DNA DataLink. You will be able to generate a report each month to reconcile your balances and to ensure that your business bank account has been properly credited and debited.

Note 4 - Audits. You must periodically submit to us your sales reports, quarterly and annual financial statements, and tax returns. We may audit your books, business records, sales reports, financial statements, and tax returns at any time. The audits will be conducted at our expense, unless you understate by more than 2 percent the Gross Revenue for any reported period or periods. Your failure to report Gross Revenue for any period will be deemed a willful understatement by more than 2 percent. In the event of a willful understatement, you must reimburse us for audit costs including the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit.

Note 5 - Cost of Required Modifications. You will comply within a time we deem reasonable with any requirement we impose to modify the building or fixture layout, furnishings, fixtures, equipment, decorations, and decor. In any calendar year, such modifications will not result in direct out-of-pocket costs to you of more than \$5,000, with a total maximum cap of not more than \$20,000 over the term of the Franchise Agreement.

7. INITIAL INVESTMENT

The following Table outlines the estimated initial investment to establish a **DNA SERVICES** Franchise:

EXPENDITURE	URBAN OFFICE	RURAL MOBILE	PAYMENT METHOD	WHEN DUE	TO WHOM
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EXPENDITURE	URBAN OFFICE	RURAL MOBILE	PAYMENT METHOD	WHEN DUE	TO WHOM	
Initial Franchise Fee ¹	\$15,000 to \$35,000 (up to 2.5 million residents in territory)	\$7,500 (up to 500,000 residents in territory)	Cash	Half upon execution of Franchise Agreement, balance when training scheduled	Us	Deleted: 12,500 Deleted: 6,250 Deleted: 32,500
Travel, Lodging and Meals for Training	\$1,000 to \$2,500	\$1,000 to \$2,500	As Incurred	During Training	Suppliers	
Site Lease ² - 3 months	\$1,200 to \$3,000	\$0 to \$3,000	As Incurred	Prior to Opening	Landlord	
Business Licenses	\$200 to \$300	\$200 to \$300	As Incurred	Prior to Opening	Local and Regional Gov't Agencies	
Utility Deposits	\$500 to \$600	\$0 to \$600	As Incurred	As Incurred	Suppliers	
Furnishings	\$1,500 to \$2,500	\$0 to \$2,500	As Incurred	Prior to Opening	Suppliers	
Fixtures	\$1,000 to \$2,000	\$0 to \$2,000	As Incurred	Prior to Opening	Suppliers	
Signage	\$250 to \$1,000	\$0 to \$1,000	As Incurred	Prior to Opening	Suppliers	Deleted: 750 Deleted: 750
Equipment	\$2,000 to \$3,500	\$0 to \$3,500	As Incurred	Prior to Opening	Suppliers	
Inventory	\$500 to \$600	\$500 to \$600	As Incurred	Prior to Opening	Approved Suppliers	
Employees ³	\$0 to \$10,000	\$0 to \$10,000	As Incurred	Prior to Opening	Employees, Taxes and Benefit Suppliers	
Telephone Service and Utilities	\$500 to \$600	\$500 to \$600	As Incurred	Prior to Opening	Utilities and Suppliers	
Mobile Testing ⁴	\$0 to \$500	\$500 to \$2,500	As Incurred	As Incurred	Suppliers	
Insurance ⁵	\$2,025 to \$7,000/year	\$1,425 to \$7,000/year	As Incurred	Prior to Opening	Insurers	Deleted: 3,000 Deleted: 3,000
Advertising - 3 months ⁶	\$4,500	\$4,500	As Incurred	As Incurred	Suppliers	
Additional Funds - 3 Months ⁷	\$10,000 to \$30,000	\$10,000 to \$30,000	As Incurred	As Incurred	Employees, Suppliers, Utilities, etc.	
TOTAL	\$40,175 to \$103,600	\$26,125 to \$78,100				Deleted: 39 Deleted: ,150 Deleted: 2 Deleted: 7 Deleted: 200 Deleted: 101,400 Deleted: 76,850

NOTES

- Initial Franchise Fee.** The Initial Franchise Fee for a rural mobile territory is **\$6,250**. The Initial Franchise Fee for an urban office territory is **\$12,500** plus **1¢** per person of population over 500,000 in the franchise territory.
- Site Lease.** You must lease appropriate space if you do not own adequate space. The location should have approximately 300 to 1,000 square feet. It must be centrally located between medical and legal communities and easily accessible by public transportation and on a street easily recognized by the public.

