



85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
www.commerce.state.mn.us
651.296.4026 FAX 651.297.1959
An equal opportunity employer

May 31, 2012

REGINA B. AMOLSCH
PLAVE KOCK PLC
12355 SUNRISE ALLEY DRIVE SUITE 230
RESTON, VA 20191

Re: F-6516
USA MOBILE DRUG TESTING LLC
USA MOBILE DRUG TESTING F/A

Dear Ms. Amolsch:

The Annual Report has been reviewed and is in compliance with Minnesota Statute Chapter 80C and Minnesota Rules Chapter 2860.

This means that there continues to be an effective registration statement on file and that the franchisor may offer and sell the above-referenced franchise in Minnesota.

As a condition of continued registration, the franchisor is required to defer receipt of the initial franchise fee(s).

As a reminder, the next annual report is due within 120 days after the franchisor's fiscal year end, which is December 31, 2012.

Sincerely,

MIKE ROTHMAN
Commissioner

By:

Daniel Sexton
Commerce Analyst Supervisor
Registration Division
(651) 296-4520

MR:DES:dlw

F-6516

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
REGISTRATION DIVISION
(651) 296-2211

IN THE MATTER OF THE REGISTRATION OF:
USA MOBILE DRUG TESTING F/A
By USA MOBILE DRUG TESTING LLC

ORDER AMENDING
REGISTRATION

WHEREAS, an application to amend the registration and amendment fee have been filed,

IT IS HEREBY ORDERED that the registration dated October 22, 2010, is amended as of the date set forth below.



MIKE ROTHMAN
Commissioner
Department of Commerce
85 7th Place East, Suite 500
St Paul, MN 55101

Date: May 31, 2012

MAY 30 2012

Rec'd 300

UNIFORM FRANCHISE REGISTRATION APPLICATION

File No: F-6516
(Insert file number of immediately preceding filing of Applicant)

4011
4012

State: Minnesota

Fee: \$300.00

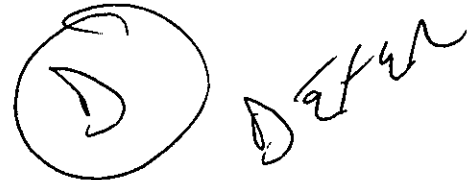
APPLICATION FOR (Check only one):

- INITIAL REGISTRATION OF AN OFFER AND SALE OF FRANCHISES
- RENEWAL APPLICATION OR ANNUAL REPORT
- PRE-EFFECTIVE AMENDMENT
- POST-EFFECTIVE MATERIAL AMENDMENT

1. Full legal name of Franchisor:
USA Mobile Drug Testing, LLC

2. Name of the franchise offering:
"USA Mobile Drug Testing"

3. Franchisor's principal business address:
15310 Amberly Drive, Suite 220
Tampa, FL 33647



4. Name and address of Franchisor's agent in this State authorized to receive service of process:
Commissioner of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101

5. The states in which this application is or will be shortly on file:
California, Illinois, Indiana, Maryland, Minnesota, New York, Rhode Island, Virginia, Washington, and Wisconsin.

6. Name, address, telephone and facsimile numbers, and e-mail address of person to whom communications regarding this application should be directed:
Regina B. Amolsch, Esq.
Plave Koch PLC
12355 Sunrise Valley Drive, Suite 230
Reston, Virginia 20191
703.774.1211 (direct phone)
703.774.1201 (fax)
RAMolsch@plavekoch.com (E-mail)

5-31-12

A/R

Amolsch

12/31

10-22-10

MAY 29 2012



Mr. Daniel Sexton
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101

Re: USA Mobile Drug Testing, LLC ("USAMDT")
File #: F - 6516
Application for Renewal of Franchise Registration

Dear Mr. Sexton:

Enclosed please find an application for renewal of franchise registration submitted on behalf of USAMDT to offer and sell franchises in the State of Minnesota.

Please be advised that USAMDT's primary business address has changed to: 15310 Amberly Drive, Suite 220, Tampa, FL 33647. Their telephone number remains (800) 851-2021.

The application consists of a check for \$300.00 made payable to the "Minnesota Department of Commerce" for the requisite filing fee and the following items:

1. Facing Page
2. Certification Page.
3. Uniform Consent to Service of Process Form.
4. Corporate Acknowledgment.
5. Franchisor's Costs and Source of Funds Form.
6. Franchise Seller Disclosure Form(s) for each individual who will be involved in the offer or sale of franchises in Minnesota.
7. One copy of the signed Consent of Accountants.

Plave Koch PLC
12355 Sunrise Valley Drive (Suite 230)
Reston, Virginia 20191
United States of America

www.PlaveKoch.com

Regina B. Amolsch
RAmolsch@PlaveKoch.com
direct phone 703.774.1211
direct fax 703.774.1201

MAY 29 2012



Mr. Daniel Sexton
Page 2

8. One copy of USAMDT's FDD, including all required financial statements and agreements.
9. One copy of USAMDT's FDD, which has been redlined to indicate new or revised information.

Please contact me if you have any questions or comments regarding the enclosed application. Otherwise, we would appreciate receiving notification of franchise registration for USAMDT.

Sincerely,

Regina B. Amolsch
Regina B. Amolsch

Via FedEx
Enclosures
PK 53890

CERTIFICATION

I certify and swear under penalty of law that I have read and know the contents of this application, including the Franchise Disclosure Document with an issuance date of May 23, 2012 attached as an exhibit, and that all material facts stated in all those documents are accurate and those documents do not contain any material omissions. I further certify that I am duly authorized to make this certification on behalf of the Franchisor and that I do so upon my personal knowledge.

Signed at Tampa, Florida May 1, 2012.

USA Mobile Drug Testing, LLC

By: [Signature]

Print Name and Title: J. Stram

mgr

STATE OF Florida)
COUNTY OF Hillsborough)

USA Mobile Drug Testing, LLC

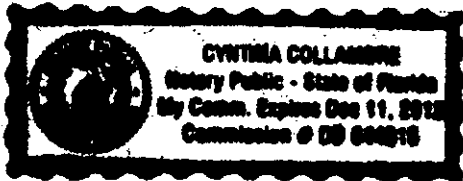
Personally appeared before me this 1 day of May, 2012, the above-named Joseph Stram, to me known to be the person who executed the foregoing application (as Manager of the above-named applicant) and, being first duly sworn, state upon oath that said application, and all exhibits submitted herewith, are true and correct.

(NOTARIAL SEAL)

Notary Public: [Signature]

My Commission Expires: 12/11/12

Expires:



UNIFORM FRANCHISE CONSENT TO SERVICE OF PROCESS

USA Mobile Drug Testing, LLC, a limited liability company organized under the laws of the state of Florida (the "Franchisor"), irrevocably appoints the officers of the States designated below and their successors in those offices, its attorney in those States for service of notice, process or pleading in an action or proceeding against it arising out of or in connection with the sale of franchises, or a violation of the franchise laws of that State, and consents that an action or proceeding against it may be commenced in a court of competent jurisdiction and proper venue within that State by service of process upon this officer with the same effect as if the undersigned was organized or created under the laws of that State and had lawfully been served with process in that State. We have checked below each state in which this application is or will be shortly on file, and provided a duplicate original bearing an original signature to each state.

- | | |
|---|--|
| <input type="checkbox"/> California: Commissioner of Corporations | <input type="checkbox"/> Rhode Island: Director, Department of Business Regulation |
| <input type="checkbox"/> Hawaii: Commissioner of Securities | <input type="checkbox"/> South Dakota: Director of the Division of Securities |
| <input type="checkbox"/> Illinois: Attorney General | <input type="checkbox"/> Virginia: Clerk, Virginia State Corporation Commission |
| <input type="checkbox"/> Indiana: Secretary of State | <input type="checkbox"/> Washington: Director of Financial Institutions |
| <input type="checkbox"/> Maryland: Securities Commissioner | <input type="checkbox"/> Wisconsin: Administrator, Division of Securities, Department of Financial Institution |
| <input checked="" type="checkbox"/> Minnesota: Commissioner of Commerce | |
| <input type="checkbox"/> New York: Secretary of State | |
| <input type="checkbox"/> North Dakota: Securities Commissioner | |

Please mail or send a copy of any notice, process or pleading served under this consent to:

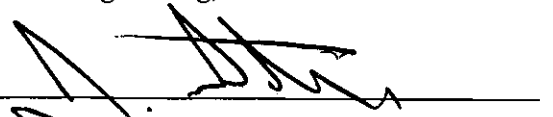
USA Mobile Drug Testing, LLC
15310 Amberly Drive, Suite 220
Tampa, FL 33647

Dated: May 1, 2012.

USA Mobile Drug Testing, LLC

By: _____

Print Name and Title: _____


J. Strawn
mgr

CORPORATE ACKNOWLEDGMENT

STATE OF Florida)
)
COUNTY OF Hillsborough)

USA Mobile Drug Testing, LLC

Personally appeared before me this 1 day of May, 2012, the above-named Joseph Stram, to me known to be the person who executed the foregoing application (as Manager of the above-named applicant) and, being first duly sworn, state upon oath that said application, and all exhibits submitted herewith, are true and correct.

(NOTARIAL SEAL)

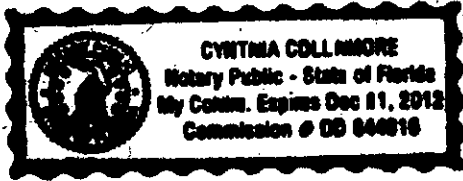
Notary Public:

Cynthia Collamore

My Commission

Expires:

12/11/12



USA Mobile Drug Testing LLC

FRANCHISOR'S COSTS AND SOURCE OF FUNDS

1. Disclose franchisor's total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchise, including real estate, improvements, equipment, inventory, training and other items stated in the offering.

Category	Costs
Inventory (Logo Goods)	\$300.00
Training	\$2,100.00
Shipping	\$50.00
Printing	\$100.00
Website/EFax/Phones	\$100.00
Marketing/Ads	\$200.00
Travel	
Totals	\$2,850.00

2. State separately the sources of all required funds: Income from sales of franchises and income from sales of drug testing clients, owner equity, and operating funds.

FRANK C. WEISS, CPA, P.A.
CERTIFIED PUBLIC ACCOUNTANT

3233 EAST BAY DR., SUITE 107
LARGO, FLORIDA 33771
(727) 523-8762
Fax: (727) 523-8764

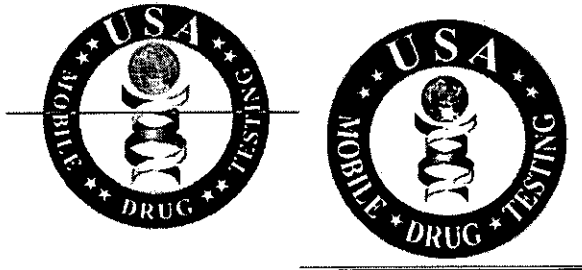
AUDITORS' CONSENT

Frank C Weiss, CPA, PA consents to the use in the Franchise Disclosure Document issued by USA Mobile Drug Testing LLC ("Franchisor") on May 23, 2012, as it may be amended, of our report dated May 18, 2012, relating to the financial statements of Franchisor for the period ending December 31, 2011.

Frank Weiss

Frank C. Weiss, CPA, PA

Largo, Florida
May 23, 2012

FRANCHISE DISCLOSURE DOCUMENT

USA Mobile Drug Testing, LLC
 (a Florida limited liability company)
 3505 E. Frontage Road 15310 Amberly
 Drive, Suite 325220
 Tampa, Florida 33607 FL 33647
 (800) 851-2021
 sales@USAMDT.com
 sales@USAMDT.com
 www.usamobiledrugtesting.com

The disclosure document provides information regarding the operation of a business that offers mobile drug testing services, and operates under the name and mark 'USA Mobile Drug Testing' (the "USA Mobile Drug Testing Business").

The total investment necessary to begin operation of a franchised USA Mobile Drug Testing Business is: \$83,931 - \$115,811 with one territory; ~~is \$83,731 - \$115,611;~~ \$113,931 - \$145,811 with two territories; \$133,931 - \$165,811 with three territories. This includes a total of \$64,481 ~~73,931~~ (if one Territory is selected), \$103,931 (if two Territories are selected), or \$123,931 (if three Territories are selected) that must be paid to the franchisor or its affiliates.

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

You may wish to receive this Franchise Disclosure Document in another format, such as a CD, e-mail or electronically that is more convenient for you. To discuss the availability of this Franchise Disclosure Document in a different format, contact USA Mobile Drug Testing at (800) 851-2021.

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

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

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

The date of issuance of this Franchise Disclosure Document is ~~April 29, 2011~~ May 23 2012.

STATE COVER PAGE

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

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

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

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

- *1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION MEDIATION AND LITIGATION FOR CERTAIN CLAIMS, ONLY IN HILLSBOROUGH COUNTY, FLORIDA. OUT-OF-STATE ARBITRATION MEDIATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE, MEDIATE AND LITIGATE WITH US IN FLORIDA THAN IN YOUR OWN STATE.
- *2. THE FRANCHISE AGREEMENT STATES THAT FLORIDA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. YOU SHOULD BE AWARE THAT THERE ARE MINIMUM PERFORMANCE STANDARDS THAT YOU MUST MEET IN ORDER FOR YOU TO MAINTAIN YOUR TERRITORIAL RIGHTS AND POSSIBLY YOUR FRANCHISE.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

* Local law may supersede these franchise agreement provisions. Certain states require the superseding provisions to appear in an addendum in this disclosure document (See Exhibit H-1 and H-2 of this disclosure document).

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

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

STATE EFFECTIVE DATES

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

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

STATES	EFFECTIVE DATE
California	May 20, 2011
Connecticut	April 29, 2011
Florida	March 15, 2012
Hawaii	Not Requested
Illinois	{See IL specific FDD}
Indiana	May 10, 2011
Maryland	{See MD specific FDD}
Michigan	March 21, 2012
Minnesota	June 20, 2011
New York	June 20, 2011
North Dakota	Not Requested
Rhode Island	August 18, 2011
South Dakota	Not Requested
Utah	March 21, 2012
Virginia	{See VA specific FDD}
Washington	May 16, 2011
Wisconsin	May 10, 2011

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EXHIBITS

Exhibit A	List of State Administrators	Exhibit G	Franchisee Compliance Questionnaire
Exhibit B	List of Agents for Service of Process	Exhibit H-1	State-specific Disclosure Addenda
Exhibit C	Franchise Agreement	Exhibit H-2	State-specific Agreement Amendments
Exhibit D	Table of Contents of Operating Manual	Exhibit I	Subscription <u>General Release</u>
Exhibit E	Financial Statements	Agreement	
Exhibit F-1	List of Franchisees	Exhibit J	General Release Agreement
Exhibit F-2	Former Franchisees	Exhibit K	Receipts

FRANCHISE DISCLOSURE DOCUMENT

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

To simplify the language in this Franchise Disclosure Document, the words “we,” “our” and “us” refer to USA Mobile Drug Testing, LLC, the franchisor of this business. “You” and “your” refer to the person who buys the franchise, whether you are an individual or a corporation, limited liability company or other business entity. If you are a corporation, limited liability company or other business entity, certain provisions of this Franchise Disclosure Document also apply to your owners and will be noted. Capitalized terms not otherwise defined in this Franchise Disclosure Document have the same meanings as in our Franchise Agreement, a copy of which is attached as Exhibit C to this Franchise Disclosure Document.

The Franchisor

The name of the franchisor is USA Mobile Drug Testing, LLC. We are a Florida limited liability company formed on June 8, 2008. Our principal business address is ~~3505 E. Frontage Road~~ 15310 Amberly Drive, Suite ~~325220~~, Tampa, Florida ~~3360733647~~, and our telephone number is (800) 851-2021. We conduct business under our entity name, and the trade name “USA Mobile Drug Testing.” Our agents for service of process in all states are listed on Exhibit A.

We ~~operate~~ operated one USA Mobile Drug Testing Business that is similar to the franchises described in this Franchise Disclosure Document. ~~We have operated this business in Tampa, Florida since, from June 2010 through April, 2011, when it was sold to a franchisee.~~ For the purpose of this Franchise Disclosure Document, this business is sometimes referred to as our “company-owned business.” We first began offering franchises for USA Mobile Drug Testing Businesses in January 2010.

In August 2008, we entered into a business arrangement with an entity in Connecticut. This arrangement permitted this entity and its principal to operate a business similar to the USA Mobile Drug Testing Business that is described in this Franchise Disclosure Document, as an adjunct to its existing medical services businesses. The purpose was to test the concept and viability of the business model for a mobile drug testing business. The operator in Connecticut has, since August 2008, been operating the business in a manner similar to the USA Mobile Drug Testing Businesses described in this Franchise Disclosure Document and operates using the Marks (described below) and became a franchisee of ours in 2011 upon signing a franchise agreement.

We have not offered franchises in any other industry or line of business. Except for the company-owned business, we have not operated any other business.

Parent, Predecessors and Affiliates

We do not have any parent company. We do not have any predecessors. We do not have any affiliates. In connection with our internal structure and management, we have an Advisory Board comprised of leading industry executives who work with and advise management on various drug testing, regulatory, business development and strategic issues. The Advisory Board is not an affiliate of ours, but at least one member of the Advisory Board is also a member of our Board of Directors (described in Item 2 below), and one member of the Advisory Board heads up our training program.

Our Business and the Franchise Offered

We grant franchises to qualified persons or business entities in connection with the service mark “USA Mobile Drug Testing” and other related logos (collectively referred to as the “Marks”). We refer to these businesses as “USA Mobile Drug Testing Businesses.” We also refer to the franchised USA Mobile Drug Testing Business that you will operate as the “Franchised Business.”

USA Mobile Drug Testing Businesses specialize in mobile drug testing services using a mobile business model. While your principal business will be a mobile service business, you must also have a location which will be your principal office, which we must approve (the “Location”). We expect that the Location will be your home. You will be granted a territory (“Territory”) within which you must solicit businesses and service clients. In some cases you may purchase, and will be granted, more than one contiguous territory. The Territory(ies), including your rights in the territory(ies) and the protections granted in the territory(ies), is described in greater detail in Item 12 below. Your Franchised Business will offer the following services: drug testing, breath alcohol testing, steroid testing, “drug-free workplace programs,” background checks, pre-employment screening, and DNA testing. These services are most often conducted at the clients’ location, but may be provided at an alternate location at the request of the client. You will need a staff of not less than two (2) people, including a salesperson and a certified collector. You, as a franchisee-operator, may serve in one or more of these roles.

~~———— We provide a national call center which serves as a clearinghouse for client orders and sales.~~
We operate a toll-free number (currently, 1-855-USA-TEST) through which we receive calls from prospective retail customers and direct them to the appropriate USA Mobile Drug Testing Business in that area. We will also provide certain national, regional and/or local marketing and support in connection with each franchisee’s training and consulting services. These services assist with the management and operation of each USA Mobile Drug Testing Business. But you, as the franchisee, will be ultimately responsible for the management, operation and financial affairs of your USA Mobile Drug Testing Business. You must operate the Franchised Business according to our standards, methods, procedures and specifications, which we refer to as our “System” and which is more particularly described in our Franchise Agreement attached as Exhibit C to this Franchise Disclosure Document. We may, from time to time, change or modify the System. We will provide you with a confidential operating manual, referred to as the “Operations Manual” or “Manual,” which contains our System Standards, rules, procedures, methods, and specifications for operations. We will also provide training to you and your staff (as more fully described in Item 11 below). The term of the Franchise Agreement is 20 years. You will have the opportunity to renew the Franchise Agreement for four renewal or successor terms, of five years for each term.

You, as the Franchisee, may be an individual or an entity. If you are an entity, you must have at least one of your owners, who owns at least 33% of the outstanding voting equity in your entity, be designated as the “Principal Operator.” The Principal Operator will be the owner who is primarily responsible for the overall management and operation of the Franchised Business, and the person with whom we will communicate on matters of policies as well as legal issues. You will also need to designate a “Designated Manager.” The Designated Manager will be the person responsible for the day-to-day operations of the Franchised Business. The Designated Manager may be, but need not be, the same person as the Principal Operator. A Designated Manager who is not also the Principal Operator is not required to have an ownership interest in the Franchisee entity.

We reserve the right to require that you, your Principal Operator, Designated Manager, and/or your employees consent to and undergo background checks, and credit checks, conducted by us or our designees, as part of the franchise evaluation and application process, and/or during the term of the Franchise Agreement. You must comply with our drug and alcohol testing policies, as they may be modified from time to time.

Competition and General Market

Our concept is targeted to businesses, large and small, local government agencies, federal governmental agencies, and athletic and scholastic organizations.

We are one of a growing number of businesses offering mobile drug testing. As a franchisee, you will compete with other mobile drug testing businesses. Your competition may be local, independently owned businesses, local or regional chains, and/or associations of individuals, entities and operators that provide drug testing and other employment and pre-employment screening. You will also compete with hospitals, non-profit entities, and for-profit businesses that provide similar services, but these are often provided at a fixed (non-mobile) location. Competition may increase due to local and national economic conditions, population density and general traffic conditions. These factors are generally difficult to predict.

Industry-Specific Laws or Regulations

The drug testing industry is regulated by the federal government in general, and by certain state and local laws and regulations. In addition, there are independent organizations that provide training, testing and certification regarding compliance with applicable laws or regulations. The U.S. Department of Transportation (“DOT”) has issued regulations regarding, and has established protocols for, the delivery of drugs and drug testing samples, and adherence to “chain of custody” rules. The DOT’s Office of Drug and Alcohol Policy and Compliance publishes, implements and provides interpretations of these rules. The DOT regulations are considered by the drug testing industry as the standard by which companies and individuals must comply. The DOT rules have been adopted by other industries. In addition, the nonprofit organization, the Substance Abuse Program Administrators Certification Commission (“SAPACC”) conducts training for, and certifies individuals as compliant with rules regarding, the Drug Free Workplace Program, and the DOT Substance Abuse Professionals. We require that all personnel who perform drug testing under the “USA Mobile Drug Testing” mark must be certified as trained according to the DOT regulations and policies. We will require that each franchisee and its staff that will conduct drug tests and transport samples must comply with the DOT rules.

In addition to DOT rules, states, counties and localities may enact laws and regulations that may require businesses to obtain permits or licenses, and/or comply with other requirements, for drug testing personnel. The details of state, county and local regulations and requirements will or may vary from place to place. You should investigate whether there are regulations and requirements that apply in the geographic area in which you are interested in locating your Franchised Business and should consider both their effect and the cost of compliance. We are not currently aware of any state or local laws that impose requirements greater than, or more stringent than, the DOT regulations. We urge you to consult a lawyer and/or other professional knowledgeable in this area to determine if any state or local laws or regulations will apply to your business. Further, you must be familiar with and comply with the Health Insurance Portability and Accountability Act (also known as “HIPAA”), which regulates the confidentiality of individuals’ medical records and medical/health tests.

There may be other laws applicable to your business and we urge you to make additional inquiries and contact your attorney about these laws and regulations. Under the Franchise Agreement, you are responsible for complying with all applicable laws and regulations despite any advice or information that we may give you.

ITEM 2. BUSINESS EXPERIENCE

CEO & President, and Director: Joseph Strom

Joseph Strom is our CEO, President and a Director, a position he has held since our inception. Mr. Strom was Vice President of Business Development for Business Corp 500 Development, Inc. in Tampa, Florida from November 2006 until June 2008. He was Vice President of Sales for Jacuzzi Brands USI Industries in Tampa, Florida from 1996 until January 2007.

Director of Finance & CFO, and Director: Gennaro Concolino

Gennaro Concolino has been our Director of Finance, Chief Financial Officer and a Director since our inception. He is an owner and operator of C&A Accounting Associates PC in Syracuse, New York and has been since January 1989.

Vice President Information Technology, CIO, and Director: Kevin D. Smith

Kevin D. Smith has been our Vice President of Information Technology, CIO and a Director since our inception in June 2008. From July 2006 until September 2008, Mr. Smith was a computer consultant with Kevin D. Smith Consulting in Tampa, Florida. From June 2002 through June 2006, he was with Muse Technologies, Inc. in Tampa, Florida, first as Chief Operating from June 2002 until June 2004 and then President from June 2004 through June 2006.

~~Vice President Franchise Operations: Robert Klein~~

~~Robert Klein has been our Vice President of Franchise Operations since November 2010. From January 2009 to November 2010, Mr. Klein was a Consultant with Innovative Consulting in Florida, Arizona. He was Regional Manager at Premier Garage in Phoenix, Arizona from May 2006 to December 2008.~~

~~Director Business Development: Jeffrey Sardisco~~

~~Jeffrey Sardisco has been our Director of Business Development since September 2010. From April 2006 to August 2010, Mr. Sardisco was self-employed as a General Contractor in Rochester, New York.~~

Director of Education & Compliance: Casey Neubert

Casey Neubert has been our Director of Education and Compliance since April 2010. Ms. Neubert was a 6th Grade Reading Teacher at Clearwater Intermediate Middle School in Clearwater, Florida from October 2009 to April 2010. From August 2009 to October 2009, she was a Juvenile Outpatient Counselor at Operation PAR in Largo, Florida. Ms. Neubert was a Trainer from August 2003 to June 2009 at Texas Roadhouse in Gainesville, Florida.

Senior Compliance Director and Consultant: Joseph Reilly

Joseph Reilly has acted as our Senior Compliance Director, as a consultant to us, since September 2010. Mr. Reilly is President of Joe Reilly & Associates, Inc. in Palm Bay, Florida and has been since May 2007. From April 1993 to April 2007, he was President of Florida Drug Screening in Palm Bay, Florida.

Director of Marketing: David Bell

David Bell has been our Director of Marketing since May 2012. From March 2006 to May 2011, Mr. Bell was President of PA Printing Services, Inc., located in Clearwater, Florida. Mr. Bell was Manager of Hillshoro Printing Company, from July 2003 to February 2006, in Tampa, Florida. Mr. Bell was Digital Document Operator for Hillsboro Printing Company, from October 1998 to May 2002.

Operations Manager: Debbie Harvey

Ms. Harvey has been our Operations Manager since May 2012. Ms. Harvey was a Sales Rep for Southeastern Seating, Inc., in Tampa, Florida from March 2009 until September 2011, and was a Manager and District Manager for Shell Corporation in Tampa, Florida from March 2001 until March 2009.

Franchise Sales Support Representative: Debra Harrelson

Ms. Harrelson has been our Franchise Sales Support Rep. since May 2012. From August 1992 until September 2011, Ms. Harrelson was a Territory Manager for Laboratory Corporation of America in Tampa, Florida.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

Franchise Fee

You must pay us an Initial Franchise Fee based on the Territory or Territories you select, as described below:

1. Single Territory Package - \$49,900. This fee is for a territory of no less than 8,000 employers* in a contiguous geographical area we designate.
2. Two Contiguous Territory Package - \$79,900. This fee is for two territories of no less than 8,000 employers* each, in a contiguous geographical area we designate.
3. Three Contiguous Territory Package - \$99,900. This fee is for three territories of no less than 8,000 employers* each, in a contiguous geographical area we designate.

The Initial Franchise Fee is paid in a lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is nonrefundable. The Initial Franchise Fee for each territory package is uniform for all franchisees. *As further described in Item 12, 8,000 employers is the minimum standard that we use for determining territories. The actual number of employers in a particular territory, and the size of a particular territory, may vary depending on a variety of factors. See Item 12 for additional information.

VetFran Program – We are participating in the VetFran program sponsored by the International Franchise Association. The VetFran program is designed to assist honorably discharged Veterans of the

U.S. Armed Forces who are interested in purchasing a franchise opportunity. We offer qualifying veterans a \$2,000 discount from the Initial Franchise Fee.

Purchases from the Franchisor (Products, Computer License, Training)

Before you begin operating your USA Mobile Drug Testing Business, you will need to purchase various supplies, sales kits, marketing brochures and other items from us. The goods and services that we will sell to you include: an initial supply of marketing materials, which include business cards, letterhead, envelopes, direct mailers, brochures, flyers, initial supply of customer membership agreements, and other related materials; car-desk; initial drug testing supplies; press releases; badge; and breathalyzer (we refer to these as the "Start-Up Package"). See Item 11 for additional information regarding the computer system. You must also pay us for the initial training program for up to three people, which can include you, as the owner/operator/franchisee, and two employees. The training, which is described in greater detail in Item 11, is \$1080 per person. The estimated cost for the Start-up Package, including the computer license, the IT Services Fee for the first three months (which is currently \$250 per month), and compliance certification training fees (for one person) is \$13,334.531. You must also pay us for the Start-up Package 30 days before training starts. The fees and costs are uniformly imposed on all franchisees. However, these individual costs may vary based on factors such as the number of employees who will be trained and the number of sales kits and drug testing equipment purchased by the franchisees. If you wish for more than one person to attend the compliance certification training, then you must pay us the certification training fee (see Item 6 for costs) for any additional persons 30 days before training starts (we pay this fee to a third party who conducts the compliance certification training). Additionally, the fee of \$10,500 for your first three months Roll-out Advertising is due at the same time you pay for the Start-up Package. As described in Item 7, we collect this fee from you and pay it to the supplier. These fees and costs are not refundable.

You are not required to pay us any other fees or payments for services or goods before the business opens.

ITEM 6. OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Renewal Fee	\$1,000 per Territory	After the initial term when you sign our then-current franchise agreement	Paid to us (FA 2.4.)
Royalty ¹	Per Territory: Up to 9% of Gross Sales. Current requirement is the greater of (a) 9% of Gross Sales (defined below this table) or (b) a minimum royalty of \$400 per month starting 90 days from completion of training.	On the third business day of each calendar month period for the previous month	See Note 1. Also, during any period that we provide Central Billing Services, we may collect the Royalty by deducting it from the monies we pay to you.
National Fund Contribution ²	Currently 0% (the National Fund is not yet active) But we may require that you contribute, per Territory, 2% of Gross Sales, up to a maximum of \$500 per month.	Same timing as the Royalty	See the description of "Gross Sales". In addition, see Note 32, and Item 11 below for a description of the Market Cooperative contribution.
Local Marketing	<u>Either (a) \$1,000 per month* per Territory beginning if you conduct this marketing, or (b) \$3,000 per month* if you chose to pay an approved vendor for a "Vendor-Coordinated" advertising program</u> <u>*This begins in your 7th month (following completion of your Rollout Marketing Program)</u>	Same timing as the Royalty if you use an approved vendor to conduct this advertising	You may either spend this amount on local advertising that you conduct, or you may use the program offered by the supplier that we have designated for your initial marketing program (the cost of this "Turn-key" Vendor-Coordinated advertising program is \$3,000 per month). See Items 7 and 11 for additional information.
<u>Market Cooperative Contribution</u>	<u>Currently 0% (there are no Market Cooperatives at this time)</u> <u>If established for your area, you contribute an amount determined by the Market Cooperative, up to a maximum of \$1,000 per month.</u>	<u>Same timing as the Royalty</u> <u>This amount is not payable to us, but we may collect these direct the payments to the Market Cooperative</u>	<u>See Note 2 and Item 11 below for a description of the Market Cooperative contribution.</u>

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Interest	10% per annum	When any overdue balance is paid	
Cost to approve a new supplier or product ³	Varies ³	Upon receipt of our invoice	
IT Services Fee	Varies - currently \$250 per month for two users (except first 3 months included in Start-up Package)	Due in advance at the beginning of each month (except fees for first 3 months are included in Start-up Package)	See Item 11 under "Computer Systems" for additional information. We may increase the fee by no more than 5% per year.
Compliance Training for Additional Persons	Then-current training fee. The current fee is \$1080 per person	Prior to Attendance	The cost of Start-up Package includes the training fee for one person. If you wish to have additional employees trained, or if you need to train employees after the initial trainees, this is the current fee per person for training
Additional Training, Seminars and Courses ⁴	Our then-current standard training fee for these programs (we have not established a fee as this time)	Before training	We may provide additional training programs, seminars, or courses, including at annual conferences. (See Note 4)
Testing Collector Training and Certification	Then-current training fee. The current fee is \$550 per person (See Note 5)	Prior to Attendance (course is currently provided on-line)	Applies to persons who will perform test collections but who did not attend our initial training program (See Item 11 for additional information)

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Canceled Check or Insufficient Funds	\$100 (or if less, the maximum permitted under the relevant state law)	Upon demand	If you make a payment to us by check and the check is returned to you from a financial institution without having made payment to us, or if there are insufficient funds in your account from which we will make a withdrawal by electronic funds transfer, then we have the right to charge you the fee.
Auditing Costs ⁵⁶	Varies	Subsequent to an audit	Paid to us when we audit you, but only IF you fail to provide us with the records and reports required by the terms of the franchise agreement (FA 10.3.)
Compliance Audits	\$400 <u>500</u> /half day minimum, plus reasonable travel expenses	Upon demand	We may audit you to ensure compliance with state and federal testing best practice standards (up to 2 per year). You must pay these costs if the audit reveals you are not in compliance.
On-Site Consulting	\$400 <u>500</u> /half day minimum, plus reasonable travel expenses	Upon demand	Paid to us when on-site consulting is required as requested by you or determined necessary by us.
Transfer Fee	\$6,500 per USA Mobile Drug Testing Franchise Territory transferred.	Payable when we approve the terms of the transfer	Payable on all transfers of your interest in the franchise. (FA 11.2.)

The above chart is a detailed description of other recurring or isolated fees or payments that you must pay to us or that we impose or collect for a third party under the terms of the Franchise Agreement.

No other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any other third party. These fees are uniformly imposed on all franchisees.

Notes:

All fees are nonrefundable.

¹ “Gross Sales” means the aggregate of all revenue received from the sale of products and services from all sources in connection with the Franchised Business whether for check, cash, credit or otherwise, including all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that you collect for or on behalf of and pay to any governmental taxing authority, and (c) the value of any allowance issued or granted to any customer of the Franchised Business that you credit in full or partial satisfaction of the price of any products and services offered in connection with the Franchised Business. (Section 3.2 FA)

If you purchase two or three territories as part of your franchise, your obligation to pay minimum Royalties on your second territory will begin 6 months after you complete your initial training, and your obligation to pay minimum Royalties on your third territory will begin 12 months after you complete your initial training.

We require that you pay your royalties and contributions to the Advertising Fund contributions on a calendar month basis (currently by the third business day of each month), although we have the right to designate other period of time for payment. If we are not providing Central Billing Services (which is described below), we may require that all payments be made by electronic funds transfer (“EFT”), and that you establish an appropriate EFT and sign the EFT authorization forms that we specify. Payments are due to us or our bank no later than the third business day of each month, so you must have sufficient funds in your account by the second business day of each month, as the EFT process will draft funds from the specified account on the day prior to the day for payment. You must send us your monthly sales report by the date we specify in connection with your payment. You must submit or deliver to us any and all reports, statements and/or other information on a timely basis, which may include electronically polled data that we obtain from your computer system. We may draft funds from your account based on the written or electronically delivered or polled reports. If you fail to make one or more payments on time, we may require that future payments be made by certified, bank, or cashier’s check, or another form of payment that we specify.

We have the right to perform all billing and collection functions for all services and supplies that you provide to clients (“Central Billing Services”). ~~We currently perform~~ At this time, we do not provide Central Billing Services, but we may decide to implement Central Billing Services – such as for services and supplies provided to national account customers that we have established. —When establish. The following describes certain procedures that will apply if we are providing ~~decide to implement and provide~~ Central Billing Services; — We will bill each client based on the terms of each client’s contract with you, and each clients will make all payments directly to us. We will, on a monthly basis, by the fifth business day of each month, provide you with a statement of your Gross Sales for that month and of all fees, costs, expenses and other amounts payable by you to us for that month. At that time, we will pay you the amount of your Gross Sales that we collected, less any fees or other expenses and charges then due to us (these include, without limitation, Royalties, contributions to the National Fund (once established), IT Fees, audit compliance fees, and costs of testing services performed for clients under the terms of Franchisee’s contracts with such customers).

² The National Fund Contribution is due and payable on a monthly basis during the term of the Franchise Agreement, including any renewal term. Once we establish the National Fund, you must contribute an amount equal to 2% of your Gross Sales, up to a maximum of \$500 per month, per Territory, starting 90 days from completion of training.

You may also be required under the Franchise Agreement to join and contribute to a regional advertising and marketing cooperative (a "Market Cooperative"), if one is formed for the area in which your franchised business operates. These expenditures and contributions are not payable to us (although we may collect the contributions and distribute them to each Market Cooperative) and additional details about these payments can be found below in Item 11, under the subheading "Marketing." As discussed below in Item 11, if we or our affiliate contribute to a Market Cooperative, we will have the same voting rights for our USA Mobile Drug Testing businesses as do our franchisees for their Franchised Businesses. Currently, there are no Market Cooperatives. The Market Cooperative will determine the specific amount of contribution to the Market Cooperative (unless we specified the contribution amount when we form the Market Cooperative), but in any event, the required contribution will not be more than \$1,000 per month per Territory. Required contributions to a Market Cooperative will not be credited toward your required expenditures for local advertising and promotion (or amounts that you spend for "Turn-key Vendor Coordinated" advertising programs.

³ The cost to approve a new supplier or product varies depending on the availability of product samples for testing, shipping costs or travel costs to review the product, the type of product under review, the availability of objective information relating to a particular product or supplier, whether the product or supplier has been rated or reviewed by associations in this or other industries, and other similar factors. If you propose a new supplier or product for approval by us, your reimbursement of our costs to review the product or supplier will not exceed our actual costs.

⁴ Attendance at our ongoing training programs, seminars or conferences is mandatory for you or your Designated Manager. We may charge an attendance fee for these ongoing training programs, seminars and conferences. You will also be responsible for transportation and expenses for meals and lodging while attending initial and ongoing training programs. The total cost may vary depending on the number of people attending, how far you travel and the type of accommodations you choose. Further information about ongoing training programs is included in Item 11 of this Franchise Disclosure Document. Currently, we do not have sufficient information from which to provide an estimated cost or range of costs of your expenses to attend our ongoing training programs. For further reference, you may wish to review the estimated range of costs to attend our initial training program included in the Initial Investment Chart in Item 7 of this Franchise Disclosure Document.

⁵ The fee includes Breathalyzer Training (BAT), Urine Collector Training and Supervisor Signs and Symptoms (SST). These can also be purchased separately at the following costs: BAT training \$325, Urine collector \$325 and SST at \$175.

⁶ Currently, we do not have sufficient information to provide you an estimate of your costs to reimburse us after an audit that shows an understatement in amounts due us. We assume the cost of auditing a Franchised Business varies depending on various factors, such as, prevailing auditor's rates in the geographic area where the Franchised Business is located, the extent of business activity which is being audited, the condition of the books and records of the Franchised Business and the period of time that is being reviewed. If you are required to reimburse us the costs of an audit, the reimbursement will not exceed our actual costs.

The expenses in this Item 6 are uniform for persons currently offered a franchise for a USA Mobile Drug Testing Business.

ITEM 7. YOUR ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT¹

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Franchise Fee ²	\$49,900 \$49,900 - 1 <u>territory \$79,900 - 2</u> <u>territories \$99,900 - 3</u> <u>territories</u>	Certified Check or Cashier's Check	Upon Signing Franchise Agreement	Us
Vehicle ³	0 - 2,500	As Arranged	Before Beginning Operations	Third Parties
Computer Software and Equipment ⁴	750 - 2,250	As Arranged	Before Beginning Operations	Us and Third Parties
Telephone	200 - 800	As Arranged	Before Beginning Operations	Us and Third Parties
Insurance ⁵	250 - 750	As Arranged	Before Beginning Operations	Third Parties
Office Equipment and Supplies ⁶	1,200 - 2,000	As Arranged	Before Beginning Operations	Third Parties
Compliance Certification Fee ⁷	0 - 1080	Check	Before Beginning Operations	Us
Training Expenses ⁸	1,000 - 2,000	As Arranged	Before Beginning Operations	Third Parties
Conferences and Exhibits	500 - 1,000	As Arranged	As Necessary	Third Parties
Signage ⁹	300 - 1,000	As Arranged	Before Beginning Operations	Third Parties
Rollout Marketing Program (first 3 months) ¹⁰	10,500	As Arranged	As Necessary	Third Parties - through payments we collect
Membership Dues	200 - 500	As Arranged	As Necessary	Third Parties
Start-up Package ¹¹	13,334 <u>531</u>	As Arranged	30 days before initial training	Us
Licenses & Permits ¹²	300 - 500	As Arranged	Before Beginning Operations	Licensing Authority
Legal & Accounting ¹³	300 - 2,500	As Arranged	Before Beginning Operations	Attorney, Accountant
Additional Funds (3 months) ¹⁴	5,000 - 25,000	As Arranged	As Necessary	You Determine

TOTAL ¹⁵	\$83,734,931 - \$115,644,811 (1 territory)
	\$113,931 - \$145,811 (2 territories)
	\$133,931 - \$155,811 (3 territories)

We anticipate that you will incur the estimated initial expenditures, as described in the above chart, in the establishment of the Franchised Business. The estimates in the chart above are based on Franchised Businesses with one Territory. If you purchase additional Territories, then your expenses will increase.

Notes:

¹ The Franchised Business is for a mobile drug testing business. As such, you, as a franchisee, will need a vehicle, but you do not need to have a fixed office or retail location. You will need to have some space in your home (house or apartment) as dedicated work space. You will need this area to prepare and transmit invoices, prepare and transmit electronic and hard copy correspondence, and generally manage your books and records. We will not grant a franchise to anyone who does not have sufficient work space in his/her home to manage the business. Therefore, the chart above, and the notes below, presume that you do not need to lease or acquire an office or commercial space to operate the Franchised Business.

² Franchise Fee. The Initial Franchise Fee in the chart above is for varies between a franchise with a single Territory. We may permit a franchisee to obtain additional Territories, in which event the Initial Franchise Fee increases one territory (\$49,900), two territories (\$79,900), or three territories (\$99,900). The Initial Franchise Fee is described in greater detail in Item 5 of this Franchise Disclosure Document. The Initial Franchise Fee is nonrefundable.

³ Vehicle. You will need a vehicle to operate the Franchised Business. The vehicle can be a car or truck. It must not be more than 3 to 4 years old, and it must be in good working order, and relatively free from dents, dings and other appearance imperfections. You may apply the Marks and signage to the vehicle in the manner we specify. ~~We have approved vehicle wrap, which you may obtain. (see note 9 below regarding Signage).~~ The figure at the low end of the range (\$0.00) reflects a situation in which a franchisee has a vehicle that meets our specifications and no additional purchases, leases, or repairs are needed. The high end of the range (\$2,500) assumes a lease of a new or relatively new vehicle that meets our specifications, and covers three months of lease payments. You are not required to purchase a new car, or to lease or purchase a high-end or luxury vehicle. The vehicle expense is presumed to be a cash expense. We make no representation regarding whether or not financing is available. You should check with the vehicle dealer whether or not financing is available. If financing is available, your cash investment may be less than that estimated above. You should inquire about the return and refund policy of the seller at or before the time of purchase; however, we expect that these costs are typically not refundable.

⁴ Computer System. As described in Item 11, you must obtain the components for the Computer System that we specify. The costs in the chart above are to purchase these items. If you prefer to lease the components, you may seek to negotiate a lease directly with the vendors. Additionally, as described in Items 6 and 11, you must pay us a monthly IT Services Fee (except that the costs for the Start-up Package includes the IT Services Fee for your first 3 months), which is currently \$250 (we may increase the IT Services Fee by no more than 5% per year). This includes 2 users for CRM, e-mail, Computer Data Information System (CDIS), the 855-USA-TEST toll-free number, and websites and one user for

QuickBooks. (QuickBooks is provided at no additional charge). If you wish to add additional user, any additional fees will apply at a specified rate per type of access needed (for example, CRM access for users, an additional person is currently fee will apply. Currently there is a fee of \$35 per month). per additional user. You should inquire about the refund policy of the suppliers at or before the time of purchase; however, we expect that these costs are typically not refundable.

