

FRANCHISE DISCLOSURE DOCUMENT

ACFN®

ACFN Franchised Inc.
A California Corporation
Community Towers, Sixth Floor
111 W. Saint John Street
San Jose, California 95113
888-794-2236
www.acfnfranchise.com

ACFN® businesses are part of the ACFN® automated teller machine (“ATM”) network and provide ATM services, financial transaction processing services, and related financial services, and ancillary goods to businesses and individuals. ACFN® franchisees will market ATM services to hotels, retail locations, and other entertainment and travel-based businesses and will install ATMs at those host locations accepting the services, and will perform all services and maintenance required of the ATMs.

The total investment necessary to begin operation of an ACFN® business is from \$40,135 to \$67,044, assuming the operation of one to 3 ATMs. This includes \$30,785 to \$40,694 that must be paid to us or our affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Franchise Administrator at Community Towers, Sixth Floor, 111 W. Saint John Street, San Jose, California 95113, and (888) 794-2236, Ext. 5114.

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

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

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

Issuance Date: March 31, 2013

STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION OR LITIGATION ONLY IN CALIFORNIA. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE OR LITIGATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
2. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates

STATE EFFECTIVE DATES

The following states require that the 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 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:

State	Effective Date	State	Effective Date
California	April 8, 2013	New York	April 10, 2013
Hawaii	April 9, 2013	North Dakota	April 18, 2013
Illinois	April 1, 2013	Rhode Island	April 3, 2013
Indiana	April 1, 2013	South Dakota	April 1, 2013
Maryland	April 26, 2013	Virginia	April 30, 2013
Michigan	April 1, 2013	Washington	April 12, 2013
Minnesota	April 3, 2013	Wisconsin	April 1, 2013

**NOTICE REQUIRED
BY
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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (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 provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure 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 franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of 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.

THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable 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.

Any questions regarding this notice should be directed to the Department of Attorney General, Consumer Protection Division (Attention: Franchise), P.O. Box 30213, Lansing, Michigan 48909, telephone (517) 373-7117.

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EXHIBITS

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, “we,” “us,” “our,” or ACFN means ACFN Franchised Inc., the franchisor. “You” or “your” means the franchisee. If you are a legal entity, “you” includes your owners.

Us (the Franchisor) and Our Affiliate

We are a California corporation formed in December 2002. Our principal business address is Community Towers, Sixth Floor, 111 W. Saint John Street, San Jose, California 95113. We intend to do business under our corporate name, and under the ACFN® name and the American Consumer Financial Network™ name. Our agents for service of process are listed in Exhibit C.

A.F.F.A. Inc. (“AFFA”), a California corporation, is our affiliate. AFFA’s principal business address is the same as ours. The ACFN® franchise we offer under this disclosure document is modeled after the automated teller machine (“ATM”) business developed and previously operated by AFFA. This business conducts business under the ACFN® name and under the American Consumer Financial Network™ name. AFFA operated a company-owned ATM business from 1996 to 2011, until it transferred its last accounts to franchisee owners. As a result, as of December 31, 2012, AFFA did not own and operate any company-owned ACFN® businesses. AFFA owns the ACFN® trademark and other “Marks” (as defined below), and has granted us a license us to use certain of the Marks, including the ACFN® trademark, in the operation of the ACFN® franchise system. AFFA does not now and has never in the past offered franchises in any line of business.

We have been offering ACFN® franchises for sale since February 21, 2003, and act as the franchisor of the ACFN® system. We do not operate ACFN® businesses. We or our affiliates may, however, periodically acquire, own and operate existing ATMs and locations. While we anticipate that we and our affiliates will sell some of these ATMs and locations to new or existing ACFN® franchisees, we or our affiliates may elect to continue to own and operate some of them. If we or our affiliate offer to sell to you any existing ATMs and locations and you elect to purchase those items, you will pay us or our affiliate a Corporate ATM Acquisition Fee and sign our then-current form Purchase Agreement or any other related agreements or documentation that we require. Our current form Purchase Agreement is attached as Exhibit H. Other than as described above, we do not engage in any other business activity and we have no parents, affiliates or predecessors required to be disclosed in this Item.

Franchise We Offer

The franchise we offer to you in this disclosure document is the right and license to establish and operate an ACFN® business under the terms and conditions of the ACFN® Franchise Agreement (the “Franchise Agreement”). A copy of our current form Franchise Agreement is attached as Exhibit A. The franchised business you will operate is referred to in this disclosure document as the ACFN® franchise or ACFN® business. You will operate your

ACFN® business using the “Marks” (including the ACFN® trademark), and the “System,” as these terms are defined in Section 1.1 of the Franchise Agreement.

ACFN® businesses provide ATM services, financial transaction processing services, and related financial services. You will market ATM services to hotels, retail locations, and other entertainment and travel-based businesses and will install ATMs at those host locations accepting the services and that we have approved. Your franchise will place each ATM on site at no cost to the host location and will perform all services and maintenance required of the ATM. We will monitor the ATMs at all times and notify you that service is required on a specific ATM. The ATMs will be authorized to process transactions for most major ATM networks and will be able to process the vast majority of both debit and credit card transactions. Host businesses will get paid for every surcharged transaction performed at the ATM. You will manage your ATM locations with our support. Under the Franchise Agreement, you may locate and operate multiple ATMs within your Area of Operation (defined below), provided you receive our prior approval of each ATM location that we recommend and you review, or you select, and you meet all of our then-current requirements for operating additional ATMs at the time you desire to begin operating each additional ATM. We manage the ACFN® network of franchisees. You are not required to maintain an office as part of your ACFN® business.

You will operate your ACFN® business within a non-exclusive geographic area (the “Area of Operation”) defined in Appendix C to the Franchise Agreement. You must also participate in our Multiple Location Accounts (or MLA) Program, which is designed to facilitate the delivery of ACFN® ATM services to host businesses with multiple locations by subsidizing the underperforming ATMs in locations of that host business with revenues from the better performing ATMs in other locations of the same host business.