3. Employees. The franchise is designed to be operated by one person for the first 3 months. You will bring on additional employees as income allows and as your client volume increases. You will hire and maintain sufficient staff in order to handle customer volume at all times.
4. Mobile Testing. You will need access to a reliable automobile or public transportation in order to conduct mobile testing.
5. Insurance. You are required to carry insurance policies for professional liability, workers compensation, general liability, and owned and non-owned hired auto coverage. We do not require Rural Mobile franchisees that do not have an office location to purchase general liability insurance. Rural Mobile franchisees that do not have employees are not required to purchase workers compensation insurance. As a result, the low range in the Rural Mobile franchise column does not include estimates for those types of insurance, while the high range does include estimates for those types of insurance.
6. Advertising – 3 months. You must pay the greater of 4% of your Gross Revenues or \$500 per month during the first year as a Local Advertising Contribution. As part of your Local Advertising Contribution obligation, we require you to purchase and maintain yellow page advertisements (see Item 6 above).
7. Additional Funds – 3 Months. This represents working capital and living expenses during your start-up phase.

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The specific requirements for operation of your **DNA SERVICES** franchise will be outlined in the Operations Manual.

We require no other payments. We do not finance any of these initial expenses.

This table estimates your initial start up expenses. These figures represent our estimates based upon our experience and the experience of our founder. We do not guarantee that you will not have additional and different expenses than those we have identified in this table. Your actual costs will depend upon many factors, including, how well you follow our directions and suggestions, your business skill and experience, local economic conditions, local competition, and your sales levels during the initial period.

You should review these estimates with your business advisors before you decide to purchase the franchise or to make any expenditure.

8. RESTRICTIONS ON SOURCES OF PRODUCTS & SERVICES

We will lend to you a copy of our Operations Manual once you have paid to us the Initial Franchise Fee, in full. From time to time we may amend the Operations Manual, including changes which may affect minimum requirements for your franchise operations. You will strictly adhere to the requirements of the Operations Manual as we amend it from time to time. We reasonably may designate minimum standards for your business operations and designate guidelines, as specified from time to time in the Operations Manual.

The Operations Manual describes the Method of Operation, including specifications, standards, operating procedures, accounting and bookkeeping methods, marketing ideas, customer service requirements, inventory requirements and control techniques, plans and specifications, fixture and decor requirements, co-branding requirements, opening public relations and other rules that we

may prescribe from time to time and identify as part of the Operations Manual. The Operations Manual is and will remain confidential and our exclusive property.

You will obtain all on site and yellow page advertising materials from us or subject to our requirements and approval. The Initial Franchise Fee will cover the costs of your initial marketing materials, which you may receive in the form of our "Business-in-a-Box". Once any portion of those initial marketing materials are depleted, you must purchase replenishment marketing materials from us. We will generate profit on your marketing materials purchases.

You must process all DNA tests through us (generally through our proprietary, secure, web-based operating system, DNA DataLink) and have all relevant lab work handled by the laboratories we approve. Currently we have an exclusive contract with DNA Diagnostics Center (DDC).

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All specifications that we require of you and lists of approved suppliers will be included in the Operations Manual. We will upon request provide them to approved suppliers and suppliers seeking approval. We will use our best judgment to set and modify specifications to maintain the integrity and quality of our franchise system.

Required purchases of computer hardware and software are described in Item 11, below.

With advance written notice, you may request our approval to obtain services, products, equipment, supplies or materials from sources that we have not previously approved. We may require you to give us sufficient information, photographs, drawings, samples, and other data to allow us to determine whether the services and items from these other sources meet our specifications and standards, as established from time to time. These specifications and standards will relate to quality, durability, value, cleanliness, texture, composition, strength, finish and appearance, and the suppliers' capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation. We may require that samples from any supplier be delivered to a designated independent testing laboratory for testing before approval and use. You will reimburse us for the actual cost of the tests. We will license any supplier that can meet or exceed our quality control requirements and standards, for a reasonable license fee, to produce and deliver products and services to you but to no other person. Our confidential requirements, designs, systems and formulas will be revealed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently follow our standards, requirements and testing procedures; will maintain the confidentiality of the designs, systems and formulas; and will adequately supply your reasonable needs. We will notify you in writing of the approval or disapproval of any supplier you propose within 30 days of our receipt from you of your written notice of request for approval.