⁵ Insurance. You must purchase the type and amount of insurance specified in Section 8.5 and Section 14.1 of the Franchise Agreement. These are summarized in Item 8 below. The amounts in the chart above are the estimated premiums for the first three months of operation for one Territory. However, some insurance brokers or insurance companies may require a prepayment of the first six months or one year. In that event, the estimates in the chart should be increased accordingly. These amounts are in addition to any other insurance that may be required by applicable law. The amounts you pay for insurance are typically not refundable.

⁶ Office Equipment and Supplies. You must purchase general office supplies including typical office equipment (including a detailed planner and file system). We will supply a listing during training. You will need this equipment even though you will be operating from your home. Factors that may affect your cost of office equipment and supplies include local market conditions, competition among suppliers and other factors. We do not know if the amounts you pay for office equipment and supplies are refundable. You should inquire about the return and refund policy of the supplier at or before the time of purchase.

⁷ Compliance Certification. A significant, and critically important, portion of the initial training is provided by or conducted by a third-party training certification company for us. The cost of the Start-up Package described in Note 11 below includes the fee for one person to complete the Compliance Certification. If you wish for additional employees to complete this certification, you must pay the current fee to us for this certification, as specified in Item 6 and in the chart. We also conduct a portion of the training program, although we do not charge a fee for this portion of the training.

⁸ Training Expenses. You are responsible for transportation and expenses for meals and lodging while attending all training. The total cost will vary depending on the number of people attending (the chart above includes training for two persons), how far you travel and the type of accommodations you choose. These expenses are not refundable.

⁹ Signage. This range includes the cost of all signage and advertising used in the Franchised Business including the signage required for the authorized vehicle. The signage requirements and costs will vary. The amounts you pay for signage are typically not refundable. Additionally, we have approved vehicle wrap, which you may obtain. If you wish to obtain the wrap, the costs are approximately \$2,000 (although it may vary depending on your model car), and you must order it through the vendor we have approved, which will source a local printer to install it on your vehicle.

¹⁰ Rollout Marketing Program. You must conduct an initial advertising program and we require that you use a designated vendor of advertising and promotion services to conduct this program for your Franchised Business (the "Rollout Marketing Program"). The Rollout Marketing Program must be conducted for a 6 month period and the required expenditures are \$4,500 for the first month and \$3,000 per month for the next five months. The amounts shown in the chart above are for the first three months of the Rollout Marketing Program. These expenditures are included in the table above as they are part of your obligations to begin operating your Franchised Business. We will make electronic deductions for the amounts (in the same manner and at the same time as payments for Royalties) to the marketing supplier for these monthly expenditures. At the end of the Rollout Marketing Program, you may choose to conduct your local marketing activities (on which you must spend \$1,000 per month per Territory), or you may choose to continue using the USAMDT approved marketing supplier to

conduct local advertising on your behalf (the “Turn-Key Vendor-Coordinated” advertising, which currently costs \$3,000).

¹¹ Initial Inventory/Start-up Package. You will be required to purchase an initial inventory of various equipment, testing kits, marketing materials (such as stationery, business cards, brochures, certain promotional items, car tile holder, and other materials). The estimate in the chart is for the Start-up Package that you purchase from us and include the fee for one person to complete the Compliance Certification training described in Note 7 above. See Item 5 for additional information regarding the Start-up Package. The amount you pay to us for these items is not refundable.

¹² Licenses & Permits. Local government agencies typically charge fees for such things as business permits and operating licenses. Your actual costs may vary from the estimates based on the requirements of local government agencies. These costs are typically not refundable.

¹² Legal & Accounting. You will need to employ an attorney, an accountant and other consultants to assist you in establishing your Franchised Business. These fees may vary from location to location depending upon the prevailing rates of local attorneys, accountants and consultants. These fees are typically not refundable.

¹³ Additional Funds. Additional Funds is an estimate of the funds needed to cover business (but not personal) expenses for the start-up phase of the business, which we expect to be three months of operation of the Franchised Business. You will need capital to support ongoing costs of your businesses, such as vehicle maintenance, supplies, payroll, utilities, taxes, loan payments (if any) and other expenses, to the extent that revenues do not cover business costs. This is not a break-even amount, and we cannot guarantee that our recommendation will be sufficient. Additional working capital may be required, particularly if sales are low or operating costs are high. New businesses (franchised or not) often have larger expenses than revenues. As with most businesses, your costs will depend on factors such as how much you follow our recommended systems, your technical, marketing and general business skills, local economic conditions, the local market for your business, competition, local cost factors, location and the sales levels achieved by you. This is only an estimate, and we cannot guarantee that the amounts specified will be adequate. You may need substantial additional funds during the 3 months of initial operation or afterwards. The 3-month period from beginning business covers the time by which we estimate a USA Mobile Drug Testing Franchised Business will be fully operational, but does not mean that you will have reached a break-even, or any other financial position by that time.

¹⁴ Total. In compiling the information for this Item 7, we relied on our experience in the mobile drug testing business, and the experience of the Connecticut operator (see Item 1) and several of our franchisees. We also conducted additional research on the industry for operating a business similar in nature to the franchise we are offering. The amounts shown are estimates only. We cannot guarantee that you will not have additional expenses in starting the Franchised Business. The estimates in this Item 7 may vary for many reasons including the number of territories covered by your Franchised Business, the capabilities of your management team, where you locate your Franchised Business and your business experience and acumen. Your costs will depend on how closely you follow the franchise procedures, your management skill, experience and business acumen, local economic conditions, the acceptance by local consumers of our goods/services, prevailing wage rates, competition, etc.

Miscellaneous costs to begin operations and other financial requirements, may be more or less than the figures specified above, as a function of the size of business which you intend to operate (including the number of staff and the anticipated volume of business etc.), the area in which you intend to operate and other factors, as mentioned above. Many of these factors are primarily under your control in your independent operation of your Franchised Business. We have made no provision for capital or other reserve

funds necessary for you to reach a break-even or any other financial position. Also, these estimates do not include any finance charges, interest or debt service obligation. You should not assume that revenues from your customers will necessarily cover your initial (or other) expenses.

You should review these figures carefully with a business advisor (such as an accountant) before making any decision to purchase the franchise.

The expenses in this Item 7 table above are estimates of your initial investment prior to commencing operations and for the first three months of operation. We recommend that, in addition to the additional funds shown, you have sufficient personal savings and/or income to cover your personal expenses and other costs for you and your family for at least 12 months after start-up.

The explanations and caveats in this note 13 also apply to the discussion and notes below under the subheading "Leased Office Space."

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General

To ensure that the highest degree of quality and service is maintained, you must operate the Franchised Business according to our System standards. During the term of the Franchise Agreement, you agree that:

- You will purchase, use and offer each of services and products that we specify from time to time;
- You will purchase, use and offer only the types, brands and quality of equipment, products and services we designate, and only in the manner we have prescribed;
- You will not offer for sale or sell through the Franchised Business any services or products we have not approved;
- You will discontinue selling and offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove in writing.

Approved Products, Authorized Suppliers and Specifications

We have the right to require that all products, supplies, equipment and services that you purchase for use or offer in your Franchised Business: (a) meet specifications that we establish from time to time; and/or (b) be purchased only from suppliers that we have expressly approved or designated; and/or (c) be purchased only from a single source (which may include us or our affiliates or a buying cooperative that we organize). This means that you must purchase and offer for sale or use at the Franchised Business the types, brands and quality of equipment, products, supplies, signs, and services we designate and use only suppliers we designate or approve for your USA Mobile Drug Testing Businesses. These suppliers may include, and may be limited to, us, and/or companies affiliated with us.

We may designate a single manufacturer, distributor or supplier (collectively, "supplier") for any product, service, equipment, supply or material and may approve a supplier or distributor only as to certain products. The designated supplier may be us or an affiliate of ours. Currently, other than as discussed below, neither we nor our affiliates are approved suppliers.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products or services to some or all of the Franchised Businesses in our system. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would be in the best interests of the System or the franchised network of Franchised Businesses.

If you wish to purchase, use or offer any type, brand and/or quality of item that we have not previously specified, or if you propose to use any supplier that we have not previously specified for the proposed item, you must first submit to us a written request asking for our approval to do so. You may not purchase any new product or service or make purchases from any proposed new supplier until we have reviewed and approved in writing the proposed new item and/or supplier, if we think the approval is appropriate. Among other things, we will have the right to require that our representatives be permitted to inspect the proposed new supplier's facilities, and that samples of a proposed new item or an item from a proposed new supplier be delivered either to us or to an independent laboratory that we designate for testing. We do not charge fees for reviewing proposed products, services or suppliers, but you will bear all reasonable expenses incurred by us in connection with determining whether we will approve an item, service or supplier. There is no limit on the time we may take in evaluating a proposed supplier or product, however we typically will provide you with approval or disapproval of the supplier or product within six weeks from our receipt of your request, and all requested samples and information. We also may require that the proposed new supplier comply with certain other requirements that we may deem appropriate, including for example payment of reasonable continuing inspection fees and administrative costs, or other payment to us by the supplier on account of their dealings with you or other franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that we may render to our suppliers. Criteria for products and suppliers will include whether the products meet our guidelines under the System. Suppliers will be judged on their ability to consistently and reliably provide sufficient quantity of product; quality of products or services at competitive prices in a timely manner; production and delivery capability; and dependability and general reputation. We may also require that the supplier present satisfactory evidence of insurance, such as product-liability insurance, protecting us and our franchisees against any claims arising from the use of the supplied item. We have the right to grant, deny, or revoke approval of products, services, and suppliers based solely on our judgment. We reserve the right to reinspect the facilities and products of any approved supplier and to revoke approval upon the supplier's failure to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to cease purchasing products from the disapproved supplier and, in the case of revocation based on failure of products to meet our standards, you agree to dispose of your remaining inventory of the disapproved supplier's products as we direct. If a new product or service is approved, it will become our property.

We will provide our specifications to approved suppliers upon request. We, however, have no obligation to make available to prospective suppliers, the standards and specifications that we deem confidential. We do not provide written criteria for approving suppliers to our franchisees, but we will consider the factors and issues described above in evaluating potential suppliers.

The approved suppliers and our specifications are identified and updated in writing as part of our Operations Manual. We will provide the Operations Manual to you, as described in Items 11 and 14, for your use during the term of the Franchise Agreement. We have the unrestricted right to change the types of authorized goods and services we require you to purchase from our approved suppliers or according to our specifications. There are no limits in the franchise agreement on our right to make such changes.

You must allow us or our agents, at any reasonable time, to remove samples of products and supplies used in your Franchised Business, without payment, in amounts reasonably necessary for testing

by us or an independent laboratory to determine whether those samples meet our then-current standards and specifications. We may require you to bear the cost of that testing if we did not previously approve in writing the supplier of the item or if the sample that we take from your Franchised Business fails to conform to our specifications.

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

We estimate that your purchases or leases from approved suppliers or according to our specifications will represent approximately 60% to 75% of your total purchases in the establishment of the Franchised Business, and 25% to 50% of your total purchases in your continuing operation of the Franchised Business.

Specific Requirements

Purchases from Us

We are currently the only approved supplier for certain types of products that you must purchase and use in your Franchised Business. These items include: drug tests; alcohol test devices; collection cups for instant tests; DOT supplies; DNA paternity lab materials; CBT web-based training items; class room training items; materials for providing training courses, including training materials, manuals, handbooks and supplies; on-line exam materials and certificates; printed exam materials and certificates; certain forms and supplies (such as alcohol testing forms and EBT mouthpieces and calibration items); uniforms; ID badges; and brochures. You must also use our Compliance Data Information System software, which is proprietary to us and we may require that you sign a license for this software. You will pay us directly for these items. For some items, we will ship the items to you, and for some items, we have arrangements for the items to be shipped directly from the suppliers to you. We may change our requirements in the future and may become the designated supplier for additional items, or may discontinue acting as a supplier for any or all of the items described above.

We will receive revenue when franchisees make purchases from us. For some items, the prices we charge may be a pass-through of the costs we incur in purchasing these items at the prices we negotiate with the supplier. For some items, the prices we charge may reflect other expenses and factors, including our costs and activities to purchase, warehouse, insure, distribute and develop items or services, and negotiate prices and other terms with suppliers.

Purchases from Designated and Approved Suppliers

As described in Items 6 and 11, we currently require franchisees to use the services of a designated marketing supplier to conduct a Rollout Marketing Program on each franchisee's behalf. We also require that you obtain certain certifications from suppliers that we have designated or approved in connection with drug testing and other services that you will provide to your customers. Also, as described in Item 7, we have developed an optional vehicle wrap. If you wish to obtain the wrap, you must order it through the vendor we have approved, which will source a local printer to install it on your vehicle. Otherwise, we currently have not designated other third party suppliers as approved suppliers for products and services that you must purchase or use in your Franchised Business, although we have the right to do so in the future. We may from time to time specify additional products and services (such as the types of on customer-site testing described below) that you may offer to you customers or make available to your customers in connection with your Franchised Business. We may require that any or all of these products or services be purchased from, and provided by or through, designated suppliers, which may include us or our affiliates. The types of items and services may include: post accident testing, physicals at a facility or

client site, blood draws; background checks; respiratory testing; hearing testing; and certain additional services, such as EKG tests, digital x-rays, vision and stress testing. We will establish procedures and policies in connection with these types of products and services. These may include procedures for referring customers to designated suppliers or central ordering systems, requirements that customers purchase the services directly from the designated supplier, and paying franchisees certain commissions for these additional services performed within their territories.

Purchases According to our Specifications

You must purchase other equipment and supplies used in your Franchise Business according to our specifications. Currently, our specifications include requirements relating to: vehicles used in connection with the Franchised Business (see Item 7 for additional information); office and other equipment; marketing brochures; and business cards.

You must buy (or lease) a computer system. More detailed information concerning the computer system can be found in Item 11 of this disclosure document under the heading "Computer Systems." In general terms, you will be required to obtain a computer system that will consist of certain hardware and software items and peripheral devices (such as printers). As noted above, you must also use our Compliance Data Information System software, which is proprietary to us.

You must purchase and maintain in effect during the term of the Franchise Agreement the type and amount of insurance specified in Section 8.5 of the Franchise Agreement in addition to any other insurance that may be required by applicable law, any lender or lessor. Your insurance policies must name us as an additional insured and/or loss payee. We do not receive any rebates, discounts or other benefits from your purchase of insurance. If you do not obtain or maintain the requisite coverage, we will have the right (but not the obligation) to pay any premium or obtain the required coverage on your behalf and charge you back for those premiums.

Allowances

We have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "Allowances") offered by suppliers to us or to us or our affiliates based upon your purchases or products and other goods and services. These Allowances may be based on System-wide purchases of products and services. You assign to us or our designee all of your right, title and interest in and to any and all such Allowances and authorize us or our designee to collect and retain any or all such Allowances without restriction (unless otherwise instructed by the supplier). As of the date of this Disclosure Document, we have not received any payments of this nature and have not arrangements under which we would receive these types of payments. We expect that any Allowances will be determined and paid on an annual basis as a percentage of the total purchases made by all USA Mobile Drug Testing Businesses during the year. The range or precise level of any Allowances that we receive in the future may vary based on a variety of factors, including the volume of purchases by USA Mobile Drug Testing Businesses. If we receive any Allowances, we may pay all or a portion to franchisees based on their purchases, or pay all or a portion to the National Fund, or may retain all or a portion as consideration for our services, negotiations, and central ordering services, or use these monies in a manner that we believe will be in the interest of promoting or enhancing the USA Mobile Drug Testing brand, including, for example, marketing and services development.

Revenues Derived from Required Purchases and Leases

During our fiscal year ending December 31, ~~2010~~2011, we ~~obtained~~received \$580,395 from franchisees' purchases from us of required equipment, supplies and resold-services, which amount

~~represented 25.3% of our total revenues of \$2,864,973 in 2011. The revenues derived from these sales included breath alcohol testers that we resold at cost to our franchisees. Any amounts that we received from franchisees for these testers are treated as a cost recovery and pass-through compliance certification fees that we collect and then pay to the franchisees of those costs. Otherwise, during third parties who conduct the fiscal year ending December 31, 2010, we did not have revenue from the sale or lease of required products or services to franchisees. compliance certification program.~~

Purchasing or Distribution Cooperatives and Arrangements

No purchasing or distribution cooperatives exist. We have, and may in the future, negotiate purchase arrangements (including price terms) with certain suppliers of approved products. In doing so, we seek to promote the overall interests of our franchise system and our interests as the franchisor. As of the date of this Disclosure Document, there are approximately five arrangements in which we have negotiated group rates for purchases of certain equipment and supplies used in operating the Franchised Business. These include certain testing supplies, collection cups, uniforms, advertising and promotional services, lab testing/medical review officers, and DOT testing services, supplies and training.

Material Benefits for Use of Approved Sources

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

ITEM 9. FRANCHISEE’S OBLIGATIONS

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

Obligation		Section in the Franchise Agreement	Disclosure Document Item
a.	Site selection and optional acquisition/lease	2.3	Items 11 and 12
b.	Pre-opening purchases	8.4, 8.5	Items 5, 7 and 8
c.	Pre-opening requirements	8.1, 8.4-8.7	Items 8 and 11
d.	Initial and ongoing training	5.1-5.5	Items 6, 7 and 11
e.	Opening	8.8 and 12.2	Items 11 and 15
f.	Fees	2.4, 3.1, 3.3, 3.5, 4.2-4.4, 5.1-5.7, 8.5, 8.6, 8.7.1, 10.3, 11.2, 12.3, 14.4, 14.6, 15.9, 16.2	Items 5, 6, 7 and 11
g.	Compliance with standards and policies/Operating Manual	5.6, 8.1-8.7	Items 8, 11 and 16

Obligation		Section in the Franchise Agreement	Disclosure Document Item
h.	Trademarks and proprietary information	6.1-6.6	Items 13 and 14
i.	Restrictions on products/services offered	8.4, 8.5	Items 8 and 16
j.	Warranty and customer service requirements	Not Applicable	Not Applicable
k.	Territorial development and sales quotas	Not Applicable	Not Applicable
l.	Ongoing product/service purchases	8.4, 8.5	Items 8 and 11
m.	Maintenance, appearance and remodeling requirements	Not Applicable	Not Applicable
n.	Insurance	8.6, 14.1	Items 6, 7 and 8
o.	Advertising	4.1-4.8, 5.7, 6.2, 6.6	Items 6 and 11
p.	Indemnification	14.4	Item 6
q.	Owner's participation/management/ staffing	2.11, 13.1	Items 15 and 11
r.	Records and reports	9	Item 11
s.	Inspections and audits	10	Items 6, 11 and 13
t.	Transfer	11	Items 6 and 17
u.	Renewal	2.4	Item 17
v.	Post-termination obligations	12, 13.3	Item 17
w.	Non-competition covenants	12.3(i), 13	Item 17
x.	Dispute resolution	15.12 – 15.15	Item 17

ITEM 10. FINANCING

We are not obligated to offer directly, or indirectly, any arrangements for financing of your initial investment, your equipment or the continuing operation of your franchise. We do not guarantee your note, any lease or any other obligation.

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

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

Our Pre-Opening Obligations to You:

We are required by the Franchise Agreement to provide certain assistance and service to you.

Before you open your USA Mobile Drug Testing Business:

- We will provide you with our initial training on the operation of a USA Mobile Drug Testing Business. The initial training program is currently an approximately eight-to-nine day pre-commencement training program. (Additional information about training can be found below in this Item 11 under "Training.") We will be responsible for the cost of instruction and materials under the terms stated in the Franchise Agreement. (Franchise Agreement, Section 5.1)
- We will provide you with the Start-up Package (currently the cost is \$13, ~~331,531~~), which is described in Item 5. (Franchise Agreement, Section 4.1)
- We will provide you with a list of those businesses within your designated territory that are registered with Dunn & Bradstreet, Info USA or another similar resource for use in your marketing efforts. This list will not contain all businesses within your designated territory. (Franchise Agreement, Section 5.8)
- We will provide to you, for the duration of the Franchise Agreement, the Operations Manual (which is more fully described in Item 14 below). (Franchise Agreement, Section 5.6) We currently provide the Operations Manual by allowing you access to the section of our Website reserved for franchisees of USA Mobile Drug Testing Businesses. (Franchise Agreement, Section 5.6) The table of contents for the Operating Manual is attached as Exhibit D to this Franchise Disclosure Document. As of the date of this Disclosure Document, the Operating Manual contains 862 pages.

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your USA Mobile Drug Testing Business.

During Operation of the Business:

We are required by the Franchise Agreement to provide certain assistance and service to you. During the operation of your USA Mobile Drug Testing Business:

- We will operate a toll-free number and/or website directing inquiries from prospective customers to qualified USA Mobile Drug Testing Businesses (Franchise Agreement, Section 5.7).
- We will make available additional training programs, as we deem appropriate. (Franchise Agreement, Section 5.2)
- We will provide you with general guidance regarding operating issues. (Franchise Agreement, Section 5.3)
- We may hold an annual meeting for our franchisees, and if we have an annual meeting, you will be required to attend. (Franchise Agreement, Section 5.3)
- If you request additional guidance and/or training, we will, to the extent we can reasonably accommodate your requests, furnish additional guidance and assistance to deal with your operating problems for the fees and charges described in Item 6. (Franchise Agreement, Section 5.5)

- We will assist you in preparing a proposed plan for a direct mail marketing and local advertising campaign for your first year in business. For this purpose, the term direct mail or local advertising means all marketing and public relations, sales personnel costs, advertising and promotions effected through the medium of local radio or television broadcasts, newspapers, periodicals, telephone and yellow pages directories and public relations. (Franchise Agreement, Section 4.2)
- We will administer the National Fund as stated in the Franchise Agreement and as described below in this Item 11. (Franchise Agreement, Section 4.3)
- We may conduct, as we deem advisable, periodic inspections of your USA Mobile Drug Testing Business. (Franchise Agreement, Section 10.1)

Training

We will furnish our initial training program on the operation of a USA Mobile Drug Testing Business for your Franchised Business. You, or your Principal Operator if you are an entity, and your Designated Manager (unless you or your Principal Operator will also serve as your Designated Manager) must complete the initial training to our satisfaction before you begin operating the USA Mobile Drug Testing Business. (See Items 1 and 15 for additional information regarding the Principal Operator and Designated Manager.)

The initial training program consists of approximately eight to nine business days of training at a time and place and for such period as we designate. This training will take place at either a site we designate, or at or near our corporate office in Tampa, Florida and/or online via the Internet. The training consists of business advice, marketing, administrative, software, personnel, bookkeeping, customer relations, USA Mobile Drug Testing Business operations and familiarization with the mobile drug testing industry.

We schedule and conduct our initial training program, which is described below, on an as-needed basis to train new franchisees.

TRAINING PROGRAM

Subject	Hours of Classroom Training	On The Job Training	Location
Drug Testing	12.0	0	Tampa, Florida, or to be determined
Breath Alcohol	8.0	0	Tampa, Florida, or to be determined
Computer Data Information System	15.0	0	Tampa, Florida, or to be determined
Other Testing (DNA, Background Cks, Etc.	4.0	0	Tampa, Florida, or to be determined
Marketing and Advertising	7.5	10	Tampa, Florida, or to be determined
Sales	8.0	0	Tampa, Florida, or to be

Subject	Hours of Classroom Training	On The Job Training	Location
			determined
Admin & Operations	10.0	0	Tampa, Florida, or to be determined
	64.5	10	

Our training and compliance program is under the supervision and direction of Joe Reilly, who has served as our Senior Compliance Director since 2011 and is also the owner of Reilly & Associates, Inc. Mr. Reilly has over 18 years of experience in workplace drug testing. Mr. Reilly's experience includes served for nine years on the Drug and Alcohol Testing Industry Association (DATIA) Board of Directors and served as Chairman of the Board from 2004 to 2008. He was also for five years a Master Trainer for the DATIA Certified Professional Collection Trainer program.

Our trainers also include Joseph Strom, who is our CEO, President and a Director, and Robert Klotz and Casey Neubert. Their experience is further described in Item 2 of this Disclosure Document. We may also use additional trainers and instructors to conduct the training program. Our trainers will include our employees and third suppliers that we select. The trainers have, generally, between two and three years of experience with our system, and four and 20 years of experience in the drug testing industry, and other positions (such as customer service) that are relevant to the Franchised Business.

It is the nature of this business that there is full integration of the subjects being learned by you and there are no clear beginning and ending times. Our training program is modularly designed so that trainers may rearrange the modules of the course to convene to the real-life work schedule in progress during the training sessions. The instructional materials for our training program include our Operations Manual, reference manuals, DOT manuals, government regulations manuals, handouts, videos, and use of other presentation tools.

We expect to provide the initial training program to up to three people (including you, or your Principal Operator, and Designated Manager), but you may request that additional employees be trained before you open. We will also provide this initial training and certification program to new employees that you hire after you begin operating your Franchised Business, if you so request or if we require. You must pay us a training fee of \$1080 for each person who participates in this initial training. You will also be responsible for all travel and living expenses that you or your employees incur in connection with any training. (Franchise Agreement, Section 5.1)

We may require you (or your Principal Operator) and/or previously trained and experienced employees, to attend periodic refresher training courses at such times and locations that we designate, and we may charge reasonable fees for such courses. You agree to give us reasonable assistance in training or assisting other franchisees of USA Mobile Drug Testing Businesses. (Franchise Agreement, Section 5.2)

Additionally, we may from time to time specify certain training and certification requirements for any personnel who will perform certain functions for your Franchised Business (including for example, test collections). You must ensure that your employees complete all required training and certifications before performing any functions for which these requirements apply. We may provide the training and certification directly or use third party suppliers for this purpose. We or the designated supplier of these training services may charge a fee. You will be responsible for these fees and for all expenses that you

and any your personnel incur in connection with any this type of training. We currently require that any person you employ to be your testing collectors complete an online training and certification course (unless they attended our initial training program). The cost of this course is currently \$550 per person. (Franchise Agreement, Section 5.3)

We will advise you from time to time regarding operating issues concerning the franchise disclosed by reports you submit to us or on-site inspections we make. Such guidance will, at our discretion, be furnished in our Operations Manual, bulletins or other written materials and/or during telephone consultations and/or consultations at our principal business address.

We will hold a meeting or advise you for you to stay up-to-date on competitive challenges and opportunities, upgraded programs, best practices, new developments and techniques. Your attendance at this meeting is mandatory and will help establish beneficial relationships with other franchisees of USA Mobile Drug Testing Business and approved suppliers. (Franchise Agreement, Section 5.3.)

At your request, we will furnish additional guidance and assistance and, in such a case, may charge the fees (on an hourly or half-day basis plus expenses) and charges we establish periodically. If you request, or if we require, additional or special training for your employees, all of the expenses that we incur in connection with such training, including per diem charges and travel and living expenses for our personnel, will be your responsibility. (Franchise Agreement, Section 5.4.)

Marketing

The National Fund

The image of the “USA Mobile Drug Testing” brand, the Marks, and USA Mobile Drug Testing Businesses held by the public in general, is important to the System and the Marks. We may establish a national or systemwide advertising, marketing, and promotional fund (the “National Fund”) for the enhancement and protection of the “USA Mobile Drug Testing” brand and Marks, and for the advertising, marketing, and public relations programs and materials as we deem appropriate.

We will have the right to use the National Fund, and monies in the National Fund, for any purpose that we designate that we believe will enhance and protect the “USA Mobile Drug Testing” brand and Marks, will improve and increase public recognition and perception of the “USA Mobile Drug Testing” brand and Marks, and USA Mobile Drug Testing Businesses, and will improve and enhance the perception of USA Mobile Drug Testing Businesses held by franchisees, managers and other employees of USA Mobile Drug Testing Businesses. Among the programs, concepts, and expenditures for which we may utilize the National Fund monies are: creative development and production of print ads, commercials, radio spots, direct mail pieces, door hangers, and other advertising and promotional materials; creative development of, and preparing, producing, and placing video, audio, and written materials and electronic media; media placement and buying, including all associated expenses and fees; administering, and/or allocating monies of the National Fund to be used in, regional and multi-regional marketing and advertising programs; market research and customer satisfaction surveys, the creative development of, and actual production associated with, promotions, public relation events, and charitable or nonprotit events; creative development of signage and posters; employee recognition and awards events and programs; periodic national and regional conventions and meetings; Website, extranet and/or intranet development, implementation, and maintenance; retention and payment of advertising and promotional agencies and other outside advisors including retainer and management fees; and public relations and community involvement activities and programs; including advertising, marketing, public relations and related costs involved in any co-branding, dual franchising or other multi-sponsor programs.

We will direct all programs that the National Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation.

You must contribute to the National Fund an amount as described below, payable in the same manner as the Royalty. As of the date of this disclosure document, there is no required contribution (0%) to a National Fund. We, however, expect that the National Fund will be established during ~~2014~~2012, and we have the right to set (and periodically change) the required National Fund contribution level during the term of your Franchise Agreement, so long as it does not exceed 2% of Gross Sales per Territory (up to a maximum required contribution of \$500 per month, per Territory). We are not required to contribute to the National Fund for USA Mobile Drug Testing Businesses that we or our affiliates own, but expect that we will do so.

We have the right to collect for deposit into the National Fund any advertising, marketing, or similar allowances paid to us by suppliers who deal with USA Mobile Drug Testing Businesses and with whom we have agreed that we will so deposit these allowances. These payments are different from those which are not designated by suppliers to be used exclusively for advertising or similar purposes. Therefore, we and our affiliates may use these monies for any purposes that we and they deem appropriate.

We will account for the National Fund separately from our other funds and monies and not use the National Fund for any of our general operating expenses. However, we may use the National Fund to pay administrative costs of the National Fund including managing the advertising, marketing, and promotional programs and payment of outside suppliers utilized by the National Fund. We may use the National Fund to pay for other administrative costs, travel expenses of personnel while they are on National Fund business, meeting costs, overhead concerning National Fund business, and other expenses that we incur in activities reasonably related to administering or directing the National Fund and its programs. As noted above, we may use a portion of the National Fund toward the cost to develop and maintain a Website. The Website may have a section relating to our franchise opportunity, and all advertising and promotional materials may reflect the availability of "USA Mobile Drug Testing" franchises. Otherwise, we do not use National Fund monies for advertising that is principally a solicitation for the sale of franchises. We have not yet created or organized the National Fund.

The National Fund will not be our asset. Although the National Fund is not a trust, we will hold all National Fund contributions for the benefit of the franchise System, the USA Mobile Drug Testing brand, and the contributors, and use contributions only for the purposes described in this Item 11 and Section 4.3 of the Franchise Agreement. We do not owe any fiduciary obligation to you for administering the National Fund or any other reason. The National Fund may spend in any fiscal year more or less than the total National Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on National Fund contributions to pay costs before using the National Fund's other assets.

We will prepare an annual, unaudited statement of National Fund collections and expenses. The statement will be available for your review upon written request, 90 days after our fiscal year. We may have the National Fund audited annually, at the National Fund's expense, by an independent certified public accountant. We may incorporate the National Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Item 11 and Section 4.3 of the Franchise Agreement.

We intend the National Fund to maximize and enhance public, franchisee, and employee recognition of the USA Mobile Drug Testing brand, Marks, and USA Mobile Drug Testing Businesses. Although we may use the National Fund, or portions of the monies in the National Fund, to create,

develop, use and/or place advertising and promotional marketing materials and programs, and we may try to engage in brand enhancement activities that will benefit all USA Mobile Drug Testing Businesses, we cannot and do not ensure that National Fund expenditures will be made in or affecting any geographic area, or will be proportionate or equivalent to National Fund contributions by USA Mobile Drug Testing Businesses operating in that geographic area. We do not guarantee or assure that any USA Mobile Drug Testing Business will benefit directly or in proportion to its National Fund contribution from the brand enhancement activities of the National Fund or the development of advertising and marketing materials or the placement of advertising and marketing.

We have the right, but not the obligation, to use collection agents and institute legal proceedings to collect National Fund contributions at the National Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the National Fund. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the National Fund.

If you are in default of any of your obligations to us and/or the National Fund, or your Franchise Agreement is otherwise subject to termination, you will have no rights with respect to the National Fund. We may deny access to any and all programs and/or materials created by and benefits of, the National Fund to franchised USA Mobile Drug Testing Business that is in default in any obligations to the National Fund.

If we terminate the National Fund and there are unspent monies in the National Fund, we will distribute all unspent monies to our franchisees, and to us and our affiliates, in proportion to their, and our, respective National Fund contributions during the preceding 12 month period.

As described above, the National Fund may place advertising in any media. We are not limited to local, regional or national programs, but may use a combination of the same. We anticipate the coverage currently will be regional in scope although we reserve the right to do national advertising or local in the future. The regional/national marketing will typically be disseminated in print advertising through advertisements in newspapers, magazines, direct mail flyers or Internet.

The National Fund was not in effect during our prior fiscal year and has not collected or spent any contributions as of the date of this Disclosure Document.

Local Advertising

As described in Items 6 and 8, you must participate in a USA Mobile Drug Testing "Rollout Marketing Program." This is similar to a grand opening marketing program, but it extends during the first six months of operations. We have designated a marketing supplier that will conduct the Rollout Marketing Program for each franchisee. The services will include direct mail pieces, search engine optimization assistance, internet ad placement (budget will vary), social media assistance and related activities. The cost of the Rollout Marketing Program is \$4,500 for the first month and \$3,000 per month for the next five months. At the end of the Rollout Marketing Program, you may ~~ehesechoose~~ choose to conduct ~~you~~ your local marketing activities or to continue using the marketing supplier to conduct local advertising on your behalf. (Franchise Agreement, Section 4.2)

Following the completion of the Rollout Marketing Program, you must continue to locally advertise and promote your Franchised Business. In addition to your contribution to the National Fund contribution as described above, you must spend \$1,000 per month, per Territory, on direct mail or "local advertising". You may elect to conduct the advertising yourself with our prior written approval, or you may use the services of the marketing supplier we designate or approve for the Rollout Marketing

Program to perform the marketing on your behalf (this is sometimes referred to as “Turn-key Vendor-Coordinated” marketing). The cost for the Turn-key-program Vendor-Coordinated advertising is currently \$3,000 per month. If you conduct the marketing, you will be responsible for all your own direct mail and local print advertising of the Franchised Business. Other appropriate local advertising expenditures may include, but are not limited to, fliers, door hangers, postcards, posters, radio, and television commercials.

We will assist you in developing a direct mail marketing program. Our assistance may include providing advertising slicks and camera-ready art and providing suggestions as to methods and channels to distribute your advertising. We also encourage you to participate in cooperative advertising where available.

You must send us, in the manner we prescribe, an accounting of your expenditures for local advertising and promotion at such times, and for such reporting periods, as we may specify from time to time. We reserve the right to collect the required local advertising and marketing expenditures from you and to spend such amounts to implement the plan for you. If you fail to expend the required minimum amount, then any amounts that you should have expended to reach the minimum requirement must be contributed to the Marketing Fund at such time as we specify.

Certain criteria will apply to any local advertising and promotion that you conduct. All of your local advertising and promotion must be conducted in the media, type, and format that we have approved, must be conducted in a dignified manner, and must conform to our standards and requirements. You must comply with all of our written instructions, policies, procedures, and restrictions regarding advertising and marketing within your Territories, outside of your Territories, and in areas that may be territories assigned to other USA Mobile Drug Testing. You may not use any marketing or promotional plans (either in connection with local advertising and promotion, or a regional or Market Cooperative) that we have not approved in writing. You must submit to us samples of all proposed plans and materials at least 21 days before you use the materials. If we have not approved the materials in writing within 21 days of our receipt, then the marketing and promotional materials will be deemed disapproved.

All copyrights in and to marketing and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, at our request, require your independent contractors to sign the documents) that we deem necessary to implement this provision. (The requirements in this paragraph, as well as in the previous paragraph, will also apply to any Market Cooperatives.)

We may periodically make available to you advertising plans for purchase or otherwise at your expense, and promotional materials, including newspaper mats, merchandising materials, sales aids, special promotions, direct mail materials, community relations programs, and similar advertising and promotional materials for use in local advertising and promotion.

As used in the Franchise Agreement, the term “local advertising and promotion” refers only to the direct costs of purchasing and producing marketing materials (such as camera-ready advertising and point of sale materials), media (space or time), and your direct out-of-pocket expenses related to costs of advertising and sales promotion in your local market or area. Local advertising and promotion also includes associated marketing agency fees and expenses, postage, shipping, telephone, and photocopying costs. “Local advertising and sales promotion” does not, however, include any of the following:

(a) Salaries, incentives or discounts offered to your employees, and your employees expenses, including salaries or expenses for attendance at advertising meetings or activities, or incentives provided or offered to your employees;

- (b) Charitable, political, or other contributions or donations, whether in cash, food, or services unless otherwise approved;
- (c) The value of discounts given to consumers; and
- (d) The cost of services or products provided.

Regional or Market Cooperative

We have the right to establish a regional or market area cooperative (“Market Cooperative”) for the geographic region in which your Franchised Business is located. The purpose of the Market Cooperative is to conduct marketing campaigns for the USA Mobile Drug Testing Businesses located in that region. Currently, there are no Market Cooperatives.

If a Market Cooperative for your area was established before you began to operate your Franchised Business, then when you open your Franchised Business, you must immediately join that Market Cooperative. If a Market Cooperative for your area is established after you begin to operate your Franchised Business, then you must join the new Market Cooperative within 30 days of the Market Cooperative’s beginning of operations. You will not be required to be a member of more than one Market Cooperative. The following provisions will apply to each Market Cooperative (if and when organized):

1. Market Cooperatives will be established, organized, and governed in the form and manner that we have approved in advance. Unless we specify otherwise, the activities carried on by each Market Cooperative will be decided by a majority vote of its members. Any USA Mobile Drug Testing Businesses that we or our affiliates operate in the region or area in which a Market Cooperative has been established and which participate in the Market Cooperative will have the same voting rights as those USA Mobile Drug Testing Businesses owned by franchisees. Each business owner or franchisee will be entitled to cast one vote for each USA Mobile Drug Testing Business owned. Any disputes arising among or between you, other members of the Market Cooperative, and/or the Market Cooperative, will be resolved according to the rules and procedures set forth in the Market Cooperative’s governing documents.
2. Market Cooperatives will be organized for the exclusive purpose of administering regional marketing programs and developing (subject to our approval) standardized promotional materials for use by the members in local advertising and promotion.
3. Market Cooperatives may not use marketing, promotional plans, or materials without our prior written approval, as described below.
4. If a Market Cooperative is formed for your region or market area, the Market Cooperative will determine the specific amount of contribution to the Market Cooperative, unless we have specified the amount of contribution when we form the Market Cooperative. However, the contribution amount, whether we set it or if it is set up by the Market Cooperative, will not be more than \$1,000 per month per Territory. And any required contributions to the Market Cooperative will be in addition to your required expenditures for local advertising and promotion (or the amounts you spend on Turn-key Vendor-Coordinated advertising programs).
5. You must submit your required contribution to the Market Cooperative at the same time as payments are required for royalties and the contribution to the National Fund, together with the statements and reports that may be required by us or by the Market Cooperative, with our written

approval. If requested by us in writing, you must submit your payments and reports for the Market Cooperative directly to us and we will distribute the money and reports to the Market Cooperative. If we incur administrative expenses in support of the Market Cooperative, these expenses may be paid to us from the funds of the Market Cooperative or from a portion of the Advertising Fund that would be allocated to the Market Cooperative. Unless we specify otherwise when we form the Market Cooperative, the Market Cooperative will determine the specific amount of your contribution to the Market Cooperative; however, the amount will not exceed \$1,000 per month per Territory. Any required contributions to the Market Cooperative will be in addition to your required expenditures for local advertising and promotion.

6. Although, if established, a Market Cooperative is intended to be of perpetual duration, we maintain the right to terminate any Market Cooperative. A Market Cooperative will not be terminated, however, until all monies in that Market Cooperative have been expended for marketing or promotional purposes.

Franchisee Advisory Council

We may ~~create~~have created a Franchisee Advisory Council comprised of franchisee members. The members will be elected according to the rules and procedures that we specify or approve, which may provide for us to designate the members or permit franchisees to elect the members. ~~If created,~~The Franchisee Advisory Council will advise us on advertising policies, but the council's authority will be advisory only. We will have the right to form, dissolve, or change the Franchise Advisory Council, in our sole discretion. ~~There are currently no Franchise Advisory Councils.~~In addition we have established committees in regards to a National Accounts, Marketing and Training. (Franchise Agreement, Section 8.89)

Websites

You may not establish a website (defined below), nor offer or promote or sell any products or services or make any use of the Marks, through the Internet without our prior written approval. As a condition to granting our consent, we will have the right to establish requirements that we deem appropriate, including the requirement that your only presence on the Internet will be through the use of a designated service provider (which can be us or an affiliate), a webpage established by us on our website or through a designated site and/or meet our specifications. Any website will be deemed "advertising" under the Franchise Agreement, and will be subject to (among other things) our approval. As used in the Franchise Agreement, the term "Website" means an interactive electronic document contained in a network of computers linked by communications software. The term Website includes the Internet and World Wide Web home pages.

E-Mail, Internet, and Other Media

You must comply with our requirements (as described in the Operations Manual or otherwise in writing) with respect to the transmission of all emails in connection with the Franchised Business, and in connection with discussing, advertising, or disseminating any information, or otherwise having a presence, on the Internet, or in any other media, regarding the Franchised Business. These activities include participation in any Internet "blogs" or social networking sites. Any similar activities which are not expressly permitted in the Operations Manual or otherwise in writing, or for which you have not previously received our approval, will be subject to our approval of advertising as described above.

Computer System

We require our franchisees to purchase a computer system ("Computer System"). The term Computer System refers to (a) electronic information technology (or IT) and reporting systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Franchised Businesses, between or among Franchised Businesses, and between and among your Franchised Business and us, our designee and/or you; (b) physical, electronic, and other security systems; (c) printers and other peripheral devices; (d) archival back-up systems; and (e) internet access mode (for example, the type of telecommunications connection) and speed. You must abide by our requirements with respect to the Computer System. You must enter and maintain all licensing, maintenance, updating and upgrading contracts for the Computer System, or any of its components, that we or suppliers may require, and pay the suppliers (which may be us or our affiliates) directly for any licenses and support. Currently, we require our franchisees to have a computer system with Windows XP or Windows 7 Professional with Microsoft Office 2010 (Outlook, Word, Excel, PowerPoint, Publisher). We do not support Windows Vista or Mac operating systems.

Our Computer System currently includes laptop computers, electronic reporting systems, touch screens, bar-code scanners, receipt printers, credit-card-swipe readers, and other computer hardware, software (including Web-based software), and peripherals and related services (including high-speed Internet service, which you have access to at your principal place of business). The hardware is non-proprietary and is available through many hardware suppliers. You must purchase the hardware and software that we specify. We currently require that you use the Compliance Data Information System software, which is proprietary to us, and you must pay us the IT services fee as described in Items 5 and 6 (this fee is currently \$250 for two users ~~and additional fees will apply for additional users~~). Other than the Compliance Data Information System software, the software currently required for use in the operation of your Franchised Business is not proprietary to us ~~(such as QuickBooks, which is provided at no additional charge to you)~~. The software currently used is for the use of appointment scheduling, customer information, invoicing, reports and customer mailings, and includes the latest versions of Windows and Microsoft Office. You will participate in our electronic reporting system, with direct interconnection to (and full, online access by) our computer hardware and software systems. We have approved suppliers for hardware and software, which include many well-known retail sellers, although you may purchase the hardware from any retailer that carries the hardware meeting our specifications (which may include brand). You must establish also merchant accounts and internet-based credit card accounts for use with online card authorizations. (Franchise Agreement, Section 8.6) We currently have a Website with a section reserved for franchisees of USA Mobile Drug Testing Businesses, which franchisees must access for various purposes. To gain access to our Website and use the online services provided through it, you must agree to the terms and conditions of use that we may periodically specify ~~—We currently require franchisees to enter into (which will be done online by clicking the "I Accept" button displayed as part of the online subscription process) the form of Subscription Agreement included as Exhibit I to the Franchise Disclosure Document—~~ (which we may include in a terms of use agreement incorporated into the Website access).