Market and Competition

The services our franchises provide are well recognized by consumers and are generally available from other sources. The market for our franchisee’s services is well developed. Our services and ancillary products are provided to businesses and to individuals. Our business is not seasonal. Your competitors include national, regional and local businesses that offer ATM services to consumers.

Industry-Specific Laws and Regulations

Your ACFN® business will be subject to various federal, state and local laws, statutes, codes, rules, regulations and ordinances that apply to businesses generally, such as the Americans with Disabilities Act (“ADA”), Fair and Accurate Credit Transactions Act (“FACTA”), Occupational Safety and Health Act (“OSHA”), wage and hour laws, and business licensing and permit requirements. In addition, there may be other laws, statutes, codes, rules, regulations and ordinances specific to the financial services offered by this type of business in the state or local area in which you will operate your ACFN® business, including those requiring you to place specific notices on your ATMs. It is your responsibility to fully investigate and to comply with all laws, statutes, codes, rules, regulations and ordinances that apply to your ACFN® business.

ITEM 2

BUSINESS EXPERIENCE

Jeffrey D. Kerr: President/CEO

Jeffrey D. Kerr is our President and CEO, a position he has held since our inception. Mr. Kerr also is President of our affiliate AFFA, a position he has held since December 1992.

Dana Kerr: Corporate Secretary

Dana Kerr is our Corporate Secretary, a position she has held since our inception. Ms. Kerr also is Corporate Secretary of AFFA, a position she has held since December 1992.

Avi Blankroth: Executive Vice President

Avi Blankroth is our Executive Vice President, a position he has held since our inception. He also served as Vice President of Marketing for AFFA from 2001 to 2005.

Mira Yakir: Vice President Finance

Mira Yakir is our Vice President Finance, a position she has held since May 2003. Ms. Yakir was Controller of North American operations for Ham-Let USA Inc., in San Jose, California, from 1996 to May 2003.

Turker Sus: Franchise Development Specialist

Turker Sus is our Franchise Development Specialist, a position he has held since June 2009. From April 2004 to May 2008, Mr. Sus served as the Director of Franchise Sales & Area Development for “Fitwise 4 Kids, Inc.” in Novato, California. From August 2008 to June 2009 Mr. Sus was Acting General Manager for “Fuze Fit For A Kid!, Inc.” in Los Gatos, California.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5

INITIAL FEES

You must pay us a nonrefundable initial franchise fee in the amount of \$25,000 before your business opens. As described in Item 10, we may finance up to \$10,000 of the initial franchise fee. Except for any part of the initial franchise fee we agree to finance, the initial

franchise fee is due when you sign the Franchise Agreement, with any outstanding amount payable in agreed upon equal monthly installments of up to 3 years. The initial franchise fee is not refundable under any circumstances, regardless whether you pay it in full when you sign the Franchise Agreement or whether you elect to have us finance part of the initial franchise fee. The initial franchise fee represents payment to us for the right to use the Marks and System in the development and operation of your ACFN® business during the initial term of the Franchise Agreement, and is in no way payment to us for any services

If you are an existing ACFN® franchisee in good standing with us, you qualify to acquire a second or subsequent ACFN® franchise from us, and you agree to sign a separate Franchise Agreement for that franchise, we have the right, at our option, to reduce the initial franchise fee. We do not, however, offer financing for any reduced initial franchise fee.

You also must pay us a nonrefundable initial training fee of \$995 for your “Managing Owner” (as defined in Item 15) and up to one other person to attend the initial training program. This initial training fee is not refundable under any circumstances.

In addition to the initial franchise fee and initial training fee, you must purchase from us a certain number of ATMs (our then-current designated make and model) and related equipment before you begin operating your ACFN® business. This amount will vary depending upon the items you purchase from us. If you purchase one ATM for \$4,295 (which includes a low topper sign and economy shipping in the 48 contiguous states) and an extra cash cassette for \$495, you will pay us \$4,790. If you purchase 3 ATMs for \$4,295, an extra cash cassette for \$495, one ATM cabinet for \$995 (plus a \$99 flat fee for shipping the cabinet in the 48 contiguous states) and one wireless unit for one ATM for \$225, you will pay us \$14,699. The cost for these items are not refundable under any circumstances.

If you are a new franchisee who enters into a Purchase Agreement with us or our affiliate for the purchase of existing ATMs and locations, you will still pay to us the initial franchise fee and training fee, but instead of the fees described in the preceding paragraph, you will pay to us or our affiliate the Corporate ATM Acquisition Fee we agree upon. The amount of the Corporate ATM Acquisition Fee will vary based upon a number of factors, including the number of ATMs and related equipment being sold, the type, age and condition of these items, the average number of transactions that occur at these ATMs, the purchase price we or our affiliate paid for the ATMs and locations, the host locations for the ATMs, and the terms and conditions of the agreement(s) with the host locations. Because of the number of factors involved, it is difficult for us to provide a meaningful range for these fees. We anticipate, however, that if you were to purchase 3 existing ATMs and locations from us or our affiliate, the amount of the Corporate ATM Acquisition Fee would exceed the \$14,699 amount described in the preceding paragraph. We reserve the right to collect from you a refundable deposit of up to 25% of the applicable Corporate ATM Acquisition Fee before you sign the Purchase Agreement. Once you sign the Purchase Agreement and pay the Corporate ATM Acquisition Fee, it is not refundable.

During our 2012 fiscal year (January 1, 2012, to December 31, 2012), new ACFN® franchisees paid us initial fees ranging from \$30,785 to \$47,965.