From time to time we or our agents may inspect any approved manufacturer's, supplier's or distributor's facilities and products to assure proper service, production, processing, packaging, storing, and transportation. Permission for inspection will be a condition of our continued approval of any manufacturer, supplier or distributor. Should we find from any inspection that a manufacturer, supplier or distributor fails to meet our specifications and standards, we will give written notice describing this failure to you and to the manufacturer, supplier or distributor, with a notice that unless the failure or deficiency is corrected within 30 days, the manufacturer, supplier or distributor will no longer be approved.

Any products and goods sold, licensed, or leased by or through us or our affiliates to you will be sold, licensed, or leased in accordance with the terms expressly set forth in the Operations Manual or as otherwise provided for in writing by us or the manufacturer of the products and goods. **EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING AND SIGNED BY US, WE MAKE NO EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE PRODUCTS AND GOODS, AND ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT RESTRICTED TO, THE IMPLIED WARRANTY OF TITLE AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE**

EXPRESSLY DISCLAIMED. UNDER NO CIRCUMSTANCES WILL OUR LIABILITY IN CONNECTION WITH ANY PRODUCTS OR GOODS EXCEED THE DOLLAR AMOUNT OF THE PURCHASE PRICE OR LICENSE FEE PAID BY YOU FOR THE PRODUCTS OR GOODS. IN NO EVENT WILL WE BE LIABLE TO ANY PARTY, INCLUDING BUT NOT LIMITED TO, YOU AND YOUR CUSTOMERS, FOR ANY TORT DAMAGES OR INDIRECT, SPECIAL, GENERAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOODWILL, ARISING IN CONNECTION WITH THE USE (OR INABILITY TO USE) THE PRODUCTS OR GOODS FOR ANY PURPOSE WHATSOEVER, EVEN IF WE ARE AWARE OR HAVE BEEN ADVISED OF THE POSSIBILITY OF POTENTIAL LOSS OR DAMAGES.

We and our affiliate will not be liable to you if we are unable to deliver equipment, inventory or supply items to you because of any loss, damage, or delay caused by strikes, riots, fire, insurrection, war, elements, embargoes, failure of carriers, inability to obtain transportation facilities, forces majeure, acts of God or of the public enemy, or any other cause beyond our control.

We or our affiliate may derive income from providing services, tests and products to you. This income results from the difference in the amount we or our affiliate pays for the services, tests or products and the amount we or our affiliate charges you for them.

We estimate that approximately ___% to ___% of our total revenues will be from testing, services and products purchased from us, by our franchisees. As of August 31, 2006, this represented \$___ of our total revenues of \$___, (or ___% of our total revenues). We estimate that purchases from us will be from 5% to 8% of the total purchases and leases you make to establish and from 60% to 85% of the total purchases and leases you make to operate your franchise.

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Comment [RDS2]: Get this info. From Jeff Martin.

We estimate that approximately ___% to ___% of our affiliate's total revenues will be from testing, services and products purchased from our affiliate, by our franchisees. As of August 31, 2006, this represented \$___ of our affiliate's total revenues of \$___, (or ___% of our affiliate's total revenues). We estimate that purchases from our affiliate will be from ___% to ___% of the total purchases and leases you make to establish and from ___% to ___% of the total purchases and leases you make to operate your franchise.

Comment [RDS3]: Get this info. From Jeff Martin.

We may receive rebates, commissions, price adjustments, or discounts on products or services sold to you by recommended or approved suppliers. We will pass through to our advertising fund all moneys we receive as a direct result of products or services you purchase from recommended or approved suppliers. As of August 31, 2006, we had received such funds in the approximate amount of \$___, which was approximately ___% of our total revenue of \$___, as shown on our audited financial statement.

Comment [RDS4]: Get this info. From audited financial statements.

We attempt to negotiate purchase arrangements with suppliers for the benefit of all of our franchisees.

You may not sell or dispense any products, services or activities other than those specifically recognized and approved by us as part of the DNA SERVICES system without our prior written approval.

We have the right to organize and monitor advertising, purchasing and distribution cooperatives although none exist as of the date of this Offering Circular.

Except as explained above, we will not derive revenue from your purchases or leases.

If you are unable to access or utilize DNA DataLink, for each DNA collection you perform, you will provide to us a notification of sample shipment on the same day that the collection is performed. You will fully and accurately complete any paperwork and submit all data required by us and the genetics laboratories with whom we have contracted.