We estimate that it will cost you approximately \$750 to \$2,250 to purchase the necessary components for the Computer System. If you prefer to lease the components, you may seek to negotiate a lease directly with the vendors. In this event, your total initial cost for the Computer System may be less than \$750 to \$2,250 (as discussed in Item 7). We do not have current information regarding the possible availability, terms or costs of leasing the computer components.

Other than the changes that we may make to Compliance Data Information System software from time to time, neither we nor any affiliate has any obligation to provide you with ongoing maintenance, repairs, upgrades or updates.

We do not currently require that you purchase any maintenance, update, upgrade or support contracts for the Computer System (except for the IT services that you must purchase from us as described above). Our approved suppliers or other vendors may have their own policies for service and maintenance as well as hardware and software upgrades. We do not have information about the availability or annual cost of any optional maintenance, upgrading, updating or support contracts.

You must afford us unimpeded and independent access to your Computer System in the manner, form, and at the times we may request. We will have the right at any time to access and retrieve this data and information from your Computer System in any manner we deem necessary or desirable. There is no contractual limitation on our right to receive this information. We will exclusively own all data provided by you, downloaded from your Computer System, and otherwise collected from your Computer System. We will have the right to use such data in any manner that we deem appropriate without compensation to you.

We may make substantial modifications to our computer specifications, and may request that you comply with those modifications and/or install an entirely different computer system. We may require that you acquire additional, new or substitute hardware and software. We may also require you to replace or upgrade the entire Computer System with a more advanced or larger system capable of assuming and discharging all the computer-related tasks and functions we specify. We will endeavor to keep these changes infrequent and reasonable in cost, but we have not established the frequency by which you must upgrade the system nor have we implemented a cost ceiling. However, we expect that any upgrades will be required only if required of other franchisees and operators under the System. The cost to upgrade the hardware and maintain or upgrade the software depends on our future needs, as well as technological developments. To ensure full operational efficiency and communication capability between our computers and those of all Franchised Businesses, you must, at your expense, keep the Computer System in good maintenance and repair. We have the right to charge a reasonable fee for the license, modification, maintenance or support of proprietary software that we may license to you and other goods and services that any affiliates or we furnish to you related to the computer and other systems. (Franchise Agreement, Section 8.6)

Your Location

As described in Item 1, while the Franchised Business will be a mobile service business, you must also have a "Location" that will be your principal office. The Location is expected to be your home. Therefore, a franchisee may not need to locate or secure a new site to serve as the Location. The Location is identified for the purposes of defining a Territory, and it is not necessary that mobile drug testing services be conducted there, although some business activity will likely be conducted there. We are not required to provide you with any assistance in locating a site. You must inform us about the location you intend to use and obtain our approval. We will approve a proposed location so long you can operate the business from it (for example, you must be able to operate a computer at the location). We currently do not have any other criteria or requirements for a location. Once approved, we will identify that location in the Franchise Agreement as your Location.

You assume all cost, liability and expense for identifying, securing (if necessary) and equipping the Location in a manner sufficient to operate your Franchised Business according to the standards and specifications that we may establish.

Length of Time to Begin Operations

We estimate the time period between signing the franchise agreement (or the first payment) for a USA Mobile Drug Testing Business and beginning operations of the USA Mobile Drug Testing Business is 90 days for a franchise with one Territory. Things that may affect the time period include your ability to obtain financing, delayed purchases or installation of fixtures, equipment, etc. You must complete new franchisee training within 90 days of your signing of the franchise agreement. You must commence operation of your USA Mobile Drug Testing Business within 90 days of completing training. If you do not open within 90 days after completing training, we may terminate the franchise agreement. The pre-commencement training program will be conducted at our mutual convenience during this time period. If you obtain additional Territories, the time to begin operating the additional Territories will be: six months from completing training to begin operating a second Territory and twelve months from completing training to begin operating a third Territory.

ITEM 12. TERRITORY

You must operate the Franchised Business from the Location identified in your Franchise Agreement. ~~You may only relocate your office after receiving our~~ must provide us with 30 days prior written approval ~~notice before you change the location of your office.~~ We make no representation of any kind regarding your likelihood of success in connection with the Location. As discussed below, you will operate the Franchised Business within a Territory.

Before you sign the Franchise Agreement, we will designate a Territory and describe it in the Franchise Agreement. The Territory will be defined by zip codes and will be included as part of the Franchise Agreement before you sign the Franchise Agreement. However, we reserve the right to define the Territory by other boundaries (e.g., natural boundaries). We will determine the Territory on a case-by-case basis based on economic, demographic and geographic information, including number of employers. In determining territories, we apply a minimum standard of 8,000 employers per territory, but the actual number of employers in a particular territory, and the size of a particular territory, may vary depending on a variety of factors, including how a territory is defined and other factors. We expect that most Territories will have between 8,000 and 12,000 employers, based on the businesses that have registered with their applicable state agencies, and/or are reflected on documented state listings of operating businesses. We expect that many Territories will have approximately 10,000 employers. If you purchase multiple Territories, each Territory will be determined in the manner described above.

Territorial Rights

~~You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, the Territory specified in the Franchise Agreement is an exclusive territory, but that exclusivity is limited~~ does provide certain territorial protections, as further described below. You will be permitted to offer services to clients within that Territory. Except as described below under the subheading “Rights We Reserve Under the Franchise Agreement,” we will not operate, nor will we or grant a franchise to a third party to operate, another USA Mobile Drug Testing Business or a similar mobile drug testing business that operates under a different mark or trade name that has its principal office at a location within the Territory, or that is granted the right to operate in a territory, or with territorial rights similar to those under the Franchise Agreement in your Territory, during the term of the Franchise Agreement.

The Franchise Agreement will refer to a specific Territory. The Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional territories.

You will be permitted to offer services to clients within your Territory, at your office or at the client’s offices. You may advertise and promote your business within your Territory.

The products and services that are offered at a USA Mobile Drug Testing Business cannot be offered through alternative channels of distribution, such as over the Internet, and therefore we are not required to compensate you for soliciting or accepting order from inside your Territory through these channels of distribution. However, advertising and promotion of the business can be accomplished through a variety of means, methods and media, including web-based and Internet advertising. Please see Item 11 for a discussion of advertising and marketing, including Internet advertising. Additionally, please see the additional information provided below in this Item under “Cross-Territorial Sales and Client Service” and “National Accounts” regarding the terms that apply to soliciting and servicing customers and National Accounts.

Rights We Reserve Under the Franchise Agreement

As noted above, and as specified in the Franchise Agreement, we will not establish or license others to establish a USA Mobile Drug Testing Business in the Territory during the term of the Franchise Agreement so long as you are in compliance with the Franchise Agreement. However, and despite those promises and obligations, we and our affiliates retain all other rights with respect to USA Mobile Drug Testing Businesses, the System, the Marks, the sale of similar or dissimilar services, and any other activities we deem appropriate whenever and wherever we desire, including:

- (1) the right to operate, and to grant others the right to operate, USA Mobile Drug Testing Businesses and similar mobile drug testing businesses under different names or marks located anywhere outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to the Location or the Territory, and subject to our cross-territorial policies, discussed below and in the Manuals.
- (2) the right to establish and operate (and to grant to others the right to establish and operate) any other businesses offering products and services that are not the same as or similar to the products or services offered by USA Mobile Drug Testing Businesses, through similar or dissimilar channels of distribution, at any locations inside or outside the Territory under trademarks or service marks other than the Marks (including other trademarks or service marks owned by us and any of our affiliates) and on any terms and conditions we deem appropriate;
- (3) the right to acquire the assets or ownership interests of one or more businesses that operates, and/or has granted franchises, licenses, or similar rights to one or more third parties to operate, businesses similar to and/or competing with USA Mobile Drug Testing Businesses, and/or the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a competing mobile drug testing business or agency, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory. However, in this situation, if we or one of our affiliates acquire such a competing business or chain, we or our affiliates will not establish or grant franchises or licenses to establish new or additional competing businesses under the Marks or the acquired chain's marks in your Territory. Any business operations of the same or similar business that existed or operated at the time of such acquisition or transaction will not constitute a breach of Section 2.3 and 2.5 of the Franchise Agreement; and
- (4) the right to conduct advertising and marketing (of any type and nature) including to create, place, and/or distribute any advertising and promotional materials related to the System, the Marks, of USA Mobile Drug Testing Businesses, and the services and products offered, and authorize others to do so, and those materials may appear in media, including, without limitation, the

Internet or similar electronic media in any area even if a portion reaches actual or potential customers, or is directed to any potential customer or group or class of potential customers.

Cross-Territorial Sales and Client Service

You have the right and obligation to diligently and actively solicit and service clients in your Territory. Also, the efficient operation of the System is dependent upon franchisees and other operators of USA Mobile Drug Testing Businesses, including us and any affiliates, complying with our policies regarding intra- and inter-territorial sales and servicing efforts. We have established policies concerning soliciting and/or servicing clients or customers within and outside of a designated territory, or within the territory or area assigned to another franchisee or us or our affiliates (the "Cross-Territorial Policies"). We may modify these Cross-Territorial Policies, on a system-wide basis, from time to time (although the policies will not permit franchisees to target or service clients in another franchisee's territory without prior written approval), and you must comply with the changed policies. The current Cross-Territorial Policies are described in the Operations Manual, and provide, among other things, that:

- (1) Your area of primary responsibility will be your Territory. All media advertising and direct mail marketing that you undertake must be predominantly focused on media distributed in, or to prospective clients located in, your Territory.
- (2) You may not conduct any drug testing, or provide any USA Mobile Drug Testing services to clients located, in a territory or area assigned to another franchisee, us, or any affiliate. In the event that you receive leads from or for clients located in another territory or area, you must refer those leads to us, and we will refer them to the appropriate franchisee (or us or an affiliate) who are assigned to operate in and service that territory or area. You will not be entitled to any compensation for making the referrals for leads outside of your Territory.
- (3) You may not solicit clients, or market your products, services, or your Franchised Business to clients, located outside of your Territory. In the event you receive referrals to provide services to clients who are located in a then-unassigned (to a franchisee or us or an affiliate) territory or areas, you may service those clients upon approval from us. However, if and when an unassigned territory is sold or assigned, and a franchised, company-owned, or affiliate-owned USA Mobile Drug Testing Business opens, you may not continue servicing clients from that territory without our written approval.

We may determine and specify, as part of the Cross-Territorial Policies, that certain types of activities or referrals will not violate the Cross-Territorial Policies. For example, we may determine that USA Mobile Drug Testing Business could make referrals to non-USA Mobile Drug Testing Businesses for non-mobile based services in the following circumstances: when a client you service in your territory makes a request for limited services to be provided outside of your Territory (including within another USA Mobile Drug Testing business) and the requested services are of a nature that the USA Mobile Drug Testing business in the relevant area will not be able to provide the services on terms acceptable to the client (such as for non-mobile based services).

A violation of a Cross-Territorial Policy is grounds for termination of the Franchise Agreement. We have established a territory infringement policy ("Territory Infringement Policy"), which includes provisions for financial penalties in addition to, or in lieu of, termination of the Franchise Agreement following a violation of the Cross-Territorial Policy. The Territory Infringement Policy is part of our System standards, and it is expected that we and all franchisees will abide by this policy.

National Accounts

We reserve the right to develop a national accounts program for the benefit of the System, franchisees, and operators of USA Mobile Drug Testing Businesses. A "National Account" is a client, a group of clients, or an organization or entity that has the right, by common ownership, control, or legal status, to arrange for USA Mobile Drug Testing services to be provided at multiple locations and/or for multiple clients. National Accounts may include a variety of different organizations, including businesses with multiple locations not in the same territory, associations, state or local government agencies, insurance companies, or insitutional referral sources. The locations of some of the Nafional Account clients may be in your Territory and they may also have locations in other territories or areas. You want to encourage us to develop this program. Regardless of any contrary provision of the Franchise Agreement:

- (1) If you decide to participate in the National Accounts program, the revenues will be allocated and apportioned to you and/or others as detailed in the Operations Manual.
- (2) If you decide not to participate in, or service the Nafional Accounts in your Territory, we or one of our franchisees, licensees, or affiliates may do so. We may do so without violating any of your territorial rights as described in this Franchise Disclosure Document and the Franchise Agreement and you will not be entified to receive any payments attributable to the National Account customer served within your Territory.
- (3) You agree to comply with our National Accounts rules and policies as they may be modified from time to time as detailed in the Operafions Manual.

Performance Criteria

The territorial grant described above and in the Franchise Agreement is conditioned upon your compliance with the Franchise Agreement, and our System Standards. You also must achieve and maintain satisfactory scores on client satisfaction surveys and business analyses that we establish. In addition, your Franchised Business must generate a minimum level of Gross Sales on an annual basis, in the amounts described in the Franchise Agreement (the "Minimum Performance Standards"). If you fail to satisfy the Minimum Performance Standards, and fail to cure any deficiencies (if we grant you an opportunity to cure such a default), we may take any one or more of the following actions:

- (1) Reduce the size of your Territory, with a corresponding reduction in the Minimum Performance Standard; and/or
- (2) Permit other franchisees, or us or our affiliates, to provide services to clients located within your Territory; and/or
- (3) Establish, or license or franchise others to establish, a USA Mobile Drug Testing Business in your Territory; and/or
- (4) Terminate the Franchise Agreement.

The current Minimum Performance Standards per territory are:

Operating Year*	Minimum Gross Sales at the End of Each Operating Year**
1	\$10050,000
2	\$150100,000
3	\$200150,000

* For the purposes of the Minimum Performance Standard, an "Operating Year" is a period of 12 calendar months, and the first Operating Year will begin upon the first full calendar month starting 90 days after you complete the initial training program (except, if applicable, the timing described below will apply to any second or third Territory that you purchase). The Minimum Performance Standard applies for each Territory a franchisee purchases, except for the starting date of each Operating Year is adjusted for second and third Territories (if applicable). If you purchase more than one Territory, then for purposes of applying the Minimum Performance Standards, the first Operating Year will begin: (a) for the second Territory - six months from completing initial training; and (b) for a third Territory - twelve months from completing initial training. The initial training will be conducted for your first Territory. There are no other circumstances under the Franchise Agreement, other than as described above, that permit us to modify your Territory so long as you stay in compliance with the terms of your Franchise Agreement.

** This is the Gross Sales for each Operating Year (12 calendar months) of the Franchised Business.

We currently do not operate, or grant franchises to operate, any other business that offers products or services similar to a USA Mobile Drug Testing Business and operates under a name or mark that is different from "USA Mobile Drug Testing." We have no current plans to do so.

ITEM 13. TRADEMARKS, SERVICE MARKS, TRADE NAMES, LOGOTYPES AND COMMERCIAL SYMBOLS

We grant you the right to use certain Marks under the Franchise Agreement. We are the owner of the Marks, and we have filed for registration of certain Marks on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

<u>Service Mark And/Or Trademark</u>	<u>Class</u>	<u>Serial #/ Registration #</u>	<u>Status</u>	<u>Filing Date/ Registration Date</u>
USA MOBILE DRUG TESTING (and Design)	35	3865689	Registered	October 19, 2010
USAMDT	35	3865688	Registered	October 19, 2010
<u>USA MOBILE DRUG TESTING</u> <u>ANYONE ~ ANYTIME ~</u> <u>ANYWHERE (and Design)</u>	<u>44</u>	<u>85/398190</u>	<u>Pending</u> <u>application</u>	<u>August 15, 2011</u>

We have timely filed, or intend to timely file, with the USPTO all required affidavits of use and an affidavit of incontestability, when due, for the above Marks and registrations.

For the third trade mark listed above - USA MOBILE DRUG TESTING ANYONE ~ ANYTIME ~ ANYWHERE (and Design) - we do not have a federal registration. Therefore, this trademark does not have

many legal benefits and rights as a federally registered trademark. If our right to use that trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses

Your right to use the Marks is derived only from the Franchise Agreement and limited to your operating the Franchised Business according to the Franchise Agreement and all System Standards we prescribe during its term.

You must follow our operating procedures when you use the Marks. You cannot use the Marks or any other marks owned by us as part of your corporate name unless prior approval is obtained in writing from us. You may not use the Marks if you wish to advertise the sale of your Franchised Business unless prior approval is obtained in writing from us. We are not aware of any currently effective material determinations of the USPTO Trademark Trial and Appeal Board, the trademark administrator of this state or any court; pending infringement, opposition or cancellation proceedings; or pending material litigation involving the Mark. There is no pending material litigation involving the Marks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in a manner material to the Franchised Business.

You must promptly notify us of any unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Marks. We have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks.

If we undertake the defense or prosecution of any litigation concerning the Marks, you must sign any documents and agree to do the things as may, in our counsel's opinion, be necessary to carry out that defense or prosecution, such as becoming a nominal party to any legal action. Unless the litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out of pocket costs in doing these things (although you will still be responsible for the salary costs of your employees) and we will bear the costs of any judgment or settlement. However, if the litigation results from your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, then you will have to reimburse us for the cost of the litigation, including attorneys' fees, as well as the cost of any judgment or settlement.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue using any Mark or for you and the Franchised Business to use one or more additional or substitute trade or service marks, you will have to immediately comply with our directions. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

You will not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your Franchised Business. You may only use the Marks according to our standards, operating procedures and specifications. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks. You may not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You may not assist any other person in contesting the validity or ownership of the Marks.

You must use the Marks as the sole trade identification of the Franchised Business, but you may not use any Mark or part of any Mark as part of your corporate name in any modified form. You may not use any Mark in connection with the sale of any unauthorized products or services, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law.

You may not establish, create or operate an Internet site or website using any domain name containing the words "USA MOBILE DRUG TESTING" or any variation thereof without our prior written consent. We retain the sole right to advertise on the Internet and create websites using the "USA MOBILE DRUG TESTING" domain name and any other domain names we may designate in the Operations Manual.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or pending applications for patents are material to the franchise.

We own copyrights in the Operations Manual, our website, our marketing materials and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Registrar of Copyrights and are not required to do so. You may use these items only as we specify while operating the Franchised Business and you must stop using them if we direct you to do so. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

There are currently no effective determinations of the U.S. Copyright Office or any court, nor any pending litigation or other proceedings, regarding our copyrighted materials. No agreement limits our rights to use or allow our franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials.

We have developed certain Trade Secrets and other Confidential Information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a USA Mobile Drug Testing Business. We will provide our trade secrets and other confidential information to you during training, in the Operations Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the Trade Secrets and other confidential information for the purpose of operating your Franchised Business. You may only divulge trade secrets and other confidential information to employees who must have access to it in order to operate the Franchised Business. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to Trade Secrets or other Confidential Information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement.

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

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

We will provide you with, one copy of, or allow you electronic access to, the Operations Manual on loan. We have the right to furnish all or part of the Operations Manual to you in electronic form or online, and (as described in Item 11), we currently provide the Operations Manual to franchisees by allowing to access a section of our Website reserved for franchisees of USA Mobile Drug Testing Businesses. You must use best efforts to maintain this information as secret and confidential, protected from viewing by others, and treat the Manual with the same degree of care as you would treat your most highly confidential documents. You may not copy, duplicate, record, or otherwise reproduce the Manuals and the related materials, or any portion of the Manuals (except for the parts of the Manual that are meant for you to copy, which we will clearly mark as such), nor may you otherwise let any unauthorized person have access to these materials. The Manuals will always be our sole property. We may from time to time revise or supplement the Operations Manual, and you must make corresponding revisions to your copy of the Manual (to the extent we have authorize you to maintain a downloaded or printed copy) and comply with each new or changed standard immediately upon receipt of the revision. If there is ever a dispute as to the contents of the Manual, our master copy of the Manual, which we will ~~maintain~~ maintain at our home office, will be controlling. You must return any copies of Operations Manual to us if your Franchise Agreement expires or is terminated.

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

As described in Item 1, you, as the Franchisee, may be an individual or an entity. If you are an entity, you must have at least one of your owners, who owns at least 33% of the outstanding voting equity in your entity, be designated as the "Principal Operator." The Principal Operator will be the owner who is primarily responsible for the overall management and operation of the Franchised Business, and the person with whom we will communicate on matters of policies as well as legal issues. You will also need to designate a "Designated Manager." The Designated Manager will be the person responsible for the day-to-day operations of the Franchised Business. The Designated Manager may be, but need not be, the same person as the Principal Operator. If the Designated Manager is not the Principal Operator, the Designated Manager is not required to have an ownership interest in the Franchisee entity.

The Franchised Business must always be under the direct full-time supervision of a Designated Manager. You (or your Principal Operator) and your Designated Manager (if you or your Principal Operator will not also serve as your Designated Manager) must attend and satisfactorily complete our initial training program, as more fully described in Item 11, before opening the Franchised Business. You must keep us informed of the identity of your current Designated Manager.

As described in Item 14, your owners (and members of their immediate families and households), officers, directors, partners, members, managers, executives, employees and staff, and other individuals having access to trade secrets and other Confidential Information may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce the agreements.

If you are a business entity, anyone who owns a 10% or greater interest in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Guaranty and Assumption of Obligations attached to the Franchise Agreement.

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

You must offer the services and products we specify periodically, according to our standards and specifications. You may not sell any services or products that we have not authorized and you must discontinue offering any services or products that we may, in our sole discretion, disapprove in writing at any time.

We may periodically change required or authorized products or services. There are no limits on our right to do so. If we modify the System, you may be required to add or replace equipment, signs and fixtures, and you may have to make improvements or modifications as necessary to maintain uniformity with our current standards and specifications.

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

You are subject to the territorial restrictions set forth in Item 12. We do not place restrictions on you with respect to who may be a customer of your Franchised Business.

**ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE
RESOLUTION**

THE FRANCHISE RELATIONSHIP

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

Provision	Section In the Franchise Agreement	Summary
a. Term of the franchise	Section 2.4	The initial term is 20 years after the opening of the Franchised Business.
b. Renewal or extension of the term	Section 2.4	4 additional 5 year successive terms, subject to (c) below. If you fail to meet any one of these conditions, we may refuse to renew or extend the terms of your franchise rights.
c. Requirements for you to renew or extend	Section 2.4	You may renew the Franchise Agreement if you: have substantially complied with the provisions of the Franchise Agreement; sign our then-current form of Franchise Agreement (which may contain terms and conditions that are materially different than the original contract); have the right to maintain possession of the Location or an approved substitute location for the term of the renewal; upgrade the equipment of the Franchised Business to conform to the then current standards and

Provision	Section In the Franchise Agreement	Summary
		specifications of new USA Mobile Drug Testing Businesses; have satisfied all monetary obligations owed to us; are not in default of any provision of the Franchise Agreement or any other agreement between you and us; have given timely written notice of your intent to renew; comply with current qualifications and training requirements; and sign a general release in a form the same as or similar to the General Release attached to the Franchise Agreement.
d. Termination by you	Not applicable	Not applicable
e. Termination by us without cause	Not applicable	Not applicable
f. Termination by us with cause	Section 12.2	We may terminate the Franchise Agreement only if you default.
g. "Cause" defined- defaults that can be cured	Section 12.2	Failure to make payments due to us (7 days to cure) and failure to comply with any other requirement of the Franchise Agreement or Operations Manual (30 days to cure), unless Section 12.2 identifies that the default is not non-curable (see paragraph h. below for summary).
h. "Cause" defined; defaults that cannot be cured	Section 12.2	We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to complete all pre-operation requirements and begin operating the Franchised Business within 90 days; fail to satisfactorily complete training; made a material misrepresentation or omission in the application for the franchise; are convicted of or plead no contest to a felony or other crime or engage in other conduct likely to affect the reputation of either party or the System; use the Operations Manual, Trade Secrets or other Confidential Information in an unauthorized manner; abandon the Franchised Business for 5 or more consecutive business days; surrender or transfer of control of the Franchised Business in an unauthorized manner; fail to maintain the Franchised Business under the supervision of a Designated Manager if you die or become disabled; are adjudicated bankrupt, insolvent or make a general assignment for the

Provision	Section In the Franchise Agreement	Summary
		benefit of creditors; misuse or make unauthorized use of the Marks; fail on 3 or more occasions within any 12 months to submit reports or records or to pay any fees due us; violate any health, safety or other laws or do not correct it within 24 hours; and certain other defaults listed in Section 12.2.
i. Your obligations on termination/ nonrenewal	Sections 12.3 - 12.5; Article XIII	Stop operating the Franchised Business; stop using any Trade Secrets, other Confidential Information, the System and the Marks; if requested, assign your interest in the Location to us; cancel or assign to us any assumed names; pay all sums owed to us including damages and costs incurred in enforcing the Franchise Agreement; return the Operations Manual, Trade Secrets and all other Confidential Information; assign your telephone and facsimile numbers to us; comply with the covenants not to compete in Article XIII and any other surviving provisions of the Franchise Agreement.
j. Assignment of contract by us	Section 11.1	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k. "Transfer" by you-definition	Section 11.2	"Transfer" includes transfer of an interest in the franchise, the Franchise Agreement, the Location, the Franchised Business's assets or the franchisee entity.
l. Our approval of transfer by you	Sections 11.2 – 11.4	You may not transfer your interest in any of the items listed in (k) above without our prior written consent.
m. Conditions for our approval of transfer	Sections 11.2 - 11.4	We will not unreasonably withhold our consent to a transfer. We may require the following; all obligations owed to us are paid; you and the transferee have signed a general release in a form satisfactory to us; the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then current Franchise Agreement; you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay a transfer fee of \$6,500 per territory; equipment be upgraded to our then-current requirements for new franchised businesses; the transferee or the owners of transferee sign a guarantee and agree to be

Provision	Section In the Franchise Agreement	Summary
		personally bound as owners by all provisions of the Franchise Agreement; you or all of your equity owners have signed a non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition attached to the Franchise Agreement; and the transferee has agreed that its Principal Operator and Designated Manager(s) will complete all training programs we require before assuming management of the Franchised Business.
n. Our right of first refusal to acquire your Franchised Business	Sections 11.3, 11.4	We may match an offer for your Franchised Business or an ownership interest you propose to sell.
o. Our option to purchase your Franchised Business	Not applicable	We do not have the right to purchase your Franchised Business. But, as noted in (n) above, during the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the Franchised Business for fair market value.
p. Death or disability	Sections 11.6 – 11.9, 12.2(i)	Following a death or the incapacity of an owner of the franchise, their representative must transfer, subject to the terms of the Franchise Agreement, their interest in the Franchised Business within six months of death or incapacity or we may terminate the Franchise Agreement. Additionally, we have the right (but are not required) to operate the Franchised Business as a manager for up to 6 months after such death or incapacity.
q. Non-competition covenants during the term of the franchise	Article XIII and Section 13.2	You, your owners (and members of their families and households) and your officers, directors, executives managers, professional staff and employees are prohibited from: attempting to divert any business or customer of the Franchised Business to a Competitive Business or causing injury or prejudice to the Marks or the System; owning or working for a Competitive Business.

Provision	Section In the Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Article XIII	For 2 years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives managers or professional staff are prohibited from: owning or working for a Competitive Business at the Location, operating within 25 miles of the Location or within 25 miles of any other USA Mobile Drug Testing Business; or soliciting or influencing any of our customers, employees or business associates to compete with us or terminate their relationship with us.
s. Modification of the agreement	Section 15.1821	The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Operations Manual without your consent if the modification does not materially alter your fundamental rights.
t. Integration /merger clause	Section 15.1921	Only the terms of the Franchise Agreement are binding, but this provision will not act, or be interpreted, as a disclaimer of <u>(subject to state law). Any representation made in or promises outside of this Franchise Disclosure Document or its exhibits or amendments and Franchise Agreement may not be enforceable. However, nothing in this provision is intended to disclaim any representations we make in this Disclosure Document.</u>

Provision	Section In the Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	Section 15.4214	<p>Except for claims relating to <u>Before bringing an action in court, the Marks, Confidential Information parties must first submit the dispute to non-binding mediation (except that either party can go to court to seek injunctive relief).*</u></p> <p><u>In addition, the Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of a right to jury trial, and covenants not-to-compete, waiver of punitive or exemplary damages (see Sections 15.16, 15.17 and subject-to-15.18). Some of these provisions may be overridden by state law; (please see Exhibits G and H to this disclosure document). You should carefully review all disputes must be arbitrated in Hillsborough County, Florida of these provisions, and all of the contracts as well as this disclosure document, with a lawyer.</u></p>
v. Choice of forum	Section 15.4413	Subject to state law, any litigation you must be pursued <u>so in courts located the state in which we are headquartered at that time (we are currently in Hillsborough County, Florida*.)*</u>
w. Choice of law	Section 15.4312	Subject to state law, Florida* law applies, except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.).

***Notes/Note**

1. If a state law requires any modification to these provisions of the Franchise Agreement (or other provisions described in this Item 17) or requires additional terms, those modifications will be found in the state-specific disclosure addenda and agreement amendments appended to this Franchise Disclosure Document at Exhibits H-1 and H-2. You should refer to any state-specific addenda attached to this Franchise Disclosure Document for exceptions to this Item 17.

2. ~~In addition to the provisions noted in the chart above, the Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of a jury trial and waiver of punitive or exemplary damages. See Franchise Agreement Sections 15.15 and 15.17. We recommend that you carefully review all of these provisions, and all of the contracts, with a lawyer.~~

ITEM 18. PUBLIC FIGURES

We do not presently use any public figures to promote our franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

Presented below are the revenues and expenses for the one USA Mobile Drug Testing business that has been in operation for at least 12 months, as of December 31, 2011. This USA Mobile Drug Testing business is located in New Haven, Connecticut, and it is operated by A&B Employer Solutions, Inc. ("A&B"). As noted in Item 1 above, A&B has a medical services business, and, since August 2008, A&B has been operating the USA Mobile Drug Testing Business as an additional business. We did not have a written franchise agreement with A&B until 2011. However, both A&B and we have treated A&B's operations as a "franchise" (except that A&B did not pay royalty fees prior to signing a franchise agreement; see Note 6 below). This operator has the right to develop and service a territory that includes all of Connecticut. However, this operator has been servicing a smaller territory which is limited to the New Haven, Connecticut market. The chart below includes revenue and expense data reported to us by this operator. Please carefully read all of the information in this Item 19, and all of the notes following the chart, in conjunction with your review of this historical data.

**USA Mobile Drug Testing Business
New Haven, Connecticut
Selected Revenue and Expense Data
January 1, ~~2010~~2011 – December 31, ~~2010~~2011**

Revenue	
Drug Testing	\$ 271,776.42 <u>254,652.00</u>
Breath & Alcohol Testing	\$ 23,899.20 <u>22,880.00</u>
Instant Testing	\$ 15,135.78 <u>132.00</u>
 <u>Other Revenue</u>	
Hair	\$ 3,4934.25 <u>0.00</u>
Saliva	\$ 7,966.02 <u>626.30</u>
Physicals	\$ 9,958.38 <u>878.00</u>
Other Health Related Tests	\$ 18,536.82 <u>2,340.80</u>
Background Checks	\$ 13,021.62 <u>12,466.30</u>
 Total Revenue	 \$ 363,787.24 <u>329,225.40</u>
 Expenses	
Accounting	\$ 2,757.60 <u>550.00</u>
Advertising	\$ 11,192 <u>12,350.00</u>

Background Check Fees	\$7,904.93 <u>186.30</u>
Bank Fees	\$1,390.29 <u>378.00</u>
Cell Phone	\$2,423.20 <u>450.00</u>
Credit Card Fees	\$10,164.28 <u>856.00</u>
Depreciation	\$1,898.15 <u>856.00</u>
General Liability Ins	\$7,936.9 <u>200.00</u>
Instant Drug Test Supplies	\$3,237.4 <u>750.00</u>
Laboratory/MRO Fees	\$25,792.22 <u>954.00</u>
Payroll & Related Taxes	\$112,427.08 <u>95,486.00</u>
Print & Production	\$4,984.36 <u>1,545.00</u>
Supplies	\$9,960.54 <u>7,265.00</u>
Telephone	\$6,679.88 <u>7,560.00</u>
Workman's Comp Ins	\$10,462.53 <u>6,800.00</u>
Total Expenses	\$219,209.84 <u>194,186.30</u>
Income	\$144,577.40 <u>153,039.10</u>

Notes:

1. As discussed in Item 2, the Connecticut operator has operated a business similar to a USA Mobile Drug Testing Business since August 2008. It has operated using the "USA Mobile Drug Testing" mark, and according to our Systems, and following our System Standards since August 2008. While this operator did not sign a franchise agreement similar to the one described in this Franchise-disclosure document until 2011, we believe that, except as described below in these notes, this operation is similar to ~~our~~the company-owned USA Mobile Drug Testing Business that we operated in Tampa, Florida through April 2011, and is similar to the franchised businesses described in this Franchise Disclosure Document. Due to internal business and ownership issues unrelated to us or the System, at the end of 2011, this operator ceased operating using Marks and stopped operating using all of the USA Mobile Drug Testing products, services and System. However, we believe that his operations in 2011 were the same or similar to other USA Mobile Drug Testing businesses that are described in this disclosure document.

2. The territory in which this Connecticut operator may offer and sell USA Mobile Drug Testing products and services is Connecticut. However, the territory that the operator actually servedserves has been limited to the New Haven, Connecticut market, and includes approximately 10,000 businesses. This is approximately the same size as a typical or average territory size of 10,000 that we expect to grant to a franchisee (and our standard minimum is 8,000 employers within a territory). This operator may provide products and services in areas outside of its territory. We do not know the extent to which this operator provides products or services outside of his territory, or the portion of its revenues that are derived from outside of the territory.

3. "Gross Income" – This represents the actual gross revenue for the operator in the sample for the 12-month period January 1, ~~2010~~2011 to December 31, ~~2010~~2011, as reported by the operator to us. Included in gross income are all revenues from the offer and sales of all services (and products) to customers and clients of the operator attributable to the mobile drug testing business. The gross revenue

figures are compiled by using sales that are reported to us by the operator. We have not audited or verified the reports, nor has the operator confirmed that its report is prepared according to generally accepted accounting principles.

4. The drug testing business is an adjunct to the operator's medical services and employer services business. However, while the existing, adjunct business may provide additional leads and opportunities, the figures in the chart above reflect only the revenue and costs attributable to the mobile drug testing business. For example, the above chart does not include an expense line item for rent.

5. The mobile drug testing services related products and services offered by the operator are the same as the products and services that a franchisee would offer in his territory.

6. In addition to the mobile drug testing services, the operator provides medical services and employer services not part of the mobile drug testing business. The operator has determined which revenues to report and which of its expenses to report, as the operator is not required to report specific data to us. We believe that the data above does not reflect all of the costs of sales, costs of goods, operating expenses or other costs or expenses that must be deducted from gross revenue or gross sales to obtain a net income or net profit figure. In addition, the Connecticut operator was~~did not required to pay~~ royalty fees to us ~~during the time it was not operating under a franchise agreement with us (which was signed in 2011),~~ nor has~~did~~ it contributed to a National Fund for marketing and advertising. You should conduct an independent investigation of the costs and expenses you will or may incur in operating your franchised USA Mobile Drug Testing Business. Existing and former franchisees (to the extent that we have them) listed in this Franchise-disclosure document may be one source of this information.

7. The information in this Item 19 should not be considered a representation or guaranty that you will or may achieve any level of revenue, sales or profits, or that you will experience the same or similar expenses or costs in the operation of your USA Mobile Drug Testing Business.

8. You are strongly encouraged to consult with your own financial advisors and other professionals, in reviewing the tables and, in particular, in estimating your sales as well as the categories and amounts of costs and expenses that are not included in the table that you will or may incur in operating your own USA Mobile Drug Testing Business.

9. Actual results, including revenues, costs, and expenses and revenues, vary from business to business, and from franchisee to franchisee. We cannot estimate or predict the results of any specific business or franchisee, or that you may experience as a franchisee. Results of a new franchisee's Franchised Business are likely to differ from those of established USA Mobile Drug Testing Businesses. The results from the Connecticut operator reflect a business that has been operating since August 2008.

10. During 2011, additional franchisees of ours began operating USAMDT Drug Testing businesses, but none of these franchisees were in operation for all of 2011, and therefore, their results are not provided in this Item 19. The names and contact information of our franchisees are provided in Exhibit F of this disclosure document.

11. Written substantiation for the data described in the table financial performance representation will be made available by us to prospective franchisees upon reasonable request.

Other than the preceding financial performance representation, USA Mobile Drug Testing, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an

existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Kevin-Smith Joe Strom, our Vice-President of Information Technology and CIO/CEO at 3505 E. Frontage Road 15310 Amberly Drive, Suite 325220, Tampa, Florida 3360733647, (800-851-2021), the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
for years 2009-2011 (Note 1)

Outlet Type	Year 1/	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised 4/	2008 2009	01	1	+0
	2009	1	1	0
	2010	1	1	0
	2011	2	40*	38*
Company Owned	2008 2009	0	0	0
	2009	0	0	0
	2010	0	1	+1
	2011	1	0	-1
Total Outlets	2008 2009	01	1	+10
	2009	1	1	0
	2010	1	2	+1
	2011	3	40	37

*One franchisee operates its Franchised Business in multiple Territories that are in two states (Connecticut and New York). For purposes of indicating the Franchised Businesses operating in each state, this Franchised Business is included in the number of franchises in both Connecticut and New York.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than us)
For Fiscal Years ~~2008~~2009 to ~~2010~~2011 (Note 1A)

State	Year 1/	Number of Transfers
Total	2008 2009	0
	2009 2011	0
	2010 2011	0

Table No. 3
Status of Franchised Outlets
For Fiscal Years 20082009 to 20102011 (Note 1f)

State 3/	Year 1/	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Us	Ceased Operations- Other Reasons	Outlets at End of the Year
<u>Arizona</u>	<u>2008</u>	0	<u>0</u>	0	0	0	0	<u>0</u>
	<u>2009</u>	<u>0</u>	0	0	0	0	0	<u>0</u>
	<u>2010</u>	<u>0</u>	<u>0</u>	0	0	0	0	<u>0</u>
	<u>2011</u>	<u>0</u>	<u>0</u>	0	0	0	0	<u>0</u>
	Totals	<u>2008-2011</u>	0	<u>0</u>	0	0	0	0
<u>California</u>	<u>2010</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2011</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2009</u>	1	0	0	0	0	0	1
<u>Connecticut</u>	<u>2010</u>	1	0	0	0	0	0	1
	<u>2011</u>	<u>1</u>	<u>2*</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3*</u>
	<u>2009</u>	0	0	0	0	0	0	0
<u>Florida</u>	<u>2010</u>	0	0	0	0	0	0	0
	<u>2011</u>	0	<u>7</u>	0	0	0	0	<u>7</u>
	<u>2009</u>	0	0	0	0	0	0	0
<u>Georgia</u>	<u>2010</u>	0	0	0	0	0	0	0
	<u>2011</u>	0	<u>2</u>	0	0	0	<u>1</u>	<u>1</u>
	<u>2009</u>	0	0	0	0	0	0	0
<u>Kansas</u>	<u>2010</u>	0	0	0	0	0	0	0
	<u>2011</u>	0	<u>1</u>	0	0	0	0	<u>1</u>
	<u>2009</u>	0	0	0	0	0	0	0
<u>Louisiana</u>	<u>2010</u>	0	0	0	0	0	0	0
	<u>2011</u>	0	<u>1</u>	0	0	0	0	<u>1</u>
	<u>2009</u>	0	0	0	0	0	0	0
<u>Maryland</u>	<u>2010</u>	0	0	0	0	0	0	0
	<u>2011</u>	0	<u>1</u>	0	0	0	0	<u>1</u>
	<u>2009</u>	0	0	0	0	0	0	0
<u>Massachusetts</u>	<u>2010</u>	0	0	0	0	0	0	0
	<u>2011</u>	0	<u>1</u>	0	0	0	0	<u>1</u>
	<u>2009</u>	0	0	0	0	0	0	0
<u>Michigan</u>	<u>2010</u>	0	0	0	0	0	0	0
	<u>2011</u>	0	<u>1</u>	0	0	0	0	<u>1</u>
	<u>2009</u>	0	0	0	0	0	0	0
<u>Minnesota</u>	<u>2010</u>	0	0	0	0	0	0	0
	<u>2011</u>	0	<u>3</u>	0	0	0	0	<u>3</u>
	<u>2009</u>	0	0	0	0	0	0	0

<u>New Jersey</u>	<u>2009</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2010</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2011</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>New York</u>	<u>2009</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2010</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2011</u>	<u>0</u>	<u>5*</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5*</u>
<u>Nevada</u>	<u>2009</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2010</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2011</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>North Carolina</u>	<u>2009</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2010</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2011</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Ohio</u>	<u>2009</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2010</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2011</u>	<u>1</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
<u>Oklahoma</u>	<u>2009</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2010</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2011</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Pennsylvania</u>	<u>2009</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2010</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2011</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Texas</u>	<u>2009</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2010</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2011</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>Totals</u>	<u>2009</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2010</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2011</u>	<u>2</u>	<u>40</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>40</u>

*One franchisee operates its Franchised Business in multiple Territories that are in two states (Connecticut and New York). For purposes of indicating the Franchised Businesses operating in each state, this Franchised Business is included in the number of franchises in both Connecticut and New York.

Table No. 4
Status of Company-Owned Outlets
For Years ~~2008~~2009 to ~~2010~~2011 (Note 1)

<u>State 3/</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Outlets Reacquired From Franchisee</u>	<u>Outlets Closed</u>	<u>Outlets Sold to Franchisee</u>	<u>Outlets at End of the Year</u>
<u>Florida</u>	2008 <u>2009</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2000 <u>2011</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2010 <u>2011</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>

State 3/	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Totals	2008 2009	0	0	0	0	0	0
	2009 2010	0 1	0	0	0	0	0 1
	2010 2011	1	0	0	0	0 1	1 0

Table No. 5
Projected Openings for Next Twelve Months (In Fiscal Year ~~2011~~2012)
as of December 31, ~~2010~~-2011 (Note 1)

State3/	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Year
California	0	3 1	0
Connecticut Colorado	0	1	0
Florida	4 0	5 1	0
Georgia	2 0	2 1	0
Illinois	0 1 *	1*	0
MarylandIndiana	0	1	0
MinnesotaMassachusetts	0	3 1	0
Missouri	0	1	0
New Jersey	0	2 1	0
New YorkNorth Carolina	0	3 1	0
Ohio	4	6	0
TexasPennsylvania	0	1	0
NevadaRhode Island	1*	1*	0
ArizonaSouth Carolina	0	1	0
KansasTennessee	0	1	0
KentuckyTexas	4 0	1	0
OklahomaVirginia	4 0	1	0
Wisconsin	0	1	0
Total	72	3317	0

* Indicates that Franchised Business began operating in 2012.

Notes:

1. All numbers are as of the fiscal year-end. Each fiscal year ends on December 31. ~~We were not formed as an entity until 2008 and~~ We first began offering franchises in 2010.

2. As described in Item 1, we have had one company-owned business as of that began operations in June 2010, and was sold to a franchisee in 2011.
3. States not listed in a chart had no franchised, company-owned or affiliate-owned businesses or activity during the relevant period.
4. As described in Items 1 and 19, we have one operator in Connecticut who has been operating a USA Mobile Drug Testing business similar to a Franchised Business since August 1, 2008. He signed a Franchise Agreement in March 2011. We have, however, treated this operator as a "franchise" since 2008, and it is reflected as a franchisee for purposes of this Franchise Disclosure Document.

List of Current Franchisees and Former Franchisees

The names, addresses, and telephone numbers of our franchisees and other operators/owners of USA Mobile Drug Testing Businesses are listed in Exhibit F-1. (Company-owned or affiliate-owned USA Mobile Drug Testing Businesses are identified at the end of Exhibit F-1). Any former franchisees, including any who had an agreement terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during our last fiscal year, or have not communicated with us within ten weeks of the date of this disclosure document are identified on Exhibit F-2.

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

Confidentiality Agreements

~~No~~ Under certain circumstance, there are franchisees have who signed a confidentiality clause in a franchise agreement, settlement, or other contract within the last three years that would restrict their ability to speak openly about their experience with us or as a USA Mobile Drug Testing Business.