ITEM 6

OTHER FEES

Type of fee	Amount	Due Date	Remarks
Initial Local Marketing Expense	\$200	Expended according to our marketing program during your first 3 months of operation	Paid for direct marketing you will conduct.
Regional/National Ad Fee	Currently, 1% of Net Revenue ¹ ; may be periodically decreased or increased to up to 1% of Gross Revenue upon written notice to you ²	Each calendar month	Paid to us
Interchange Fees/Transaction Surcharge Fee	Currently, ranges between \$.13 and \$.66 per separate transaction, but vast majority of Interchange Fees fall within range of \$.13 and \$.35 per separate transaction. If the Interchange Fee system is eliminated or eroded, we will charge you a transactional surcharge equal to the difference between \$0.35 and the Interchange Fee we actually receive (if any) per ATM transaction plus our reasonable processing expenses (currently, approximately \$0.10 per ATM transaction). The transaction surcharge fees may not be increased more than 10% during any 12-month period	Upon our receipt from third parties. If the Interchange Fee system is eliminated or eroded, when we process an ATM transaction	Paid to us from third parties, processors, and banks. Interchange Fees are paid by the ATM customer cardholder's bank to us to compensate us for the costs of operating and maintaining the ATM network. Interchange Fees are designed to standardize the arrangements that allow member banks' cardholders to use ATMs in our network. If the Interchange Fee system is eliminated or eroded, paid to us by direct debit of the ATM transaction surcharges (as described below) we collect on your behalf.

Type of fee	Amount	Due Date	Remarks
Additional Transaction Surcharges or Fees	We may pass on any transaction surcharges or fees assessed by processors, banks and other third parties. Currently, we pass on all surcharges and service charges for international transactions, which currently is approximately 0.40% of the amount dispensed	When assessed transaction surcharges and fees are due by us to processors, banks and other third parties	Charged to us by processors, banks and other third parties
Interest on Late Payments	18% percent per annum beginning from the due date	When you pay us the overdue amount	Paid to us
ATM Administration Fee	\$12 per ATM in operation during the month, and may not be increased more than 10% during any 12-month period	Each calendar month	Paid to us to cover our accounting and processing costs. If any ATM is not being processed through our network under our "Methods of Operating" (as defined below) you must pay us \$200 per month per ATM during the remaining term of the Franchise Agreement.
ATM Network and Configuration Fee	\$25 per ATM installed, and may not be increased more than 10% during any 12-month period	A one-time fee when an ATM is installed in a new location	Paid to us only if you move an ATM to a secondary location after initial installation for the network, signup, and configuration processing of the new installation.
Transaction Fee	\$0.08 per transaction, and periodically may reasonably be increased by us.	Each calendar month when we process an ATM transaction	Paid to us for communications and other transaction-related costs.

Type of fee	Amount	Due Date	Remarks
Your portion of any minimum guaranteed payments due under Multiple Location Accounts (or MLA) Program ³	A percentage of your revenue above net revenue of \$350 per month for each of your ATMs in the same MLA as any underperforming locations. The minimum guaranteed payment to underperforming locations within the same MLA is currently \$250 per ATM, per month.	Each calendar month when due to an underperforming location	Paid to us and distributed by us to the underperforming locations of the same. For purposes of calculating minimum guaranteed payments and other amounts established for the MLA Program, "net revenue" means the gross surcharge collected less any profit sharing paid to the location, Transaction Fees and the monthly ATM Administration Fee.
ATM Relocation Fee	Currently \$1,395 per ATM that must be relocated	If you lose a site location due to your failure to provide timely customer support for the ATM	Paid to us
Service Fee	Actual costs and expenses, plus 20%	When we or a person we designate ("our designees") begin work on your accounts	Paid to us and/or our designees only where you fail to follow our Methods of Operation and we and/or our designees have to perform, fully or partially, any services on your behalf.
Refresher Training Fee	\$495	As we designate, or as you and we agree	Paid to us
Additional Guidance and Assistance (if requested by you)	\$0 to \$500 or more	As we and you agree	Paid to us or a third-party service provider
Operations Manual Replacement Charge	\$99 to replace the Operations Manual	When replacement pages are delivered to you	Paid to us
Capital Additions	Reasonable expenditures periodically	You will expend these amounts over the time it takes to make Capital Additions	Unless we otherwise agree, you may not use an ATM older than 10 years at any location.
Supplemental Training Courses	\$495 or more	When these courses are conducted	Paid to us

Type of fee	Amount	Due Date	Remarks
Virtual Office Fee	Amount depends upon your monthly share of fees collected from your ATM locations. If your monthly share is less than \$750, we will waive the fee for the month; if your monthly share is \$750 to \$850, we will collect a fee of \$50; if your monthly share is \$850 to \$5,000, we will collect a fee of \$100; if your monthly share is greater than \$5,000, we will collect a fee of at least \$150, and we will increase this fee by \$50 for each \$5,000 increment your monthly share of fees collected is above the \$5,000 amount. ⁴	Each calendar month	Paid to us for use of corporate toll free lines for customer/location service, receiving and handling customer calls ACFN® and use of an E-mail account. Required amount may not be increased more than 10% any 12-month period.
Audit	Costs of audit or inspection; understatements plus interest at highest contract rate permitted by law	Audit and inspection costs due as incurred; payment for any understatements plus interest due immediately	You must pay the costs of an audit or inspection (including accounting, attorneys', arbitrators' and related fees) if it is conducted due to your failure to furnish, or to timely furnish, us with required reports, supporting records or other information, or if an audit or inspection discloses an understatement in any report of 2% or more. Any understatements revealed by an audit or inspection must be immediately paid to us plus interest.
Franchise Transfer Fee	\$15,000	Concurrently with the transfer	Paid to us if you want to transfer the franchise.

Type of fee	Amount	Due Date	Remarks
Purchase of Additional Term Under New Franchise Agreement	\$2,000 for each full additional term year transferee is receiving under the new franchise agreement beyond the full term years remaining under the existing franchise agreement. ⁵	On or prior to date of transfer	Payable to us by transferee
Management Fee	\$250 or more, per day	Ongoing during our period of operations	Paid to us if we have to manage your franchise for you.
Successor Franchise Fee	\$10,000	Concurrently with our granting a successor franchise to you	Paid to us at the expiration of the term of the current Franchise Agreement.
Costs and Attorneys' Fees	Actual Costs	Reimbursement of our actual costs	Payable for accounting, attorneys', arbitrators' and related fees we incur if you fail to pay us on time or fail to file reports and other information on time.
Wireless Connection Fee	\$7.50 to \$15.00 per month	Monthly	Paid to us for any wireless ATM locations you operate.
ATMs; ATM cabinets; wireless units	\$4,295 for each ATM (including shipping in the 48 contiguous states); \$995 (plus \$99 flat fee for shipping in the 48 contiguous states) for each required ATM cabinet; \$225 for each required wireless unit	At your request	Paid to us.
Corporate ATM Acquisition Fee	Varies	Upon your acquisition, although we reserve the right to collect from you a refundable deposit of up to 25% of the applicable Corporate ATM Acquisition Fee before you sign the Purchase Agreement.	Paid to us or our affiliates if you acquire an existing ATM location from either of us. ⁶