There are no other obligations for you to purchase or lease in accordance with specifications or from approved suppliers. Except as explained above, we have no required specifications, designated suppliers or approved suppliers for goods, services, or real estate related to your franchise business.

9. FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS OFFERING CIRCULAR.

OBLIGATION	SECTION IN AGREEMENT	OFFERING CIRCULAR ITEM
Site selection and acquisition or lease	Sections 1.1, 1.2, 1.3 & 1.4	Items 6, 11, 12
Pre-opening purchases and leases	Sections 2.8, 4 & 5.1	Items 7 & 8
Site development and other pre-opening requirements	Sections 1.4, 2.8, 3, 4, 5.1 & 5.9	Items 7, 8 & 12
Initial and ongoing training	Section 3	Items 6 & 11
Opening	Sections 1.4, 2.8, 3, 4.1 & 5.1	Item 11
Fees	Sections 2, 5.1 & 7.1	Items 5, 6 & 17
Compliance with standards & policies/ Operations Manual	Sections 5 & 6.5	Items 11 & 17
Trademarks and proprietary information	Recitals & Sections 1.1, 1.9, 5.1, 5.3, 5.4, 5.5, 5.7, 5.8, 6.5, 9.2, 9.6, 9.7 & 9.8; Abandonment of Name form	Items 13, 14 & 17
Restrictions on products and services offered	Sections 1.1, 1.2, 1.6, 1.9, 5.1, 5.2, 5.4, 5.5, 5.6, 5.7, 5.9, 6.5 & 6.8	Items 8, 12, 13, 16 & 17
Warranty and customer service requirements	Sections 5.1, 5.2	Item 11
Territorial development	Section 1.1, 1.4 & 1.6	Item 12
Ongoing product & service purchases	Sections 5.1, 5.2, 5.5, 5.9 & 8.2	Items 7 & 8
Maintenance, appearance and remodeling requirements	Sections 1.4, 5.1, 5.2, 5.5, 5.9 & 6.5	Items 11 & 17
Insurance	Section 8.2	Item 7
Advertising	Sections 1.6, 2.2, 5.1, 5.2, 5.3, 5.4, 5.5 & 6.5	Items 6 & 11
Indemnification	Section 8.1	Item 6
Owner's participation/ management/ staffing	Sections 1.7, 2.4, 2.6, 2.8, 2.9, 5.1, 5.2, 5.3, 5.4, 5.6, 5.7, 6.2, 6.5, 7.1, 7.2, 7.3, 8.1, 9.2, 9.6, 9.7, 9.8, 9.9, 9.10 & 9.12	Items 11, 15 & 17
Records and reports	Sections 2.6, 5.1, 5.2 & 5.5	Items 6, 11 & 17
Inspections and audits	Sections 2.7, 5.1, 5.2 & 5.8	Items 6, 11 & 17
Transfer	Section 7	Item 17
Renewal	Section 6.1	Item 17
Post-termination obligations	Sections 5.7, 5.8, 6.5, 9.9 & 9.12	Item 17

OBLIGATION	SECTION IN AGREEMENT	OFFERING CIRCULAR ITEM
Non-competition covenants	Sections 5.7, 5.8, 6.5, 9.9, 9.10 & 9.12	Item 17
Dispute resolution	Sections 9.7 & 9.8	Item 17

10. FINANCING

We do not provide direct or indirect financing for anything. We do not assist in providing financing for you. We do not guarantee any notes or financial obligations you may incur in setting up and operating your franchise.

11. FRANCHISOR'S OBLIGATIONS

Except as listed below, we need not provide any assistance to you.

BEFORE YOU OPEN YOUR FRANCHISE, WE WILL:

We will designate your franchise territory. It will be described using political and geographic boundaries. (Franchise Agreement, Section 1.1).

An **Urban Office** franchise must operate from an office location approved by us. A **Rural Mobile** franchise may have an office but can be operated mobile. In either case, we will analyze your market area, to help determine site feasibility and to help in selection of your franchise office location. In analyzing a proposed site, we examine its general location, traffic patterns, parking, size, physical characteristics, proximity to competing businesses, lease terms, sign visibility, area economic and social profile, population density and accessibility. The exact determination of the location for the franchise premises will depend upon our approval and your and our market analysis, market penetration plans and franchise placement strategies and prior franchise commitments. You must obtain our prior written approval for the site of the franchise premises and your lease related to it. Our response to your request for approval of a site will be given within 30 days after we receive your written request.