Independent Franchisee Association(s)

There are no independent franchisee organizations, or trademark-specific franchisee organization associated with the franchise system, that we are aware of, and none have been asked to be included in this Franchise Disclosure Document. The name, address, telephone number, email address, and Web address (to the extent known) of each trademark-specific franchisee organization associated with the franchise system being offered is identified in Exhibit F.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit E are our audited financial statements for our fiscal years that ended December 31, 2011, December 31, 2010, and December 31, 2009. Our fiscal year end is December 31. Also attached is a copy of our unaudited balance sheet as of ~~April 30, 2011.~~ As described in Item 1, we were termod on June 8, 2008, and began offering franchises in January 2010. We have not boon in operation for three years, and thorefore, are not eble to provide financials statements for a throe year period, as would otherwise be required in this disclosure document. and statement of operations as of April 30 2012.

ITEM 22. CONTRACTS

The following contracts are attached to this Franchise Disclosure Document:

Exhibit C - USA Mobile Drug Testing Franchise Agreement (with exhibits), which includes:

- USA Mobile Drug Testing Nondisclosure and Non-Competition Agreement is attached to the Franchise Agreement (as Exhibit A)
- USA Mobile Drug Testing Guaranty and Assumption of Obligations (as Exhibit C)

Exhibit I - USA Mobile Drug Testing, LLC-Subscription-Agreement

Exhibit J—USA-Mobile-Drug-Testing General Release Agreement

ITEM 23. RECEIPT

You will find copies of a detachable Receipt attached at the very end of this Franchise Disclosure Document (Exhibit ~~K~~J). It is not a binding contract. This merely verifies that you have received this Franchise Disclosure Document. Please complete and sign both copies. ~~Keep~~ a copy for your files and mail the other copy to us.

EXHIBIT A of FDD
LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<p>CALIFORNIA California Corporations Commissioner Department of Corporations 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 876-7500 Toll Free: (866) 275-2677</p>	<p>NEW YORK Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, New York 10271 (212) 416-8211</p>
<p>HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Department 600 Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Department of Business Regulation Securities Division Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA <u>Director</u><u>Department of Labor and Regulation</u> <u>South Dakota</u> Division of Securities 445 E. Capitol Avenue Pierre, South Dakota 57501 (605) 773-4823</p>
<p>MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p>

<p>MICHIGAN Department of Attorney General – Consumer Protection Division G. Mennen Williams Building 525 W. Ottawa St. P.O. Box 30212 Lansing, MI 48933 Lansing, MI 48909 (517) 373-7117</p>	<p>WASHINGTON Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760</p>
<p>MINNESOTA Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 (651) 296-4026</p>	<p>WISCONSIN Office of the Commissioner of Securities 345 West Washington Avenue, Fourth Floor Madison, Wisconsin 53703 (608) 261-9555</p>
	<p>UTAH State of Utah, Division of Consumer Protection 160 East Three Hundred South Salt Lake City, Utah 84145-0804 (801) 530-6601</p>

EXHIBIT B of FDD
AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

<p>CALIFORNIA California Corporations Commissioner 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677</p>	<p>NEW YORK New York State Department of State Division of Corporations Second Floor 41 State Street Albany, New York 12231</p>
<p>HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Commissioner 600 Boulevard Avenue, State Capitol Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Indiana Secretary of State 201 State House Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Director <u>Department of Labor and Regulation</u> <u>South Dakota Division of Securities</u> 445 E. Capitol Avenue Pierre, South Dakota 57501 (605) 773-4013 <u>4823</u></p>
<p>MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733</p>

<p>MICHIGAN Dept. of Energy, Labor, & Economic Growth Corporations Division P.O. Box 30054 Lansing, Michigan 48909 7150 Harris Drive Lansing, Michigan 48909 (517) 373-7117</p>	<p>WASHINGTON Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760</p>
<p>MINNESOTA Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 (651) 296-4026</p>	<p>WISCONSIN Commissioner of Securities 345 West Washington Avenue, Fourth Floor Madison, Wisconsin 53703 (608) 261-9555</p>

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EXHIBIT C of FDD
FRANCHISE AGREEMENT

**USA Mobile Drug Testing, LLC
Franchise Agreement**

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Exhibits

- Exhibit A: Form Of Nondisclosure / Noncompetition Agreement
- Exhibit B: Beneficial Owners Of Franchisee
- Exhibit C: Guarantee, Indemnification and Acknowledgment
- Exhibit D: EFT Authorization Form

USA Mobile Drug Testing, LLC FRANCHISE AGREEMENT

This Franchise Agreement made this _____ day of _____, 20____, is by and between USA Mobile Drug Testing, LLC, a Florida limited liability company having its principal place of business at 3505 E. Frontage Road, Suite 325, Tampa, Florida 33607 (“Franchisor”), and _____, a _____ established in the State of _____ and whose principal address is _____ (“Franchisee”).

WITNESSETH:

WHEREAS, Franchisor has developed, and is in the process of further developing, a System identified by the service mark “USA MOBILE DRUG TESTING” and relating to the establishment and operation of a business offering franchise for the operation of mobile drug testing services, referred to as “USA Mobile Drug Testing Businesses”; and

WHEREAS, in addition to the service mark “USA MOBILE DRUG TESTING” and certain other Marks, the distinguishing characteristics of the System include, among other things, uniform standards and procedures for efficient business operations; procedures and strategies for marketing, advertising and promotion; customer service and development techniques; other strategies, techniques and Trade Secrets; the Manual; and

WHEREAS, Franchisor grants to qualified persons and business entities the right to own and operate a single USA Mobile Drug Testing Business using the System and the Marks; and

WHEREAS, Franchisee desires to operate a USA Mobile Drug Testing Business, has applied for the Franchise and such application has been approved by Franchisor in reliance upon all of the representations made therein; and

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

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

ARTICLE I DEFINITIONS

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

“Ad Fees” has the meaning set forth in Section 4.3.

“Affiliate” means any other business entity that controls, is controlled by, or is under common control with Franchisor.

“Agreement” means this agreement entitled “USA Mobile Drug Testing, LLC Franchise Agreement” and all instruments supplemental hereto or in amendment or confirmation hereof

“Approved Supplier(s)” has the meaning given to such term in Section 8.4.

“Capital Additions” has the meaning given to such term in Section 8.3.

“Central Billing Services” has the meaning given to such term in Section 8.12.

“Claims” has the meaning given to such term in Section 14.4.

“Competitive Business” means any business that offers (or grants franchises or licenses to others to operate a business that offers) mobile drug testing services the same as or similar to those provided by USA Mobile Drug Testing Businesses or in which Confidential Information could be used to the disadvantage of Franchisor, its Affiliates or its other franchisees; provided, however, that the term “Competitive Business” shall not apply to any business operated by Franchisee under a Franchise Agreement with Franchisor.

“Confidential Information,” as further defined in Section 6.64, means technical and non-technical information not commonly known by or available to the public, including, without limitation, trade secrets and any other information identified as confidential when delivered by Franchisor. Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

“Controlling Interest” has the meaning given to such term in Section 15.21.

“Designated Manager” means the person designated by Franchisee who has primary responsibility for managing the day-to-day affairs of the Franchised Business.

“Effective Date” means the date on which this Franchisee fully executes this Agreement, thereby commencing its effectiveness and term.

“FAC” has the meaning given to such term in Section 4.3.

“Franchise” means all of the assets of the USA Mobile Drug Testing business Franchisee operates pursuant to this Agreement, including its revenue and income.

“Franchise Fee” has the meaning given to such term in Section 3.1.

“Franchise Procedures” has the meaning given to such term in Section 5.6 and Article VIII.

“Franchised Business” means the USA Mobile Drug Testing Business to be established and operated by Franchisee pursuant to this Agreement.

“Franchisee” means the individual or entity defined as “Franchisee” in the introductory paragraph of this Agreement.

“Franchisor” means USA Mobile Drug Testing, LLC.

“Gross Sales” has the meaning given to such term in Section 3.2.

“**Gross Sales Report**” has the meaning given to such term in Section 4.3.

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

“**Indemnified Parties**” has the meaning given to such term in Section 14.4.

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

“**Location**” has the meaning given to such term in Section 2.3.

“**Manual**” or “**Operations Manual**” means the USA Mobile Drug Testing Operations Manual, and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System and that Franchisor furnishes to USA Mobile Drug Testing Business owners from time to time for use in operating a USA Mobile Drug Testing Business, including other operations, administration and managers’ manuals and all books, computer programs, password-protected portions of an Internet site, audio and video recordings, magnetic media, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor.

“**Marks**” means the service mark “USA MOBILE DRUG TESTING” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with USA Mobile Drug Testing Businesses.

“**Owner**” has the meaning given to such term in Section 15.22.

“**Person**” has the meaning given to such term in Section 15.22.

“**Principal Operator**” has the meaning given to such term in Section 2.11(6).

“**Royalty**” has the meaning given to such term in Section 3.3.

“**National Fund**” has the meaning given to such term in Section 4.3.

“**Restriction Period**” has the meaning given to such term in Article XIII.

“**System**” means the uniform standards, methods, procedures and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor, in its sole discretion, for the operation of USA Mobile Drug Testing Businesses.

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

“Transfer” has the meaning given to such term in Section 11.2.

“USPTO” has the meaning given to such term in Section 6.3.

“Website” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including but not limited to the Internet, World Wide Web, social networking sites (including but not limited to Facebook, Twitter, LinkedIn, Google Wave, etc.), blogs, vlogs, and other applications, etc.).

ARTICLE II GRANT OF FRANCHISE

2.1 **The USA Mobile Drug Testing Business.** This Agreement governs Franchisee’s ownership and operation of a USA Mobile Drug Testing Business. USA Mobile Drug Testing Businesses specialize in mobile drug testing services. These services are most often conducted at the customer’s place of business, but may be provided at an alternate location at the request of the customer. These businesses operate under the USA Mobile Drug Testing name and other trademarks (the “Marks”), which Franchisor controls, and under distinctive business formats, methods, procedures, standards and specifications (the “System”). Franchisee has represented to Franchisor that it desires a USA Mobile Drug Testing franchise. Franchisee has represented to Franchisor that it has the requisite business acumen and ability to obtain the cash or financing needed to own and operate the franchise. Franchisor has considered Franchisee’s purchasing a franchise in reliance upon all of Franchisee’s representations.

2.2 **Acknowledgments.** Franchisee acknowledges that Franchisee has read this Agreement and Franchisor’s Franchise Disclosure Document and understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor’s high standards of quality and service and the uniformity of those standards at each USA Mobile Drug Testing business and thereby to protect and preserve the goodwill of the Marks. Franchisee acknowledges that it has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that, like any other business, the nature of the business conducted by a USA Mobile Drug Testing business may evolve and change over time, that an investment in a USA Mobile Drug Testing business involves business risks and that Franchisee’s business abilities and efforts are vital to the success of the venture. Any information Franchisee acquires from other franchised USA Mobile Drug Testing Business owners relating to their sales, profits or cash flows does not constitute information obtained from Franchisor, nor does Franchisor make any representation as to the accuracy of any such information. Franchisee acknowledges that, in all of its dealings with Franchisor, Franchisor’s officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between Franchisee and such persons as a result of this Agreement are solely between Franchisee and Franchisor. Franchisee further acknowledges that Franchisor has advised Franchisee to seek franchise counsel to review and evaluate this Agreement. Franchisee acknowledges and agrees that Franchisee will operate its franchise in a way consistent with the System, which shall include, without limitation, Franchisee’s use of Franchisor’s website, Franchisee’s regular inspection and service of its vehicle, and providing Franchisor with specific reports at specific times. Franchisee acknowledges that Franchisor has made no representations about likely revenues or profits that Franchisee can anticipate from the Franchised Business.

2.3 **Grant Of Franchise.** Franchisor grants Franchisee this franchise to operate one (1) USA Mobile Drug Testing business, the location of which will be approved by Franchisor. Franchisee may operate Franchisee’s USA Mobile Drug Testing Business from the following principal business location, which may be Franchisee’s personal residence, within the “Territory” described below:

Franchise Location: _____ (referred to in this Agreement as the "Location"). This Location is identified for the purposes of defining a Territory, and the parties hereto acknowledge that no mobile drug testing services need be conducted there, although some business activity will likely be conducted there. Franchisor makes no representation of any kind whatsoever regarding Franchisee's likelihood of success in connection with the Location.

Franchise Territory: _____

(Referred to in this Agreement as the "Territory"). *[Note: If multiple territories are purchased, each such Territory will be identified here, and references in this Agreement to "Territory" will apply to each Territory purchased.]*

2.4 Term and Renewal. This Agreement is for a term of twenty (20) years from the date of execution, unless terminated as contained in this document. If Franchisee acquires an existing franchised USA Mobile Drug Testing Business, the term of the agreement for such franchise will be no longer than the then-remaining term of the USA Mobile Drug Testing Franchise Agreement that relates to the Franchised Business that Franchisee acquired under this Agreement. Provided Franchisee is in full compliance with the terms of this Agreement, Franchisee and Franchisor may mutually agree to renew Franchisee's right to operate the Franchised Business for up to four (4) successive five (5) year periods, subject to the following conditions, each of which must be met prior to each renewal:

2.4.1 Franchisee shall present evidence to Franchisor that Franchisee has the right to remain in possession of the premises of the Location for the duration of the renewal term, or shall obtain approval by Franchisor of a new location for the Franchised Business for the duration of the renewal term;

2.4.2 Franchisee shall give Franchisor written notice of Franchisee's election to renew no fewer than twelve (12) months nor more than eighteen (18) months prior to the end of the preceding term;

2.4.3 Franchisee shall upgrade the equipment of the Franchised Business to conform to the then-current standards and specifications of new USA Mobile Drug Testing Businesses then being established in the System, and shall complete the upgrading and other requirements within the time specified by Franchisor.

2.4.4 From the time of Franchisee's election to renew through the expiration of the original term, Franchisee shall not have been in default of any provision of this Agreement, any amendment to this Agreement, any successor to this Agreement, or any other agreement between Franchisee and Franchisor or its subsidiaries and affiliates; and, in the reasonable judgment of Franchisor, Franchisee shall have substantially complied with all the terms and conditions of this Agreement, such other agreements, as well as the operating standards prescribed by Franchisor during the term of this Agreement;

2.4.5 Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its subsidiaries and affiliates, and to the National Fund, and shall have timely met those obligations throughout the term of this Agreement;

2.4.6 Franchisee shall execute the form of franchise agreement then being offered to new System franchisees, and such other ancillary agreements required by Franchisor for the business franchised hereunder, which agreements shall supersede this Agreement in all respects (except with respect to the renewal provisions of the new franchise agreement, which shall not supersede this Section 2, and except that no initial franchise fee will be due under the new franchise agreement), and Franchisee acknowledges that the terms, conditions, and provisions of which, and the obligations of the parties

thereto, may differ substantially from the terms, conditions, provisions and obligations in this Agreement, including, without limitation, a higher royalty and advertising fee;

2.4.7 Franchisee shall execute a general release (which shall include a release Owners and guarantors of Franchisee), in a form prescribed by Franchisor, of any and all claims against Franchisor and its subsidiaries, affiliates, successors, and assigns, and their respective officers, directors, shareholders, partners, agents, representatives, servants, and employees; and

2.4.8 Franchisee and its personnel shall comply with Franchisor's then current qualification and training requirements, prior to commencement of operations under the renewal form of franchise agreement.

2.5 Territorial Rights. Except as provided for by Sections 2.6, 2.7, and 2.8 below, and provided that Franchisee is in full compliance with this Agreement, Franchisor and its affiliates will not operate or grant a franchise for the operation of another USA Mobile Drug Testing Business, or a similar Mobile Drug Testing business that operates under a different mark or trade name, that has its principal office at a location within the Territory, or that is granted a territory, or territorial rights similar to those under this Agreement in Franchisee's Territory, during the term of this Agreement. As described in Sections 2.6, 2.7 and 2.8 below, Franchisor may conduct advertising and marketing (of any type and nature) for services offered by USA Mobile Drug Testing Businesses in any area even if a portion of the advertising and marketing reaches actual or potential customers in Franchisee's Territory, or directed to any potential customer or group or class of customer. This Agreement refers to a specific Territory. This Agreement does not grant Franchisee any options, rights of first refusal, or similar rights to acquire additional territories.

2.6 Rights Franchisor Reserves. Except as expressly limited by Section 2.5 above, Franchisor and its affiliates retain all rights with respect to USA Mobile Drug Testing Businesses, the System, the Marks, the sale of similar or dissimilar services, and any other activities Franchisor deems appropriate whenever and wherever Franchisor desires, including, but not limited to:

(1) the right to operate, and to grant others the right to operate, USA Mobile Drug Testing Businesses and similar mobile drug testing businesses under different names or marks located anywhere outside the Territory under any terms and conditions Franchisor deems appropriate and regardless of proximity to the Premises or the Territory, and subject to Franchisor's cross-territorial policies, discussed below and in the Operations Manuals;

(2) the right to establish and operate (and to grant to others the right to establish and operate) any other businesses offering products and services that are not the same as or similar to the products or services offered by USA Mobile Drug Testing Businesses, through similar or dissimilar channels of distribution, at any locations inside or outside the Territory under trademarks or service marks other than the Marks (including other trademarks or service marks owned by Franchisor and any of its affiliates) and on any terms and conditions Franchisor deems appropriate;

(3) the right to acquire the assets or ownership interests of one or more businesses that operates, and/or has granted franchises, licenses, or similar rights to one or more third parties to operate, businesses similar to and/or competing with USA Mobile Drug Testing Businesses, and/or the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a competing mobile drug testing business or agency, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory; provided, however, that if Franchisor or one of its affiliates acquires such a competing business or chain, Franchisor or its affiliates will not establish or grant franchises or licenses to establish new or additional competing

businesses under the Marks or the acquired chain's marks in Franchisee's Territory. Any business operations of the same or similar business that existed or operated at the time of such acquisition or transaction will not constitute a breach of Section 2.3 and 2.5 above; and

(4) the right to create, place, and/or distribute any advertising and promotional materials related to the System, the Marks, of USA Mobile Drug Testing Businesses, and the services and products offered, and authorize others to do so, and those materials may appear in media, including, without limitation, the Internet or similar electronic media, or be received by prospective customers located anywhere, including within the Territory.

2.7 Cross Territorial Sales and Client Services. Franchisee understands and agrees that it has the right and obligation to diligently and actively solicit and service clients in its Territory. Also, the efficient operation of the System is dependent upon franchisees and other operators of USA Mobile Drug Testing Businesses, including Franchisor and its affiliates, complying with Franchisor's policies regarding intra- and inter-territorial sales and servicing efforts. Franchisor has established policies concerning soliciting and/or servicing clients within and outside of a designated territory, or within the territory or area assigned to another franchisee or Franchisor or its affiliates (the "Cross-Territorial Policies"). Franchisor may modify these Cross-Territorial Policies, on a system-wide basis, from time to time, and Franchisee must comply with the changed policies. The current Cross-Territorial Policies are described in the Operations Manual, and provide, among other things, that:

(1) Franchisee's area of primary responsibility will be its Territory. All media advertising and direct mail marketing that you undertake must be predominantly focused on media distributed in, or to prospective clients located in, your Territory.

(2) Franchisee shall not conduct any drug testing, or provide any USA Mobile Drug Testing services to clients located, in a territory or area assigned to another franchisee, Franchisor, or Franchisor's affiliate. In the event that Franchisee receives leads from or for clients located in another territory or area, Franchisee must refer those leads to Franchisor, and Franchisor will refer those leads to the appropriate franchisees (or Franchisor or an affiliate) who are assigned to operate in and service that territory or area, in which event Franchisee will not be entitled to any compensation for referring such leads.

(3) Franchisee may not solicit clients, or market its products, services, or its Franchised Business to clients located outside of its Territory. In the event Franchisee receives referrals to provide services to clients who are located in a then-unassigned (to a franchisee or Franchisor or an affiliate) territory or areas, Franchisee may service those clients upon Franchisor's written approval. However, if and when an unassigned territory is sold or assigned, and a franchised, company-owned, or affiliate-owned USA Mobile Drug Testing business opens, Franchisee may not continue servicing clients from that territory without written approval by Franchisor.

Franchisor may determine and specify, as part of the Cross-Territorial Policies, that certain types of activities or referrals will not violate the Cross-Territorial Policies. For example, Franchisor may determine that a USA Mobile Drug Testing Business could make referrals to non-USA Mobile Drug Testing Businesses for non-mobile based services in the following circumstances: when a client that a franchisee services in its territory makes a request for limited services to be provided outside of its territory (including within the territory of another USA Mobile Drug Testing business) and the requested services are of a nature that the USA Mobile Drug Testing business in the relevant area will not be able to provide the services on terms acceptable to the client (such as for non-mobile based services). Any modifications to, or deviations from, the standard Cross-Territorial Policies will be described in the Operations Manuals and/or in written policy updates provided by Franchisor.

For the purposes of this Agreement, and except as may be modified by Franchisor through changes in policies and/or the Operations Manual, references to “client” will mean the person receiving the services of the Franchised Business.

A violation of a Cross-Territorial Policy is grounds for termination of this Agreement. Franchisor has established a Territory infringement policy (“Territory Infringement Policy”), which includes provisions for financial penalties in addition to, or in lieu of, termination of this Agreement following a violation of the Cross-Territorial Policy. The Territory Infringement Policy is part of Franchisor’s System standards, and it is expected that Franchisor and all franchisees will abide by this policy.

2.8 National Accounts. Franchisor reserves the right to develop a national accounts program for the benefit of the System, franchisees, and operators of USA Mobile Drug Testing Businesses. A “National Account” is a client, a group of clients, or an organization or entity that has the right, by common ownership, control, or legal status, to arrange for USA Mobile Drug Testing services to be provided at multiple locations and/or for multiple clients. National Accounts may include a variety of different organizations, including state or local government agencies, insurance companies, or institutional referral sources. The locations of some of the National Account clients may be in Franchisee’s Territory and they may also have locations in other territories or areas. Franchisee wants to encourage us to develop this program. Regardless of any contrary provision this Agreement, Franchisee and Franchisor agree as follows:

(1) If Franchisee decides to participate in the National Accounts program, the revenues from the National Accounts program from clients in its Territory will be allocated and apportioned to Franchisee and/or others as detailed in the Operations Manual.

(2) If Franchisee decides not to participate in, or service the National Accounts in its Territory, Franchisor or one of Franchisor’s franchisees, licensees, or Affiliates may do so. Franchisor may do so without violating any of Franchisee’s territorial rights as described in this Franchise Agreement.

(3) Franchisee agrees to comply with Franchisor’s National Accounts rules and policies as they may be modified from time to time as detailed in the Operations Manual.

2.9 Modification of System. Franchisee understands and agrees that Franchisor may operate and change the System in any manner that is not expressly and specifically prohibited by this Agreement. Because complete and detailed uniformity under many varying conditions might not be possible or practical, Franchisee acknowledges that Franchisor specifically reserves the right and privilege, as Franchisor considers to be best, to vary System Standards (described below in Section 5.6) for any franchisee or any franchised USA Mobile Drug Testing Business based upon the peculiarities of any condition that Franchisor considers important to that franchisee’s or USA Mobile Drug Testing Business’s operation. Franchisee may request that Franchisor grant Franchisee a variation or accommodation, but Franchisor has no obligation to do so.

2.10 Performance Criteria. The limited territorial grant described in this Agreement is conditioned upon Franchisee’s compliance with this Agreement and Franchisor’s System Standards. Franchisee also must achieve and maintain satisfactory scores on client satisfaction surveys and business analyses that Franchisor establishes. In addition, Franchisee’s Franchised Business must generate a minimum level of Gross Sales on an annual basis, in the amounts described in this Agreement (the “Minimum Performance Standards”). If Franchisee fails to satisfy the Minimum Performance Standards, and fails to cure any deficiencies (if Franchisor grants Franchisee an opportunity to cure such a default), Franchisor may take any one or more of the following actions:

(1) Reduce the size of Franchisee's Territory, with a corresponding reduction in the Minimum Performance Standard; and/or

(2) Permit other franchisees, or Franchisor or its affiliates, to provide services to clients located within Franchisee's Territory; and/or

(3) Establish, or license or franchise others to establish, a USA Mobile Drug Testing Business in Franchisee's Territory; and/or

(4) Terminate this Agreement.

The current Minimum Performance Standards per Territory (see Section 2.3 above) are:

Operating Year*	Minimum Gross Sales at the End of Each Operating Year**
1	\$10050,000
2	\$150100,000
3	\$200150,000

* For the purposes of the Minimum Performance Standard, an "Operating Year" is a period of 12 calendar months, and the first Operating Year will begin upon first full calendar month starting ninety (90) calendar days after Franchisee completes the initial training program (except as provided below for (if applicable) a second or third Territory purchased by Franchisee. If Franchisee purchases more than one Territory, then for purposes of applying the Minimum Performance Standards, the first Operating Year will begin: (a) for the second Territory - six months from completing initial training; and (b) for a third Territory - twelve months from completing initial training. The initial training will be conducted for Franchisee's first Territory.

** This is the Gross Sales for each Operating Year (12 calendar months) of the Franchised Business.

2.11 Corporation, Limited Liability Company, or Partnership. If Franchisee is at any time a corporation, limited liability company, or general or limited partnership (collectively, an "Entity"), Franchisee agrees and represents that:

(1) Franchisee will have the authority to execute, deliver, and perform its obligations under this Agreement and all related agreements and is duly organized or formed and validly existing in good standing under the laws of the state of Franchisee's incorporation or formation.

(2) Franchisee will not alter, change, or amend your organizational documents, operating agreement, or partnership agreement, as applicable, without obtaining Franchisor's approval.

(3) Franchisee's organizational documents, operating agreement, partnership agreement, or stock certificates, as applicable, will recite that this Agreement restricts the issuance and transfer of any ownership interests in Franchisee;

(4) Exhibit B to this Agreement completely and accurately describes all of Franchisee's owners and their interests in Franchisee as of the Effective Date;

(5) Each of Franchisee's owners holding over ten percent (10%) ownership interest during this Agreement's term will execute a guaranty in the form Franchisor prescribes undertaking personally to be

bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between Franchisee and Franchisor. Franchisor's current form of guaranty is at Exhibit C. Subject to Franchisor's rights and Franchisee's obligations under Section 11, Franchisee and its owners agree to sign and deliver to Franchisor revised Exhibits B to reflect any permitted changes in the information that Exhibit B now contains;

(6) Franchisee will designate at least one of your shareholders, members, or partners, as applicable, who owns at least thirty three percent (33%) of the outstanding voting equity in your entity, to be Franchisee's "Principal Operator." The Principal Operator will be the owner who is primarily responsible for the overall management and operation of the Franchised Business, and the person with whom Franchisor will communicate on matters of policies as well as legal issues. The Principal Operator, as of the Effective Date, is identified in Exhibit B. The Principal Operator may be, but need not be the same person, as Franchisee's Designated Manager. If the Designated Manager is not the Principal Operator, the Designated Manager is not required to have an ownership interest in Franchisee. You may not change the Principal Operator without Franchisor's prior written consent; and

(7) The Franchised Business and other USA Mobile Drug Testing Businesses, if applicable, will be the only businesses that the Entity may operate, and Franchisee's organizational documents must reflect this (although the owners in the Entity may have other business interests subject to any restrictions on Competitive Businesses in Section 7 or Section 13).

2.12 Guaranty and Assumption of Obligations. If Franchisee or anyone representing Franchisee is signing this Agreement in other than Franchisee's or their individual capacity, Franchisee and such persons representing Franchisee shall also execute the Guarantee, Indemnification and Acknowledgment included as Exhibit C to this Agreement.

ARTICLE III FEES

3.1 Initial Franchise Fee. Concurrently with Franchisee's execution of this Agreement, Franchisee is paying Franchisor a nonrecurring and nonrefundable initial franchise fee in the amount set forth below, which will be fully earned by Franchisor upon the execution of this Agreement.

1. Single Territory Fee - \$49,900. This Fee is for a territory of no less than 8,000 employers in a contiguous geographical area we designate.
2. Two Contiguous Territory Fee - \$79,900. This Fee is for two territories of no less than 8,000 employers each, in a contiguous geographical area we designate.
3. Three Contiguous Territory Fee - \$99,900. This Fee is for three territories of no less than 8,000 employers each, in a contiguous geographical area we designate.

The Initial Franchise Fee, which must be paid in full prior to or upon execution of this Agreement, is \$ _____.

3.2 Definition Of Gross Sales. As used in this Agreement, the term "Gross Sales" means all revenue Franchisee receives from operating the Franchise, whether from cash, check or credit transactions, but excluding all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and excluding customer refunds, adjustments, credits and allowances actually made by the Franchise in compliance with Franchise Procedures (defined below). Gross Sales includes those items under Franchisee's direct or indirect control for which Franchisee is or would

ordinarily be entitled to remuneration or payment of any kind under Franchise Procedures, which is the way Franchisor teaches Franchisee to operate the franchise. All payments to Franchisee, which are not offset by customer refunds, adjustments, credits and allowances actually made by the franchise in compliance with Franchise Procedures are part of Gross Sales.

3.3 Royalty. Franchisee agrees to pay Franchisor a royalty (the "Royalty") in the amount as provided below, and in the manner provided below (or as the Operations Manual otherwise prescribes). Franchisee shall pay the Royalty on a monthly basis, based on the Gross Sales of the Franchised Business for the prior calendar month, or for such other period as Franchisor may specify in the Operations Manual or otherwise in writing. In addition, Franchisee shall report to Franchisor in writing (or electronically, as specified by Franchisor) its Gross Sales (a "Sales Report").

3.3.1 The Royalty shall be an amount equal to the total of the following for all Territories granted under this Agreement, calculated on a per Territory basis: the greater of (a) 9% of Gross Sales (as defined above) for a Territory or (b) a minimum royalty of \$400 per month for a Territory, starting ninety (90) days from the time Franchisee completes its initial training requirements. If Franchisee acquires the rights to operate in more than one Territory, the obligation to pay the minimum Royalty for the second Territory will begin six (6) months after the date Franchisee completes its initial training requirements, and the obligation to pay the minimum Royalty for the third Territory will begin twelve (12) months after the date Franchisee completes its initial training requirements.

3.3.2 All payments required by this Section 3.3 and Section 4.3 below based on the Gross Sales for the preceding month (unless Franchisor specifies in writing that a different period shall apply) and the Sales Report for the Gross Sales for the month, shall be paid and submitted so as to be received by Franchisor by third business day after each month. Franchisee agrees that, in lieu of collecting payments directly from Franchisee, Franchisor has the right to provide Central Billing and Collection Services (as defined in Section 8.12 below) for all Gross Sales of Franchisee, or a designated portion (including for example, for Gross Sales attributable to National Accounts); and in such event, Franchisor will have the right to collect all amounts due from Franchisee by deducting such amounts from the monies that Franchisor remits to Franchisee pursuant to Section 8.12. Franchisee shall deliver to Franchisor any and all reports, statements and/or other information required under Article 10 below, at the time and in the format reasonably requested by Franchisor, which may include electronically polled data from Franchisee's Point of Sale system. If requested by Franchisor, Franchisee shall establish an arrangement for electronic funds transfer or deposit of any payments required under Sections 3 or 4.3. Franchisee shall execute Franchisor's current form of "EFT Authorization Form," a copy of which is attached to this Agreement as Exhibit D, and Franchisee shall comply with the payment and reporting procedures specified by Franchisor in the Operations Manual. To ensure that payments are received by Franchisor on the third business day of each month, such policies and procedures may require that Franchisee shall have sufficient funds in its account by the second day of the month, as the EFT process may sweep such account the day prior the day specified for payment. If Franchisee makes any payments to Franchisor under this Agreement by check, and such check is returned to Franchisee without having made payment to Franchisor, or if there are insufficient funds in Franchisee's account to complete the required electronic funds transfer or deposit, then Franchisor shall have the right to charge Franchisee a fee of One Hundred Dollars (\$100) for each such returned check, and/or each instance of insufficient funds. Franchisor also may resubmit EFT payment processing requests, but will not do so until the second business day after the insufficient funds notice received from Franchisee's bank. In addition, Franchisor has the right to require that future payments by Franchisee be made using a certified, bank, or cashier's check, or some other form of payment specified by Franchisor. Franchisee expressly acknowledges and agrees that Franchisee's obligations for the full and timely payment of Royalties and the advertising contribution to the National Fund (as defined in Section 4.3 below), and all other amounts provided for in this Agreement, shall be absolute, unconditional, fully earned, and due upon Franchisee's generation of Gross

Sales. Franchisee shall not for any reason delay or withhold the payment of all or any part of those or any other payments due hereunder, put the same in escrow or set off same against any claims or alleged claims Franchisee may allege against Franchisor, the National Fund, or others. Franchisee shall not, on grounds of any alleged non performance by Franchisor or others, withhold payment of any fee, including without limitation Royalty Fees or Advertising Contribution, nor withhold or delay submission of any reports due hereunder including but not limited to Sales Reports.

3.4 Financing of Initial Franchise Fee. We are not obligated to offer directly, or indirectly, any arrangements for financing of your initial investment, your equipment or the continuing operation of your franchise. We do not guarantee your note, lease or any other obligation.

3.5 Interest on Late Payments. All amounts which Franchisee owes to Franchisor will bear interest after their due date at the rate of 10% per annum. Franchisee acknowledges that this Section 3.5 does not constitute Franchisor's agreement to accept any payments after they are due or Franchisor's commitment to extend credit to, or otherwise finance Franchisee's operation of, the Franchise. Franchisee's failure to pay all amounts when due, constitutes grounds for termination of this Agreement, as provided in Article XII hereof, notwithstanding the provisions of this Article.

3.6 Application of Payments. Notwithstanding any designation Franchisee might make, Franchisor has sole discretion to apply any of Franchisee's payments to any of Franchisee's past due indebtedness to Franchisor. Franchisee acknowledges and agrees that Franchisor has the right to set off any amounts Franchisee or Franchisee's owners owe Franchisor against any amounts Franchisor might owe Franchisee or Franchisee's owners.

ARTICLE IV MARKETING

Franchisee acknowledges and recognizes the value of the USA Mobile Drug Testing brand and Marks, the need to develop, enhance, and promote the USA Mobile Drug Testing brand and Marks, and the need to advertise and market the USA Mobile Drug Testing brand. Franchisee also acknowledges and recognizes the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the USA Mobile Drug Testing brand, and USA Mobile Drug Testing Businesses. Therefore, Franchisee agrees to (i) contribute to the National Fund pursuant to Section 4.2, (i) contribute to a Market Cooperative if established pursuant to Section 4.3, and (ii) make local advertising and marketing expenditures pursuant to Section 4.4.

4.1 Start-Up Marketing Kit. Franchisor may provide Franchisee with an initial package of marketing materials and branded items, which may consist of brochures, business cards, posters, hats, shirts, uniforms, and other similar items that Franchisor may select. Start-up marketing is an integral part of advertising and initiates a database of clients.

4.2 Rollout And Ongoing Local Marketing. Franchisee must locally advertise and promote the Franchised Business.

4.2.1 Franchisee must participate in a USA Mobile Drug Testing rollout-marketing program ("Rollout Marketing Program"). This is similar to a grand opening marketing program, but it extends during the first six (6) months of operations. Franchisee must use the services of the marketing supplier designated by Franchisor to conduct the Rollout Marketing Program for Franchisee. Franchisee shall spend the following amounts on the Rollout Marketing Program, ~~which amounts will be paid to the designated marketing supplier:~~ Four Thousand Five Hundred Dollars (\$4,500) for the first month, and Three Thousand Dollars (\$3,000) per month for the next five (5) months. Franchisee shall pay such

amounts to the designated marketing supplier, unless Franchisor directs that Franchisor will collect such amounts from Franchisee for Franchisor to transmit to the designated marketing supplier.

4.2.2 Following the completion of the Rollout Marketing Program, Franchisee must continue to locally advertise and promote the Franchised Business. In addition to Franchisee's contribution to the National Fund, for each month following the completion of the Rollout Marketing Program, Franchisee must spend One-Thousand Dollars (\$1,000) per month (per Territory) on direct mail or local advertising (including public relations). Franchisee may elect to conduct the advertising, subject to Franchisor's prior written approval, or Franchisee may use the services of the marketing supplier designated for the Rollout Marketing Program to perform the marketing on Franchisee's behalf. Franchisee shall be responsible for all of Franchisee's own direct mail and local print advertising of the USA Mobile Drug Testing business or Franchisee shall use a third party supplier approved by Franchisor to conduct such advertising on Franchisee's behalf. Other appropriate local advertising expenditures may include, but are not limited to, fliers, door hangers, postcards, posters, radio, and television commercials. Franchisor will assist you in developing a direct mail marketing program. Franchisor's assistance may include providing advertising slicks and camera-ready art and providing suggestions as to methods and channels to distribute Franchisee's advertising. Franchisor also encourages Franchisee to participate in cooperative advertising where available.

4.2.3 Franchisee must send Franchisor, in the manner Franchisor prescribes, an accounting of Franchisee's expenditures for local advertising and promotion at such times, and for such reporting periods, as Franchisor may specify from time to time. Franchisor reserves the right to collect the required local advertising and marketing expenditures from Franchisee and to spend such amounts to implement the plan on Franchisee's behalf. If Franchisee fails to expend the required minimum amount, then any amounts that Franchisee should have expended to reach the minimum requirement must be contributed to the Marketing Fund at such time as Franchisor specifies.

4.2.4 All local advertising and promotion by Franchisee shall be in such media, and of such type and format as Franchisor may approve; shall be conducted in a dignified manner; shall conform to such standards and requirements as Franchisor may specify; and shall comply with all applicable laws. Franchisee shall not use any advertising or promotional plans or materials unless and until Franchisee has received written approval from Franchisor, pursuant to the procedures and terms set forth in Section 4.6 below. Franchisee shall comply with all of Franchisor's written instructions, policies, procedures, and restrictions regarding advertising and marketing within Franchisee's Territory, outside of Franchisee's Territory, and in areas that may be territories assigned to other USA Mobile Drug Testing Businesses.

4.2.5 As used in this Agreement, the term "local advertising and promotion" shall consist only of the direct costs of purchasing and producing advertising materials (including, but not limited to, camera ready advertising and point of sale materials), media (space or time), and those direct out of pocket expenses related to costs of advertising and sales promotion spent by Franchisee in its local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying; however, the parties expressly agree that advertising and sales promotion shall not include costs or expenses incurred by or on behalf of Franchisee in connection with any of the following:

4.2.5.1 Salaries and expenses of any employees of Franchisee, including salaries or expenses for attendance at advertising meetings or activities, or incentives provided or offered to such employees, including discount coupons;

4.2.5.2 Charitable, political, or other contributions or donations, whether in cash, food, or services;

4.2.5.3 The value of discounts provided to customers;

4.2.5.4. The cost of services or products provided.

4.3 National Fund. Franchisor has the right to establish a national or system-wide advertising, marketing, and promotional fund (the "National Fund") for the enhancement and protection of the USA Mobile Drug Testing brand and Marks, and for the advertising, marketing, and public relations programs and materials as we deem appropriate. During any period the National Fund is in effect and Franchisor requires that franchisees make contributions, Franchisee agrees to contribute to the National Fund an amount as Franchisor specifies in writing from time to time, provided that the required contributions will not exceed two percent (2%) of Gross Sales, up to a maximum required contribution of five hundred dollars (\$500) per month, per Territory, starting ninety (90) days from completion of training, which amount is payable in the same manner as the Royalty. Franchisor or its designee shall maintain and administer the National Fund, as follows:

4.3.1 Franchisor will have the right to use the National Fund, and monies in the National Fund, for any purpose that Franchisor designates that Franchisor believes will enhance and protect the USA Mobile Drug Testing brand and Marks, will improve and increase public recognition and perception of the USA Mobile Drug Testing brand and Marks and USA Mobile Drug Testing Businesses, and will improve and enhance the perception of USA Mobile Drug Testing Businesses held by franchisees, and other employees of USA Mobile Drug Testing Businesses. Among the programs, concepts, and expenditures for which Franchisor may utilize the National Fund monies are: creative development and production of print ads, commercials, radio spots, direct mail pieces, door hangers, and other advertising and promotional materials; creative development of, and preparing, producing, and placing video, audio, and written materials and electronic media; media placement and buying, including all associated expenses and fees; administering regional and multi-regional marketing and advertising programs; market research and customer satisfaction surveys; the creative development of, and actual production associated with, promotions, public relation events, and charitable or nonprofit events; creative development of signage and posters; employee recognition and awards events and programs; periodic national and regional conventions and meetings; developing, implementing one or more websites devoted to the System, the Marks and/or the brand, and/or extranets and/or intranets; and maintaining ; retention and payment of advertising and promotional agencies and other outside advisors including retainer and management fees; and public relations and community involvement activities and programs. Franchisor will direct all programs that the National Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation.

4.3.2 Franchisor has the right to collect for deposit into the National Fund any advertising, marketing, or similar allowances paid to us by suppliers who deal with USA Mobile Drug Testing Businesses and with whom Franchisor has agreed that Franchisor will so deposit these allowances.

4.3.3 Franchisor will account for the National Fund separately from Franchisor's other funds and monies and not use the National Fund for any of Franchisor general operating expenses. However, Franchisor may use the National Fund to pay administrative costs of the National Fund including managing the advertising, marketing, and promotional programs and payment of outside suppliers utilized by the National Fund. Franchisor may use the National Fund to pay for other administrative costs, travel expenses of personnel while they are on National Fund business, meeting costs, overhead concerning National Fund business, and other expenses that Franchisor incurs in activities reasonably related to administering or directing the National Fund and its programs.

4.3.4 The National Fund will not be Franchisor's asset. Although the National Fund is not a trust, Franchisor will hold all Fund contributions for the benefit of the System, the USA Mobile Drug

Testing brand, and the contributors, and use contributions only for the purposes described in this Section. Franchisor does not owe any fiduciary obligation to Franchisee for administering the National Fund or any other reason. The National Fund may spend in any fiscal year more or less than the total National Fund contributions in that year, borrow from Franchisor or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. Franchisor will use all interest earned on National Fund contributions to pay costs before using the National Fund's other assets.

4.3.5 Franchisor will prepare an annual, unaudited statement of National Fund collections and expenses. The statement is available for Franchisee's review upon written request, ninety (90) days after our fiscal year. Franchisor may have the National Fund audited annually, at the National Fund's expense, by an independent certified public accountant. Franchisor may incorporate the National Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section.

4.3.6 Franchisor intends the National Fund to maximize and enhance public, franchisee, and employee recognition of the USA Mobile Drug Testing brand, Marks and USA Mobile Drug Testing Businesses. Although Franchisor may use the National Fund, or portions of the monies in the National Fund, to create, develop, use and/or place advertising and promotional marketing materials and programs, and Franchisor may try to engage in brand enhancement activities that will benefit all USA Mobile Drug Testing Businesses, Franchisor cannot and does not ensure that National Fund expenditures will be made in or affecting any geographic area, or will be proportionate or equivalent to National Fund contributions by USA Mobile Drug Testing Businesses operating in that geographic area. We do not guarantee or assure that any USA Mobile Drug Testing Business will benefit directly or in proportion to its National Fund contribution from the brand enhancement activities of the National Fund or the development of advertising and marketing materials or the placement of advertising and marketing.

4.3.7 If Franchisee is in default of any of Franchisee's obligations to Franchisor and/or the National Fund, or this Agreement is otherwise subject to termination, Franchisee will have no rights with respect to the National Fund, and Franchisor may deny access to any and all programs and/or materials created by and benefits of, the National Fund.

4.3.8 Franchisor has the right, but no obligation, to use collection agents and institute legal proceedings to collect National Fund contributions at the National Fund's expense. Franchisor also may forgive, waive, settle, and compromise all claims by or against the National Fund. Except as expressly provided in this Section, Franchisor assumes no direct or indirect liability or obligation to Franchisee for collecting amounts due to, maintaining, directing, or administering the National Fund.

4.3.9 Franchisor may at any time defer or reduce contributions of a USA Mobile Drug Testing Business franchisee and, upon thirty (30) days prior written notice to Franchisee, reduce or suspend National Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the National Fund. If Franchisor terminates the National Fund, Franchisor will distribute all unspent monies to franchisees, and, if applicable to Franchisor and Franchisor's affiliates, in proportion to their respective National Fund contributions during the preceding twelve (12) month period.