Type of fee	Amount	Due Date	Remarks
Signing Bonuses ⁷	\$500 to \$2,000 or more	Before you place an ATM at a host location for which we have negotiated a signing bonus with its owner	Paid to host location owner
Insurance Costs	Cost of insurance	On demand	If you fail to obtain or maintain required insurance, we may (but are not obligated to) obtain and/or maintain such insurance from an insurer selected by us at your sole expense.
Fees for Additional Services or Programs ⁸	Will vary	As we designate	Payable to us

All fees are imposed by us (or our designees), payable to us, uniformly imposed and non-refundable, except for initial local marketing expenses that are imposed by us and required to be paid to third parties according to our marketing program, and signing bonuses imposed by us that must be paid to the host location owner. In addition, except as otherwise noted above, we will collect all fees payable to us (or our designees) by direct debit of the ATM transaction surcharges we collect on your behalf, under our “Methods of Operations,” as defined in Article 4.5 of the Franchise Agreement. ATM transaction surcharges are the fees the ATM customer cardholder pays to you (as the ATM owner) for use of your ATM.

Notes:

- (1) For purposes of determining the monthly Ad Fee, “Net Revenue” means the amount payable by us to you each month after all costs have been deducted, excluding the Virtual Office Fee.
- (2) As the term is used in the Franchise Agreement, “Gross Revenue” means all revenue you derive from operating the franchise, and 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 our Methods of Operation.
- (3) The MLA Program is a strategy used with certain “Multiple Location Accounts” or “MLAs,” which are clients that (a) have multiple locations, and (b) desire full ATM coverage for all or most their locations. Because full ATM coverage for a particular MLA may involve the on-going servicing of unqualified locations (i.e., locations that otherwise would not meet our standards) and/or locations that underperform and would normally be removed and installed in a better location, we use the MLA Program to reallocate some of the losses and gains between the various locations that are part of the MLA.

If we determine that a particular MLA will be a part of the MLA Program, we will establish a separate MLA Program for that MLA. If you currently operate, or later operate, an ATM at a location that is part of a MLA, you must participate in that MLA Program. We will not assess any extra fees to administer a MLA Program and will distribute all revenue monthly so there are no deficits or overages.

An ATM located within a MLA is not eligible to receive revenue until its third full calendar month of operation. The minimum guaranteed payment to underperforming locations within a MLA is currently \$250 per ATM, per month. This means that if you are operating an ATM at a location within a MLA that produces less than \$250 in net revenue for a given month, you will still be paid up to \$250 for that month, with locations earning above \$350 participating in offsetting this shortage. Conversely, if you are operating an ATM at a location within a MLA that produces more than \$350 in net revenue for a given month, you must participate in offsetting any shortages for any locations within the MLA that produce less than \$250 in net revenue for that month. Participation will be based on a percentage of revenue above net revenue of \$350.

Underperforming locations within a MLA will only receive monthly minimum guaranteed payments to the extent that the total amount of their collective shortages in a given month are offset by the total amount collected (for the purposes of offsetting shortages) from locations within the MLA that produce more than \$350 for that month. As a result, if the total amount collected (for the purpose of offsetting shortages) from locations within a MLA for a given month does not completely offset the total amount of the collective shortages of the underperforming locations within the MLA for that month, the underperforming locations will each share in the total amount collected (for the purpose of offsetting shortages) on a percentage basis determined by comparing their respective shortages to the total amount of the collective shortages. We do not contribute our own funds to offset any monthly individual or collective shortages for underperforming locations within an MLA, and do not ensure that underperforming locations within a MLA will receive the minimum guaranteed payment for any given month. We may increase or decrease, from time to time, the minimum guaranteed payment, as well as the other amounts established for the MLA Program, and these payments and amounts can be different for each MLA. We may also modify or discontinue, at any time, the MLA Program or any particular MLA.

- (4) For example, you will pay a \$150 fee if your monthly share of fees is between \$5,000 and \$10,000, a \$200 fee if your monthly share of fees is between \$10,000 and \$15,000, and so on.
- (5) This amount is equal to the number of full term years transferee is receiving under the then-current franchise agreement it is signing minus the remaining full term years under the existing franchise agreement, as of the date of the transfer, times \$2,000. Transferee is required to sign an addendum to the new franchise agreement in the form that we prescribe (see Appendix E to the Franchise Agreement for our current form) to establish that this amount is being paid in lieu of an initial franchise fee under the new franchise

agreement.

- (6) We or our affiliates(s) may acquire and or operate ATM locations that we may elect to offer for acquisition to franchise operators. You acknowledge and agree that if we do elect to offer you any such ATM location, in our sole business judgment, and you elect to acquire such ATM location, in your sole discretion, you will pay us a Corporate ATM Acquisition Fee to which we will mutually agree for the ATM location, and you must sign with us our then-current form Purchase Agreement or any other related agreements or documentation that we require pertaining to such ATM location, under our Methods of Operation. Our current form Purchase Agreement is attached as Exhibit H.
- (7) We may use signing bonuses as a marketing tool to secure agreements with host location owners. If you desire to place an ATM at a host location for which we have negotiated a signing bonus with its owner, you must agree to pay the signing bonus as a condition of placing an ATM at that host location.
- (8) We have the right to charge you additional fees to cover our reasonable costs in taking advantage of any new revenue sources that may become available to us and/or the ACFN® franchise system, or opportunities for us to allow ACFN® franchisees to offer additional services or participate in addition programs.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method Of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee ¹	\$25,000	Lump sum	When you sign the Franchise Agreement	Us
Signs ²	\$0 - \$200	Terms vary	Terms Vary	Approved suppliers or per specifications
ATMs and other Equipment and Supplies ³	\$4,790- \$14,699	Terms vary	Terms vary	Us
Additional Capital Required for ATMs ⁴	\$7,000 - \$21,000	Terms Vary	Need to be available at installation	Cash inventory needed to operate your ATMs
Office Equipment and Supplies ⁵	\$200-\$1,200	Terms vary	Terms vary	Approved suppliers or per specifications