If you and we cannot agree on a site for your franchise premises, we may terminate the Franchise Agreement by refunding to you the Initial Franchise.

We bear no liability for any consequences of any franchise territory or office site you chose. We do not guarantee success for any location you select. We will not be liable for any consequences of your choice of any franchise site. Any site recommendation or approval we make is not a representation that any particular site is available or legally appropriate for use as a franchise site. It is your responsibility to investigate the demographics and all applicable zoning, licensing, leasing and other requirements for any proposed site. You must ensure that the site you select complies with these requirements. You will pay all out of pocket expenses for travel, meals, and

lodging we incur to help you locate sites and to negotiate a lease for you. You will bear all other site selection and negotiation expenses.

Before you enter a lease or purchase agreement for the franchise premises, you will submit the lease or purchase documents to us for review. Lease documents must include an assignment of the lease in a form we approve, under which we may assume the lease as provided in Section 4 of the Franchise Agreement. (Franchise Agreement, Sections 1.1 and 1.3).

We will furnish to you standard plans and a schedule of interior finishes and equipment packages for the franchise office premises. All costs for site-specific plans will be your responsibility. Site plans, and any modifications to them, must be approved in writing by us prior to construction. All approvals will be solely within our discretion to maintain a uniform image and decor, consistent with **DNA SERVICES** franchise system concepts. (Franchise Agreement, Section 1.4).

We will provide a comprehensive Operations Manual with **DNA SERVICES** specifications, standards, operating procedures, accounting and bookkeeping methods, marketing ideas, customer service requirements, inventory requirements and control techniques, plans and specifications, fixture and decor requirements, co-branding requirements, opening public relations and other rules that we may prescribe from time to time and identify as part of the Operations Manual. (Franchise Agreement, Section 5.1).

The Operations Manual is confidential and remains our property. It contains mandatory and suggested specifications, standards and procedures. We may modify the Operations Manual, but the modifications will not alter your basic status and rights under the Franchise Agreement. We are currently working on updates and revisions to the Operations Manual. It currently consists of approximately 176 pages and its current table of contents includes:

DNA SERVICES STANDARD OPERATING PROCEDURES TABLE OF CONTENTS	
Contacts	(Pages 1-2)
Table of Contents	(Pages 3-8)
Section 1	Historical information (Pages 9-11)
1.1	<u>DNA Identification Testing – Paternity Industry</u>
1.2	<u>DNA Services of America</u>
1.3	<u>The Vision</u>
Section 2	The Business Development System (Pages 12-14)
2.1	<u>Monthly Conference Calls</u>
2.2	<u>Monthly Sales Reports</u>
Section 3	Best Practices – Etiquette for Emotion-Based Sales (Pages 15-16)
3.1	<u>Introduction to Best Practices</u>
3.2	<u>Professional Image</u> <u>Within the Franchisee's Facility or During A Mobile Collection</u> <u>Outside Contact</u> <u>Miscellaneous</u>
Section 4	Processing DNA Cases (Pages 17-60)
4.1	<u>Handling Telephone Requests for DNA Testing Services</u>
4.2	<u>The Telephone Sales Process</u> <u>Phone Script</u> <u>Questioning for Need</u> <u>Common Objections and How to Overcome Them</u> <u>Closing with an Appointment</u>

- 4.3 Follow Up if Appointment Not Scheduled
- 4.3 Scheduling the Sample Collection Appointment
- 4.4 Locating a Collection Site Outside of Your Community
- 4.5 Sample Collection Procedures
 - Best Practices
 - Procedures
- 4.6 Completion of Client Identification and Consent Forms
 - Legally-Admissible Test
 - Peace of Mind Test
 - Self-Collection Kit
- 4.7 Special Casework Requirements
 - Government Cases Where Original Chain-of-Custody is Required
 - Guardian Signature on Behalf of Minor Mother or Alleged Father
- 4.8 Notification of Sample Shipment to CMC
- 4.9 Monitoring Cases with Online Case Tracking
- 4.10 Handling Missing Chain-of-Custody Information
- 4.11 Sample Test Results and Interpretation
- 4.12 Reporting and Releasing Completed Test Results
 - Best Practices
 - Procedures
- 4.13 Records Maintenance
 - DNA Safeguarding
- 4.14 Follow Up Recommended Post-Test for Additional Sales
 - Paternity Tests
 - DNA Detection for Infidelity Testing