4.4 Market Cooperative. Franchisor shall have the right to designate any geographical area for purposes of establishing a regional or market advertising and promotional cooperative fund ("Market Cooperative"). If a Market Cooperative for the geographic area in which the Franchised Business is located has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative, unless otherwise permitted by Franchisor. If a Market Cooperative for the geographic area in which the Franchised Business is located is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within

thirty (30) days after the date on which the Market Cooperative commences operation, unless otherwise permitted by Franchisor. In no event shall Franchisee be required to be a member of more than one (1) Market Cooperative. The following provisions shall apply to each such Market Cooperative:

4.4.1 Each Market Cooperative shall be organized (including but not limited to bylaws and other organic documents) and governed in a form and manner, and shall commence operations on a date, approved in advance by Franchisor in writing. Unless otherwise specified by Franchisor, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. Any USA Mobile Drug Testing Businesses that Franchisor operates in the region shall have the same voting rights as those owned by its franchisees. Each USA Mobile Drug Testing Business owner shall be entitled to cast one (1) vote for each USA Mobile Drug Testing Business owned.

4.4.2 Each Market Cooperative shall be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized promotional materials for use by the members in local advertising and promotion.

4.4.3 No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of Franchisor, pursuant to the procedures and terms as set forth in Section 4.6 below.

4.4.4 The Market Cooperative will determine the specific amount of contribution to the Market Cooperative, unless Franchisor has specified the amount of contribution when Franchisor forms the Market Cooperative. However, the contribution amount, whether set by Franchisor or the Market Cooperative, will not be more than One-Thousand Dollars (\$1,000) per month per Territory. And any required contributions to the Market Cooperative will be in addition to Franchisee's required expenditures for local advertising and promotion.

4.4.5 Franchisee shall submit its required contribution to the Market Cooperative at the same time as payments are required for royalties and the contribution to the National Fund, together with such statements or reports as may be required by Franchisor or by the Market Cooperative with Franchisor's prior written approval. If so requested by Franchisor in writing, Franchisee shall submit its payments and reports to the Market Cooperative directly to Franchisor for distribution to the Market Cooperative.

4.4.6 Although once established, each Market Cooperative is intended to be of perpetual duration, Franchisor maintains the right to terminate any Market Cooperative. A Market Cooperative shall not be terminated, however, until all monies in that Market Cooperative have been expended for advertising and/or promotional purposes.

4.5 Promotional Materials and Marketing Assistance. Franchisor shall make available to Franchisee from time to time, at Franchisee's expense, advertising plans and promotional materials, including newspaper mats, merchandising materials, sales aids, special promotions, direct mail materials, community relations programs, and similar advertising and promotional materials for use in local advertising and promotion. Franchisor may provide periodic marketing assistance to Franchisee, including, among other things, Franchisee meetings with Franchisor's marketing team, telephone and email marketing "hotline" assistance, and templates or other materials for email-based marketing.

4.6 Approvals. For all proposed advertising, marketing, and promotional plans, Franchisee shall submit samples of such plans and materials to Franchisor (by means described in Section 16.1 below), for Franchisor's review and prior written approval (except with respect to prices to be charged by Franchisee). If written approval is not received by Franchisee from Franchisor within twenty one (21) days of the date of receipt by Franchisor of such samples or materials, the materials will be deemed to be

disapproved. Franchisee acknowledges and agrees that any and all copyright in and to advertising and promotional materials developed by or on behalf of Franchisee shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision.

4.7 Minimum Requirements Only. Franchisee understands and acknowledges that the required contributions and expenditures are minimum requirements only, and that Franchisee may, and is encouraged by Franchisor to, expend additional funds for local advertising and promotion of a local nature which will focus on disseminating advertising directly related to the Franchised Business.

4.8 Limitations on Associations with the Marks. Franchisee acknowledges and agrees that certain associations between Franchisee and/or the Franchised Business, and/or the Marks and/or the System, and/or businesses operating under or products sold under the Marks or the USA Mobile Drug Testing brand name on the one hand, and certain political, religious, cultural or other types of groups, organizations, causes, or activities, on the other, however well-intentioned and/or legal, may create an unwelcome, unfair, or unpopular association with, and/or an adverse effect on, the reputation of Franchisor, the System, the USA Mobile Drug Testing brand, or the good will associated with the Marks. Accordingly, Franchisee shall not, without the prior written approval of Franchisor, engage in any activities with, or donate any money, products, services, goods, or other items to, any charitable, political or religious organization, group, or activity, if such action is taken, or may be perceived by the public to be taken, in the name of, in connection with, or in association with Franchisee, the Marks, the Franchised Business, the Franchisor, or the System.

ARTICLE V TRAINING AND COMMENCEMENT ASSISTANCE

5.1 Training. Before Franchisee may begin operating, Franchisor will furnish Franchisor's initial training program on the operation of a USA Mobile Drug Testing business to Franchisee (or, if Franchisee is an entity to Franchisee's Principal Operator (as defined in Section 2.11(6) above), to Franchisee's Designated Manager, and to such other employees of Franchisee that Franchisor shall have the right to approve. Initial training consists of approximately ~~eight (8)~~ to nine (9) working days of training for Franchisee (or Franchisee's managing shareholder or partner) at a time and place, and for such period as Franchisor designates, in Franchisor's business judgment. This training will take place at either a site Franchisor designates, or at or near the Franchisor's corporate office in Tampa, Florida or via the internet. Franchisee's initial training consists of business advice, marketing, administrative, software, personnel, bookkeeping, customer relations, mobile drug testing operations and familiarization with the MDT industry. Franchisee (or the Principal Operator if Franchisee is an entity) or the Designated Manager must complete the initial training to Franchisor's satisfaction. Franchisor's training program is modularly designed so that trainers can rearrange the modules of the course to convene to the real-lifework schedule in progress during the training sessions. Franchisee must pay a fee to Franchisor for initial training, in the amount of \$1080 per person who attends training. Franchisee will be responsible for all travel and living expenses that Franchisee (or the Principal Operator), Designated Manager and any other personnel of Franchisee incurs in connection with any training.

5.2 Refresher and New Employee Training. Franchisor may require Franchisee (or the Principal Operator), Designated Manager and/or previously trained and experienced employees to attend periodic refresher training courses at such times and locations that Franchisor may designate, and Franchisor may charge reasonable fees for such courses. If Franchisee (or, if applicable, the Principal Operator) or the Designated Manager cease active management of or employment at the Franchised Business, Franchisee shall enroll a qualified replacement (who shall be reasonably acceptable to Franchisor), and the

replacement shall attend and successfully complete the basic management training program, to Franchisor's reasonable satisfaction, as soon as it is practical to do so. Franchisee shall pay Franchisor's then-current training fees and per diem expenses. Franchisor also may require Franchisee to pay Franchisor fees for Franchisor's training of Franchisee's new employees hired after Franchisee's Franchise commences operations, if Franchisee so requests. Franchisee agrees to give Franchisor reasonable assistance in training or assisting other franchisees of other USA Mobile Drug Testing Businesses. Training will be held at a site Franchisor designates on an as-needed basis.

5.3 Employee Training and Certifications. Franchisor may from time to time specify certain training and certification requirements for any personnel who will perform certain functions for the Franchised Business (which may include for example, test collections). Franchisee must ensure that Franchisee's employees complete all required training and certifications before performing any functions for which such requirements apply. This training will take place at either a site Franchisor (or approved third party supplier) designates or via the internet. Franchisor may provide the training and certification directly or use third party suppliers for this purpose. Franchisor or the designated supplier of these training services may charge Franchisee a fee for such training and certification. Franchisee will be responsible for such fees and for all expenses that Franchisee and any personnel of Franchisee incurs in connection with any such training. As of the date of this Agreement, Franchisor requires that any person who will perform test collections complete an online training and certification course (unless they attended the initial training program), the cost of which is currently \$550 per person as of the date of this Agreement.

5.4 General Guidance. Franchisor will advise Franchisee from time to time regarding operating issues concerning the Franchise disclosed by reports Franchisee submit to Franchisor or on-site inspections conducted by Franchisor. Such guidance will, at Franchisor's discretion, be furnished in Franchisor's Operations Manual, bulletins or other written materials and/or during telephone consultations and/or consultations at Franchisor's principal business address or the Franchise. Franchisor may hold an annual meeting for Franchisee to stay up-to-date on competitive challenges and opportunities, upgraded programs, best practices, new developments and techniques. If there is an annual meeting, Franchisee's attendance at this meeting is mandatory and will help establish beneficial relationships with other franchisees of USA Mobile Drug Testing Businesses and approved suppliers. Franchisor may charge a fee for the annual meeting or any training held in connection with the meeting.

5.5 Additional Guidance and Assistance. If Franchisee requests additional guidance and/or training, Franchisor will, to the extent Franchisor can reasonably accommodate Franchisee's requests, furnish additional guidance and assistance. Franchisor may charge Franchisee on an hourly or half-day basis plus Franchisor's reasonable expenses in connection with such assistance.

5.6 Operations Manual. During the term of this Agreement, Franchisor will provide Franchisee with, one copy of, or allow Franchisee electronic access to, the Operations Manual (as defined in Article I of this Agreement) on loan. Franchisee acknowledges and agrees that Franchisor has the right to furnish all or part of the Operations Manual to Franchisee in electronic form or online, via a section of Franchisor's Website reserved for franchisees of USA Mobile Drug Testing Businesses or such other methods as Franchisor may specify, and to establish terms of use for access to any restricted portion of Franchisor's Website. The Operations Manual contains the System, System Standards, and other information and rules that Franchisor prescribes from time to time for the operation of a USA Mobile Drug Testing Business and information relating to Franchisee's other obligations under this Agreement and related agreements, which, taken together, Franchisor refers to as the "Franchise Procedures." Franchisee acknowledges that Franchisor owns the copyright in the Operations Manual and that Franchisee's copy of the Operations Manual remains Franchisor's property (provided that no printed or downloaded copy may be made except as authorized by Franchisor). Franchisee shall at all times treat the Manuals, any other manuals created

for or approved for use in the operation of the Franchised Business, and the information contained therein, as confidential, and shall use best efforts to maintain such information as secret and confidential, protect it from viewing by others, and treat the Manuals with the same degree of care as it would treat its most highly confidential documents. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person. Franchisor may from time to time revise or supplement the Operating Manual, by letter, electronic mail, bulletin, videotape, audio tapes, software, or other forms of communication, and Franchisee expressly agrees to make corresponding revisions to its copy of the Manuals and to comply with each new or changed standard immediately upon receipt of such revision. Franchisee agrees to keep Franchisee's copy of the Operations Manual (if Franchisor authorizes Franchisee to maintain a downloaded or printed copy) current and in a secure location at the Franchise. In the event of a dispute relating to its contents, the master copy of the Operations Manual Franchisor maintains at Franchisor's principal business address will be controlling. Franchisee may not at any time copy, duplicate, record or otherwise reproduce any part of the Operations Manual without Franchisor's prior written consent. Franchisee shall return any copies of Operations Manual to Franchisor in the event of the expiration or termination of this Agreement.

5.7 Toll Free Number, Web Sites. Franchisor will operate a toll-free number (currently, ~~1-800-851-2021~~ 855-USA-TEST (855-872-8378) or other number) and/or Website directing inquiries from prospective retail customers to qualified USA Mobile Drug Testing Business owners. Franchisee will participate in the USA Mobile Drug Testing toll-free number/URL system (that system, and all numbers/URLs and other locators/designators are and will be exclusively owned by Franchisor) which may, among other things, provide Franchisee with inquiries from existing and potential customers; provided that Franchisee will not receive any inquiries or referrals, or other benefits of the system, if Franchisee is not in good standing. Franchisee will pay an appropriate share of all charges and expenses associated with the establishment and operation of such system, and all charges and expenses associated with such system, including the cost of inquiries relayed to Franchisee. Franchisor may (but is not required to) support such system with monies from the National Fund. Unless otherwise expressly permitted in writing by Franchisor, Franchisee will not use, in marketing, operations or otherwise, any telephone number, URL or otherwise, or engage in any similar advertising, other than as approved in writing by Franchisor, including the USA Mobile Drug Testing toll-free number/URL, including subject to any provisions of Section 8.7 regarding Websites.

5.8 Business Listings. Franchisor will provide Franchisee with a list of those businesses within the Territory that are registered with Dunn & Bradstreet, hfo USA, or another similar resource for use in Franchisee's marketing efforts. This list will not contain all businesses within the Territory.

ARTICLE VI MARKS AND CONFIDENTIAL INFORMATION

6.1 Ownership of the Marks. Franchisor represents with respect to the Marks that:

6.1.1 Franchisor is the owner of all right, title, and interest in and to the Marks.

6.1.2 Franchisor has taken and will take all steps reasonably necessary to preserve and protect Franchisor's ownership of, and validity in, the Marks.

6.2 Use of the Marks. With respect to Franchisee's use of the Marks, Franchisee agrees that:

6.2.1 Franchisee shall use only the Marks designated by Franchisor, and shall use them only in the manner authorized and permitted by Franchisor; all items bearing the Marks shall bear the then-current logo.

6.2.2 Franchisee shall use the Marks only for the operation of the business franchised hereunder and only within Franchisee's Territory(ies) authorized hereunder, or in Franchisor approved advertising for the business conducted within the Territory(ies).

6.2.3 Unless Franchisor otherwise directs Franchisee, in writing, to do so, Franchisee shall operate and advertise the Franchised Business only under the name "USA Mobile Drug Testing," without prefix or suffix.

6.2.4 During the term of this Agreement and any renewal of this Agreement, Franchisee shall identify itself (in a manner reasonably acceptable to Franchisor) as the owner of the Franchised Business in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form, and at such locations, such as on the vehicles used in the Franchised Business, as Franchisor may designate in writing.

6.2.5 Franchisee's right to use the Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

6.2.6 Franchisee shall not use the Marks to incur any obligation or indebtedness on behalf of Franchisor.

6.2.7 Franchisee shall not use the Marks or any variant thereof as part of its corporate or other legal name, or as part of any e-mail address, domain name, or other identification of Franchisee in any electronic medium.

6.2.8 Franchisee shall execute any documents deemed necessary by Franchisor to obtain protection for the Marks or to maintain their continued validity and enforceability.

6.2.9 With respect to litigation involving the Marks, the parties agree that:

(a) Franchisee shall promptly notify Franchisor of any suspected infringement of the Marks, any known challenge to the validity of the Marks, or any known challenge to Franchisor's ownership of, or Franchisee's right to use, the Marks licensed hereunder. Franchisee acknowledges that Franchisor shall have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement thereof. Franchisor shall also have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks.

(b) Except to the extent that any litigation involving the Marks is the result of Franchisee's use of the Marks in a manner inconsistent with the terms of this Agreement or involving any other claim against Franchisor, Franchisor agrees to reimburse Franchisee for its out of pocket litigation costs in doing such acts and things, except that Franchisee shall bear the salary costs of its employees, and Franchisor shall bear the costs of any judgment or settlement but only if the claim on which the judgment or settlement is made is only related to the validity or ownership of the mark. To the extent that such litigation is the result of Franchisee's use of the Marks in a manner inconsistent with the terms of this Agreement, Franchisee shall reimburse Franchisor for the cost of such litigation (or, upon Franchisor's written request, pay Franchisor's legal fees directly), including without limitation attorney's fees, as well as the cost of any judgment or settlement.

(c) If Franchisor undertakes the defense or prosecution of any litigation relating to the Marks, Franchisee shall execute any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action.

6.3 Franchisee Acknowledgements. Franchisee expressly understands and acknowledges that:

6.3.1 The Marks are valid, owned by Franchisor, and serve to identify the System and those who are authorized to operate under the System.

6.3.2 Neither Franchisee nor any principal of Franchisee shall directly or indirectly contest the validity or Franchisor's ownership of the Marks, nor shall Franchisee, directly or indirectly, seek to register the Marks with any government agency, except with Franchisor's express prior written consent.

6.3.3 Franchisee's use of the Marks does not give Franchisee any ownership interest or other interest in or to the Marks, except the license granted by this Agreement.

6.3.4 Any and all goodwill arising from Franchisee's use of the Marks shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Marks.

6.3.5 The right and license of the Marks granted hereunder to Franchisee is non exclusive, and Franchisor thus has and retains the rights, among others:

- (a) To use the Marks itself in connection with selling products and services;
- (b) To grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees or other licensees authorized to operate using the Marks;
- (c) To develop and establish other systems using the same or similar Marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee.

6.3.6 Franchisor reserves the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder if the Marks no longer can be used, or if Franchisor, exercising its right to do so, determines that substitution of different proprietary marks will be beneficial to the System. In such circumstances, Franchisee shall implement at Franchisee's expense such substituted proprietary marks in such ways as Franchisor may direct, and the use of the substituted proprietary marks shall be governed by the terms of this Agreement.

6.4 Franchisor's Ownership Rights. Franchisor possesses (and will continue to develop and acquire), and may disclose to Franchisee, certain confidential information (the "Confidential Information") relating to the development and operation of USA Mobile Drug Testing Businesses, which may include, without limitation, the System, the Operations Manual, any other proprietary materials, the sales and marketing techniques used, and knowledge of and experience in developing and operating USA Mobile Drug Testing Businesses; marketing and advertising programs USA Mobile Drug Testing Businesses; knowledge of specifications for and suppliers of certain goods, services, furniture, fixtures, equipment, software, vehicles, furnishings and signs, materials and supplies; and knowledge of the operating results and financial performance of USA Mobile Drug Testing Businesses other than the Franchised Business.

6.5 For Franchise Use Only. Franchisee acknowledges and agrees that Franchisee will not acquire any interest in Confidential Information, other than the right to utilize Confidential Information disclosed to Franchisee in operating the Franchise during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. Franchisee further acknowledges and agrees that Confidential Information is proprietary, includes Franchisor's trade secrets and is disclosed to Franchisee solely on the condition that Franchisee agrees, and Franchisee does hereby agree, that Franchisee: Will not use Confidential Information in any other business or capacity; will maintain the absolute confidentiality of Confidential Information during and after the term of this Agreement; will not make unauthorized copies of any portion of Confidential Information disclosed via electronic medium or in written or other tangible form; and will adopt and implement all reasonable procedures that Franchisor prescribes from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure thereof to Franchisee's personnel and others.

6.6 Ideas, Concepts, Techniques or Materials. Franchisee must promptly disclose to Franchisor all ideas, concepts, techniques or materials relating to a USA Mobile Drug Testing Business, whether or not constituting protectable intellectual property, and whether created by or on behalf of Franchisee or Franchisee's owners, which intellectual property will be deemed to be Franchisor's sole and exclusive property and part of the System and deemed to be works made for hire for Franchisor. Franchisee and Franchisee's owners agree to sign whatever assignment or other documents Franchisor may request from time to time to evidence Franchisor's ownership or to assist Franchisor in securing intellectual property rights in such ideas, concepts, techniques or materials.

ARTICLE VII EXCLUSIVE RELATIONSHIP

Franchisee acknowledges and agrees that Franchisor would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among USA Mobile Drug Testing Businesses if franchised owners of USA Mobile Drug Testing Businesses were permitted to hold interests in or perform services for a Competitive Business (as defined in Article I). Franchisee also acknowledges that Franchisor has granted the Franchise to Franchisee in consideration of and reliance upon Franchisee's agreement to deal exclusively with Franchisor. Franchisee therefore agrees that, during the term of this Agreement, neither Franchisee nor any of Franchisee's owners (nor any of Franchisee or Franchisee's owners' spouses or children) will have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business or perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business.

ARTICLE VIII FRANCHISE PROCEDURES

8.1 Compliance with Franchise Procedures. Franchisee acknowledges and agrees that Franchisee's operation and maintenance of the Franchise in accordance with Franchise Procedures is essential to preserve the goodwill of the Marks and all USA Mobile Drug Testing businesses. Therefore, at all times during the term of this Agreement, Franchisee agrees to operate and maintain the Franchise in accordance with the Franchise Procedures, as Franchisor may periodically modify and supplement them during the term of this Agreement.

8.2 Provisions of this Agreement. Franchisee agrees that Franchise Procedures prescribed from time to time in the Operations Manual, or otherwise communicated to Franchisee in writing or other tangible form, constitute provisions of this Agreement as if fully contained in this document. All references to this Agreement include Franchise Procedures as periodically modified.

8.3 Modification of the Franchise Procedures. Franchisor may periodically modify Franchise Procedures, which may accommodate regional or local variations as Franchisor determine, and any such modifications may obligate Franchisee to invest additional capital in the Franchise (“Capital Additions”) and/or incur higher operating costs; provided, however, that such modifications will not alter Franchisee’s fundamental status and rights under this Agreement. Franchisor will not obligate Franchisee to make any Capital Additions when such investment cannot, in Franchisor’s reasonable judgment, be amortized during the remaining term of this Agreement, unless Franchisor agrees to extend the term of this Agreement so that such additional investment, in Franchisor’s reasonable judgment, may be amortized, or unless such investment is necessary in order to comply with applicable laws.

8.4 Standards and Specifications. To insure that the highest degree of quality and service is maintained, Franchisee shall operate the Franchised Business in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Operations Manual or otherwise in writing. Franchisee agrees:

8.4.1 To maintain in sufficient supply, and to use and/or sell at all times only such products, materials, equipment, supplies, and services as conform to Franchisor’s written standards and specifications, and to refrain from deviating therefrom by the use or offer of any non-conforming items without Franchisor’s specific prior written consent.

8.4.2 To sell or offer for sale only such services and products as have been expressly approved for sale in writing by Franchisor; to sell or offer for sale all such services and products that Franchisor specifies from time to time, and to so employing the standards and techniques, as specified by Franchisor; to refrain from any deviation from Franchisor’s standards and specifications, without Franchisor’s prior written consent; and to discontinue selling and offering for sale any services or products which Franchisor shall have the right to disapprove, in writing, at any time. If Franchisee deviates or proposes to deviate from Franchisor’s standards and specifications, whether or not such deviation is approved by Franchisor, such deviation shall become the property of Franchisor.

8.4.3 To permit Franchisor or its agents, at any reasonable time, to remove samples of products, without payment therefor, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether said samples meet Franchisor’s then current standards and specifications. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform to Franchisor’s specifications.

8.4.4 To fully and faithfully comply with all applicable governing authorities, laws and regulations.

8.5 Approved Products, Services, Distributors and Suppliers. In no way limiting Section 8.4 above, Franchisee shall purchase all approved products, services, supplies, materials, and other products used or offered for sale by or through the Franchised Business solely from suppliers that Franchisor has approved in writing. In determining whether it will approve any particular supplier, Franchisor shall consider various factors, including a supplier who can demonstrate, to Franchisor’s continuing reasonable satisfaction, the ability to meet Franchisor’s then current standards and specifications for such items or services; who possesses adequate quality controls and capacity to supply Franchisee’s needs promptly and reliably; who would enable the System, in Franchisor’s sole opinion, to take advantage of marketplace efficiencies; and who has been approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier, and have not thereafter been disapproved. For the purpose of this Agreement, the term “supplier” shall include, but not be limited to, manufacturers, distributors, resellers, and other

vendors and suppliers of services. Franchisee recognizes that Franchisor shall have the right to appoint only one manufacturer, distributor, reseller, and/or other vendor for any particular item, and that Franchisor may so designate itself or its affiliate.

8.5.1 If Franchisee wishes to purchase, use or offer any type, brand or quality of products, service, or items that Franchisor has not previously specified, or to purchase such items or services from a supplier that Franchisor has not previously approved for such item or service, Franchisee shall first submit to Franchisor a written request for such approval. Franchisee shall not purchase any proposed products or services or make purchases from any proposed supplier until, and unless, such new item or service or new supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples a proposed item or an items from the proposed supplier be delivered, either to Franchisor or to an independent laboratory designated by Franchisor for testing. Franchisee or the supplier shall bear all reasonable expenses Franchisor incurs in connection with of the inspection. Franchisor may also require that the supplier comply with such other requirements as Franchisor may deem appropriate, including payment of reasonable continuing inspection fees and administrative costs, or other payment to Franchisor by the supplier on account of their dealings with Franchisee or other franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that Franchisor may render to such suppliers. Franchisor reserves the right, at its option, to reinspect from time to time the facilities and products of any such approved supplier and to revoke its approval of an item or a supplier upon the supplier's failure to continue to meet any of Franchisor's then current criteria.

8.5.2 Nothing in the foregoing shall be construed to require Franchisor to approve any particular item, service or supplier, nor to require Franchisor to make available to prospective suppliers, standards and specifications for formulas, which Franchisor shall have the right to deem confidential.

8.5.3 Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at Franchisor's sole option, Franchisor may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers who are willing to supply all or some USA Mobile Drug Testing Businesses with some or all of the products and/or services that Franchisor requires for use and/or sale in the development and/or operation of USA Mobile Drug Testing Businesses. In this event, Franchisor may limit the number of approved suppliers with whom Franchisee may deal, designate sources that Franchisee must use for some or all products and other products and services, and/or refuse any of Franchisee's requests if Franchisor believes that this action is in the best interests of the System or the franchised network of USA Mobile Drug Testing Businesses. Franchisor has unlimhed right to approve or disapprove of the suppliers who may be permitted to sell products to Franchisee.

8.5.4 Franchisee acknowledges and agrees that Franchisor shall have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "Allowances") offered by suppliers to Franchisee or to Franchisor or its affiliates based upon Franchisee's purchases of products and other goods and services. These Allowances may be based on System-wide purchases of products and services. Franchisee assigns to Franchisor or its designee all of Franchisee's right, title and interest in and to any and all such Allowances and authorizes Franchisor or its designee to collect and retain any or all such Allowances without restriction (unless otherwise instructed by the supplier); provided, however, that Franchisor's current policy is to utilize such funds for purposes that Franchisor believes, in its sole discretion, may enhance the "USA Mobile Drug Testing" brand and/or public awareness of the brand.

8.5.5 Franchisee shall comply with all terms, conditions, and obligations of all contracts and arrangements with suppliers, including contracts and arrangements negotiated by Franchisor or third

parties as part of a network or multiple-franchise supply and distribution arrangement, and Franchisee's contracts with and obligations to suppliers. Franchisee shall promptly pay all suppliers in accordance with the agreed-upon terms. In the event Franchisee fails to promptly pay one or more suppliers as required, Franchisor may, but is not required to, pay such supplier(s) on behalf of Franchisee, and Franchisee shall promptly reimburse Franchisor for such payment following notice from Franchisor, or Franchisor may obtain payment through electronic fund transfer procedures.

8.6 Insurance.

a. **Types and Amounts of Coverage.** At its sole expense, Franchisee shall procure within sixty (60) days of the Effective Date, and prior to commencement of operations, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies (except any workers' compensation insurance) shall expressly name Franchisor as an additional insured or loss payee and all shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

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

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

iii. comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of One Million Dollars (\$1,000,000.00/\$2,000,000 aggregate) per occurrence or, if higher, the statutory minimum limit required by state law;

iv. business interruption insurance in amounts and with terms acceptable to Franchisor;

v. automobile liability insurance for owned or hired vehicles, with a combined single limit of at least Three Hundred Thousand Dollars (\$300,000.00) or, if higher, the statutory minimum limit required by state law;

vi. professional liability insurance (also known as Errors and Omissions insurance) of at least One Million Dollars (\$1,000,000.00); and

vii. such other insurance as necessary to provide coverage under the indemnity provisions set forth in Section 14.4.

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

c. **Carrier Standards.** Such policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an “A” Rating Classification as indicated in the latest issue of A.M. Best’s Key Rating Guide.

d. **Evidence of Coverage.** Franchisee’s obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor shall Franchisee’s performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 14.0. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days’ prior written notice to Franchisor and shall reflect proof of payment of premiums.

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

8.7 Computer System and Technology.

8.7.1. **Computer System.** Franchisor has the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Franchised Businesses, including without limitation: (a) back office and electronic information technology (or IT) and reporting systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Franchised Businesses, between or among Franchised Businesses, and us, our designee and/or Franchisee; (b) physical, electronic, and other security systems; (c) printers and other peripheral devices; (d) archival back-up systems; and (e) internet access mode (e.g., form of telecommunications connection) and speed (collectively, the “Computer System”). Franchisee agrees to abide by Franchisor’s requirements with respect to the Computer System.

(a) Franchisor has the right, but not the obligation, to develop or have developed for Franchisor, or to designate: (1) computer software programs and accounting system software that Franchisee must use in connection with the Computer System (“Required Software”), which Franchisee must install; (2) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee must install; (3) the tangible media upon which Franchisee must record or receive data; (4) the database file structure of Franchisee’s Computer System; (5) an Extranet for informational assistance, which may include, without limitation, the Operating Manual, training other assistance materials, and management reporting solutions; and (6) answering service requirements and/or system-wide phone order processing of all purchases, and/or to designate vendors that will provide such order processing.

(b) Franchisee agrees to install and use the Computer System and Required Software in the manner that Franchisor requires.

(c) Franchisee agrees to implement and periodically upgrade and make other changes to the Computer System and Required Software as Franchisor may reasonably request in writing (collectively, “Computer Upgrades”).

(d) Franchisee agrees to comply, at Franchisee’s expense, with the specifications that Franchisor issues with respect to the Computer System and the Required Software, and with respect to Computer Upgrades upon at least sixty (60) days notice to Franchisee. Franchisee also agrees to afford

Franchisor unimpeded access to Franchisee's Computer System and Required Software in the manner, form, and at the times that Franchisor requests.

(e) Franchisor may charge a reasonable fee for the license, modification, maintenance or support of proprietary software that Franchisor may license to Franchisee and other goods and services that any affiliates or Franchisor furnish to Franchisee related to the Computer Systems. Franchisee will pay such fees at such times as Franchisor may designate. Franchisor may increase the fees, provided that the increases will not exceed five percent (5%) per year. (At the time of execution of this Agreement, the fee is \$250 per month (for use by up to two users), provided, however that the first three months of fees are due and payable thirty (30) days before you begin training. During any time that Franchisor is providing Central Billing Services, Franchisor may collect each month's fees in advance from the monthly remittance made to Franchisee under Section 8.12 immediately prior to the beginning of the month.

8.7.2 Data. Franchisee agrees that all data that Franchisee collects from customers and potential customers in connection with the Franchised Business ("Customer Data") is deemed to be owned exclusively by Franchisor, and Franchisee also agrees to provide the Customer Data to Franchisor at any time that Franchisor requests. Franchisee has the right to use Customer Data while this Agreement or a successor Franchise Agreement is in effect, but only in connection with operating the Franchised Business and only in accordance with the policies that Franchisor establishes from time to time. Franchisee may not sell, transfer, or use Customer Data for any purpose other than operating and marketing the Franchised Business. However, if you transfer the Franchised Business (as provided in this Agreement), as part of the transfer, you may transfer use of the Customer Data to the buyer for value.

8.7.3 Ownership of Data. Franchisor has the right to specify, from time to time, in the Operations Manual or otherwise in writing, the information that Franchisee must collect and maintain on the Computer System, and Franchisee agrees to provide Franchisor with the reports that Franchisor may reasonably request from the data so collected and maintained. Franchisee agrees to download to Franchisor daily, or in such other intervals that Franchisor may require, all information and materials that Franchisor may require in connection with your operation of the Franchised Business, and shall display such information and materials in the manner Franchisor may prescribe, including, without limitation, to employees of the Franchised Business. All data pertaining to, derived from, or displayed at the Franchised Business (including without limitation data pertaining to or otherwise about Franchised Business customers) is and shall be Franchisor's exclusive property, and Franchisor hereby grant Franchisee a royalty-free non-exclusive license to use that data during the term of this Agreement.

8.7.4 Privacy Laws. Franchisee agrees to abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information ("Privacy Laws"). Franchisee agrees to comply with such standards and policies pertaining to Privacy Laws as Franchisor may establish. If there is a conflict between any standards and policies pertaining to Privacy Laws established by Franchisor and actual applicable law, Franchisee shall: (i) comply with the requirements of applicable law; (ii) immediately give Franchisor written notice of said conflict; and (iii) promptly and fully cooperate with Franchisee's and Franchisor's counsel in determining the most effective way, if any, to meet Franchisor's standards and policies pertaining to Privacy Laws within the bounds of applicable law. Franchisee agrees not to publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent.

8.7.5 Website. Franchisor will maintain a Website for benefit of Franchisor and System franchisees. Franchisor has the right, but not the obligation, to provide one or more references or webpage(s) to the Franchised Business, as Franchisor may periodically designate, within Franchisor's Website. Franchisee agrees not to establish a Website or permit any other party to establish a Website

that relates in any manner to Franchisee's Franchised Business or referring to the Marks, or to otherwise offer, promote, or sell any products or services, or make any use of the Mark, through the Internet without Franchisor's prior written approval. If Franchisor ever approves in writing a request for Franchisee to use a Website other than Franchisor's, Franchisor shall have the right to require, a condition to granting any such consent, that Franchisee comply with such requirements as Franchisor deems appropriate. Any Website shall be deemed "advertising" under this Agreement, and will be subject to (among other things) to Franchisor's approval.

8.7.6 Use of the Marks. Franchisee shall not use the Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium, without Franchisor's prior written approval.

8.7.7 Identification of the Franchised Business. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining Franchisor's written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with any laws pertaining to sending e-mails including but not limited to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003").

8.7.8 Changes to Technology. Because changes to technology are dynamic and not predictable within the term of this Agreement, and in order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees: (a) that Franchisor will have the right to establish, in writing, reasonable new standards to address new technologies, and to implement those changes in technology into the System; and (b) to abide by Franchisor's reasonable new standards as if this Section 8.7 were periodically revised for that purpose.

8.7.9 E-Mail and Fax Communication. Franchisee agrees that exchanging information with Franchisor by e-mail and fax is an important way to enable quick, effective, and efficient communication, and that Franchisor is entitled to rely upon each other's use of e-mail and faxes for communicating as part of the economic bargain underlying this Agreement. To facilitate the use of e-mail and fax to exchange information, Franchisee authorizes the transmission of e-mail by Franchisor and Franchisor's employees, vendors, and affiliates (on matters pertaining to the business contemplated hereunder) (together, "Official Senders") to Franchisee and Franchisee's employees during the term of this Agreement.

(a) In order to implement the terms of this Section 8.7.9, Franchisee agrees that: (i) Official Senders are authorized to send e-mails and faxes to Franchisee and Franchisee's employees; (ii) Franchisee will cause Franchisee's officers, directors, and employees (as a condition of their employment or position with Franchisee) to give their consent (in an e-mail, electronically, or in a pen-and-paper writing, as Franchisor may reasonably require) to Official Senders' transmission of e-mails and faxes to those persons, and that such persons shall not opt-out, or otherwise ask to no longer receive e-mails, from Official Senders during the time that such person works for or is affiliated with Franchisee; and (iii) Franchisee will not opt-out, or otherwise ask to no longer receive e-mails and/or faxes, from Official Senders during the term of this Agreement.

(b) The consent given in this Section 8.7.9 will not apply to the provision of notices under this Agreement by either party using e-mail (unless the parties otherwise agree in a pen-and-paper writing signed by both parties).

(c) Franchisee acknowledges and agrees that Franchisor has the right to access and monitor all email and other electronic communications of Franchisee and Franchisee's employees, and

that Franchisee shall comply with Franchisor's technology and electronic communications policies as they may be modified from time to time.

8.8 Deadline to Begin Operations. Franchisee must satisfy all of pre-opening requirements, whether set out in this Agreement, the Operations Manual, or as Franchisor may otherwise specify, and Franchisee must obtain Franchisor's written approval before beginning operations of the Franchised Business. Franchisee must complete the initial training required under this Agreement by no later than ninety (90) calendar days after the execution of this Agreement, and must begin operating the Franchised Business by no later than ninety (90) calendar days after completing the initial training, and failure to do so is a default for which Franchisor may terminate this Agreement under Section 12.2(b). If Franchisee purchases more than one Territory, then the following deadlines will apply to the additional Territories (as applicable): (a) six months from completing initial training to begin operating in a second Territory, and twelve months from completing initial training to begin operating in a third Territory. The initial training is conducted in connection Franchisee's first Territory.

8.9 Franchisee Advisory Council. Franchisor reserves the right to create a franchisee advisory council ("Franchisee Advisory Council") or similar advisory group, comprised of USA Mobile Drug Testing Business franchisees or representatives of franchisees for the purpose of fostering communications among franchisees and with Franchisor, as well as to establish, modify or discuss various policies applicable to USA Mobile Drug Testing Businesses. If and when the Franchisee Advisory Council is created, Franchisee will be required to participate in such Franchisee Advisory Council meetings and programs as Franchisor may designate. Franchisee may be required to pay such dues to the Franchisee Advisory Council as Franchisor may determine, and Franchisee must pay all costs and expenses incurred in connection with participation in the Franchisee Advisory Council including, without limitation, the costs of transportation, lodging, and meals. Franchisor reserves the right to establish the legal, administrative, and organizational framework for the Franchisee Advisory Council, including the right to specify how representatives are appointed or elected to the Franchisee Advisory Council.

8.10 Background and Credit Checks-; Drug and Alcohol Testing.

8.10.1 Franchisee and Franchisee's employees must consent to background checks and credit checks, as allowed under state laws, conducted by or on behalf of Franchisor, during the term of this Agreement.

8.10.2 Franchisee shall establish and maintain a drug-free workplace policy for its business and office (including a workplace policy, employee education, supervisor training, testing, and access to an employee assistance program) in compliance with federal, state and local laws. In addition, to the extent permitted under federal, state and local laws, Franchisee and Franchisee's employees must consent to unannounced or random drug and/or alcohol testing, conducted by Franchisee, Franchisor, or third parties. Franchisee must comply with Franchisor's policies and prohibitions regarding drug and alcohol use, as described in the Operations Manual and as may be modified from time to time.

8.11 Compliance Audits. Franchisor may conduct up to two (2) compliance audits per year of the Franchised Business to determine if Franchisee is in compliance with applicable state and federal testing best practice standards. Franchisee must cooperate with Franchisor's personnel conducting such audits. Franchisor may charge Franchisee on an hourly or half-day basis, plus Franchisor's reasonable expenses in connection with such compliance audits in the event the result of the audit reflect that Franchisee was not in compliance.

8.12 Central Billing and Collection Services.

Franchisor has the right to perform billing and collection functions for all services and supplies provided by Franchisee to clients under this Agreement, or a designated portion (including for example, for Gross Sales attributable to National Accounts) (“Central Billing Services”), and Franchisor may require that Franchisee refrain from conducting any billing or collections from National Account clients during any such period. During any time that Franchisor has elected to provide Central Billing Services, the terms of this Section 8.12 shall apply.

8.12.1 Clients will make all payments directly to Franchisor, and Franchisee will receive no payments directly from or in respect of the clients. In the event that Franchisee receives a payment from a client, Franchisee must promptly remit the payment to Franchisor. Franchisor will receive and record all payments from clients serviced by Franchisee.

8.12.2 Franchisor will bill each client for the services performed and products supplied by Franchisee to the client according to the terms of such client’s contract, and Franchisor will use its reasonable commercial efforts to collect payment from each such client for all services performed and supplies provided by Franchisee.

8.12.3 On a monthly basis, by the fifth (5th) business day of each month:

(a) Franchisor shall furnish to the Franchisee a statement of the monthly Gross Sales derived by Franchisee and of all fees, costs, expenses and other amounts payable by Franchisee with respect to the prior month. The statement will be in such form as Franchisor may specify in the Operations Manual from time to time.

(b) Franchisor shall pay Franchisee the amount of the Gross Sales actually collected by Franchisor for the services performed and products sold by Franchisee for clients during the prior month, less any fees or other expenses and charges then due to Franchisor (including, without limitation, Royalties, contributions to the National Fund, technology fees, audit compliance fees, and costs of testing services performed for clients under the terms of Franchisee’s contracts with such customers). If a client is delinquent in its payments, and Franchisor subsequently collects previously unpaid charges from clients, Franchisor shall also pay to Franchisee such amounts as are due to Franchisee under this Section 8.12 for the collected delinquent accounts. If Franchisor incurs out-of-pocket expenses to enforce payment by a client, Franchisor may retain amounts equal to its out-of-pocket expenses to enforce payment by a client.

ARTICLE IX RECORDS, REPORTS AND FINANCIAL STATEMENTS

9.1 Bookkeeping.

a. Franchisee agrees to establish and maintain at Franchisee’s own expense a bookkeeping, accounting and record keeping system conforming to the requirements and formats Franchisor prescribes from time to time and detailed in the Operations Manual. Franchisor may require Franchisee to use approved an Computer System, which may include, without limitation, USA Mobile Drug Testing Management Software, in order to maintain certain sales data and other information. Franchisee agrees to furnish to Franchisor on such forms that Franchisor prescribes from time to time, without limitation, as follows: within five (5) days after their filing, copies of all signed sales tax returns and signed withholding tax returns for the Franchisee and, as soon as Franchisee has received them, copies of the

canceled checks for the required sales taxes and withholding taxes; within fifteen (15) days after the end of each calendar month, a profit and loss statement for the Franchise for the immediately preceding calendar month and a year-to-date balance sheet as of the end of such month in Franchisor's approved format; within ninety (90) days after the end of the Franchise (s) fiscal year, reviewed annual profit and loss and source and use of funds statements and a reviewed balance sheet for the Franchise as of the end of such fiscal year signed by Franchisee or the Principal Operator; and within ten (10) days after Franchisor's request, exact copies of federal and state income and other tax returns and such other forms, records, books and other information Franchisor may periodically require. Where the due date is not a business day, the due date shall be the next business day.

b. Franchisee will adopt the method of accounting, accounting procedures and policies and fiscal year designated by Franchisor.

c. Franchisee shall provide such reports, data and information to Franchisor, at such time periods (for example, daily, weekly, monthly, quarterly and/or annually) in such format, and via such methods (for example, electronically, through the required computer system, by mail, etc.), as Franchisor may specify from time to time in writing or in the Operations Manual. Such reports and data may include, without limitation, financial performance, revenue and/or costs of the Franchised Business, sales quotes and proposals to customers, employee data, and/or customer data.

9.2 **Verification.** Franchisee agrees to verify and sign each report and financial statement in the manner Franchisor prescribes. Franchisor has the right to disclose data derived from such reports without identifying Franchisee or the location of the Franchise. Moreover, as set forth in Section 8.7, Franchisor has the right, as often as Franchisor deems appropriate, to access all Computer Systems that Franchisee is required to maintain in connection with the operation of the Franchise and to retrieve all information relating to the Franchisee's operations.

ARTICLE X INSPECTIONS AND AUDITS

10.1 **Franchisor's Right to Inspect the Franchise.** To determine whether Franchisee is complying with this Agreement and Franchise Procedures, Franchisor and Franchisor's designated agents have the right at any time during regular business hours, and without prior notice to Franchisee, to:

- a. inspect the Franchised Business;
- b. observe, photograph and videotape the operations of the Franchised Business for such consecutive or intermittent periods as Franchisor deem necessary;
- c. remove samples of any goods, materials or supplies for testing and analysis; interview personnel and customers of the Franchised Business; and
- d. inspect and copy any books, records and documents relating to Franchisee's operation of the Franchised Business.

10.2 **Cooperation.** Franchisee agrees to cooperate with Franchisor fully in connection with any such inspections, observations, photographing, videotaping, product removal and interviews. Franchisee agrees to use with Franchisee's customers such evaluation forms that Franchisor periodically prescribes and to participate and/or request Franchisee's customers to participate in any surveys performed by Franchisor or on Franchisor's behalf.

10.3 Franchisor's **Right to Audit**. Franchisor has the right at any time during regular business hours, upon ten (10) days prior notice to Franchisee, to inspect and audit, or cause to be inspected and audited, Franchisee's and the Franchised Business' bookkeeping, accounting, and client testing records. Franchisee agrees to cooperate fully with Franchisor's representatives and independent accountants whom Franchisor hires to conduct any such inspection or audit. In the event such inspection or audit is made necessary by Franchisee's failure to furnish reports, supporting records or other information as is required, or to furnish such items on a timely basis, or where any audit shows a discrepancy between Franchisee's reported Gross Sales and audited Gross Sales in excess of two percent (2%), Franchisee agrees to reimburse Franchisor for the reasonable cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of Franchisor's employees and agents. The foregoing remedies are in addition to Franchisor's other remedies and rights under this Agreement and applicable law.