Type of Expenditure	Amount	Method Of Payment	When Due	To Whom Payment Is To Be Made
Initial Local Marketing Expense ⁶	\$200	Terms vary	Shortly before and around the time you begin operations	Your estimated direct marketing costs
Insurance ⁷	\$700 - \$900	Lump sum payment of first year premium	Before beginning operations	Insurance companies
Professional Fees and Licenses ⁸	\$550 - \$650	Terms vary	Terms vary	Accountants, lawyers, governed agencies, etc.
Initial Training Fee and Expenses ⁹	\$1,195 - \$1,695	Terms vary	Terms vary	Us, airfare, ground transportation, meals, lodging, etc.
Additional Funds – 3 Months ¹⁰	\$500 - \$1,500	Terms vary	Amount varies over the next 3 months	Payroll, debt service, and miscellaneous day-to-day expenses
Total ¹¹	\$40,135 - \$67,044	Assumes operation of one to 3 ATMs		

The expenses in this Item 7 are estimates of your initial investment in one ACFN® franchise before you begin operations, and for additional funds you will need during your first 3 months of operations. We cannot guarantee that you will not have additional expenses starting your ACFN® business. Your costs will depend on how closely you follow the ACFN® system standards, your management skill, experience and business acumen, local economic conditions, the acceptance by local consumers of our approved services, prevailing wage rates, competition, etc. We have included no estimates regarding real estate acquisition or lease costs and costs associated with a building, such as utilities. We do not require you to acquire or lease real estate for an office, nor do we require you to acquire or lease real estate for your approved ATM locations.

Except as described below, all payments to us are non-refundable. Whether payments made to others will be refundable will depend on your arrangements with them. Except as described below, we do not offer any direct or indirect financing.

Notes:

- (1) The initial franchise fee is \$25,000. Under certain circumstances, however, we may offer a reduced initial franchise fee to qualifying existing ACFN® franchisees. See Item 10 for more information regarding the circumstances under which we may finance up to \$10,000 of the initial franchise fee.
- (2) Business signs should be minimal because of the nature of this business.

- (3) The estimated cost for each ATM is \$4,295, including a low topper sign and economy shipping in the 48 contiguous states. The low-end figure assumes that you will purchase one ATM, an extra cash cassette (currently \$495), no wireless units and no ATM cabinets before you begin operations. The high-end figure assumes the purchase of 3 ATMs with an extra cash cassette before you begin operations, possibly one ATM cabinet (currently \$995, plus a \$99 flat fee for shipping the cabinet in the 48 contiguous states, and possibly one wireless unit for one ATM (currently \$225). We assumed only one ATM cabinet in the high-end figure because ATM cabinets are not required by us and are only required by a minority of current host location owners. In addition, we assumed no wireless units in the low-end figure and only one wireless unit in the high-end figure because wireless units are not required for all host locations, but only those that elect the wireless option. Sales tax is charged separately by each state and is not included these estimates. You are responsible for paying all applicable sales tax. You will incur additional fees for shipping to Alaska or Hawaii.

If you are a new franchisee who enters into a Purchase Agreement with us or our affiliate for the purchase of existing ATMs and locations, you will pay to us or our affiliate the agreed upon Corporate ATM Acquisition Fee instead of fees described in the preceding paragraph. Because the amount of the Corporate ATM Acquisition Fee will vary based on a number of factors, it is difficult for us to provide a meaningful range for these fees. We anticipate, however, that if you were to purchase 3 existing ATMs and locations from us or our affiliate, the amount of the Corporate ATM Acquisition Fee would exceed the \$14,699 high-end figure.

- (4) This represents the required cash inventory for each ATM, which is estimated to be \$7,000.
- (5) The low end of this range is the estimated cost of the required cell phone/voice mail system, but does not include any costs of a personal computer, printer, copier and fax machine, as most franchisees will already have a version of these items that complies with our required standards. The high end of this range includes the estimated cost of the required cell phone/voice mail system (\$200), plus the cost to purchase a personal computer, printer, copier and fax machine that complies with our required standards, which we estimate to be \$600 to \$1,000, depending on the brand and model of the items you select and the software you purchase.
- (6) You should allocate \$200 for gas costs and other expenses in conducting initial local marketing for your ACFN® business.
- (7) This represents an estimate of the first year premium for general business liability and property/casualty insurance.
- (8) Professional fees include setting up an accounting system and business licenses.

- (9) The initial training fee for your Managing Owner and up to one other person is \$995 and is included in the chart above. You also must pay for related travel expenses, hotel accommodations, meals and other expenses for your Managing Owner and any other training attendees during initial training, which we estimate to be \$200 to \$700 or more, depending on the number attendees.
- (10) Additional funds is an estimate of the amount of cash required to cover any operating expenses during your first 3 months of operation.
- (11) We relied upon our 10 years of experience, and AFFA's 15 years of experience in the ATM business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase an ACFN® franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, and other items relating to the establishment or operation of the ACFN® business that you must purchase or lease from us, an affiliate, a designated supplier, an approved supplier, or for which we have required specifications, are described below.

ATMs and ATM-Related Equipment and Supplies

We have the right to establish the make and model and/or the required specifications of the ATMs and related equipment and supplies, like cabinets and wireless units, you must purchase and use as part of your ACFN® business, and will describe these items in our Operations Manual. As of the issuance date of this disclosure document, we have established the Triton RL2000 ATM ("Triton ATM") as the required ATM make and model for the ACFN® franchise system. The Triton ATM is manufactured by Triton Systems, Inc. ("Triton"), with headquarters located at 522 East Railroad Street, Long Beach, Mississippi 39560. The Triton ATM includes the following components: 8" Color LCD, 128 MB RAM, 56k Modem, Electronic Lock, 2 MB E.J. Storage, Voice, Dial Up/TCP/IP, Dip Reader, 80mm Printer, X2/Windows CE.5.0 OS, VISA EPP, Low Topper and SDD-1700 DeLarue dispenser.