Exhibits:

- DNA Services of America Case Sheet
- Template Letter -- Appointment Confirmation to Client
- Template Letter -- Appointment Confirmation to Collection Site
- DNA Clinic Collection Checklist -- Chain-of-Custody
- DNA Clinic Collection Checklist -- Non Chain-of-Custody
- SOP Sample Collection Procedures
- Acknowledgement of Non-Admissibility in Court Form
- Notification of Sample Shipment form (CMC)
- DNA Collection Form Fax Cover Sheet Notification (Collection Site Form)
- Sample Report -- Paternity Trio (Conclusive)
- Sample Report -- Paternity Trio (Excluded)
- Sample Report -- Paternity MNT (Conclusive)
- Paternity Testing with Related AF's, test all biologically related AF's:
 - Sample Report -- Paternity Trio (AF #1-Conclusive)
 - Sample Report -- Paternity Trio (AF #2-Excluded)
 - Sample Report -- Paternity Trio (Conclusive), testing one AF with extended analysis
 - Sample Report -- Paternity Trio (Conclusive), testing one AF without extended analysis
- Sample Report -- Prenatal Paternity Trio Test
- Sample Report -- Maternity Test
- Sample Report -- Grandparentage
- Sample Report -- Full Siblingship
- Sample Report -- Half Siblingship
- Sample Report -- Genetic Reconstruction
- Sample Report -- Y-STR Test
- Sample Report -- Avuncular Test
- Sample Report -- Twin Zygoty Test
- Sample Report -- DNA Banking and Profiling
- Sample Report -- Semen Detection
- Sample Report -- DNA Detection
- Sample Report -- Forensic Y-STR
- Sample Report -- Forensic STR

Section 5 Marketing and Sales (Page 61-94)

- 5.1 Telephone Sales Through Mass Marketing Approaches
- 5.2 Developing a Referral Network
- 5.3 Recommended Referral Account Maintenance Program
- 5.4 Specific Target Markets and Steps to Start and Build a Profitable Relationship
 - Medical Community
 - Legal Community
 - Marketing to Judges
 - Governmental Entities
 - Miscellaneous Targets
 - Private Investigators
- 5.5 Advertising and Marketing Materials
 - Telephone Book Advertising
 - Television Advertising
 - Radio Advertising
 - Publication or Direct Mail Advertising
 - Trade Shows
 - Local Organization Involvement and Presentations
 - Collateral Materials
 - Tracking Successful Advertising Initiatives

Exhibits:

- Referral Exchange Form – Medical Community
- Sample Marketing Template Letter – Medical Community
- Referral Exchange Form – Legal Community
- Sample Marketing Template Letter – Legal Community
- Sample Ads
- DNA Services Marketing Material Catalog
- Sample Press Release
- Frequently Asked Questions Consumers and Referrals
- Monthly Case Tracking Report

Section 6 Pricing for Tests and Services (Pages 95-97)

- 6.1 Recommended Retail Pricing
- 6.2 Cost of DNA Testing Services to the Franchisee

Exhibit:

- DNA Franchise Price List

Section 7 Competition (Pages 98-101)

- 7.1 Paternity Testing
- 7.2 Infidelity Testing
- 7.3 Non-Accredited Laboratories
- Competition Overview

Section 8 The Inheritance of Genetic Markers (Pages 102-107)

- DNA Testing Basics
- Glossary of Terms

Section 9 Tests, Services and Terminology (Pages 108-163)

- 9.1 DNA Identification Tests and Services
 - Standard Paternity Testing
 - Legally-Admissible Test
 - Peace of Mind Test
 - Home Test
 - New York State Department of Health Requirements
 - Non-Standard Tests
 - Motherless Paternity Test
 - Multiple, Related Alleged Fathers
 - Alleged Father Not Available for Testing – Other Options
- 9.2 Non-Standard Tests
 - Motherless Paternity Test
 - Multiple, Related Alleged Fathers
 - Alleged Father Not Available for Testing – Other Options
- 9.3 Non-Standard Sample Testing
 - Blood Samples