ARTICLE XI TRANSFER

11.1 **By Franchisor**. This Agreement is fully transferable by Franchisor and will inure to the benefit of any transferee or other legal successor to Franchisor's interests contained in this document.

11.2 **By Franchisee**. Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee (or, if Franchisee is a corporation or other business entity, to Franchisee's owners) and that Franchisor has granted the Franchise to Franchisee in reliance upon Franchisor's perceptions of Franchisee's (or Franchisee's owners') individual or collective character, skill, aptitude, attitude, business ability, acumen and financial capacity. Accordingly, neither this Agreement (nor any interest in this document) nor any ownership or other interest in Franchisee or the Franchise may be transferred without Franchisor's prior written approval. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term "transfer" includes Franchisee (or Franchisee's owners) voluntary, involuntary, direct or indirect assignment, sale gift or other disposition of any interest in: This Agreement; Franchisee; or the Franchise.

11.3 **Conditions for Approval**. Franchisor shall not unreasonably withhold any consent required by Section 11.2 above; provided, that if Franchisee proposes to transfer its obligations hereunder or any interest in any material asset, or if an owner proposes to transfer any direct or indirect interest in Franchisee, or if Franchisee or any Owner proposes to undertake any transfer that is subject to Section 11.2, Franchisor shall have the right to require any or all of the following as conditions of its approval:

11.3.1 The transferor shall have executed a general release (which shall include a release from the transferor, Franchisee, and owners, Owners, and guarantors of Franchisee), in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between Franchisee and Franchisor or its affiliates, and federal, state, and local laws and rules.

11.3.2 The transferee of an Owner shall be designated as an Owner and each transferee who is designated an Owner shall enter into a written agreement, in a form satisfactory to Franchisor, agreeing to be bound as an Owner under the terms of this Agreement as long as such person or entity owns any interest in Franchisee; and, if the obligations of Franchisee were guaranteed by the transferor, the Owner shall guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor.

11.3.3 Prior to, and after the transfer, Franchisee's new Owners shall meet Franchisor's educational, managerial, and business standards; each shall possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the Franchised Business, as may be evidenced by prior related business experience or otherwise; and have adequate financial resources and capital to operate the Franchised Business.

11.3.4 If a proposed transfer would result in a change in control of Franchisee, at Franchisor's option, Franchisee (or transferee) shall execute, for a term ending on the expiration date of this Agreement the form of franchise agreement then being offered to new System franchisees, and such other ancillary agreements required by Franchisor for the business franchised hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher royalty and advertising fee.

11.3.5 If a proposed transfer would result in a change in control of Franchisee, and if so requested by Franchisor, Franchisee, at its expense, shall upgrade the equipment of the Franchised Business to conform to the then-current standards and specifications of new USA Mobile Drug Testing Businesses then being established in the System, and shall complete the upgrading and other requirements within the time specified by Franchisor.

11.3.6 All monetary obligations of Franchisee hereunder shall be paid in full on a current basis, and Franchisee must not be otherwise in default of any of its obligations hereunder including, without limitation, its reporting obligations.

11.3.7 The transferor shall remain liable for all of the obligations to Franchisor in connection with the Franchised Business that arose prior to the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability.

11.3.8 At Franchisee's expense, one (1) Owner designated by Franchisor to be a new Principal Operator and all new Designated Managers shall successfully complete (to Franchisor's satisfaction) all training programs required by Franchisor upon such terms and conditions as Franchisor may reasonably require (and while Franchisor will not charge a fee for attendance at such training programs, the transferee shall be responsible for the salary and all expenses of the person who attends training).

11.3.9 If a proposed transfer would result in a change in control of Franchisee, and to compensate Franchisor for Franchisor's legal, accounting, training, and other expenses incurred in connection with the transfer, Franchisee shall pay Franchisor a non-refundable transfer fee in the amount Six Thousand Five Hundred (\$6,500) Dollars per Franchise Territory.

11.3.10 The transferor must acknowledge and agree that the transferor shall remain bound by the covenants contained in Sections 7 and 13.3-13.5 below.

11.4 Franchisor's **Right of First Refusal**. Franchisor has the right, exercisable by written notice delivered to Franchisee within thirty (30) days from the date of the delivery to Franchisor of both an exact copy of such bona fide offer and all other information Franchisor request, to purchase such Interest for the price and on the terms and conditions contained in such bona fide offer, provided that: Franchisor may substitute cash for any form of payment proposed in such offer; Franchisor's credit will be deemed equal to the credit of any proposed purchaser; Franchisor will have not less than sixty (60) days after giving notice of Franchisor's election to purchase to prepare for closing; and Franchisor is entitled to receive, and Franchisee and Franchisee's owners agree to make, all customary representations and warranties

given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable.

11.5 Exercise. If Franchisor exercises Franchisor's right of first refusal, Franchisee and Franchisee's selling owner(s) agree that, commencing on the date of the closing, Franchisee and they will be bound by the post-term noncompetition covenant contained in this document.

11.6 Transfer Upon Death. Upon the death of an Owner, the deceased's executor, administrator, or other personal representative shall transfer the deceased's interest to a third party approved by Franchisor within twelve (12) months after the death. If the distributee is not approved by Franchisor, then the distributee shall transfer the deceased's interest to a third party approved by Franchisor within six (6) months after the deceased's death.

11.7 Transfer Upon Permanent Disability. Upon the permanent disability of any Owner with a controlling interest in Franchisee, Franchisor shall have the right to require such interest to be transferred to a third party in accordance with the conditions described in this Section 11 within six (6) months after notice to Franchisee, provided that no transfer fee shall be due for a transfer pursuant to this Section 11.7. "Permanent Disability" shall mean any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set forth in this Agreement for at least six (6) consecutive months and from which condition recovery within six (6) consecutive months from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Franchisor upon examination of such person or, if such person refuses to be examined, then such person shall automatically be deemed permanently disabled for the purposes of this Section 11.7 as of the date of refusal. Franchisor shall pay the cost of the required examination.

11.8 Notification Upon Death or Permanent Disability. Upon the death or permanent disability any Owner of Franchisee, such person or his representative shall promptly notify Franchisor of such death or claim of permanent disability. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as any inter vivos transfer.

11.9 Temporary Management by Franchisor Prior to Transfer. In the event of the death or permanent disability of an Owner that would trigger a transfer as required under this Section 11, Franchisor has the right, but not the obligation, to operate the Franchised Business as a temporary manager or management company for a short term not to exceed six (6) months. The purpose of such operation is to maintain the continued operation of the Franchised Business prior to the required transfer. Franchisor will use reasonable commercial efforts to notify Franchisee that Franchisor is exercising its rights under this Section 11.9. Franchisor shall use reasonable efforts to conduct the Franchised Business in a manner similar to that conducted by Franchisee and in compliance with System standards and procedures. Franchisee will appoint Franchisor as attorney-in-fact, with full authority to act on Franchisee's behalf. Franchisor's relationship with Franchisee will be that of an independent contractor, and neither party will be a joint venturer, partner, employee or servant of the other for any purpose whatsoever. Franchisor will have no fiduciary duty to Franchisee. Franchisee (or Franchisee's representative) shall execute such documents as requested by Franchisor to effectuate this provision.

ARTICLE XII TERMINATION OF AGREEMENT

12.1 By Franchisee. Franchisee may not terminate this Agreement except by operation of law. Any attempt by Franchisee to terminate this Agreement except by operation of law will be deemed a termination without cause.

12.2 By Franchisor. Franchisor has the right to terminate this Agreement, effective upon delivery of written notice of termination to Franchisee, if:

a. Franchisee (or Franchisee's managing shareholder or partner) fails to successfully complete initial training to Franchisor's satisfaction;

b. Franchisee fails to complete initial training within ninety (90) calendar days after the execution of this Agreement, or fails to begin operating the Franchised Business within ninety (90) calendar days after completing initial training, and Franchisee must have completed all pre-commencement requirements and obtained Franchisor's prior written approval to begin operating the Franchised Business;

c. Franchisee abandons or fails actively to operate the Franchise for five (5) or more consecutive business days, unless the Franchise has been closed for a purpose Franchisor has approved or because of a major and significant casualty or by reason of a lawful government order;

d. Franchisee surrenders or transfers control of the operation of the Franchise without Franchisor's prior written consent;

e. Franchisee (or any of Franchisee's owners) has made any material misrepresentation or omission in connection with Franchisee's purchase of the Franchise;

f. Franchisee (or any of Franchisee's owners) is or has been convicted by a trial court of, or pled or has pled no contest to, a felony;

g. Franchisee (or any of Franchisee's owners) engages in any dishonest or unethical conduct which may adversely affect the reputation of the Franchise or another USA Mobile Drug Testing business or the goodwill associated with the Marks;

h. Franchisee (or any of Franchisee's owners) makes an unauthorized assignment of this Agreement or of an ownership interest in Franchisee or the Franchise;

i. In the event of Franchisee's death or permanent disability or the death or permanent disability of the owner of a controlling interest in Franchisee, this Agreement of such owner's interest in Franchisee is not assigned as is required;

j. Franchisee (or any of Franchisee's owners) makes any unauthorized use or disclosure of any Confidential Information or uses, duplicates or discloses any portion of the Operations Manual in violation of this Agreement;

k. Franchisee relocates to a location outside the Territory without providing Franchisor with thirty days prior written notice of such relocation;

l. Franchisee violates any health, safety or sanitation law, ordinance or regulation and does not immediately begin to cure the noncompliance or violation, and correct such noncompliance or violation within twenty four (24) hours after written notice thereof is delivered to Franchisee;

m. Franchisee fails to make payments of any amounts due to Franchisor and does not correct such failure within seven (7) days after written notice of such failure is delivered to Franchisee;

n. Franchisee fails to pay when due any federal or state income, service, sales or other taxes due on the operations of the Franchise, unless Franchisee is, in good faith, legally contesting Franchisee's liability for such taxes;

o. Franchisee (or any of Franchisee's owners) fails to comply with any other provision of this Agreement or Franchise Procedures and does not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to Franchisee;

p. Franchisee (or any of Franchisee's owners) fails on three (3) or more separate occasions within any period of twelve (12) consecutive months to submit when due reports or other data, information or supporting records, to pay when due any amounts due to Franchisor or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to Franchisee;

q. Franchisee makes an assignment for the benefit of creditors or admits in writing Franchisee's solvency or inability to pay Franchisee's debts generally as they become due;

r. Franchisee consents to the appointment of a receiver, trustee or liquidator of all or a substantial portion of Franchisee's property; the Franchise is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or

s. Any order appointing a receiver, trustee or liquidator of Franchisee or the Franchise is not vacated within thirty (30) days following the entry of such order; or

t. If Franchisee fails to comply with the covenants in Section 13.2 below or fails to timely obtain execution of the covenants required under Section 13.5 below.

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

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

(b) cease to use the trade secrets and other Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items that display or are associated with the Marks;

(c) upon demand by Franchisor, at Franchisor's sole discretion, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease) its interest in the lease then in effect for the Location to Franchisor and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due; and if Franchisor elects not to receive an assignment or sublease of the Location:

(i) Franchisee shall make such modifications or alterations to the Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Location.

(ii) Franchisee shall make such specific additional changes to the Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System.

(iii) If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

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

(e) pay all sums owing to Franchisor and any Affiliate, which may include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees, unpaid Royalty Fees, and any other amounts due to Franchisor;

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

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

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

(i) comply with all obligations under Article XIII;

(j) comply with all other applicable provisions of this Agreement.

12.4 Franchisor's Option to Purchase Certain Business Assets. Franchisor has the right (but not the duty), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including leasehold improvements, equipment, supplies and other inventory. The purchase price shall be equal to the assets' book value, excluding any goodwill. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price. If Franchisor and Franchisee cannot agree on a fair market value, an independent appraiser selected by Franchisor will determine the fair market value.

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

ARTICLE XIII COVENANT NOT TO COMPETE

13.1 **Full Time and Best Efforts.** Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or the Principal Operator or Designated Manager who will assume primary responsibility for the franchise operations and shall have been previously approved in writing by Franchisor) shall devote full time, energy, and best efforts to the management and operation of the Franchised Business.

13.2 **In-Term Covenants.** Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that it shall comply with all obligations of Article VII of this Agreement and that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

13.2.1 Divert or attempt to divert any business or customer of the Franchised Business or of any USA Mobile Drug Testing Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Marks and the System.

13.2.2 Unless released in writing by the employer, (a) employ or seek to employ any person who (i) is at that time employed by Franchisor or by any other franchisee or developer of Franchisor, or (ii) or who was, within six months prior to his/her employ by Franchisee or any person acting for, on behalf of, or at the directions of Franchisee, employed by Franchisor or by a franchisee or developer of Franchisor or (b) otherwise directly or indirectly induce such person to leave his or her employment.

13.3 **Post-Term Covenants.** Franchisee covenants that, except as otherwise approved in writing by Franchisor, it shall not, for a continuous uninterrupted period of two (2) years from the date of (a) a transfer permitted under Section 11.2 above; (b) expiration or termination of this Agreement (regardless of the cause for termination); or (c) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section 13.3; either directly or indirectly (through, on behalf of, or in conjunction with any persons, partnership, corporation or entity), (1) own, maintain, operate, engage in, or have any interest in, or perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for, any Competitive Business which is, or is intended to be, located: (a) at the Location, (b) within the Territory; (c) within a twenty five (25) mile radius of the Location; or (d) within a twenty five (25) mile radius of any other USA Mobile Drug Testing Business operating as of the time that the obligations under this Section 13.3 commence; or (2) solicit or influence any customer, employee, or business associate of any USA Mobile Drug Testing Business to compete with, or terminate their relationship with, any USA Mobile Drug Testing Business.

13.4 **Publicly-Held Corporations.** Section 13.3 above shall not apply to ownership by Franchisee of less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation. As used in this Agreement, the term "publicly held corporation" shall be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.

13.5 **Individual Covenants.** Franchisee shall require and obtain execution of covenants similar to those set forth in Sections 6.3.2, 6.5, 11, 12, and this Section 13 (as modified to apply to an individual) from any or all of holders of a legal or beneficial interest in Franchisee (and any member of their immediate families

or households), and any officer, director, executive, manager or member of the professional staff and such other employees of Franchisee as Franchisor may require. The covenants required by this Section 13.5 shall be in the form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit D, approved by Franchisor. Such covenants shall be signed upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to this Section. Franchisor shall be a third party beneficiary with the right to enforce covenants contained in such agreements. Failure by Franchisee to obtain execution of a covenant required by this Section 13.5 shall constitute a default under Section 12.2(u) above.

13.6 Indirect Violations Prohibited. You may not attempt to circumvent the restrictions in Sections 13.1 and 13.2 by engaging in prohibited activity indirectly through any other person or entity (i.e., through a spouse or child or other relative by blood or marriage).

13.7 Severability. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 13 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 13.

13.8 Scope of Covenants. Franchisee understands and acknowledges that Franchisor shall have the right to reduce the scope of any covenant set forth in Article VII and Sections 13.2 and 13.3 in this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

13.9 Enforcement of Claims. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 13. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 13.

13.10 Irreparable Injury. Franchisee acknowledges that Franchisee's violation of the terms of this Section 13 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section 13.

ARTICLE XIV RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION

14.1 Independent Contractors. Franchisee and Franchisor understand and agree that this Agreement does not create a fiduciary relationship between Franchisee and Franchisor, that Franchisor and Franchisee are and will be independent contractors and that nothing in this Agreement is intended to make either Franchisee or Franchisor a general or special agent, joint venture, partner or employee of the other for any purpose. Franchisee agrees to conspicuously identify Franchisee in all dealings with customers, suppliers, public officials, Franchise personnel and others as the owner of the Franchise under a franchise Franchisor has granted and to place such notices of independent ownership of such forms, checks, business cards, stationery and advertising and other materials as Franchisor may require from time to time. Franchisee agrees to obtain the policies of insurance that Franchisor prescribes from time to time. Franchisee shall present evidence of insurance to Franchisor as often as Franchisor shall reasonably

require, but in any event, not less than thirty (30) days prior to Franchisee's commencement of operations. Such policies of insurance must require thirty (30) days notice of cancellation to Franchisor including notice of nonpayment of premiums.

14.2 No Liability for Acts of the Other Party. Franchisee agrees not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in Franchisor's liability for any of Franchisee's indebtedness or obligations, and that Franchisee will not use the Marks in any way Franchisor has not expressly authorized. Neither Franchisor nor Franchisee will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that Franchisor's respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. Franchisor will not be obligated for any damages to any person or property directly or indirectly arising out of the Franchise (s) operation or the business Franchisee conduct pursuant to this Agreement.

14.3 Taxes. Franchisor will have no liability for any sales, use, service, occupation, excise gross receipts, income, property or other taxes, whether levied upon Franchisee or the Franchise; in connection with the business Franchisee conducts (except any taxes Franchisor is required by law to collect from Franchisee with respect to purchases from Franchisor). Payments of all such taxes are Franchisee's responsibility.

14.4 Indemnification. Franchisee agrees to indemnify, defend and hold Franchisor, Franchisor's affiliates and Franchisor's respective members, managers, officers, employees, agents, successors and assignees (the "Indemnified Parties") harmless from and against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Article, any and all taxes described in Article 12 and any and all claims and liabilities directly or indirectly arising out of the Franchisee's operation or Franchisee's breach of this Agreement. For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants, arbitrators, attorneys, expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. Franchisor has the right to defend any such claim against Franchisor. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or other termination of this Agreement.

14.5 Mitigation Not Required. Under no circumstances will Franchisor or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate Franchisor's or Franchisee's losses and expenses, in order to maintain and recover fully a claim against Franchisee. Franchisee agrees that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts Franchisor or another Indemnified Party may recover from Franchisee.

14.6 Compensatory Damages. Franchisee does hereby acknowledge and agree that Franchisee's breach of the terms of this Agreement or Franchisee's termination of this agreement without Franchisor's consent and without the award of lawful termination by a court or arbitrator in a proceeding brought in compliance with the terms hereof, shall cause Franchisor to incur damages. Nothing contained in this Franchise Agreement shall prevent a court or arbitrator from awarding injunctive or equitable relief as provided in this Agreement and any liquidated damages provisions or injunctive or equitable relief provisions shall not prevent the arbitrator or court awarding other damages or relief for any damages that Franchisor incurs. This provision shall be binding on each and every guarantor of this Agreement regardless of whether this provision is part of the guaranty document executed by the guarantor.

14.7 **Owners of Franchisee.** Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit B as Holders of a Legal or Beneficial Interest are the sole holders of a legal or beneficial interest (in the stated proportions) of Franchisee.

ARTICLE XV GENERAL PROVISIONS

15.1 **Severability And Substitution Of Valid Provisions.** Except as expressly provided to the contrary in this document, each provision of this Agreement, and any portion thereof, will be considered severable, and if, for any reason, any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, un appealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling will not impair the operation of, or have any other effect upon, any other portions of this Agreement as may remain otherwise enforceable, which will continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid will be deemed not to be a part of this Agreement from the date the time for appeal expires, if Franchisee is a party thereto, otherwise upon Franchisee's receipt from Franchisor of a notice of non-enforcement thereof.

15.2 **Lesser Covenant Enforceable.** If any covenant contained in this document which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all thereof, Franchisee and Franchisor agree that such covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law is applicable to the validity of such covenant.

15.3 **Greater Notice.** If any applicable and binding law or rule of any jurisdiction requires a greater prior notice than is required hereunder of the termination of this Agreement or of Franchisor's refusal to enter into a successor franchise agreement, or the taking of some other action not required hereunder, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any of Franchise Procedures is invalid or unenforceable, the prior notice and/or other action required by such law or rule will be substituted for the comparable provisions hereof, and Franchisor will have the right in Franchisor's sole discretion to modify such invalid or unenforceable provision or unenforceable part of Franchise Procedures to the extent required to make such provision valid and enforceable. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof, or any part of Franchise Procedures, any portion or portions which a court or arbitrator may hold to be unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order or arbitration award. Such modifications to this Agreement will be effective only in such jurisdiction, unless Franchisor elects to give them greater applicability, and will be enforced as originally made and entered into in all other jurisdictions.

15.4 **Waiver Of Obligations.** Franchisor and Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any waiver Franchisor grants will be without prejudice to any other rights Franchisor may have, will be subject to Franchisor's continuing review and may be revoked, in Franchisor's sole discretion, at any time and for any reason, effective upon delivery to Franchisee ten (10) days' prior written notice.

15.5 **Nonwaiver.** Franchisor and Franchisee will not be deemed to have waived or impaired any right, power or option, reserved by this Agreement, (including, without limitation, the right to demand exact compliance with every term, condition and covenant contained in this document or to declare any breach

thereof to be a default and to terminate this Agreement prior to the expiration of its term) by virtue of any custom or practice at variance with the terms hereof; Franchisor's or Franchisee's failure refusal or neglect to exercise any right under this Agreement or to insist upon exact compliance by the other with Franchisor's and Franchisee's obligations hereunder including without limitation, Franchise Procedures; Franchisor's waiver, forbearance, delay, failure or omission to exercise any right, power or option whether of the same, similar or different nature with respect to other USA Mobile Drug Testing businesses; the existence of other franchise agreements for USA Mobile Drug Testing businesses which contain different provisions from those contained in this document; or Franchisor's acceptance of any payments due from Franchisee after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to Franchisor will constitute a waiver compromise settlement or accord and satisfaction. Franchisor is authorized to remove or obliterate any legend or endorsement, and such legend or endorsement will have no effect.

15.6 Force Majeure. Neither Franchisor nor Franchisee will be liable for loss or damage or deemed to be in breach of this Agreement if Franchisor's or Franchisee's failure to perform Franchisor's or Franchisee's obligations results from: Transportation shortages, inadequate supply of equipment, goods, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; acts of nature; fires, strikes, embargoes, war or riot; or any other similar event or cause beyond the control of such party.

15.7 Extend Performance. Any delay resulting from any of said causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes will not excuse payments of amounts owed at the time of such occurrence or payment of Royalties and Ad Fees due on any sales thereafter.

15.8 Out-Of-Stock and Discontinued. Franchisor is not liable to Franchisee for any loss or damage, or deemed to be in breach of this Agreement, if Franchisor cannot deliver, or cause to be delivered, or if Franchisor's Affiliates or designated sources or approved suppliers cannot deliver, all of Franchisee's orders for goods, equipment, or supplies, where such things are out-of-stock or discontinued.

15.9 Costs and Attorneys Fees. If Franchisor incur expenses in connection with Franchisee's failure to pay when due amounts owed to Franchisor, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, Franchisee agrees to reimburse Franchisor for any of the costs and expenses which Franchisor incurs, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees.

15.10 Franchisee May Not Withhold Payments Due to Franchisor. Franchisee agrees that Franchisee will not withhold payment of any amounts owed to Franchisor on the grounds of Franchisor's alleged nonperformance of any of Franchisor's obligations hereunder. Franchisee agrees that all such claims will, if not otherwise resolved by Franchisor, be submitted to arbitration as provided in this document.

15.11 Rights of Parties Are Cumulative. Franchisor's and Franchisee's rights hereunder are cumulative, and no exercise or enforcement by Franchisor or Franchisee of any right or remedy hereunder will preclude Franchisor's or Franchisee's exercise or enforcement of any other right or remedy hereunder which Franchisee or Franchisor are entitled by law to enforce.

~~15.12 Alternative Dispute Resolution. Except for money Franchisee owes Franchisor, Franchisor's affiliates, designated sources or approved suppliers and except for controversies, disputes or claims related to or based on Franchisee's use of the Marks after the expiration or termination of this Agreement,~~

~~all controversies, disputes or claims between Franchisor and Franchisee's members, managers, officers, directors, agents and employees and Franchisee, Franchisee's owners, guarantors, affiliates and employees, if applicable, arising out of or related to this Agreement or any other agreement between Franchisee and Franchisor or any provision of any such agreement, Franchisor's relationship with Franchisee, the validity of this Agreement or any other agreement between Franchisee and Franchisor or any provision of any such agreement; or any part of Franchise Procedures relating to the establishment or operation of the Franchise, will be submitted for resolution to a tribunal of one of Franchisor's representatives, one other franchised USA Mobile Drug Testing Business owner and a third person selected by the two of them, which third person must be a lawyer licensed to practice in the State of Florida. They shall conduct a telephonic hearing and shall render a decision within seven (7) days of the telephone hearing. If any party is not satisfied with the decision rendered by this tribunal, then the parties shall submit the dispute to an independent mediator for an attempt at resolution. If this mediation is ineffectual, then the parties shall submit the dispute to binding arbitration to the office of an arbitrator that is within the county of Franchisor's principal business address. Such arbitration proceedings will be conducted in such office, except as otherwise provided in this agreement, will be heard by one arbitrator in accordance with the then-current commercial arbitration rules of the American Arbitration Association. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et. seq.) and not by any state arbitration law.~~

~~15.13 Governing Law. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et. seq.). Except to the extent governed by the Federal Arbitration Act as required hereby, the United States Trademark Act of 1946 (Lanham Act, 45 U.S.C. §§ 1051 et. seq.) or other Federal law, this Agreement, the Franchise and all claims arising from the relationship between Franchisor and Franchisee will be governed by and construed in accordance with the laws of the State of Florida, without regard to its conflict-of-laws principles, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisees will not apply unless jurisdictional requirements are met independently without reference to this Section 15.13.~~

~~15.14 Consent To Jurisdiction. Subject to the arbitration provisions of this Agreement, Franchisee and Franchisee's owners agree that Franchisor may institute any action against Franchisee or Franchisee's owners in any state or federal court of general jurisdiction in Florida, and Franchisee (and each owner) irrevocably submits to the jurisdiction of such courts and waives any objection Franchisee (or he or she) may have to either the jurisdiction of, or venue in, such courts.~~

15.12 Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed exclusively under the laws of the State of Florida, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Florida choice-of-law rules); provided, however, that if the covenants in Article XIII of this Agreement would not be enforceable under the laws of Florida, and the Franchised Business is located outside of Florida, then such covenants shall be interpreted and construed under the laws of the state in which the Franchised Business is located. Nothing in this Section 15.12 is intended by the parties to subject this Agreement to any franchise, business opportunity, consumer protection, or similar law, rule, or regulation of the State of Florida to which this Agreement would not otherwise be subject.

15.13 Venue. The parties agree that any action brought by Franchisee against Franchisor in any court, whether federal or state, shall be brought within such state and in the judicial district in which Franchisor has its principal place of business at the time the action is commenced. Any action brought by Franchisor against Franchisee in any court, whether federal or state, may be brought within the state and judicial district in which Franchisor or Franchisee has its principal place of business at the time the action is commenced. The parties agree that this Section 15.13 shall not be construed as preventing either party from removing an action from state to federal court; provided, however, that venue shall be as set forth

above. Franchisee and its Owners hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Any such action shall be conducted on an individual basis, and not as part of a consolidated, common, or class action.

15.14 Mediation. Before any party may file a claim or bring an action in court against the other, the parties must first meet to mediate the dispute (except as otherwise provided below). The parties may agree on any mediator and/or mediation service to administer and conduct the mediation. In the event the parties cannot agree on a mediator within thirty (30) days of one party's written request to take other party to mediate a dispute, such party (the complainant, defined below) shall submit the dispute to, and any such mediation shall be conducted by, the CPR Center for Alternative Dispute Resolution, under the rules established by the International Franchise Association endorsed National Franchise Mediation Program, and in accordance with its then-current rules for mediation of franchise disputes (and in the event such program is not then in existence, by JAMS in accordance with its then-current rules for mediation of commercial disputes]. The mediation shall be non-binding. Notwithstanding anything to the contrary, this Section 15.14 shall not bar either party from obtaining judicial or injunctive relief for claims that are based solely on demands for money owed, or from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation; including, without limitation, claims involving the Marks.

15.14.1 The non-binding mediation provided for hereunder shall be commenced by the party requesting mediation (the "complainant") providing written notice of the request for mediation (the "request") to the party with whom mediation is sought (the "respondent"). The request shall specify with reasonable particularity the matter or matters on which non-binding mediation is sought. A copy of the request shall be given by the complainant simultaneously to Franchisor if Franchisor is not a complainant or respondent.

15.14.2 Non-binding mediation commenced hereunder shall be concluded within sixty (60) days of the issuance of the request or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Complainant and respondent shall each bear its own costs of mediation, and each shall bear one-half the cost of the mediator or mediation service.

15.15 Injunctive Relief. Nothing herein contained shall bar Franchisor's right to obtain injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

15.16 Waiver of Jury Trial. FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

15.17 Limitation of Actions. ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF FRANCHISEE AND FRANCHISOR, OR FRANCHISEE'S OPERATION OF THE FRANCHISED BUSINESS, INCLUDING ANY PROCEEDING, OR ANY CLAIM IN ANY PROCEEDING INCLUDING ANY DEFENSES AND ANY CLAIMS OF SET-OFF OR RECOUPMENT, MUST BE BROUGHT OR ASSERTED BEFORE THE EXPIRATION OF THE EARLIER OF (A) THE TIME PERIOD FOR BRINGING AN ACTION UNDER ANY APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS; (B) ONE (1) YEAR AFTER THE DATE UPON

WHICH A PARTY DISCOVERED, OR SHOULD HAVE DISCOVERED, THE FACTS GIVING RISE TO AN ALLEGED CLAIM; OR (C) TWO (2) YEARS AFTER THE FIRST ACT OR OMISSION GIVING RISE TO AN ALLEGED CLAIM; OR IT IS EXPRESSLY AGKNOWLEDGED AND AGREED BY ALL PARTIES THAT SUCH CLAIMS OR ACTIONS SHALL BE IRREVOCARLY BARRED. CLAIMS OF FRANCHISOR ATTRIBUTABLE TO UNDERREPORTING OF SALES, AND CLAIMS OF THE PARTIES FOR FAILURE TO PAY MONIES OWED AND/OR INDEMNIFICATION SHALL BE SUBJECT ONLY TO THE APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS.

~~15.18 Waiver of Punitive Damages—And—Jury—Trial.—EXCEPT—WITH—RESPECT—TO FRANCHISEE’S—OBLIGATION—TO—INDEMNIFY—FRANCHISOR—AND—CLAIMS FRANCHISOR—BRINGS—AGAINST—FRANCHISEE—FOR—FRANCHISEE’S—UNAUTHORIZED USE—OF—THE—MARKS—OK—UNAUTHORIZED—USE—OR—DISCLOSURE—OF—ANY CONFIDENTIAL—INFORMATION, FRANCHISOR—AND—FRANCHISEE—AND—FRANCHISEE’S RESPECTIVE OWNERS, FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR~~ ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER, AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, THE PARTY MAKING A CLAIM WILL EACH SHALL BE LIMITED TO EQUITABLE RELIEF AND TO THE RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS. FRANCHISEE AND FRANCHISOR IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM SUSTAINED BY IT.

15.4619 Binding Effect. This Agreement is binding upon Franchisor and Franchisee and Franchisor’s respective executors, administrators, heirs, beneficiaries, assigns and successors in interest and may not be modified except by written agreement signed by Franchisee and Franchisor.

~~15.17 Limitations Of Claims. Except for claims arising from Franchisee’s nonpayment or underpayment of amounts Franchisee owes Franchisor pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or Franchisor’s relationship with Franchisee will be barred unless a judicial or arbitration proceeding is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claim.~~

~~15.18~~ 15.20 State Franchise Laws. Various states, including but not limited to the following, have statutes which may supersede the franchise agreement in Franchisee’s relationship with Franchisor, including the areas of termination and renewal of Franchisee’s franchise: ARKANSAS [Stat. Section 70807], CALIFORNIA [Bus. & Prof Code Sections 20000- 20043], CONNECTICUT [Gen. Stat. Section 42153e et seq.], DELAWARE [Code Sections 2551- 2556], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [815 ILCS 705/16 and 705/20], INDIANA [Stat. Section 2322.7], IOWA [Code Sections 523H.1-523H.17], MARYLAND [Pursuant to COMAR 02.02.08.16] MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 752451], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87401], NEW JERSEY [Stat. Section 56:101], SOUTH DAKOTA [Codified Laws Section 375A51], VIRGINIA [13.1-517 through 13.1-574 of the Code of Virginia], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions, which may supersede provisions of the Franchise Agreement in Franchisee’s relationship with Franchisor, including the areas of termination and renewal of Franchisee’s franchise.

15.4921 Construction; Modification. The preambles and Schedules are a part of this Agreement, which, together with the Operations Manual and Franchisor’s other written policies, constitute Franchisor’s and Franchisee’s entire agreement. There are no other oral or written understandings or agreements between

Franchisor and Franchisee, or oral representations by Franchisor, or written representations by Franchisor (other than those set forth in Franchisor's Franchise Disclosure Document that Franchisor provided to Franchisee), relating to the subject matter of this Agreement, the franchise relationship, or the Franchised Business (and any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). However, and notwithstanding the foregoing, nothing in this Franchise Agreement is intended to disclaim any representations made by Franchisor in the Franchise Disclosure Document that Franchisor furnished to Franchisee. Nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. This Agreement can be modified only by a written documents signed by all parties.

15.2022 **Withhold Approval.** Except where this Agreement expressly obligates Franchisor reasonably to approve or not unreasonably to withhold Franchisor's approval of any of Franchisee's actions or requests, Franchisor has the absolute right to refuse any request Franchisee makes or to withhold Franchisor's approval of any of Franchisee's proposed or effected actions that require Franchisor's approval.

15.2423 **Captions.** The captions of the several articles and sections hereof are for convenience only and do not define, limit or construe the contents of such Articles.

15.2224 **Joint And Several Owners Liability.** If two (2) or more persons are at any time the owner of the Franchise hereunder, whether as partners or joint ventures, their obligations and liabilities to Franchisor will be joint and several. References to "owner" mean any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in Franchisee (or a transferee of this Agreement and the Franchise or an interest in Franchisee), including, without limitation, any person who has a direct or indirect interest in Franchisee (or a transferee), this Agreement, the Franchise or the Franchise and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets thereof. References to a controlling interest in Franchisee mean thirty-three-and-one-third (33.33%) percent or more of Franchisee's voting shares of other voting rights if Franchisee is a corporation or other business entity owned by three (3) or more persons; otherwise, fifty (50%) percent or more of Franchisee's voting shares or other voting rights will constitute a "controlling interest." "Person" means any natural person, corporation, general or limited partnership, unincorporated association, cooperative or other legal or functional entity.

15.2325 **Counterparts.** This Agreement may for all purposes be executed in several counterparts, each of which shall be deemed an original, and all such counterparts, taken together, shall constitute the same instrument, even though all parties may not have executed the same counterpart of this Agreement.

ARTICLE XVI NOTICES AND PAYMENTS

16.1 **Notices.** Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, a recognized overnight delivery service (e.g., UPS, FedEx, etc.), or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

16.2 **Payments.** All payments required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed so delivered as provided in Section 16.1 above or will be deemed delivered by bank-wire transfer upon telephone or electronic confirmation with the receiving bank.

[Signatures appear on following page]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement on the date(s) contained in below.

Franchisor: **USA MOBILE DRUG TESTING, LLC**

Address for Notices:

By: _____
Name _____
Printed: _____
Title: _____
Dated: _____

USA Mobile Drug Testing, LLC
15310 Amberly Drive, Suite 220
Tampa, Florida 33647
Telephone: 800-851-2021
Fax: _____
Attn: Joseph Strom, President

EACH OF THE UNDERSIGNED PARTIES WARRANTS AND REPRESENTS THAT HE/SHE/IT HAS NOT RELIED UPON ANY REPRESENTATIONS OR GUARANTEES CONCERNING REVENUE, PROFIT OR THE SUCCESS OF THIS FRANCHISE IN SO SIGNING.

Franchisee: _____

Address for Notices:

By: _____
Name _____
Printed: _____
Title: _____
Dated: _____

Telephone: _____
Fax: _____
Atm: _____

As Individuals:

Name _____
Printed: _____
Date: _____

Name _____
Printed: _____
Date: _____

Name _____
Printed: _____
Date: _____

EXHIBIT A TO FRANCHISE AGREEMENT

FORM OF NONDISCLOSURE / NONCOMPETITION AGREEMENT

This Nondisclosure/Noncompetition Agreement ("Agreement") is signed on _____, 20____, is by _____, ("Franchisee") (d/b/a a USA MOBILE DRUG TESTING Franchise) and _____ ("Individual").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain USA Mobile Drug Testing Franchise Agreement ("Franchise Agreement") with Franchisee and USA Mobile Drug Testing, LLC ("Company"); and

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

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

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such trade secrets or other Confidential Information to compete against Company, Franchisee or any other franchisee of Company in the same or a similar business ("Competitive Business," as defined in Section 3), now or in the future.

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

1. Proprietary Information

Individual acknowledges that Franchisee possesses and shall continue to possess Trade Secrets and other Confidential Information that are important to its business. For the purposes of this Agreement, a "trade secret" is information in any form (including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, lists of actual or potential customers or suppliers) related to or used in USA Mobile Drug Testing franchises that is not commonly known by or available to the public and that information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. For the purposes of this Agreement "Confidential Information" means technical and non-technical information not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified as confidential when delivered by Franchisor. Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information. Any information expressly designated by Company as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of

designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. Confidentiality/Non-Disclosure

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

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

3. Non-Competition

(a) During the period Individual owns any interest in Franchisee or is employed (as an employee or consultant) by Franchisee and for two (2) years thereafter, Individual shall not, directly or indirectly, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within: (1) twenty-five (25) miles of Franchisee's Location described as follows: _____

_____ ; or (2) twenty-five (25) miles of any USA Mobile Dmg Testing Business wherever located without the express written consent of Franchisee. "Competitive Business" means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers) mobile-drug-testing-related services the same as or similar to those provided by USA MOBILE DRUG TESTING Franchises or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Company or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to any business operated under a Franchise Agreement with Company. This section will not apply to ownership by Individual of less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation. As used in this Agreement, the term "publicly held corporation" shall be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.

(b) During the period Individual owns any interest in Franchisee or is employed (as an employee or consultant) by Franchisee and for two (2) years thereafter, Individual shall not (i) solicit or otherwise attempt to induce or influence any customer of Franchisee or other USA Mobile Drug Testing Businesses to terminate or modify his, her or its business relationship with Franchisee, the Company, or other USA Mobile Drug Testing Business; or (ii) solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee to terminate or modify his, her or its business relationship with Franchisee or to compete against Franchisee, the Company, or other USA Mobile Drug Testing Business.

4. Miscellaneous

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

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

(c) This Agreement shall be effective as of the date it is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns.

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

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

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

(g) Words in this Agreement of the male, female, or neuter gender shall be construed to include any other gender where appropriate. Words used in this Agreement that are either singular or plural shall be construed to include the other where appropriate.

(h) This Agreement shall be governed by and construed in accordance with the laws of the state or other jurisdiction in which Franchisee's principal place of business is situated.

(i) The Company shall be a third-party beneficiary of this Agreement.

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

IN WITNESS WHEREOF, Franchisee has caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement as of the day and year first above written.

WITNESS:

FRANCHISEE:

By: _____

Its: _____

INDIVIDUAL:

Signature: _____

Printed Name: _____

EXHIBIT B TO FRANCHISE AGREEMENT
BENEFICIAL OWNERS OF FRANCHISEE

**HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE;
OFFICERS, DIRECTORS, MANAGERS AND TRUSTEES**

Holders of Legal or Beneficial Interest:

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____ %

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____ %

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____ %

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership _____ %

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership _____ %

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership _____ %

Officers and Directors:

Name: _____

Position/Title: _____

Home Address: _____

Telephone No.: _____

E-mail address: _____

Name: _____

Position/Title: _____

Home Address: _____

Telephone No.: _____

E-mail address: _____

Name: _____

Position/Title: _____

Home Address: _____

Telephone No.: _____

E-mail address: _____

Name: _____

Position/Title: _____

Home Address: _____

Telephone No.: _____

E-mail address: _____

EXHIBIT C TO FRANCHISE AGREEMENT

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGMENT

As an inducement to USA Mobile Drug Testing, LLC ("Franchisor") to execute the USA Mobile Drug Testing Franchise Agreement between Franchisor and _____ ("Franchisee"), dated _____, 200__ (the "Agreement"), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and Franchisor's successors and assigns that all of Franchisee's monetary and other obligations under the Agreement will be punctually paid and performed.

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

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

The undersigned each hereby jointly and severally acknowledge and expressly agree to be individually bound by all of the covenants contained in Sections Articles VI, VII, XI, XIII of the Agreement, and acknowledge and agree that this Guarantee does not grant the undersigned any right to use the "USA Mobile Drug Testing" marks or system licensed to Franchisee under the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

If Franchisor is required to enforce this Guarantee in a judicial or arbitration proceeding, and prevails in such proceeding, Franchisor shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the

undersigned to comply with this Guarantee, the undersigned shall reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs.

Subject to the arbitration obligations and the provisions below, each of the undersigned agrees that all actions arising under this Guarantee or the Agreement, or otherwise as a result of the relationship between Franchisor and the undersigned, shall be governed by the provisions of Section 15 of the Agreement, and must be commenced in the state or federal court of general jurisdiction in Florida, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that Franchisor may enforce the Franchise Agreement and/or this Guarantee and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 15 of the Agreement, ~~including the provisions regarding mandatory mediation and arbitration, (which Section includes, without limitation, obligations as to governing law and dispute resolution, waiver of jury trial, limitation on the time for bringing claims, waiver of class actions, and waiver of punitive damages).~~ This Guarantee shall be interpreted and construed under the laws of the State of Florida. In the event of any conflict of law, the laws of the State of Florida shall prevail (without regard to, and without giving effect to, the application of Florida conflict of law rules).

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

GUARANTOR(S)

(Seal)

Signed: _____

(In his/her individual capacity)

Name: _____

Address: _____

(Seal)

Signed: _____

(In his/her individual capacity)

Name: _____

Address: _____

(Seal)

Signed: _____
(In his/her individual capacity)

Name: _____

Address: _____

EXHIBIT D TO FRANCHISE AGREEMENT

**AUTHORIZATION AGREEMENT FOR PREARRANGED ROYALTY PAYMENTS
(DIRECT DEBITS)**

_____ (Name of Person or Legal Entity)
_____ (ID Number)

The undersigned depositor ("Depositor") ("Franchisee") hereby authorizes USA Mobile Drug Testing, LLC ("Franchisor") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("Depository") ("Bank") to debit or credit such account(s) pursuant to Franchisor's instructions.

Depository	Branch	
City	State	Zip Code
Bank Transit/ABA Number	Account Number	

This authority is to remain in full and force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination.

Depositor: _____
Sign: _____
Print: _____
Title: _____
Company: _____
Date: _____

Franchisee/Depositor: Please attach to this form a voided check from the Depositor's checking and/or savings account indicated above.

EXHIBIT D of FDD
FRANCHISE OPERATIONS MANUALS TABLE OF CONTENTS

The Franchise Operations Manuals are separate documents and not included in this FDD; only the Table of Contents is included here.