As of the issuance date of this disclosure document, you must purchase from us at least one ATM and an extra cash cassette when you sign the Franchise Agreement. In addition, you must purchase from us each additional ATM and any ATM-related equipment and supplies that you use as part of your ACFN® business, and we are the only designated supplier of these items. As further described below, we will derive revenue as a result of your required purchases of these items. Due to our significant volume of ATM purchases from Triton, we qualify for preferred pricing from Triton. As a result, the difference in the cost to us and what we charge you and other ACFN® franchisees for each Triton ATM (\$4,295) leaves us with a gross profit of approximately \$1,395 per ATM, part of which we will use to pay our account manager that will work with franchisees to find new ATM locations. Presently, the above cost includes shipping for each ATM we provide in the continental United States (Hawaii and Alaska are extra). All

sales taxes must be paid by you as well. Above prices do not include sales tax. Certain host location owners may require you to have a cabinet for an ATM and if so, you must purchase the ATM cabinet from us. The current cost of ATM cabinets is \$995 each (not including shipping), and we may derive an estimated profit of up to \$175 on your purchase of the cabinets from us. In addition, certain host locations may select a wireless option. In such case, you may be required to purchase a wireless unit for the ATM at that location from us, our affiliate, a designated or approved supplier, or from a source that meets our specifications, as we have the right to periodically prescribe. If you purchase a wireless unit from us, the current cost is \$225 (not including shipping), and we do not derive any profits from your purchase of wireless units from us.

We have the right to change the make and model of new ATMs and any ATM-related equipment and supplies we require you to use as part of the ACFN® franchise system, and we have the right to increase the price and mark-up we charge you for these items and for any related shipping. On rare occasion, certain host locations may require wall ATMs, which are more expensive than stand-alone ATMs and require construction costs for installation.

You must use our proprietary lead allocation and tracking software and our related proprietary forms. Currently, we provide these items to you at no charge, but we reserve the right to charge you a fee for them in the future. As part of the operation of your ACFN® franchise, you and your employees must wear the shirts we designate bearing the Marks, including the ACFN® trademark. As of the issuance date of this disclosure document, you must purchase these shirts from our designated supplier Land's End.

We or our affiliate may offer to sell to you existing ATMs and locations. If you elect to purchase those items, you will pay us or our affiliate an agreed upon Corporate ATM Acquisition Fee. The Corporate ATM Acquisition Fee will be based on a number factors and may be higher than the amount we or our affiliate paid to acquire these items.

ATM-Related Services and Participation in Our ATM Network

As of the issuance date of this disclosure document, you must purchase from or through us all ATM-related services for your ACFN® business, including those involving ATM set-up, programming, transaction processing, communication, monitoring and support, and must participate in our ATM network, and we are the only designated supplier of these services and the ATM network. Some of the current costs and fees you must pay to us for these ATM-related services and your participation in our ATM network are further expanded on below.

Each of your ATMs must be programmed to our specifications so that we may provide technical support to you as part of our ATM network and so that we may monitor all ACFN® ATM locations to insure our service standards are being followed. All transactions made at any ATMs that you operate must be processed through our network system and we will derive revenue each month for processing these transactions. Presently, you must pay us \$12 per month, per ATM location that you operate for our processing for the location. If we determine that any ATM that you operate is at any time not being processed through our network according to our Methods of Operation, you must pay us \$200 per month for processing for that ATM for

the remaining term of the Franchise Agreement. Also, presently, you must pay us a \$0.08 Transaction Fee per transaction to cover communications and other transaction-related costs. In addition, you pay us each month a Virtual Office Fee for customer service and ATM location support functions that we will provide to you. The amount of the Virtual Office Fee starts at \$0 and will increase to up to \$100 or more depending upon your monthly share of fees collected from your ATM locations.

Our primary income is derived from the collection from third parties of Interchange fees for the processing of the transactions from each of your ATM locations. A network provides an array of services that link together the ATMs. The basic operational activity of the network is to support ATM cash withdrawals by the deposit account holders of any member bank. This function requires the network to transfer electronically, or “switch,” the transaction information from the ATM to the account holder’s bank and back again. This communication and sorting activity is accomplished through the aid of leased or dial-up telephone lines and centralized computers. The Interchange fee is paid by the ATM customer cardholder’s bank to the ATM network member to compensate the network member for the costs of managing and servicing the ATM at which a transaction was initiated. Banks pay Interchange fees to members of their ATM network. As of the issuance date of this disclosure document, we get paid \$.13 to \$.66 per transaction (although the vast majority of Interchange fees we receive fall within the \$.13 to \$.35 per transaction range), and various additional fees, if any, for international transactions. The collection of these fees require ATM network membership and we are a member of most major ATM networks. If the Interchange fee system is ever eliminated or eroded during the term of the Franchise Agreement, we will assess a reasonable ATM transaction surcharge fee per transaction at each of your ATMs to offset our loss of the Interchange fee revenue derived from Interchange fees. ATM transaction surcharges are the fees paid by the ATM customer cardholder to you for use of your ATM. In addition, we may charge you any and all fees charged to us by processors, banks or other third parties in connection with your ATMs. Currently, we pass on all surcharges and fees for international transactions to you.

In addition to the required services described above, periodically we may make available to you optional services we or third parties offer for additional fees we establish. For example, if a third party provider offers an optional service, such as electronic record keeping, we may offer that service to you.