	<u>Tube Blood</u>
	<u>Blood Stain Cards</u>
	<u>Post-Mortem Viability Study and Procedures</u>
	<u>Prenatal Testing</u>
	<u>Chorionic Villus Sampling (CVS)</u>
	<u>Amniocentesis (Amino)</u>
	<u>Requirements</u>
	<u>Cost</u>
	<u>Other Types of Samples</u>
9.4	<u>Other Family Relationship Tests</u>
	<u>Grandpaternity Test</u>
	<u>Siblingship Studies</u>
	<u>Y-Chromosome Test</u>
	<u>Family Reconstruction</u>
	<u>Immigration Testing</u>
9.5	<u>DNA Storage Services</u>
	<u>DNA Safeguarding</u>
	<u>DNA Banking and Profiling</u>
9.6	<u>RUSH Testing Options</u>
9.7	<u>Infidelity Testing – DNA Detection Services and DNA Comparison</u>
	<u>DNA Detection Services</u>
	<u>DNA Detection – Y-chromosome</u>
	<u>DNA Detection – Standard</u>
	<u>Differential Extraction</u>
	<u>Semen Detection</u>
	<u>DNA Comparison</u>
	<u>Turnaround Times</u>
	<u>Case Coordination</u>
	<u>Detection Services</u>
	<u>DNA Comparison</u>

Exhibits:

- Detection Order Form
- Infidelity Testing Step-By-Step Process
- Immigration Consultation and Notification Form
- Glossary of Common Terms
- Test Explanation Sheets with Forms
- Unusual Samples List

Section 10 DNA Services of America's Contracted Laboratory (Pages 164-169)

10.1	<u>Advantages</u>
	<u>Speed</u>
	<u>Accuracy</u>
	<u>Online Case Tracking</u>
	<u>Online Collection Site Look-Up</u>
	<u>29 Unique Testing Systems</u>
10.2	<u>Accreditations and Certifications</u>
	<u>Paternity Laboratory</u>
	<u>American Association of Blood Banks ("AABB")</u>
	<u>New York State Department of Health</u>
	<u>Forensic DNA Laboratory</u>
	<u>American Society of Crime Lab Directors/Laboratory Accreditation</u>
	<u>Board-International ("ASCLD/LAB-int'l")</u>
	<u>Forensic Quality Services – International ("FQS-I/ISO IEC 17025")</u>
	<u>New York State Department of Health</u>
	<u>Other</u>
	<u>College of American Pathologists ("CAP")</u>
	<u>Clinical Laboratory Improvement Amendments ("CLIA") issued by</u>
	<u>the U.S. Department of Health</u>
10.3	<u>Procedures for Collecting Samples on Behalf of DDC</u>
	<u>Price</u>
	<u>Invoice For Payment</u>

Payment to Offices
Scheduling, Supplies and Sample Collection
Ethics and Credibility
Problem Resolution

Exhibits:

DNA Sample Collection Invoice Notification

Section 11 Frequently Asked Affiliate Questions to CMC (Pages 170-171)

Section 12 Other Resources (Pages 172-176)

- 12.1 DNA University
- 12.2 Exhibit Booth
- 12.3 Promotional Items
- 12.4 LexisNexis/Martindale-Hubbell Advertising
- 12.5 Presentations
- 12.6 DNA Datalink™
- 12.7 Publications

Exhibits:

Martindale-Hubbell Advertising Opportunity Advertisement Commitment

You must attend each session of and complete to our satisfaction a mandatory training course. If you do not, we may terminate the Franchise Agreement upon refunding to you the Initial Franchise Fee and any amounts paid for purchases of products and supplies from us or our (you must return the products and supplies to us or our affiliate). You are encouraged to attend the training session as soon as possible after executing the Franchise Agreement and before incurring any costs or expenses related to the opening of the Franchise. (Franchise Agreement, Section 3.1). The initial training consists of approximately three days of class time and one day of in-field training. Generally we hold a training session once a quarter; however, we strive to make training available when convenient for the trainees. The current training schedule includes a 4-day orientation course to address the most effective ways to manage and market the DNA services available. It is anticipated this orientation will be held on a quarterly basis in The Woodlands, Texas, Lafayette, Louisiana or other locations that we may designate, utilizing local hotels and restaurants. The current, approximate training schedule is outlined below.

Note that there are no additional training fees related to our initial franchise orientation and training courses. However, you are responsible for travel and lodging expenses. If you choose to bring a partner, spouse, or employee, there will be an additional lodging and living costs associated with the additional person. These vary dependent upon whether or not you share a room and seasonal rates at the conference center.