TOTAL NUMBER OF PAGES: 813862 Pages



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Operations Manual

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EXHIBIT E of FDD
FINANCIAL STATEMENTS

USA MOBILE DRUG TESTING, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2011

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FRANK C. WEISS, CPA, P.A.
CERTIFIED PUBLIC ACCOUNTANT

3233 EAST BAY DR., SUITE 107
LARGO, FLORIDA 33771
(727) 523-8762
Fax: (727) 523-8764

INDEPENDENT AUDITOR'S REPORT

Board of Directors
USA Mobile Drug Testing, LLC
Tampa, Florida

I have audited the accompanying balance sheet of USA Mobile Drug Testing, LLC (the Company) as of December 31, 2011, and the related statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USA Mobile Drug Testing, LLC as of December 31, 2011, and the statements of operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Frank Weiss

Frank C. Weiss, CPA

May 18, 2012

USA MOBILE DRUG TESTING, LLC
BALANCE SHEET
DECEMBER 31, 2011

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	\$ 703
Accounts Receivable	<u>145</u>
TOTAL CURRENT ASSETS	848
PROPERTY AND EQUIPMENT	
Furniture, Fixtures and Equipment	91,164
Less Accumulated Depreciation	<u>(25,965)</u>
NET PROPERTY AND EQUIPMENT	<u>65,199</u>
TOTAL ASSETS	<u>\$ 66,047</u>

LIABILITIES AND MEMBERS' DEFICIT

CURRENT LIABILITIES	
Accounts Payable	\$ 145,554
Credit Cards Payable	14,758
Payroll Taxes Payable	6,089
Other Payables	<u>3,485</u>
TOTAL CURRENT LIABILITIES	<u>169,886</u>
LONG TERM LIABILITES	
Payable-Schouten	<u>60,000</u>
MEMBERS' DEFICIT	
Members' Deficit	<u>(163,839)</u>
TOTAL LIABILITIES AND MEMBERS' DEFICIT	<u>\$ 66,047</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

USA MOBILE DRUG TESTING, LLC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011

REVENUE	
Franchise Revenue	\$ 2,227,000
Marketing Services	280,655
Equipment and Supplies Sales	250,915
Drug Testing Services	31,313
Computer Support	<u>17,513</u>
TOTAL REVENUE	<u>2,807,396</u>
EXPENSES	
Commissions	1,540,639
Professional Fees	88,656
Advertising	322,700
Wages	151,668
Contract Labor	72,343
Consulting Fees	40,912
Supplies	231,548
Travel	46,875
Meals and Entertainment	40,133
Classes and Training	50,288
Vehicle Expense	13,077
Computer Expenses	77,647
Taxes and Licenses	17,204
Depreciation Expense	11,876
Dues & Subscriptions	16,224
Interest	5,834
Office Expense	34,535
Rent	37,982
Product Development	33,046
Repairs & Maintenance	15,431
Telephone	20,933
Insurance	12,085
Other Expenses	<u>30,916</u>
TOTAL EXPENSES	<u>2,912,552</u>
NET LOSS	(105,156)
MEMBERS' EQUITY, BEGINNING OF YEAR	(15,118)
Net Member Capital Withdrawals	<u>(43,565)</u>
MEMBERS' DEFICIT, END OF YEAR	<u>\$ (163,839)</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

USA MOBILE DRUG TESTING, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

Reconciliation of Net Loss to Net Cash	
From Operating Activities:	
Net Loss	\$ (105,156)
Adjustments to Reconcile Net Loss to Net Cash	
From Operating Activities:	
Depreciation	11,876
Increase in Certain Assets and Liabilities:	
Decrease in Account Receivable	2,662
Increase in Accounts Payable	78,120
Increase in Credit Cards Payable	2,503
Increase in Payroll Taxes Payable	3,869
Decrease in Sales Tax Payable	(187)
Increase in Other Payables	3,485
Increase in Payable-Schouten	<u>60,000</u>
Net Cash From in Operating Activities	<u>\$ 57,172</u>
CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchase of Fixed Assets	(35,083)
CASH FLOWS USED IN FINANCING ACTIVITIES	
Net Member Capital Withdrawals	(43,565)
NET DECREASE IN CASH	(21,476)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>22,179</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR	<u>\$ 703</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

USA MOBILE DRUG TESTING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1

NATURE OF ACTIVITIES

USA Mobile Drug Testing, LLC (the Company) is a limited liability company organized in Florida on June 6, 2008. The Company is a national mobile drug testing company providing drug, alcohol and screening services to customers through an efficient franchise system. Revenue from the license sale of franchise rights to franchisees is recognized when substantially all significant services to be provided by the Company have been performed.

The Company receives a royalty fee equal to the greater of \$100 per week per territory or nine percent of franchisee sales, commencing 90 days from the completion of the franchisee's initial training. The Company also receives revenue from equipment and supplies sales, marketing and computer support provided to the Franchisees.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from the estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all high liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Income Taxes

The Company is taxed as a partnership and does not incur an income tax liability. The earnings of the Company are included on the members' personal income tax returns.

Subsequent Events

Subsequent Events have been evaluated through May 18, 2012, which is the date the financial statements were available to be issued.

**USA MOBILE DRUG TESTING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
 - CONTINUED

Furniture and Equipment

Furniture and Equipment are capitalized in accordance with the Company's policies, are stated at cost and depreciated over estimated lives of 5 to 7 years. Repairs and Maintenance are expensed as incurred.

NOTE 3 Lease

The Company leases office facilities under a short-term operating lease. At December 31, 2011, future minimum payments under this lease are as follows:

<u>Year</u>	<u>Amount</u>
2012	<u>\$ 5,200</u>

USA MOBILE DRUG TESTING, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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FRANK C. WEISS, CPA, P.A.
CERTIFIED PUBLIC ACCOUNTANT

3233 EAST BAY DR., SUITE 107
LARGO, FLORIDA 33771
(727) 523-8762
Fax: (727) 523-8764

INDEPENDENT AUDITOR'S REPORT

Board of Directors
USA Mobile Drug Testing, LLC
Tampa, Florida

I have audited the accompanying balance sheet of USA Mobile Drug Testing, LLC (the LLC) as of December 31, 2010, and the related statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the LLC's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USA Mobile Drug Testing, LLC as of December 31, 2010, and the statements of operations and cash flows for the year then ended, in conformity with generally accepted accounting principles.

Frank Weiss

Frank C. Weiss, CPA

March 30, 2011

USA MOBILE DRUG TESTING, LLC
BALANCE SHEET
DECEMBER 31, 2010

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	\$ 22,179
Accounts Receivable	<u>2,807</u>
 TOTAL CURRENT ASSETS	 24,986
PROPERTY AND EQUIPMENT	
Furniture, Fixtures and Equipment	56,078
Less Accumulated Depreciation	<u>(14,088)</u>
 NET PROPERTY AND EQUIPMENT	 <u>41,990</u>
 TOTAL ASSETS	 <u>\$ 66,976</u>

LIABILITIES AND MEMBERS' DEFICIT

CURRENT LIABILITIES	
Accounts Payable	\$ 67,434
Credit Card Payable	12,255
Payroll Taxes Payable	2,220
Sales Taxes Payable	<u>185</u>
 TOTAL CURRENT LIABILITIES	 <u>82,094</u>
MEMBERS' DEFICIT	
Members' Deficit	<u>(15,118)</u>
 TOTAL LIABILITIES AND MEMBERS' DEFICIT	 <u>\$ 66,976</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

**USA MOBILE DRUG TESTING, LLC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010**

REVENUE	
Franchise Revenue	\$ 449,000
Equipment and Supplies Sales	11,228
Drug Testing Services	5,242
Other Revenue	<u>1,082</u>
TOTAL REVENUE	<u>466,552</u>
EXPENSES	
Commissions	281,400
Professional Fees	79,439
Advertising	46,613
Contract Labor	37,573
Consulting Fees	18,197
Supplies	15,056
Travel	16,581
Meals and Entertainment	18,497
Classes and Training	7,559
Vehicle Expense	7,741
Computer Expenses	20,459
Wages	8,200
Taxes and Licenses	1,321
Depreciation Expense	11,180
Interest	
3,995	
Office Expense	6,631
Printing	5,068
Rent	7,750
Utilities	10,333
Other Expenses	<u>13,837</u>
TOTAL EXPENSES	<u>617,430</u>
NET LOSS	(150,878)
MEMBERS' EQUITY, BEGINNING OF YEAR	28,649
Net Member Capital Contributions	<u>107,111</u>
MEMBERS' DEFICIT, END OF YEAR	<u>\$ (15,118)</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.
USA MOBILE DRUG TESTING, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

CASH FLOWS USED IN OPERATING ACTIVITIES:	
Franchise Revenue Received	\$ 446,193
Equipment & Supplies Receipts	11,228
Drug Testing Services Receipts	5,242
Other Income Received	1,082
Operating Expenses Paid	<u>(542,986)</u>
Net Cash Used in Operating Activities	<u>(79,241)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchase of Fixed Assets	(21,367)
Net Increase in Credit Card Payables	12,255
Net Increase in Payroll Taxes Payable	2,220
Net Increase in Sales Tax Payable	<u>187</u>
Net Cash Used in Investing Activities	<u>(6,705)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Net Member Capital Contributions	<u>107,111</u>
NET INCREASE IN CASH	21,165
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>1,014</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR	<u>\$ 22,179</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
USA MOBILE DRUG TESTING, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

Reconciliation of Net Loss to Net Cash	
Used in Operating Activities:	
Net Loss	\$ (150,878)
Adjustments to Reconcile Net Loss to Net Cash	
Used in Operating Activities:	
Depreciation	11,180
Increase in Certain Assets and Liabilities:	
Increase in Account Receivable	(2,807)
Increase in Accounts Payable	<u>63,264</u>
Net Cash Used in Operating Activities	<u>\$ (79,241)</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

**USA MOBILE DRUG TESTING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 NATURE OF ACTIVITIES

USA Mobile Drug Testing, LLC (the LLC) is a limited liability company organized in Florida on June 6, 2008. The LLC is a national mobile drug testing company providing drug, alcohol and screening services to customers through an efficient franchise system. The LLC commenced sales operations in the year ended December 31, 2010. The LLC was a development stage company in all prior years.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from the estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the LLC considers all high liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Income Taxes

The LLC is taxed as a partnership and does not incur an income tax liability. The earnings of the LLC are included on the members' personal income tax returns.

Subsequent Events

Subsequent Events have been evaluated through March 30, 2011, which is the date the financial statements were available to be issued.

Depreciation

Deprecation on Furniture, Fixtures and Equipment is computed using the

straight line method over estimated lives of 3 to 7 years.

Brian Foster
Certified Public Accountant
4769 Buckley Rd.
Liverpool, New York 13088


Independent Auditor's Report

To the member of USA Mobile Drug Testing, LLC. ,

I have audited the accompanying balance sheets of USA Mobile Drug Testing, LLC. (a development stage company) as of December 31, 2009. This balance sheet is the responsibility of the Company's management. My responsibility is to express an opinion on the balance sheet based on my audit.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of USA Mobile Drug Testing, LLC as of December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.


Brian Foster, CPA
4769 Buckley Rd.
Liverpool, New York 13088
July 7, 2010

USA Mobile Drug Testing, LLC
(A Development Stage Company)
Balance Sheet
December 31, 2009

Assets

Current Assets

Cash \$ 1,014

Property and Equipment

Furniture and Fixtures \$ 34,709

Less accumulated depreciation
2,909

31,800

Other Assets

Organization and Start-up costs
(net of amortization) 28,910

Total Assets \$ 61,724

Equity

Members equity including deficit
accumulated during the development
stage of \$ 108,129 \$ 61,724

Total Equity \$ 61,724

See Auditor's report and notes to the Financial Statement

USA Mobile Drug Testing, LLC
(A Development Stage Company)

Notes to the Financial Statements

Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

USA Mobile Drug Testing, LLC (the company), a Florida LLC, was formed in May 2008. The company sells franchises to qualified persons or business entities in connection with the service mark "USA Mobile Drug Testing." USA Mobile Drug Testing Businesses specialize in mobile drug testing services using a proprietary mobile drug testing vehicle.

Depreciation

Depreciation on furniture and equipment is computed using the straight line method over estimated lives of 3 to 7 years.

Amortization

Amortization of organization and start up costs is computed on the straight line method over a 15 year period.

Income Taxes

The balance sheet does not include a provision for income taxes because the LLC does not incur federal or state income taxes. Instead its earnings and losses are included in the member's personal income tax returns.

Development Stage Operations

The company was formed in May 2008. At December 31, 2009 the company's business operations had not been fully developed and remains highly dependent on funding from its owner. Operations are devoted to advertising and administrative functions.

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

USA Mobile Drug Testing LLC
Balance Sheet
As of April 30, 2012

	<u>Apr 30, 12</u>
ASSETS	
Current Assets	
Checking/Savings	
Total Checking/Savings	86,270.19
Accounts Receivable	
Total Accounts Receivable	305.42
Other Current Assets	
12000 · Undeposited Funds	907.56
12100 · Inventory Asset	-4.35
Total Other Current Assets	<u>903.21</u>
Total Current Assets	87,478.82
Fixed Assets	
15000 · Furniture and Equipment	91,752.23
17000 · Accumulated Depreciation	-14,089.00
Total Fixed Assets	<u>77,663.23</u>
Other Assets	
19000 · Organizational Expenses	
Total 19000 · Organizational Expenses	<u>816.88</u>
Total Other Assets	<u>816.88</u>
TOTAL ASSETS	<u><u>165,958.93</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Total Accounts Payable	118,618.90
Credit Cards	
Total Credit Cards	30,008.34
Other Current Liabilities	
24000 · Payroll Liabilities	4,749.48
25500 · Sales Tax Payable	-167.66
Total Other Current Liabilities	<u>4,581.82</u>
Total Current Liabilities	153,209.06
Long Term Liabilities	
Total Long Term Liabilities	<u>259,559.82</u>
Total Liabilities	412,768.88
Equity	

USA Mobile Drug Testing LLC
Balance Sheet
As of April 30, 2012

	<u>Apr 30, 12</u>
30700 · Members Draw	-31,074.92
32000 · Members Equity	-295,517.24
33000 · Loan to USA Mobile Drug Dog	-44,375.93
Net Income	<u>124,158.14</u>
Total Equity	<u>-246,809.95</u>
 TOTAL LIABILITIES & EQUITY	 <u><u>165,958.93</u></u>

USA Mobile Drug Testing LLC
Profit & Loss
January through April 2012

	<u>Jan - Apr 12</u>
Ordinary Income/Expense	
Income	
42000 · Sales	
42020 · Alcohol Test	637.20
42101 · Franchise fee	655,200.00
42500 · IT Service Fee	14,050.00
42600 · Marketing	128,676.63
46200 · Nonmedical Income	151,557.45
47000 · Testing Equipment	24,416.90
47301 · Supplies-Testing	12.00
Total 42000 · Sales	<u>974,550.18</u>
Total Income	974,550.18
Cost of Goods Sold	
50000 · Cost of Goods Sold	
51100 · Medical Supplies	21,028.99
51300 · Laboratory Costs	2,355.34
51420 · Commissions	418,584.43
51430 · Consultant	11,213.75
51431 · Classes, Training	17,320.61
51500 · Marketing	
51502 · Advertising	157,806.44
Total 51500 · Marketing	<u>157,806.44</u>
51610 · Shipping COGS	2,685.35
52002 · Forms & Supplies	7,758.54
Total 50000 · Cost of Goods Sold	<u>638,753.45</u>
51400 · Travel	
Total 51400 · Travel	<u>11,427.92</u>
Total COGS	<u>650,181.37</u>
Gross Profit	324,368.81
Expense	
60000 · Advertising and Promotion	5,360.44
60200 · Automobile Expense	862.63
60400 · Bank Service Charges	2,334.99
61400 · Charitable Contributions	100.00
61700 · Computer and Internet Expenses	5,311.25
61800 · Communication	
Total 61800 · Communication	11,851.77
62043 · Payroll Expense	
62044 · Contract Labor 1099	5,406.01
62047 · Payroll Taxes	6,503.02
62048 · Salaries-Admin	61,411.92
Total 62043 · Payroll Expense	<u>73,320.95</u>

USA Mobile Drug Testing LLC
Profit & Loss
January through April 2012

	<u>Jan - Apr 12</u>
62500 · Dues and Subscriptions	3,961.00
62510 · Finance Charges	1,876.83
63300 · Insurance Expense	
Total 63300 · Insurance Expense	13,192.56
63400 · Interest Expense	223.14
63700 · Licenses and Permits	3,263.75
64300 · Meals and Entertainment	235.50
64900 · Office Supplies	2,834.41
64910 · Office Equipment	4,646.87
66000 · Payroll Expenses	6,300.17
66200 · Reimbursement	6,261.91
66500 · Shipping and Postage	795.07
66700 · Professional Fees	26,359.36
67100 · Rent Expense	19,407.35
67200 · Repairs and Maintenance	1,068.85
68400 · Travel Expense	16.00
68401 · Training Expense	89.78
68600 · Utilities	
68601 · Telephone	9,532.28
68602 · Cable	1,003.98
Total 68600 · Utilities	<u>10,536.26</u>
Total Expense	<u>200,210.84</u>
Net Ordinary Income	124,157.97
Other Income/Expense	
Other Income	
91001 · interest income	0.17
Total Other Income	<u>0.17</u>
Net Other Income	<u>0.17</u>
Net Income	<u><u>124,158.14</u></u>

EXHIBIT F-1 of FDD
LIST OF FRANCHISEES

(a) **Operational Franchisees.** The following are the names, addresses and telephone numbers of all franchisees of USA Mobile Drug Testing Businesses as of December 31, ~~2010~~2011, who are operational:

<u>Full Name</u>	<u>Address</u>	<u>Phone</u>
<u>Gina Kesler</u>	<u>2303 N. 44th St, Suite 14-1249</u> <u>Phoenix, AZ 85008</u>	<u>602-761-0882</u>
<u>Cleo & John Breillatt</u>	<u>18521 E Queen Creek Rd, Ste 105-451</u> <u>Queen Creek, AZ 85142</u>	<u>480-208-1076</u>
<u>Kevin Weideman</u>	<u>4847 Hooyard Road, Suite 4-424</u> <u>Pleasanton, CA 94588</u>	<u>925-336-1397</u>
<u>Teri Peterson</u>	<u>20770 Ash Circle</u> <u>Yorba Linda, CA 92886</u>	<u>714-814-3581</u>
<u>Ilie Saracovan</u>	<u>220 Rt. 12, St. 5 #358</u> <u>Groton, CT 06340</u>	<u>860-451-8016</u>
<u>A & B Employer Solutions, Inc.</u> <u>Attn: Aron Galinovsky</u>	<u>419 Whalley Ave Ste, Suite 300</u> <u>New Haven, CT 06511</u>	<u>203-495-1900</u>
<u>Tim Martin</u>	<u>PO Box 19866</u> <u>Jacksonville Beach, FL 32245</u>	<u>904-674-4552</u>
<u>Fernando Perez</u>	<u>15748 SW 43rd Street</u> <u>Miami, FL 33185</u>	<u>305-753-2978</u>
<u>Gary Word</u>	<u>9429 Hardina Avenue, Suite #30</u> <u>Surfside, FL 33154</u>	<u>786-999-8580</u>
<u>Richard Schaub</u>	<u>12027 Royce Waterford Circle</u> <u>Tampa, FL 33626</u>	<u>813-404-1305</u>
<u>Terry Peter</u>	<u>619 Cascade Falls Drive</u> <u>Weston, FL 33327</u>	<u>954-646-7260</u>
<u>Ira & Kim Robbins</u>	<u>6438- STE#D Dawson Blvd.</u> <u>Norcross, GA 30093</u>	<u>678-804-7225</u>
<u>Mike & Linette Ayers</u>	<u>13110 S Foxridge Drive</u> <u>Olathe, KS 66062</u>	<u>913-498-9669</u>
<u>Kristen Boje</u>	<u>120 Lansdown Dr.</u> <u>Houma, LA 70360-8357</u>	<u>985-870-8344</u>
<u>Walter Pridgen</u>	<u>1202 Aldershot Court</u> <u>PO Box 908</u> <u>Abingdon MD 21009</u>	<u>410-530-0201</u>
<u>John Cunliffe</u>	<u>PO Box 546</u> <u>Raynham Center, MA 02768</u>	<u>508-333-9555</u>
<u>Joel Kantola</u>	<u>3697 Haymeadow Ave</u> <u>Ravenna, Mi 49451</u>	<u>231-853-8682</u>
<u>Loren Bielke</u>	<u>13971 Kenwood Drive</u> <u>Baxter, MN 56425</u>	<u>218-454-4008</u>
<u>Derek Benz</u>	<u>750 Main Street, Suite #207</u> <u>Mendota, MN 55118</u>	<u>651-214-7424</u>
<u>Eric Bensen</u>	<u>333 Washington Ave N, Suite 300</u> <u>Minneapolis, MN 55401</u>	<u>612-333-1525</u>

<u>Full Name</u>	<u>Address</u>	<u>Phone</u>
<u>Joe Majewski</u>	<u>6149 S. Rainbow Blvd. Las Vegas, NV 89118</u>	<u>702-245-1874</u>
<u>Jay Sferra</u>	<u>P.O. Box 513 Flagstown, NJ 08821</u>	<u>908-369-7977</u>
<u>Janet & Richard Matteo</u>	<u>734 Stewart Ave. Garden City, NY 11530</u>	<u>516-802-3546</u>
<u>Michael Gedigk (*operates Territories in New York and Connecticut)</u>	<u>500 Mamaroneck Ave, Suite 320 Harrison, NY 10528</u>	<u>914-250-1420</u>
<u>Anthony DiPrizitto & Paul D'Addario</u>	<u>1445 New York Ave Huntington Station, NY 11746</u>	<u>631-923-2601</u>
<u>Brian & Jackie Parker</u>	<u>27 Fennell Street, Suite 125 Skaneateles, NY 13152</u>	<u>315-409-9006</u>
<u>Jerome Montelibano</u>	<u>PO Box 131650 Staten Island, NY 10313</u>	<u>917-753-8363</u>
<u>Jim Barga</u>	<u>1314 Ashley Creek Dr. Matthews, NC 28105</u>	<u>980-239-5842</u>
<u>Karen & Ken Kitchen</u>	<u>32818 Walker Rd #288 Avon Lakes, OH 44012</u>	<u>440-653-5003</u>
<u>Kristina Clum</u>	<u>8216 Princeton Glendale Road #144 West Chester, OH 45069</u>	<u>937-408-4355</u>
<u>John & Shannon Griffith</u>	<u>175 S Sandusky St, Suite 213 Delaware, OH 43015</u>	<u>740-917-5127</u>
<u>Jeff Gorman</u>	<u>13500 Peari Rd, Suite 139, Box 359 Strongsville, OH 44136</u>	<u>440-385-6740</u>
<u>Jerry Clum</u>	<u>6787 Lake Trail Drive Westerville, OH 43082</u>	<u>614-515-5911</u>
<u>Susan Lobsinger</u>	<u>3125 NW 18th St. Oklahoma City, OK 73107</u>	<u>405-822-0553</u>
<u>Brad McIntyre & Jenn Mish</u>	<u>96 Commerce Dr. #113 Wyomissing, PA 19610</u>	<u>484-818-1176</u>
<u>David Gonzalez</u>	<u>PMB #111, 8325 W. Broadway Street Pearland, TX 77581</u>	<u>281-997-1260</u>
<u>Michael Rannigan & Roger Roach</u>	<u>2921 Brokenspoke Ln, Rockwall, TX 75087</u>	<u>972-941-8005</u>
<u>Additionally, the following signed Franchise Agreements in 2012 and began operating in 2012</u>		
<u>Leonard Munson</u>	<u>117 South Cook St #306 Barrington, IL 60010-4311</u>	<u>773-308-6030</u>
<u>Michael & Rob Greenberg</u>	<u>8 Glenwood Lane Roslyn Heights, NY 11577</u>	<u>516-241-2884</u>
<u>Laura Sola</u>	<u>Quintas de Cupey 14 E23 San Juan, PR 00926</u>	<u>787-944-6390</u>
<u>Dennis Pincince</u>	<u>51 Jefferson Blvd, 5th Floor Warwick, RI 02888</u>	<u>401-578-3026</u>
<u>Dale Dugas</u>	<u>239 PR 8216 Bronson, TX 75930</u>	<u>409-586-4115</u>

<u>Full Name</u>	<u>Address</u>	<u>Phone</u>
<u>Tone Trønsen</u>	<u>1015 S. Ripple Creek 48</u> <u>Houston, TX 77057</u>	<u>832-623-2299</u>

(b) Franchises Executed But Not Yet Operational. The following are the names, addresses and telephone numbers of all franchisees of USA Mobile Drug Testing Businesses who signed a USA Mobile Drug Testing Franchise Agreement as of December 31, ~~2010~~2011, but who were not yet operational as of December 31, ~~2010~~2011:

<u>Bill Smyk</u>	<u>6606 67th Court East</u> <u>Bradenton, FL 34203</u>	<u>941-405-9526</u>
<u>Frank Smith</u>	<u>1032 Old Peachtree Rd.</u> <u>Lawrenceville, GA 30043</u>	<u>(864)-903-5694</u>
<u>Ira & Kim Robbins</u>	<u>4145 River Bluff Run Way</u> <u>Suwanee, GA 30024</u>	<u>770-271-1372</u>
<u>Bill Schouten</u>	<u>10909 Alloway Court</u> <u>Louisville, KY 40243</u>	<u>502-245-6810</u>
<u>Joe Majowski</u>	<u>5312 Alta Dona Ave.</u> <u>Las Vegas, NV 89141</u>	<u>702-245-1874</u>
<u>Jerry Clum</u>	<u>13934 Whispering Ct.</u> <u>Pickerington, OH 43147</u>	<u>800-917-6578 ext-104</u>
<u>Susan Lobsinger</u>	<u>3125 NW 18th Street</u> <u>Oklahoma City, OK 73107</u>	<u>405-822-0553</u>

_____ None

(c) Affiliated or Company-Owned USA Mobile Drug Testing Businesses.

As of December ~~2010~~31, 2011:

_____ Florida

_____ USA Mobile Drug Testing, LLC
 _____ 3505 E. Frontage Road, Suite 325
 _____ Tampa, FL 33647
 _____ 800-851-2021
 _____ Attention: Joseph Strom
 _____ None

EXHIBIT F-2 of FDD
FORMER FRANCHISEES

(a) **Former Franchisees.** The following are the names, last known home addresses and home telephone numbers of all franchisees that have been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a USA Mobile Drug Testing Franchise Agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the effective date of this Franchise Disclosure Document (If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.):

NONE

<u>During 2011</u>		
<u>Bill Schouten</u> <i>(did not open for operation)</i>	<u>Louisville, KY</u>	<u>502-245-6810</u>
<u>Frank Smith</u>	<u>Atlanta, GA</u>	<u>864-903-5694</u>
<u>During 2012</u>		
<u>Bill Smyk</u>	<u>Bradenton, FL</u>	<u>941-405-9526</u>
<u>Robert Taylor</u>	<u>St. Petersburg, FL</u>	<u>727-286-1441</u>

(b) **Transferred Franchises.** The following are the names, last known home addresses and home telephone numbers of all franchisees that have sold their Franchised Business to another during the most recently completed fiscal year and until the effective date of this Franchise Disclosure Document:

NONE

EXHIBIT G of FDD
FRANCHISEE COMPLIANCE QUESTIONNAIRE

As you know, USA Mobile Drug Testing, LLC and you are preparing to enter into a Franchise Agreement for the operation of a franchised "USA Mobile Drug Testing" business (a "Franchised Business"). In this Franchisee Compliance Questionnaire, USA Mobile Drug Testing, LLC will be referred to as "we" or "us." The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. **Have you received and personally reviewed USA Mobile Drug Testing, LLC Franchise Agreement and each exhibit, addendum and schedule attached to it?**
Yes ___ No ___

2. **Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?**
Yes ___ No ___

If "No", what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

3. **Have you received and personally reviewed our Franchise Disclosure Document we provided to you?**
Yes ___ No ___

4. **Do you understand all of the information contained in the Franchise Disclosure Document?**
Yes ___ No ___

If "No", what parts of the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary.)

5. Have you discussed the benefits and risks of operating the Franchised Business with an attorney, accountant or other professional advisor and do you understand those risks?
Yes ___ No ___
6. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?
Yes ___ No ___
7. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of the Franchised Business that we or our franchisees operate that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
Yes ___ No ___
8. Has any employee or other person speaking on our behalf made any statement or promise concerning a Franchised Business that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
Yes ___ No ___
9. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?
Yes ___ No ___
10. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
Yes ___ No ___
11. If you have answered "Yes" to any of questions 7 through 10, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of such questions, please leave the following lines blank.

12. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?
Yes ___ No ___

You understand that your answers are important to us and that we will rely on them.

By signing this Franchisee Compliance Questionnaire, you are representing that you have responded truthfully to the above questions.

Name of Franchisee/Applicant

Date: _____, 20__

Signature

Name and Title of Person Signing

|

EXHIBIT H-1 of FDD
STATE-SPECIFIC DISCLOSURE ADDENDA

AND

EXHIBIT H-2 of FDD
STATE-SPECIFIC AGREEMENT AMENDMENTS

EXHIBIT H-1
STATE-SPECIFIC DISCLOSURE ADDENDA

1. California
2. Illinois
3. Maryland
4. Michigan
5. Minnesota
6. New York
7. North Dakota
8. Rhode Island
9. Virginia
810. Washington

FRANCHISE DISCLOSURE DOCUMENT ADDENDUM
FOR THE STATE OF CALIFORNIA

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

2. Neither we nor any other person disclosed in Item 2 is subject to any currently effective order of any national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.* suspending or expelling such persons from membership in such association or exchange.

3. In Item 5, the first sentence in the last paragraph under "Franchise Fee" is deleted and replaced with the following:

If you are a California resident or if your USA Mobile Drug Testing Business will be operated in California, you must pay the Initial Franchise Fee once we have performed our material pre-opening obligations and you begin operating your USA Mobile Drug Testing Business, which will be upon your completion of the required pre-opening training. The Initial Franchise Fee will be fully earned when paid and is non-refundable.

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

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

Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

5. Item 17 of the Disclosure Document is amended to add the following:

- California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
- The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*).
- The Franchise Agreement contains a covenant not to compete that extends beyond the term of the franchise. This provision might not be enforceable under California law.

- The Franchise Agreement requires litigation to be conducted in a court located outside of the State of California. This provision might not be enforceable for a cause of action arising under California law.
- The Franchise Agreement requires application of the laws of a state other than the State of California. This provision might not be enforceable under California law.
- The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
- The Franchise Agreement requires binding arbitration. The arbitration will occur at the forum indicated in Item 17 with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.
- The following URL address is for the franchisor's website:

www.USAMobileDmgTesting.com

FRANCHISOR'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT www.corp.ca.gov.

FRANCHISE DISCLOSURE DOCUMENT ADDENDUM
FOR THE STATE OF ILLINOIS

In Item 5, the first sentence in the last paragraph under “Franchise Fee” is deleted and replaced with the following:

If you are an Illinois resident or if your USA Mobile Drug Testing Business will be operated in Illinois, you must pay the Initial Franchise Fee once we have performed our material pre-opening obligations and you begin operating your USA Mobile Drug Testing Business. This deferral is required by the Illinois Attorney General based on our financial statements. You will be considered to have begun operating your business once we have provided you with our required initial training and we notify you that you are authorized to begin operating.

The Disclosure Document is amended by the addition of the following paragraphs.

- For choice of law purposes, and for the interpretation and construction of the Franchise Agreement, the Illinois Franchise Disclosure Act, 815 ILCS 705 governs.
- No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of 1 year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire.
- Illinois law governs the Franchise Agreement (without regard to conflict of laws), and jurisdiction and venue for court litigation shall be in Illinois.
- Any provision in the Franchise Agreement requiring a general release is void to the extent that such provision requires a waiver of compliance with the Illinois Franchise Disclosure Act.
- Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void, provided that a Franchise Agreement may provide for arbitration in a forum outside of Illinois.

Item 17 of the Disclosure Document is amended to add the following:

- The conditions under which a franchise can be terminated and your rights upon non-renewal, as well as the application by which you must bring any claims, may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/19 and 705/20.
- The Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

FRANCHISE DISCLOSURE DOCUMENT ADDENDUM
FOR THE STATE OF MARYLAND

1. In Item 5, the first sentence in the last paragraph under “Franchise Fee” is deleted and replaced with the following, which applies if you are a Maryland resident or if your USA Mobile Dmg Testing Business will be operated in Maryland:

All initial fees and payments to be made to us will be deferred until such time as we complete our initial obligations under the franchise agreement. The Maryland Attorney General has imposed the deferral requirement.

2. Item 17 of the Disclosure Document is amended to add the following:
 - The general 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.
 - A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
 - Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
 - The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
3. Exhibit G to the Disclosure Document is amended as follows:
 - The representations in the Franchisee Compliance Questionnaire requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

FRANCHISE DISCLOSURE DOCUMENT ADDENDUM
FOR THE STATE OF MICHIGAN

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

- (A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.
- (B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.
- (C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.
- (D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE, AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.
- (E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER

SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

- (F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.
- (G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:
 - (i) THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.
 - (ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.
 - (iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.
 - (iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.
- (H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

- (I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

* * * *

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

* * * *

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN \$100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

* * * *

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: DEPT. OF ENERGY, LABOR, & ECONOMIC GROWTH, CORPORATIONS DIVISION, P.O. BOX 30054, LANSING, MICHIGAN 48909; 7150 HARRIS DRIVE, LANSING, MICHIGAN 48909.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE
CONSUMER PROTECTION DIVISION
ATTN: FRANCHISE
670 G. MENNEN WILLIAMS BUILDING
LANSING, MICHIGAN 48913

NOTE: NOTWITHSTANDING PARAGRAPH (F) ABOVE, WE INTEND TO, AND YOU AGREE THAT WE AND YOU WILL, ENFORCE FULLY THE PROVISIONS OF THE ARBITRATION SECTION OF OUR AGREEMENTS. WE BELIEVE THAT PARAGRAPH (F) IS UNCONSTITUTIONAL AND CANNOT PRECLUDE US FROM ENFORCING THE ARBITRATION PROVISIONS.

FRANCHISE DISCLOSURE DOCUMENT ADDENDUM
FOR THE STATE OF MINNESOTA

1. In Item 5, the first sentence in the last paragraph under "Franchise Fee" is deleted and replaced with the following:

If you are a Minnesota resident or if your USA Mobile Drug Testing Business will be operated in Minnesota, you must pay the Initial Franchise Fee once we have performed our material pre-opening obligations and you begin operating your USA Mobile Dmg Testing Business. For this purpose, you will be considered to have begun operating your business once we have provided you with our required initial training. The Initial Franchise Fee will be fully earned when paid and is non-refundable.

2. Item 6 of the Disclosure Document, the fee for Canceled Check or Insufficient Funds for is amended by the addition of the following:

The Canceled Check or Insufficient Funds fee is subject to applicable state law. Under current Minnesota law, the maximum fee that we may charge for canceled check or insufficient funds is \$30.

3. In Item 6, in the row for the "Franchise Fee" the comment in the column "When Due" is deleted and replaced with "Upon your completion of the initial training program".

4. Item 13 of the Disclosure Document is amended as follows:

- As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse the Franchisee for any costs incurred by the Franchisee in the defense of the Franchisee's right to use the Marks, so long as the Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

5. Item 17 of the Disclosure Document is amended as follows:

- With respect to franchises governed by Minnesota law, 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 of non-renewal of the Agreement.
- Item 17 does not provide for a prospective general release of claims against Franchisor that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
- Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure

document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to jury trial, any procedure, form, or remedies as may be provided for by the laws of the jurisdiction.

FRANCHISE DISCLOSURE DOCUMENT ADDENDUM
FOR THE STATE OF NEW YORK

1. The state Cover Page is amended as follows:
 - **REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, 120 BROADWAY, NEW YORK, NEW YORK 10271-0332. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION.**
 - **THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE CIRCULAR. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS CIRCULAR.**
2. Item 3 is amended by the addition of the following language:
 - Neither franchisor, the franchisor's predecessor or an affiliate offering franchises under the franchisor's principal trademark, nor any person identified in Item 2 has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against them alleging a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion; misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. In addition, neither franchisor nor any person identified in Item 2 has any pending actions, other than routine litigation incidental to the business, that are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
 - Neither franchisor, the franchisor's predecessor or an affiliate offering franchises under the franchisor's principal trademark, nor any person identified in Item 2 has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding involving violation of any franchise law, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

- Neither franchisor, the franchisor's predecessor or an affiliate offering franchises under the franchisor's principal trademark, nor any person identified in Item 2 is subject to any injunctive or restrictive order or decree relating to the franchises, or any Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, as a result of a concluded or pending action or proceeding brought by a public agency.
3. Item 4 is amended to state that:
- Neither the franchisor, nor its predecessor, officers or general partner of the franchisor has, during the ten (10) year period immediately before the date of the Disclosure Document, has: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; (c) was a principal officer of any company or a general partner in any partnership that either filed as a debtor (or had filed against it) a petition to start action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the Bankruptcy Code during or within one (1) year after the officer or general partner of the franchisor held this position in the company or partnership.
4. Item 17 of the Disclosure Document is amended to add the following:
- No general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims arising under the New York General Business Law, Article 3, Sections 687.4 and 687.5.
 - Item 17(d) is amended to provide that you may terminate the Agreement on any grounds available by law.
 - Item 17(j) is amended to state, that no assignment will be made except to an assignee who, in the good faith judgment of Franchisor, is able to assume our obligations under the Agreement.
 - Item 17(w) is amended to state that New York Law governs any cause of action that arises under the New York General Business Law, Article 33, Section 680-695.
5. Franchisor represents that this Disclosure Document does not knowingly omit anything or contain any untrue statements of a material fact.

FRANCHISE DISCLOSURE DOCUMENT ADDENDUM
FOR THE COMMONWEALTH STATE OF VIRGINIA NORTH DAKOTA

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The following information is added to the disclosure document for North Dakota residents:

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):
 - A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
 - B. Sims of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
 - C. Restriction on Fomm: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
 - D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
 - E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
 - F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
 - G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
 - H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
 - I. Limitation of Claims: Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
 - J. Enforcement of Agreement: Requiring that North Dakota franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

FRANCHISE DISCLOSURE DOCUMENT ADDENDUM
FOR THE STATE OF RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34 the Disclosure Document for USA Mobile Dmg Testing, LLC for use in the State of Rhode Island shall be amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

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

2. This addendum to the Disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this addendum to the Disclosure document.

FRANCHISE DISCLOSURE DOCUMENT ADDENDUM
FOR THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document of USA Mobile Dmg Testing, LLC shall be amended as follows:

1. ~~The following statement is added to the State Cover Page:~~

~~THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$83,731 TO \$115,611. THIS AMOUNT EXCEEDS THE FRANCHISOR'S MEMBERS EQUITY AS OF DECEMBER 31, 2010, WHICH WAS REPORTED TO BE A DEFICIT OF \$15,118.~~

2. Item 5, Additional Disclosure: The following statements are added to Item 5.

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other payments owed by franchisees to us until we have completed our pre-opening obligations under the Franchise Agreement.

3. Item 17, Additional Disclosure. The following statements are added to Item 17.h.:

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

FRANCHISE DISCLOSURE DOCUMENT ADDENDUM
FOR THE STATE OF WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, the Disclosure Document for USA Mobile Drug Testing, LLC in connection with the offer and sale of franchises for use in the State of Washington shall be amended to include the following:

1. In Item 5, the first sentence in the last paragraph under “Franchise Fee” is deleted and replaced with the following:

If you are a Washington resident or if your USA Mobile Drug Testing Business will be operated in Washington, you must pay the Initial Franchise Fee once we have performed our material pre-opening obligations and you begin operating your USA Mobile Drug Testing Business, which will be upon your completion of the required pre-opening training. The Initial Franchise Fee will be fully earned when paid and is non-refundable.

2. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following paragraphs at the conclusion of the Item:

The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

EXHIBIT H-2
STATE-SPECIFIC AGREEMENT AMENDMENTS

1. California
2. Illinois
3. Maryland
4. Minnesota
5. New York
6. North Dakota
7. Rhode Island
8. Virginia
79. Washington

FRANCHISE AGREEMENT AMENDMENT
FOR THE STATE OF CALIFORNIA

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20____, between USA Mobile Drug Testing, LLC and _____ (“Franchisee”) to amend and revise said Franchise Agreement as follows:

1. In Section 3.1 of the Agreement, under the heading “Initial Franchise Fee”), the first and last sentences of the Section are deleted in their entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

3.1 Initial Franchise Fee. Franchisee is paying Franchisor a nonrecurring and nonrefundable initial franchise fee in the amount set forth below. The initial franchise fee will be due and payable in full once Franchisor has performed its material pre-operational obligations and Franchisee first begins operating its USA Mobile Drug Testing business, which Franchisee and Franchisor agree will be upon Franchisee’s completion of the required pre-opening training. The initial franchise fee is paid in consideration of the rights granted under this Agreement and is fully earned and non-refundable at the time paid.

The Initial Franchise Fee is \$_____.

2. Each provision of this amendment will be effective only to the extent that the jurisdictional requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-31516, or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043, or the California Civil Code §1671 are met independently with respect to each such provision and without reference to this amendment.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.

USA Mobile Drug Testing, LLC:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FRANCHISE AGREEMENT AMENDMENT
FOR THE STATE OF ILLINOIS

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20____, between USA Mobile Dmg Testing, LLC and _____ (“Franchisee”) to amend and revise said Franchise Agreement as follows:

1. In Section 3.1 of the Agreement, under the heading “Initial Franchise Fee”, the first and last sentences of the Section are deleted in their entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

3.1 Initial Franchise Fee. Franchisee is paying Franchisor a nonrecurring and nonrefundable initial franchise fee in the amount set forth below. The initial franchise fee will be due and payable in full once Franchisor has performed its material pre-operational obligations and Franchisee first begins operating its USA Mobile Drug Testing business. This deferral is required by the Illinois Attorney General based on our financial statements. Franchisee and Franchisor agree that Franchisee will be considered to begin operating its business once Franchisor has provided the required pre-opening training and has authorized Franchisee to begin operating its business. The initial franchise fee is paid in consideration of the rights granted under this Agreement and is fully earned and non-refundable at the time paid.

2. Section 2.4 of the Agreement, under the heading “Term and Renewal,” shall be amended by the addition of the following new paragraph, which shall be considered an integral part of the Agreement:

If any of the provisions of this Section 2.4 are inconsistent with Section 20 of the Illinois Franchise Disclosure Act, the provisions of the Act shall apply. If Franchisor refuses to renew this Agreement, Franchisor shall compensate Franchisee if (and to the extent) such compensation is required under Section 20 of the Illinois Franchise Disclosure Act.

3. Article XII of the Agreement, under the heading “Termination of Agreement,” shall be amended by the addition of the following new paragraph, which shall be considered an integral part of the Agreement:

If any of the provisions of this Section 12 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act, then said Illinois law shall apply.

4. Sections 15.13 and 15.14 of the Agreement, under the heading “General Provisions,” shall be deleted in their entirety, and shall have no force or effect; and the following new paragraphs shall be substituted in lieu thereof:

15.13. **Governing Law.** All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et. seq.). Except to the extent governed by the Federal Arbitration Act as required hereby, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et. seq.) or other Federal law, this Agreement, the Franchise and all claims arising from the relationship between Franchisor and Franchisee will be governed by and construed in accordance with the laws of the State of Illinois, without regard to its conflict of laws principles, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its USA Mobile Dmg Testing

Franchise Business owners will not apply unless jurisdictional requirements are met independently without reference to this Section 15.13.

15.14. **Consent To Jurisdiction.** Subject to the arbitration provisions of this Agreement, Franchisee and Franchisee's owners agree that Franchisor may institute any action against Franchisee or Franchisee's owners in any state or federal court of general jurisdiction in Florida, and Franchisee (and each owner) irrevocably submits to the jurisdiction of such courts and waives any objection Franchisee (or he or she) may have to either the jurisdiction of, or venue in, such courts, except with respect to claims arising under the Illinois Franchise Disclosure Act.

5. Article XV of the Agreement, under the heading "General Provisions," shall be amended by the addition of the following new Section 15.25, which shall be considered an integral part of the Agreement:

15.25 Nothing contained in this Section or otherwise in this Agreement shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other Illinois law (as long as the jurisdictional requirements of the Illinois Franchise Disclosure Act are met).