Further, as the ATM industry changes and evolves, new revenue sources may become available to us and the ACFN® franchise system, and new opportunities may arise for us to allow ACFN® franchisees to offer additional services or participate in addition programs. In such case, we have the right in our sole discretion to review and determine from time to time if and how we and/or the ACFN® franchise system take advantage of such new revenue sources and opportunities, and the terms of any participation, which we have the right to make mandatory for you and all other ACFN® franchisees. Participation in these new revenue sources and opportunities may require you to purchase additional services or other items from us, our affiliates or our approved or designated suppliers additional

Signs, Office Equipment and Supplies, and Other Items

For those items for which we have established a designated supplier or suppliers (including those cases described above where we are the only designated supplier), you may not request that we approve an alternative supplier. For all other items you use as a part of your ACFN® business, like signs and office equipment and supplies, we may establish approved suppliers and specifications that you must follow. Approved suppliers and specifications are described in our Operations Manual. Approved suppliers and specifications are determined based on the current needs for operating ACFN® businesses. We evaluate existing and potential approved suppliers based on price, service, quality, and other commercially reasonable benchmarks. The identity of approved suppliers and these specifications are updated periodically in writing by modifying the appropriate pages of the Operations Manual. We will send you modified pages through the United States Mail or by any other commercially reasonable means. We have procedures for approving vendors and suppliers you recommend based on safety and professional compatibility. We will notify you within 30 days of your request to evaluate an alternative vendor or supplier of our approval or disapproval of that vendor or supplier. Currently, we do not charge a fee to evaluate an alternative vendor or supplier, but we reserve the right to charge a fee in the future. We may revoke our approval of any vendor or supplier with 30 days' written notice to you. As of the issuance date of this disclosure document, none of our affiliates were designated or approved suppliers, although we have the right in the future to establish our affiliates as designated or approved suppliers.

We and our affiliates reserve the right to collect rebates and other consideration from third party approved suppliers of 1% to 10% or more of franchisee purchases. The payment of these rebates or consideration may or may not be reasonably related to services we or our affiliates provide to these third parties.

Insurance

You must obtain, before beginning any operations under the Franchise Agreement, and must maintain in effect during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting you and us. The policies must provide protection against any demand or claim relating to personal injury, death or property damage, or any loss, liability or expense arising from operation of your franchise. All policies must be written by a responsible carrier or carriers that is rated A or better by A.M. Best, and that we determine to be acceptable. All policies must name us as an additional insured, and must provide at least the types and minimum amounts of coverage specified in our Operations Manual, as we may modify periodically. You must provide us with proof of the coverage at the times and in the manner that we require. Our current standard types and required amounts of insurance coverage are as follows: \$1,000,000 general liability per occurrence, \$2,000,000 aggregate limit, workers' compensation as the law requires, \$1,000,000 property/casualty, \$1,000,000 vehicle liability for non-company owned automobiles and business interruption covering loss of income, extra expenses, crime and fraud, all policies naming us as an additional insured.

General Information

During our last fiscal year ending December 31, 2012, we received revenue in the amount of \$1,193,077 from required purchases of products and services by franchisees, which was 8.8% of our total revenue of \$13,490,689 according to our audited financial statement attached as Exhibit B. During this same period, our affiliates did not receive any revenue from required purchases and leases of products and services by franchisees.

We estimate that between 50% and 70% of the cost in establishing your ACFN® business will be on required purchases and leases, and that between 20% and 60% of the cost of operating your ACFN® business will be on required purchases and leases.

We do not provide material benefits to you, i.e., special renewal privilege or additional franchises, based on your purchase of particular products or services, or your use of our designated or approved suppliers. There are no purchasing or distribution cooperatives at this time. We periodically may negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees.

Our officers may own an interest in us. Otherwise, there are no suppliers in which one of our officers owns a material interest.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	2.1; Purchase Agreement	11
b. Pre-opening purchases/leases	2.2; Purchase Agreement	8
c. Site development and other pre-opening requirements	2.1, 2.2	7 and 11
d. Initial and ongoing training	4, 8	7 and 11
e. Opening	2.3, 2.4, 2.5, 2.6	11
f. Fees	2.6, 3.1, 3.2, 3.4, 3.6, 3.7, 3.8, 3.9, 4.2, 4.4.7, 4.4.8, 4.5, 8.3, 8.4.12, 9.1, 9.5, 9.11, 11.3, 12.4.5, 12.7., 13.1,14.3, 17.9; Sections 2, 3 and 10 to Purchase Agreement	5 and 6

Obligation	Section in Agreement	Disclosure Document Item
g. Compliance with standards and policies / Operations Manual	4.5, 8; Sections 6-9 to Purchase Agreement	11
h. Trademarks and proprietary information	5, 6	13 and 14
i. Restrictions on products/services offered	8	16
j. Warranty and customer service requirements	9.8	11
k. Territorial development and sales quotas	Appendix C to Franchise Agreement	12
l. Ongoing products/service purchases	8.1, 8.4, 8.5, 8.6	8
m. Maintenance, appearance, and remodeling requirements	8.1, 8.3, 8.4	6 and 8
n. Insurance	2.4.3, 8.1.9, 8.8, 8.9	7 and 8
o. Advertising	9	6 and 11
p. Indemnification	16.4	6
q. Owner's participation/ Management/staffing	1.4, 1.6, 8.10	11 and 15
r. Records and reports	10	6
s. Inspections and audits	11	6 and 11
t. Transfer	12; Section 6 to Purchase Agreement	17
u. Renewal	13.2	17
v. Post-termination obligations	15	17
w. Non-competition covenants	7.1, 15.4	17
x. Dispute resolution	17.12	17

ITEM 10

FINANCING

Neither we or our affiliates guarantee your loans or other obligations, nor receive payments or other consideration for the placing of financing. We may provide financing for qualifying prospective franchisees under our guidelines. We may add, change or delete any financing programs at any time. It is not our current practice or intent to sell, assign, or discount to a third party all or part of any financing arrangement. Except as described below in this Item, as of the issuance date of this disclosure document, neither we nor our affiliates offer directly or indirectly any franchising arrangements to ACFN® franchisees.

We may offer you financing of your initial franchise fee through a promissory note with us that is secured by a security agreement. A copy of our current form Promissory Note For Initial Franchise Fee (“Note”) and our current form Security Agreement For Initial Franchise Fee (“Security Agreement”) are included in Exhibit F. The table below shows the standard terms of our Note.