DNA UNIVERSITY

Presenters: Jeffrey A. Martin, President & CEO
Terri L. Stromatt, COO

Deleted: Arthur S. Paine, CFO

ORIENTATION SCHEDULE

Monday

8 AM Welcome and Introduction to DNA Services of America

- Brief History of the Industry
- History of the Company
- Our Mission

Jeff Martin
Terri Stromatt

8:30 AM Overview of the Orientation, SOP Manual and Expectations

Terri Stromatt

28 – DNA SERVICES INTERNATIONAL Uniform Franchise Offering Circular

2006 December 19 UFOC

8:45 AM Business Reality 101 Jeff Martin

9:45 AM BREAK (15 minutes)

10 AM Accounting Jeff Martin

10:30 AM Test Prices Jeff Martin

- How to Sell at Prices Higher Than Your Competitors Terri Stromatt

11:30 AM LUNCH – The Woodlands Dining Room

1PM Team Building Exercise Terri Stromatt

1:30 PM Setting Up Your Business to Maximize Revenue and Profit Jeff Martin

2:15 PM BREAK (15 minutes)

2:30 PM Marketing Your Business – General Overview Terri Stromatt

- Telephone Book Placement Jeff Martin
- Remote Advertising

3 PM “The Fred Factor” and Its Importance in the DNASOA Franchise Program Terri Stromatt

4 PM The Contracted Laboratory – Video Terri Stromatt

- About Contracted Laboratory and our Partnership
- Unique Advantages
- Services Offered that will be Introduced at Later Date
- Collecting Samples on behalf of DDC – Additional Revenue Stream

5 PM End of the Day

5:30 PM Welcome Cocktail Reception – The Watermark Bar

Tuesday

8 AM Overview of yesterday’s orientation/Q & A Jeff Martin

8:15 AM Tests and Services Terri Stromatt

10 AM BREAK (15 minutes)

10:15 AM Tests and Services, con’t Terri Stromatt

12 PM LUNCH – The Woodlands Dining Room

1 PM Tests and Services – Testing for Immigration Purposes Terri Stromatt

1:30 PM Tests and Services – Forensic DNA Terri Stromatt

2:30 PM TEST – Tests and Services

2:50 PM BREAK (10 minutes)

3 PM The DNA Sample Collection Process Jeff Martin

Sample Collection Coordination on behalf of DDC

3:45 PM Case Coordination Terri Stromatt

DNA Services of America Customer Service Support

4 PM How to Set Up a Case File Jeff Martin

29 – DNA SERVICES INTERNATIONAL Uniform Franchise Offering Circular

4:15 PM Developing Public Relations Within Your Community Terri Stromatt

5 PM End of Day

Dinner at your leisure between 6 PM – 9 PM, The Woodlands Dining Room

Wednesday

8 AM Overview of yesterday's orientation/Q & A Terri Stromatt

8:15 AM Marketing Your Own Business Terri Stromatt

9:45 AM BREAK (15 minutes)

10 AM Marketing Your Own Business, con't Terri Stromatt

11 AM Role Play – Getting Your Foot in the Door with Potential Referrals Terri Stromatt

12 PM LUNCH – The Woodlands Dining Room

1 PM How to Use DNA DataLink and the DDC Case Tracking System

2:30 PM GROUP FUN EVENT – Kemah Boardwalk – dress casual for lots of outdoor fun!
http://www.kemahboardwalk.com/flash_content/flash_content.html

Meet in the Hotel Lobby at 2:45 PM for departure

Thursday

8 AM Listen to recorded sales calls

8:30 AM Sales Call Process Terri Stromatt

9:45 AM BREAK (15 minutes)

10 AM Role Play – Questioning Skills

10:30 AM Sales Call Process, con't Terri Stromatt

11:30 AM Listen to recorded sales calls

12 PM LUNCH – The Woodlands Dining Room

1:00 PM Sales Call Process and Role Play

2:30 PM Final Review of DNA University Orientation Terri Stromatt

- Q & A
- Completion of Survey

3 PM End of DNA University and Graduation

The relevant background of the trainers is disclosed in Item 2, above.

The training materials include the Operations Manual, workbooks for note taking, collection kits and handouts.

The initial training program is included in the Initial Franchise Fee for one person. The Initial Franchise Fee also covers lodging and meals at locations we designate for one person during the initial training program. You will pay for your transportation and wage expenses during training. If you choose to involve additional members of your organization at training, it will be at your expense as follows:

Deleted: travel