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this amendment.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

USA Mobile Drug Testing, LLC:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FRANCHISE AGREEMENT AMENDMENT
FOR THE STATE OF MARYLAND

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20____, between USA Mobile Dmg Testing, LLC and _____ (“Franchisee”) to amend and revise said Franchise Agreement as follows:

1. Section 2.2 of the Agreement, under the heading “Acknowledgments,” shall be amended by the following:

The foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 2.4.7 of the Agreement, under the heading “Grant of Franchise,” shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

2.4.7 Franchisee shall execute a general release (which shall include a release Owners and guarantors of Franchisee), in a form prescribed by Franchisor, of any and all claims against Franchisor and its subsidiaries, affiliates, successors, and assigns, and their respective officers, directors, shareholders, partners, agents, representatives, servants, and employees; excluding only such claims as the Franchisee may have under the Maryland Franchise Registration and Disclosure Law; and

3. In Section 3.1 of the Agreement, under the heading “Initial Franchise Fee”, is amended by the addition of the following:

All initial fees and payments to be made to Franchisor, and payments to be collected by Franchisor on behalf of third parties, shall be deferred until such time as Franchisor completes Franchisor’s initial obligations under this Agreement.

4. Section 11.3.1 of the Agreement, under the heading “Transfer,” shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

11.3.1 The transferor shall have executed a general release (which shall include a release from the transferor, Franchisee, and owners, Owners, and guarantors of Franchisee), in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between Franchisee and Franchisor or its affiliates, and federal, state, and local laws and rules; excluding only such claims as the transferor may have under the Maryland Franchise Registration and Disclosure Law.

5. Sections 15.14 and 15.17 of the Agreement, under the heading “General Provisions,” shall be deleted in their entirety, and shall have no force or effect; and the following shall be substituted in lieu thereof:

15.14. **Consent To Jurisdiction.** Subject to the arbitration provisions of this Agreement, Franchisee and Franchisee's owners agree that Franchisor may institute any action against Franchisee or Franchisee's owners in any state or federal court of general jurisdiction in Florida, and Franchisee (and each owner) irrevocably submits to the jurisdiction of such courts and waives any objection Franchisee (or he or she) may have to either the jurisdiction of, or venue in, such courts, except with respect to claims arising under the Maryland Franchise Registration and Disclosure Law.

15.17. **Limitations Of Claims.** Except for claims arising from Franchisee's nonpayment or underpayment of amounts Franchisee owes Franchisor pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or Franchisor's relationship with Franchisee will be barred unless a judicial or arbitration proceeding is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claim, except that any and all claims arising under the Maryland Franchise Registration and Disclosure Law shall be commenced within three (3) years from the grant of the franchise.

6. Article XV of the Agreement, under the heading "General Provisions," shall be amended by the following:

The foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

7. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

USA Mobile Dmg Testing, LLC:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FRANCHISE AGREEMENT AMENDMENT
FOR THE STATE OF MINNESOTA

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20____, between USA Mobile Dmg Testing, LLC and _____ (“Franchisee”) to amend and revise said Franchise Agreement as follows:

1. Section 2.4.7 of the Agreement, under the heading “Grant of Franchise,” shall be deleted in its entirety and shall have no force or effect, and the following paragraph shall be inserted in lieu thereof:

2.4.7 Franchisee shall execute a general release (which shall include a release Owners and guarantors of Franchisee), in a form prescribed by Franchisor, of any and all claims against Franchisor and its subsidiaries, affiliates, successors, and assigns, and their respective officers, directors, shareholders, partners, agents, representatives, servants, and employees; excluding only such claims as Franchisee may have that have arisen under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce; and

2. Section 2.4 of the Agreement, under the heading “Term and Renewal,” shall be amended by the addition of the following new paragraph:

Minnesota law provides franchisees with certain non renewal rights. In sum, Minn. Stat. § 80C.14 (subd. 4) currently requires, except in certain specified cases, that a franchisee be given 180 days notice of non renewal of the Franchise Agreement.

3. In Section 3.1 of the Agreement, under the heading “Initial Franchise Fee”, the first and last sentences of the Section are deleted in their entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

3.1 Initial Franchise Fee. Franchisee is paying Franchisor a nonrecurring and nonrefundable initial franchise fee in the amount set forth below. The initial franchise fee will be due and payable in full once Franchisor has performed its material pre-operational obligations and Franchisee first begins operating its USA Mobile Dmg Testing business, which Franchisee and Franchisor agree will be upon Franchisee’s completion of the required pre-opening training. The initial franchise fee is paid in consideration of the rights granted under this Agreement and is fully earned and non-refundable at the time paid.

The Initial Franchise Fee is \$ _____.

4. Article VI of the Agreement, under the heading “Marks and Confidential Information,” shall be amended by the addition of the following new paragraph (6.8):

6.8 Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), Franchisor is required to protect any rights Franchisee may have to Franchisor’s Proprietary Marks.

5. Section 11.3.1 of the Agreement, under the heading “Transfer,” shall be deleted in its entirety and shall have no force or effect, and the following paragraph shall be inserted in lieu thereof:

11.3.1 The transferor shall have executed a general release (which shall include a release from the transferor, Franchisee, and owners, Owners, and guarantors of Franchisee), in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between Franchisee and Franchisor or its affiliates, and federal, state, and local laws and mles; excluding only such claims as the transferor may have under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

6. Article XI of the Agreement, under the heading "Transfer," shall be amended by the addition of the following new paragraph 11.5:

11.5 Minnesota law provides franchisees with certain transfer rights. In sum, Minn. Stat. § 80C.14 (subd. 5) curtently requires that consent to the transfer of the franchise may not be unreasonably withheld.

7. Article XII of the Agreement, under the heading "Termination of Agreement," shall be amended by the following new paragraph 12.7:

12.7 Minnesota law provides franchisees with certain termination rights. In sum, Minn. Stat. § 80C.14 (subd. 3) curtently requires, except in certain specitied cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) of the Franchise Agreement.

8. Section 12.3 (f) of the Agreement, under the subheading "Actions Upon Termination," shall be deleted in their entirety and shall have no force or effect; and the following paragraphs shall be substituted in lieu thereof:

(f) pay to Franchisor all costs and expenses, including reasonable attomeys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in seeking injunctive or other relief for the enforcement of any provisions of this Agreement;

9. Article XV of the Agreement, under the heading "General Provisions", shall be amended by the following paragraph, which shall be considered an integral part of the Agreement:

Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to jury trial, any procedure, forum, or remedies as may be provided for by the laws of the jurisdiction.

10. Section 15.17 shall be amended by the additional of the following at the end of the paragraph, and shall be considered an integral part of the Agreement"

Notwithstanding anything to the contrary in this Agreement, any claims under the Minnesota Franchises Law and the Rules and Regulations must be brought within three (3) years after the claim accrues.

11. Each provision of this Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this addendum to the Agreement.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

USA Mobile Dmg Testing, LLC:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FRANCHISE AGREEMENT AMENDMENT
FOR THE STATE OF NEW YORK

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20____, between USA Mobile Dmg Testing, LLC and _____ (“Franchisee”) to amend and revise said Franchise Agreement as follows:

1. Section 2.4.7 of the Agreement, under the heading “Grant of Franchise,” shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

2.4.7 Franchisee shall execute a general release (which shall include a release Owners and guarantors of Franchisee), in a form prescribed by Franchisor, of any and all claims against Franchisor and its subsidiaries, affiliates, successors, and assigns, and their respective officers, directors, shareholders, partners, agents, representatives, servants, and employees; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680 695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied; and

2. Section 11.3.1 of the Agreement, under the heading “Transfer,” shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof

11.3.1 The transferor shall have executed a general release (which shall include a release from the transferor, Franchisee, and owners, Owners, and guarantors of Franchisee), in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between Franchisee and Franchisor or its affiliates, and federal, state, and local laws and rules; provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680 695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. Section 12.3 (f) of the Agreement, under the subheading “Actions Upon Termination,” shall be deleted in their entirety and shall have no force or effect; and the following paragraphs shall be substituted in lieu thereof

(f) pay to Franchisor all costs and expenses, including reasonable attorneys’ fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in seeking injunctive or other relief for the enforcement of any provisions of this Agreement;

4. Article XV of the Agreement, under the heading "General Provisions," shall be amended by the addition of the following language:

Nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by New York General Business Law, Sections 680-695.

5. There are circumstances in which an offering made by Franchisor would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if Franchisee is domiciled in or the franchise will be opening in New York. Franchisor is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

USA Mobile Drug Testing, LLC:
By: _____
Title: _____

Franchisee: _____
By: _____
Title: _____

FRANCHISE AGREEMENT AMENDMENT
FOR THE STATE OF NORTH DAKOTA

This Addendum to the Franchise Agreement is agreed to this _____ day of _____, 20____, between USA Mobile Dmg Testing, LLC and _____ ("Franchisee") to amend and revise said Franchise Agreement as follows:

I. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Sims of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.

C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

I. Limitation of Claims: Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

J. Enforcement of Agreement: Requiring that North Dakota franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

2. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Franchisor and Franchisee satisfy all of the jurisdictional requirements of the North Dakota Franchise Investment Law, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

USA Mobile Drug Testing, LLC: _____ Franchisee: _____

By: _____ By: _____

Title: _____ Title: _____

FRANCHISE AGREEMENT AMENDMENT
FOR THE STATE OF RHODE ISLAND

This Addendum to the Franchise Agreement is agreed to this _____ day of _____, 20____
between USA Mobile Drug Testing, LLC and _____ ("Franchisee") to
amend and revise said Franchise Agreement as follows:

1. _____ Section XV of the Agreement, under the heading "General Provisions," shall be
amended by the addition of the following:

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

2. _____ This amendment shall be effective only to the extent, with respect to such
provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-
28.1-1 through 19-28.1-34, are met independtly without reference to this amendment.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read
this Addendum, and understands and consents to be bound by all of its terms.

USA Mobile Drug Testing, LLC: _____ Franchisee: _____

By: _____ By: _____

Title: _____ Title: _____

FRANCHISE AGREEMENT AMENDMENT
FOR THE COMMONWEALTH OF VIRGINIA

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20____, between USA Mobile Dmg Testing, LLC and _____ ("Franchisee") to amend and revise said Franchise Agreement as follows:

1. Section 3.1 of the Agreement, under the heading "Initial Franchise Fee" is amended by the addition of the following:

Notwithstanding any terms of this Agreement that specify that the Initial Franchise Fee must be paid at the time this Franchise Agreement is signed, the Virginia State Corporation Commission's Division of Securities and Retail Franchising requires Franchisor to defer payment of the Initial Franchise Fee and other initial payments owed by Franchisee to Franchisor until Franchisor has completed its pre-opening obligations under this Agreement and Franchisee begins operating the Franchised Business.

2. This amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Virginia Retail Franchising Act are met independently without reference to this amendment.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

USA Mobile Drug Testing, LLC:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FRANCHISE AGREEMENT AMENDMENT
FOR THE STATE OF WASHINGTON

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20____, between USA Mobile Dmg Testing, LLC and _____ (“Franchisee”) to amend and revise said Franchise Agreement as follows:

1. In Section 3.1 of the Agreement, under the heading “Initial Franchise Fee”), the first and last sentences of the Section are deleted in their entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

3.1 **Initial Franchise Fee.** Franchisee is paying Franchisor a nonrecurring and nonrefundable initial franchise fee in the amount set forth below. The initial franchise fee will be due and payable in full once Franchisor has performed its material pre-operational obligations and Franchisee first begins operating its USA Mobile Dmg Testing business, which Franchisee and Franchisor agree will be upon Franchisee’s completion of the required pre-opening training. The initial franchise fee is paid in consideration of the rights granted under this Agreement and is fully earned and non-refundable at the time paid.

The Initial Franchise Fee is \$_____.

2. The Franchise Agreement is further revised as follows:

The state of Washington has a statute, **RCW 19.100.180**, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 **RCW** shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, are met independently without reference to this amendment.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

USA Mobile Drug Testing, LLC:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT I of FDD
SUBSCRIPTION AGREEMENT



~~USA Mobile Drug Testing, LLC Subscription Agreement~~
USA Mobile Drug Testing POLICY COMPLIANCE SERVICE TERMS OF USE

Version 1.1 July 20, 2009

~~By clicking the "I Accept" button displayed as part of the subscription process, you agree to the following terms and conditions (the "subscription agreement") governing your use of USA Mobile Drug Testing Policy Compliance Service's online service, including all offline components such as materials and documentation (collectively, the "Service"). If you are entering into this Agreement on behalf of a company or other legal entity, you represent that you have the authority to bind such entity to these terms and conditions, in which case the terms "you" or "your" shall refer to such company or legal entity. If you do not have such authority to agree on behalf of your organization, or if you do not agree with these terms and conditions, you must select the "I Decline" button and may not use the service.~~

WELCOME

~~As part of the Service, USA Mobile Drug Testing Policy Compliance Service will provide you with use of the Service, including a Web browser interface and secure data encryption, transmission, access, data storage, and backup. Your registration for, or use of, the Service shall be deemed to be your agreement to abide by this Agreement, including any materials available on the USA Mobile Drug Testing Policy Compliance Service website, which are incorporated herein by reference, including but not limited to USA Mobile Drug Testing Policy Compliance Service's privacy and security policies. For clarification and reference, a Definitions section is included at the end of this Agreement.~~

I. PRIVACY AND SECURITY DISCLOSURE

~~USA Mobile Drug Testing Policy Compliance Service's privacy and security policies may be viewed at <https://www.usamobiledrugtesting.com/>. USA Mobile Drug Testing Policy Compliance Service reserves the right to modify its privacy and security policies in its reasonable discretion from time to time. Individual users, when they initially log in, may be asked whether or not they wish to receive marketing and other non-critical Service-related communications from USA Mobile Drug Testing from time to time. They may opt out of receiving such communications at that time or at any subsequent time by changing their preference under Personal Setup. Note that because the Service is a hosted, online application, USA Mobile Drug Testing Policy Compliance Service occasionally may need to notify all users of the Service (whether or not they have opted out as described above) of important announcements regarding the operation of the Service. By becoming a paying customer of the Service, you agree that USA Mobile Drug Testing Policy Compliance Service may disclose the fact that you are a paying customer in its customer list.~~

2. SUBSCRIPTION GRANT AND RESTRICTIONS

~~USA Mobile Drug Testing Policy Compliance Service hereby grants you a non-exclusive, non-transferable, worldwide right to use the Service, solely for your own internal business purposes, subject to the terms and conditions of this Agreement. All rights not expressly granted to you are reserved by USA Mobile Drug Testing Policy Compliance Service and its licensees.~~

~~You may not access the Service if you are a direct competitor of USA Mobile Drug Testing Policy Compliance Service, except with USA Mobile Drug Testing Policy Compliance Service's prior written consent. In addition, you may not access the Service for purposes of monitoring its availability, performance, or functionality, or for any other benchmarking or competitive purposes.~~

~~You shall not (i) license, sublicense, sell, resell, transfer, assign, distribute, or otherwise commercially exploit or make available to any third party the Service or the Content in any way; (ii) modify or make derivative works based upon the Service or the Content; (iii) create Internet "links" to the Service or "frame" or "mirror" any Content on any other server or wireless or Internet based device; or (iv) reverse engineer or access the Service in order to (a) build a competitive product or service, (b) build a product using similar ideas, features, functions or graphics of the Service, or (c) copy any ideas, features, functions, or graphic images of the Service. Customer Test Packs cannot be shared or used by more than one individual User but may be reassigned from time to time to new Users who are replacing former Users who have terminated employment or otherwise changed job status or position and no longer use the Service.~~

~~You may use the USA Mobile Drug Testing Service only for your internal business purposes and shall not: (i) send spam or otherwise duplicative or unsolicited messages in violation of applicable laws or regulations; (ii) send or store infringing, obscene, threatening, libelous, or otherwise unlawful or tortious material, including material harmful to children or violative of third party privacy rights; (iii) send or store material containing software viruses, worms, Trojan horses or other harmful computer code, files, scripts, agents, or programs; (iv) interfere with or disrupt the integrity or performance of the Service or the data contained therein; or (v) attempt to gain unauthorized access to the Service or its related systems or networks.~~

3. YOUR RESPONSIBILITIES AS A USA MOBILE DRUG TESTING SERVICE USER

~~You are responsible for all activity occurring under your User accounts and shall abide by all applicable local, state, national, and applicable foreign laws, treaties, and regulations in connection with your use of the Service, including all laws related to data privacy, international communications, and the transmission of technical or personal data.~~

~~You shall: (i) notify USA Mobile Drug Testing Policy Compliance Service immediately of any unauthorized use of any password or account or any other known or suspected breach of security; (ii) report to USA Mobile Drug Testing Policy Compliance Service immediately and use reasonable efforts to stop immediately any copying or distribution of Content that is known or suspected by you or your Users; and (iii) not impersonate another USA Mobile Drug Testing Policy Compliance Service user or provide false identity information to gain access to or use the Service.~~

4. ACCOUNT INFORMATION AND DATA

~~USA Mobile Drug Testing Policy Compliance Service does not own any data, information or material that you submit to the Service in the course of using the Service ("Customer Data"). You, not USA Mobile Drug Testing Policy Compliance Service, shall have sole responsibility for the accuracy, quality, integrity, legality, reliability, appropriateness, and intellectual property ownership or right to use of all Customer Data, and USA Mobile Drug Testing Policy Compliance Service shall not be responsible or liable for the deletion, correction, destruction, damage, loss, or failure to store any Customer or user data.~~

~~In the event this Agreement is terminated (other than by reason of your breach), USA Mobile Drug Testing Policy Compliance Service will make available to you a file of the Customer Data within 30 days of termination if you so request at the time of termination. USA Mobile Drug Testing Policy Compliance Service reserves the right to withhold, remove and/or discard service user data without notice for any breach. USA Mobile Drug Testing may also offer a data retention service at a reasonable cost. Upon termination for cause, your right to access or use Customer Data immediately ceases, and USA Mobile Drug Testing Policy Compliance Service shall have no obligation to maintain or forward any Customer Data.~~

5. INTELLECTUAL PROPERTY OWNERSHIP

~~USA Mobile Drug Testing Policy Compliance Service alone (and its licensees, where applicable) shall own all right, title, and interest, including all related Intellectual Property Rights, in and to the USA Mobile Drug Testing Policy Compliance Service Technology, the Content and the Service and any suggestions, ideas, enhancement requests, feedback, recommendations, or other information provided by you or any other party relating to the Service. This Agreement is not a sale and does not convey to you any rights of ownership in or related to the Service, the USA Mobile Drug Testing Policy Compliance Service Technology or the Intellectual Property Rights owned by USA Mobile Drug Testing Policy Compliance Service. The USA Mobile Drug Testing Policy Compliance Service name, the USA Mobile Drug Testing Policy Compliance Service logo, and the product names associated with the Service are trademarks of USA Mobile Drug Testing Policy Compliance Service or third parties, and no right or license is granted to use them.~~

6. THIRD PARTY INTERACTIONS

~~During use of the USA Mobile Drug Testing Service, you may enter into correspondence with, purchase goods and/or services from, or participate in promotions of advertisers or sponsors showing their goods and/or services through the Service. Any such activity, and any terms, conditions, warranties, or representations associated with such activity are solely between you and the applicable third party. USA Mobile Drug Testing Policy Compliance Service and its licensees shall have no liability, obligation or responsibility for any such correspondence, purchase, or promotion between you and any such third party. USA Mobile Drug Testing Policy Compliance Service does not endorse any sites on the Internet that may be linked through the Service. USA Mobile Drug Testing Policy Compliance Service provides these links to you only as a matter of convenience, and in no event shall USA Mobile Drug Testing Policy Compliance Service or its licensees be responsible for any content, products, or other materials on or available from such sites. USA Mobile Drug Testing Policy Compliance Service provides the Service to you pursuant to the terms and conditions of this Agreement. You recognize, however, that certain third party providers of ancillary software to the core USA Mobile Drug Testing service, hardware or services may require your agreement to additional or different license or other terms prior to your use of or access to such software, hardware, or services.~~

7. CHARGES AND PAYMENT OF FEES

~~Our preferred payment method is Electronic Funds Transfer (EFT) via a secure online payment system.~~

~~You must provide USAMDT PCS with a valid credit card. USAMDT PCS reserves the right to modify its fees and charges and to introduce new charges at any time, upon at least 30 days prior notice to you, which notice may be provided by e-mail. All pricing terms are confidential, and you agree not to disclose them to any third party.~~

~~Our service pricing model is:~~

- ~~1. Per test processed;~~
- ~~2. Less per test processed for volume purchases.~~

8. BILLING AND RENEWAL

~~USA Mobile Drug Testing Policy Compliance Service charges and collects in advance for use of the Service. For customer convenience, USA Mobile Drug Testing Policy Compliance Service will remind customers when their Test Pack credits are running low. Customers can alternatively elect to set up customized automatic reminders when their remaining test credits falls below a predefined level. USA Mobile Drug Testing Policy Compliance Service has given you at least 30 days prior written notice of a fee increase, which shall be effective upon renewal and thereafter. Fees for other services will be charged on an as quoted basis. USA Mobile Drug Testing Policy Compliance Service's fees are exclusive of all taxes, levies, or duties imposed by taxing authorities, and you shall be responsible for payment of all such taxes, levies, or duties, excluding only United States (federal or state) taxes based solely on USA Mobile Drug Testing Policy Compliance Service's income.~~

9. TERMINATION UPON EXPIRATION

~~This Agreement commences on the Effective Date and ends on the renewal date with 120 days cancellation notice.~~

10. TERMINATION FOR CAUSE

~~Any breach of your payment obligations or unauthorized use of the USA Mobile Drug Testing Policy Compliance Service Technology or Service will be deemed a material breach of this Agreement. USA Mobile Drug Testing Policy Compliance Service, in its sole discretion, may terminate your password, account or use of the Service if you breach or otherwise fail to comply with this Agreement. In addition, USA Mobile Drug Testing Policy Compliance Service may terminate a free account at any time in its sole discretion.~~

11. REPRESENTATIONS & WARRANTIES

~~Each party represents and warrants that it has the legal power and authority to enter into this legal Agreement. USA Mobile Drug Testing Policy Compliance Service represents and warrants that it will provide the Service in a manner consistent with general industry standards reasonably applicable to the provision thereof and that the Service will perform substantially in accordance with the online USA Mobile Drug Testing Policy Compliance Service help documentation under normal use and circumstances. You represent and warrant that you have not falsely identified yourself nor provided any false information to gain access to the Service and that your billing information is correct.~~

12. MUTUAL INDEMNIFICATION

~~You shall indemnify and hold USA Mobile Drug Testing Policy Compliance Service, its licensees and each such party's parent organizations, subsidiaries, affiliates, officers, directors, employees, attorneys and agents harmless from and against any and all claims, costs, damages, losses, liabilities and expenses (including attorneys' fees and costs) arising out of or in connection with: (i) a claim alleging that use of the Customer Data infringes the rights of, or has caused harm to, a third party; (ii) a claim, which if true, would constitute a violation by you of your representations and warranties; or (iii) a claim arising from the breach by you or your Users of this Agreement, provided in any such case that USA Mobile Drug Testing Policy Compliance Service (a) gives written notice of the claim promptly to you; (b) gives you sole control of the defense and settlement of the claim (provided that you may not settle or defend any claim unless you unconditionally release USA Mobile Drug Testing Policy Compliance Service of all liability and such settlement does not affect USA Mobile Drug Testing Policy Compliance Service's business or Service); (c) provides to you all available information and assistance; and (d) has not compromised or settled such claim.~~

~~USA Mobile Drug Testing Policy Compliance Service shall indemnify and hold you and your parent organizations, subsidiaries, affiliates, officers, directors, employees, attorneys and agents harmless from and against any and all claims, costs, damages, losses, liabilities and expenses (including attorneys' fees~~

and costs) arising out of or in connection with: (i) a claim alleging that the Service directly infringes a copyright, a U.S. patent issued as of the Effective Date, or a trademark of a third party; (ii) a claim, which if true, would constitute a violation by USA Mobile Drug Testing Policy Compliance Service of its representations or warranties; or (iii) a claim arising from breach of this Agreement by USA Mobile Drug Testing Policy Compliance Service; provided that you (a) promptly give written notice of the claim to USA Mobile Drug Testing Policy Compliance Service; (b) give USA Mobile Drug Testing Policy Compliance Service sole control of the defense and settlement of the claim (provided that USA Mobile Drug Testing Policy Compliance Service may not settle or defend any claim unless it unconditionally releases you of all liability); (c) provide to USA Mobile Drug Testing Policy Compliance Service all available information and assistance; and (d) have not compromised or settled such claim. USA Mobile Drug Testing Policy Compliance Service shall have no indemnification obligation, and you shall indemnify USA Mobile Drug Testing Policy Compliance Service pursuant to this Agreement, for claims arising from any infringement arising from the combination of the Service with any of your products, service, hardware or business process(s).

13. DISCLAIMER OF WARRANTIES

~~NO GUARANTY AS TO THE RELIABILITY, TIMELINESS, QUALITY, SUITABILITY, TRUTH, AVAILABILITY, ACCURACY OR COMPLETENESS OF THE SERVICE OR ANY CONTENT. USA MOBILE DRUG TESTING POLICY COMPLIANCE SERVICE AND ITS LICENSEES DO NOT REPRESENT OR WARRANT THAT (A) THE USE OF THE SERVICE WILL BE SECURE, TIMELY, UNINTERRUPTED OR ERROR-FREE OR OPERATE IN COMBINATION WITH ANY OTHER HARDWARE, SOFTWARE, SYSTEM OR DATA, (B) THE SERVICE WILL MEET YOUR REQUIREMENTS OR EXPECTATIONS, (C) ANY STORED DATA WILL BE ACCURATE OR RELIABLE, (D) THE QUALITY OF ANY PRODUCTS, SERVICES, INFORMATION, OR OTHER MATERIAL PURCHASED OR OBTAINED BY YOU THROUGH THE SERVICE WILL MEET YOUR REQUIREMENTS OR EXPECTATIONS, (E) ERRORS OR DEFECTS WILL BE CORRECTED, OR (F) THE SERVICE OR THE SERVER(S) THAT MAKE THE SERVICE AVAILABLE ARE FREE OF VIRUSES OR OTHER HARMFUL COMPONENTS. THE USA MOBILE DRUG TESTING SERVICE, AND ALL CONTENT ARE PROVIDED TO YOU STRICTLY ON AN "AS IS" BASIS. ALL CONDITIONS, REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT OF THIRD PARTY RIGHTS, ARE HEREBY DISCLAIMED TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW BY USA MOBILE DRUG TESTING POLICY COMPLIANCE SERVICE AND ITS LICENSEES.~~

14. INTERNET DELAYS

~~USA Mobile Drug Testing policy compliance service's services may be subject to limitations, delays, and other problems inherent in the use of the internet and electronic communications. USA Mobile Drug Testing policy compliance service is not responsible for any delays, delivery failures, or other damage resulting from such problems.~~

15. LIMITATION OF LIABILITY

~~In no event shall either party's aggregate liability exceed the amounts actually paid by and/or due from you in the twelve (12) month period immediately preceding the event giving rise to such claim. In no event shall either party and/or its licensees be liable to anyone for any indirect, punitive, special, exemplary, incidental, consequential or other damages of any type or kind (including loss of data, revenue, profits, use, or other economic advantage) arising out of, or in any way connected with this service, including but not limited to the use or inability to use the USA Mobile Drug Testing service, or for any content obtained from or through the service, any interruption, inaccuracy, error or omission,~~

regardless of cause in the content, even if the party from which damages are being sought or such party's licensees have been previously advised of the possibility of such damages.

16. ADDITIONAL RIGHTS

Certain states and/or legal jurisdictions do not allow the exclusion of implied warranties or limitation of liability for incidental, consequential, or certain other types of damages, so the exclusions set forth above may not apply to you.

17. LOCAL LAWS AND EXPORT CONTROL

This site provides services and uses software and technology that may be subject to United States (or European Union) export controls administered by the U.S. Department of Commerce, the United States Department of Treasury Office of Foreign Assets Control, and other U.S. agencies and the export control regulations of the European Union. The user of this site ("User") acknowledges and agrees that the site shall not be used, and none of the underlying information, software, or technology may be transferred or otherwise exported or re-exported to countries as to which the United States and/or the European Union maintains an embargo (collectively, "Embargoed Countries"), or to or by a national or resident thereof, or any person or entity on the U.S. Department of Treasury's List of Specially Designated Nationals or the U.S. Department of Commerce's Table of Denial Orders (collectively, "Designated Nationals"). The lists of Embargoed Countries and Designated Nationals are subject to change without notice. By using the Service, you represent and warrant that you are not located in, under the control of, or a national or resident of an Embargoed Country or Designated National. You agree to comply strictly with all U.S. and European Union export laws and assume sole responsibility for obtaining licenses to export or re-export as may be required.

The USA Mobile Drug Testing service may use encryption technology that is subject to licensing requirements under the U.S. Export Administration Regulations, 15 C.F.R. Parts 730-774 and Council Regulation (EC) No. 1334/2000

USA Mobile Drug Testing Policy Compliance Service and its licensees make no representation that the Service is appropriate or available for use in other locations. If you use the Service from outside the United States of America, and/or the European Union, you are solely responsible for compliance with all applicable laws, including without limitation export and import regulations of other countries. Any diversion of the USA Mobile Drug Testing Content contrary to United States or European Union (including European Union

18. NOTICE

USA Mobile Drug Testing Policy Compliance Service may give notice by means of a general notice on the Service; electronic mail to your e-mail address on record in USA Mobile Drug Testing Policy Compliance Service's account information, or by written communication sent by first class mail or pre-paid post to your address on record in USA Mobile Drug Testing Policy Compliance Service's account information. Such notice shall be deemed to have been given upon the expiration of 48 hours after mailing or posting (if sent by first class mail or pre-paid post) or 12 hours after sending (if sent by email). You may give notice to USA Mobile Drug Testing Policy Compliance Service (such notice shall be deemed given when received by USA Mobile Drug Testing Policy Compliance Service) at any time by any of the following: letter sent by confirmed facsimile to USA Mobile Drug Testing Policy Compliance Service at the following fax numbers (whichever is appropriate): (813-994-9046 or 813-435-2175) (for U.S. Customers). Letters delivered by nationally recognized overnight delivery service or first class postage prepaid mail to USA Mobile Drug Testing Policy Compliance Service at the following addresses (whichever is appropriate): USA Mobile Drug Testing, 3505 E. Frontage Road, Suite 325, Tampa, Florida 33607, United States.

19. MODIFICATION OF TERMS

~~USA Mobile Drug Testing Policy Compliance Service reserves the right to modify the terms and conditions of this Agreement or its policies relating to the Service at any time, effective upon posting of an updated version of this Agreement on the Service. You are responsible for regularly reviewing this Agreement. Continued use of the Service after any such changes shall constitute your consent to such changes.~~

20. ASSIGNMENT; CHANGE IN CONTROL

~~This Agreement may not be assigned by you without the prior written approval of USA Mobile Drug Testing Policy Compliance Service but may be assigned without your consent by USA Mobile Drug Testing Policy Compliance Service to (i) a parent or subsidiary, (ii) an acquirer of assets, or (iii) a successor by merger. Any purported assignment in violation of this section shall be void. Any actual or proposed change in control of you that results or would result in a direct competitor of USA Mobile Drug Testing Policy Compliance Service directly or indirectly owning or controlling 50% or more of you shall entitle USA Mobile Drug Testing Policy Compliance Service to terminate this Agreement for cause immediately upon written notice.~~

21. GENERAL

~~With respect to United States customers, this Agreement shall be governed by Florida law and controlling United States federal law without regard to the choice or conflicts of law provisions of any jurisdiction, and any disputes, actions, claims or causes of action arising out of or in connection with this Agreement or the Service shall be subject to the exclusive jurisdiction of the state and federal courts in Florida;~~

~~No text or information set forth on any other purchase order, preprinted form or document (other than an Order Form, if applicable) shall add to or vary the terms and conditions of this Agreement between you and the USA Mobile Drug Testing Service. If any provision of this Agreement is held by a court in the competent jurisdiction to be invalid or unenforceable, then such provision(s) and only such provision(s) shall be construed, as nearly as possible, to reflect the intentions of the invalid or unenforceable provision(s), with all other provisions remaining in full force and effect. No joint venture, partnership, employment, or agency relationship exists between you and USA Mobile Drug Testing Policy Compliance Service as a result of this agreement or use of the Service. The failure of USA Mobile Drug Testing Policy Compliance Service to enforce any right or provision in this Agreement shall not constitute a waiver of such right or provision unless acknowledged and agreed to by USA Mobile Drug Testing Policy Compliance Service in writing. This Agreement, together with any applicable Order Form, comprises the entire agreement between you and USA Mobile Drug Testing Policy Compliance Service and supersedes all prior or contemporaneous negotiations, discussions or agreements, whether written or oral, between the parties regarding the subject matter contained herein.~~

22. DEFINITIONS

~~As used in this Agreement and in any Order Forms now or hereafter associated herewith:~~

- ~~• "Agreement" means these online terms of use, any Order Forms, whether written or submitted online via the Payment System, and any materials available on the USA Mobile Drug Testing Policy Compliance Service Web site specifically incorporated by reference herein, as such materials, including the terms of this Agreement, may be updated by USA Mobile Drug Testing from time to time in its sole discretion;~~
- ~~• "Content" means the audio and visual information, documents, software, products, and services contained or made available to you in the course of using the Service;~~

- ~~“Customer Data” means any data, information, or material provided or submitted by you to the Service in the course of using the Service;~~
- ~~“Effective Date” means the earlier of either the date this Agreement is accepted by selecting the “I Accept” option presented on the screen after this Agreement is displayed or the date you begin using the Service;~~
- ~~“Intellectual Property Rights” means unpatented inventions, patent applications, patents, design rights, copyrights, trademarks, service marks, trade names, domain name rights, mask work rights, know-how and other trade secret rights, and all other intellectual property rights, derivatives thereof, and forms of protection of a similar nature anywhere in the world;~~
- ~~“License Administrator(s)” means those Users designated by you who are authorized to purchase Test Packs online using the Online Order Center or by executing written Order Forms and to create User accounts and otherwise administer your use of the Service;~~
- ~~“Subscription Term(s)” means the period(s) during which a specified number of Users are licensed to use the Service pursuant to the Order Form(s);~~
- ~~“Order Form(s)” means the form evidencing the initial subscription for the Service and any subsequent order forms submitted online or in written form, specifying, among other things, the number of Test Packs and other services contracted for, the applicable fees, the billing period, and other charges as agreed to between the parties, each such Order Form to be incorporated into and to become a part of this Agreement (in the event of any conflict between the terms of this Agreement and the terms of any such Order Form, the terms of this Agreement shall prevail);~~
- ~~“Online Order Center” means USA Mobile Drug Testing Policy Compliance Service’s online application that allows the License Administrator designated by you to, among other things, add additional Users to the Service;~~
- ~~“USA Mobile Drug Testing Policy Compliance Service” means collectively the service provided by USA Mobile Drug Testing LLC, having its principal place of business at 3505 E. Frontage Road, Suite 325, Tampa, Florida 33607.~~
- ~~“USA Mobile Drug Testing Policy Compliance Service” means all of USA Mobile Drug Testing Policy Compliance Service’s proprietary technology (including software, hardware, products, processes, algorithms, user interfaces, know-how, techniques, designs and other tangible or intangible technical material or information) made available to you by USA Mobile Drug Testing Policy Compliance Service in providing the Service; “Service(s)” means the specific edition of USA Mobile Drug Testing Policy Compliance Service’s online customer relationship management, billing, data analysis, or other ERP services identified during the ordering process, developed, operated, and maintained by USA Mobile Drug Testing Policy Compliance Service, accessible via <https://www.USAMobileDrugTesting.com/> or another designated web silo or IP address, or ancillary online or offline products and services provided to you by USA Mobile Drug Testing Policy Compliance Service, to which you are being granted access under this Agreement, including the USA Mobile Drug Testing technology and the Content;~~
- ~~“User(s)” means you, your employees, representatives, consultants, contractors or agents who are authorized to use the Service and have been supplied user identifications and passwords by you (or by USA Mobile Drug Testing Policy Compliance Service at your request).~~

QUESTIONS OR ADDITIONAL INFORMATION:

If you have questions regarding this Agreement or wish to obtain additional information, please send an e-mail to salos@usamdl.com

This agreement is available in document format (PDF):

SUBSCRIBE

- Pricing
- Service Pricing
- Secure Payment
- Subscription Agreement



EXHIBIT J of FDD
GENERAL RELEASE AGREEMENT

The following is our current general release language that we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal or an approved transfer. We may, in our sole discretion, periodically modify the release.

General Release

THIS GENERAL RELEASE (the "Release") is made and entered into on this _____ day of _____, 20____ (the "Effective Date"), by and between:

- USA Mobile Drug Testing, LLC, a Florida limited liability company whose principal place of business is ~~3505 E. Frontage Road~~ 15310 Amberly Drive, Suite ~~325~~ 220, Tampa, Florida ~~33607~~ 33647 ("Franchisor"); and
- _____ a [resident of] [corporation organized in] [limited liability company organized in] _____ and having offices at _____ [("Franchisee")] [("Transferor")].

BACKGROUND:

- A. Franchisor and Franchisee are party to a [Franchise Agreement] dated _____ (the "Agreement");
- B. Franchisor and Franchisee have agreed, pursuant to the Agreement, [to renew or extend Franchisee's rights under the Agreement (the "Renewal Transaction")] [to permit a transfer or assignment of _____ pursuant to the Agreement (the "Transfer Transaction")], and in connection with the [Renewal Transaction] [Transfer Transaction], Franchisor and [Franchisee] [Transferor] have agreed to execute this Release, along with such other documents related to the approved [Renewal Transaction] [Transfer Transaction].

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

1. Release. [Franchisee] [Transferor], its officers and directors, its owners, and their respective agents, heirs, administrators, successors, and assigns (the "Franchisee Group"), hereby forever release and discharge, and forever hold harmless USA Mobile Drug Testing Business, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors, and assigns (the "Franchisor Group"), from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises, and expenses of every kind and nature, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which the Franchisee Group and/or its owners had, have, or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Agreement, the relationship created by the Agreement, or the development, ownership, or operation of the USA Mobile Drug Testing Business. The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense, or damages (actual or

consequential) including, without limitation, reasonable attorneys', accountants', and expert witness fees, costs of investigation and proof of facts, court costs, and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor, or other third party now has, ever had, or hereafter would or could have, as a result of, arising from, or under the Agreement or the USA Mobile Dmg Testing Business. The Franchisee Group and its owners represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements, or promises described herein.

2. General Terms.

2.1. This Release shall be binding upon, and inure to the benefit of, each party's respective heirs, representatives, successors, and assigns.

2.2. This Release shall take effect upon its acceptance and execution by each of the parties hereto.

2.3. This Release may be executed in counterparts, and signamres exchanged by fax, and each such counterpart, when taken together with all other identical copies of this Release also signed in counterpart, shall be considered as one Release.

2.4. The captions in this Release are for the sake of convenience only, and shall neither amend nor modify the terms hereof

2.5. This Release constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter hereof. No other representations have induced the parties to execute this Release. The parties agree that they have not relied upon anything other than the words of this Release in deciding whether to enter into this Release.

2.6. No amendment, change, or variance from this Release shall be binding on either party unless in writing and agreed to by all of the parties hereto.

2.7 [For Maryland franchisees, add this paragraph]: The parties agree that all actions arising under this Release must be commenced in the state or federal court of general jurisdiction in Maryland, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. This Release shall be interpreted and construed under the laws of the State of Maryland. In the event of any conflict of law, the laws of the State of Maryland shall prevail (without regard to, and without giving effect to, the application of Maryland conflict of law rules).

2.8 [For California franchisees, add this paragraph]: Each of the Franchisee Related Parties expressly waives and relinquishes all rights and benefits which either may now have or in the future have under and by virtue of California Civil Code Section 1542. The parties do so understanding the significance and consequence of such specific waiver. Section 1542 provides that "[a] general release does not extend to claims which the creditor does not know or suspect 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." For the purpose of implementing a general release and discharge as described in Section 1. above, the parties expressly acknowledge that this Agreement is intended to include in its effect, without limitation, all claims described in Section 1. above which the parties do not know or suspect to exist in

their favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Release in duplicate on the day and year first above written.

Franchisor

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**EXHIBIT ~~KJ~~ of FDD
RECEIPT**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If USA Mobile Dmg Testing, LLC offers you a USA Mobile Drug Testing Franchise, it must provide this Franchise Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If USA Mobile Dmg Testing, LLC does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

The Franchisor is USA Mobile Dmg Testing, LLC, located at ~~3505-E-Frontage Road~~ 15310 Amberly Drive, Suite ~~325~~, Tampa, FL-~~33607220~~, Tampa, Florida ~~3360733647~~, (800) 851-2021.

Issuance date: ~~April 29, 2011~~ May 23, 2012

The franchise seller for this offering is ~~Kevin Smith, Vice President~~ Joe Strom, CEO and President, USA Mobile Dmg Testing, LLC, at ~~3505-E-Frontage Road~~ 15310 Amberly Drive, Suite ~~325220~~, Tampa, Florida ~~3360733647~~, (800) 851-2021; or Brian Garoutte, Senior Vice President of Franchise Development, Rhino 7 Consulting, Inc., at 315 South Salem Street, Building 200, Suite A, Apex, North Carolina 27502, (919) 589-9999.

Any additional individual franchise sellers involved in offering the franchise are:

USA Mobile Drug Testing, LLC authorizes the respective state agencies identified on Exhibit B to receive service of process for it in the particular state.

I received this Franchise Disclosure Document dated ~~April 29, 2011~~ May 23, 2012 (and with effective dates of state registration as listed on the State Effective Dates page) that included the following Exhibits:

- | | |
|---|--|
| A – List of State Administrators | G – Franchisee Compliance Questionnaire |
| B – List of Agents for Service of Process | H-1 – State-Specific Disclosure Addenda |
| C – Franchise Agreement | H-2 – State-Specific Agreement Amendments |
| D – Table of Contents of Operating Manual | I – Subscription <u>General Release Agreement</u> |
| E – Financial Statements | J – General Release Agreement <u>Receipts</u> |
| F-1 – List of Franchisees | K – Receipts |
| F-2 – Former Franchisees | |

Prospective Franchisee:

Sign _____

Dated: _____, 20__

Print _____

(Copy #1 - to be retained for your records)

This Franchise Disclosure Document may also be available in pdf format on our website, ~~www.USAMobileDrugTesting.com~~ www.USAMobileDrugTesting.com. Please ask us.

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If USA Mobile Dmg Testing, LLC offers you a USA Mobile Drug Testing Franchise, it must provide this Franchise Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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If USA Mobile Drug Testing, LLC does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

The Franchisor is USA Mobile Drug Testing, LLC, located at ~~3505 E. Frontage Road~~ 15310 Amberly Drive, Suite ~~325220~~; Tampa, Florida ~~3360733647~~, (800) 851-2021.

Issuance date: ~~April 29, 2014~~ May 23, 2012

The franchise seller for this offering is ~~Kevin Smith, Vice~~ Joe Strom, CEO and President, USA Mobile Drug Testing, LLC, at ~~3505 E. Frontage Road~~ 15310 Amberly Drive, Suite ~~325220~~, Tampa, Florida ~~3360733647~~, (800) 851-2021; or Brian Garoutte, Senior Vice President of Franchise Development, Rhino 7 Consulting, Inc., at 315 South Salem Street, Building 200, Suite A, Apex, North Carolina 27502, (919) 589-9999.

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| F-1 – List of Franchisees | K – Receipts |
| F-2 – Former Franchisees | |

Prospective Franchisee:

Sign _____

Dated: _____, 20__

Print _____

Please return the signed receipt either by signing, dating and mailing to Rhino 7 Consulting, Inc., at 315 South Salem Street, Building 200, Suite A, Apex, North Carolina 27502 or by faxing a copy of the signed and dated receipt to Rhino 7 Consulting, Inc. at (919) 303-6191.

This Franchise Disclosure Document may also be available in pdf format on our website, ~~www.USAMobileDrugTesting.com~~ www.USAMobileDrugTesting.com. Please ask us.