Item Financed (Source)	Amount Financed	Down Payment	Term (Months)	APR %	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss Of Legal Right on Default
Initial Franchise Fee (we provide financing); See Note (1) below	Up to \$10,000 of the Initial Franchise Fee	Portion of the \$25,000 Initial Franchise Fee we do not finance	36 Months See Note (1) below	11.9% See Note (1) below	Varies Depending on the Amount Financed	None	Partner or Shareholder Guarantee and Pledge of the Franchise See Note (2) below	Late Penalty; Acceleration of Amounts Due; Fees See Note (3) below	Waiver of Trial by Jury and Right to Interpose Any Defense, Set-Off or Counterclaim of Any Nature or Description See Note (4) below

Notes:

- (1) The initial franchise fee is \$25,000. In order to assist credit-worthy franchisees to purchase and operate an ACFN® business, we may finance up to \$10,000 of the initial franchise fee. We do not offer financing, however, if you pay a reduced initial franchise fee. The financed amount of the initial franchise fee is evidenced by a Note and is payable over a term of 3 years in equal monthly installments with an interest rate of 11.9% per annum, on the unpaid principal. Except as described below, there are no other annual finance charges. The Note is secured by a Security Agreement and the holder of the Note is entitled to the benefits of the security described in the Security Agreement. We have the right to change the terms, interest rate, and amounts financed. (A copy of our Note and our Security Agreement is attached in Exhibit F.)
- (2) If your business is a partnership, corporation or other recognized legal entity, the Note must be guaranteed individually by all partners or shareholders. The Note must be secured by your franchise. (See Exhibit F.)

- (3) If you do not pay on time, we can charge a late penalty of 18% per annum from the due date. In the case of nonpayment or other default under the Note, we can require immediate payment of all unpaid amounts under the Note, and/or terminate the franchise, and we can also collect our reasonable attorneys' fees and all costs and expenses of collection. We may deduct the full amount of any overdue installment payments directly from any ATM transaction surcharge revenue we collect that is due to the franchisee.
- (4) Each party that signs the Note, in any litigation arising out of or relating to the Note in which a holder of the Note is an adverse party, waives trial by jury and the right to interpose any defense, set-off or counterclaim of any nature or description. (See Note in Exhibit F.)

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

("FA" = Franchise Agreement)

Our Obligations

Our obligations before you begin operation of your ACFN® franchise (with cites to the Franchise Agreement) include:

- (1) Granting you a franchise to operate an ACFN® business within an Area of Operation (FA - Article 1.5);
- (2) Allowing you to use our Operations Manual and instructing you in Methods of Operation within 60 days of the signing of the Franchise Agreement (FA - Article 4.5);
- (3) Providing you with an initial training program within 60 days of the signing of the Franchise Agreement (FA - Article 4.1);
- (4) Providing you with additional guidance (FA - Article 4.4);
- (5) Providing you with general guidance within 60 days of the signing of the Franchise Agreement concerning (FA - Article 4.3 and sub-articles):

Standards, specifications and Methods of Operation utilized by the business;

Purchasing required ancillary goods, equipment, supplies and services;

Advertising and marketing programs;

Employee training; and

Administrative, bookkeeping and accounting procedures and services where we will provide centralized ATM transaction processing services. We will process all of your ATM transactions and within 45 days of the end of each calendar month will send you a check for any transaction monies collected by us for that calendar month, less any commissions paid to locations under duly authorized location agreements, and less all fees due to us under the Franchise Agreement, along with a detailed statement itemizing all parts of each transaction; and

- (6) Approving or disapproving potential ATM locations within your Area of Operation (either ones we recommended and you reviewed or ones that you selected and reviewed) within 10 days of your request for our approval and your submission of location details (FA - Article 2.1).

Our obligations to you during the operation of your ACFN® franchise include:

- (1) Providing you with telephone consultation during the times that are outlined in the Operations Manual (FA - Article 4.4.1);
- (2) Providing you with buying advisory services where we provide you with lists of sources and approved suppliers for our ancillary goods, services, equipment, etc. (FA - Article 4.4.2);
- (3) Providing you with ongoing marketing programs (FA - Article 4.4.3);
- (4) Providing you with newsletter services where we may, at our option, inform you periodically about events in the ACFN® franchise program (FA - 4.4.4);
- (5) Providing you with meetings, seminars or conventions where we may, at our option, get together with you and other ACFN® franchisees for business or social purposes (FA - Article 4.4.5);
- (6) Providing you with research and development regarding Methods of Operation (FA - Article 4.4.6);
- (7) At your request, we may furnish additional guidance and assistance and, in such a case, may charge the per day fees 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 this training, including per day charges and travel and living expenses for our personnel, must be paid by you (FA - Article 4.4.7); and

- (8) As we mutually agree, we will provide ongoing assistance to you at the hourly fee and charge we establish periodically (FA - 4.4.8).

Our Approval of ATM Locations

After you sign a Franchise Agreement, we will provide you with our then-current location criteria for ATM locations, which we may periodically modify. Our current location criteria for ATM locations focus on a number of factors, including the general location, type, size, hours of operation, type of activity and revenue. Typical ATM locations consist primarily of entertainment and travel-based businesses, hotels, city properties, sports bars, nightclubs, billiard clubs, restaurants, breweries, theatres and hospitals.

We will work with you to find ATM locations within your Area of Operation that meet our current location criteria. Accordingly, you agree to review any potential ATM locations within the Area of Operation we recommend to you, and will notify us of any potential ATM locations you select within the Area of Operation at which you want to locate an ATM. In addition, although we have no obligation to do so, as further described in Item 12, provided you remain Active, we may from time to time market to find potential ATM locations within the Area of Operation and provide leads to you for potential ATM locations within the Area of Operation.

You may not locate and operate an ATM at a particular location under the Franchise Agreement until you have reviewed/selected that location, received our prior approval of that location and met all of our then-current criteria for operating additional ATMs. We will approve or disapprove of any potential ATM locations within your Area of Operation within 10 days of your request for our approval and your submission of location details. You understand that our recommendation and/or approval of any ATM location, and any information regarding that ATM location communicated to you, do not constitute a representation or warranty of any kind, express or implied, as to the performance of the ATM at this location or the suitability of the location for an ATM or for any other purpose. Our recommendation and/or approval of the ATM location indicates only that we believe that the ATM location falls within the location criteria for ATM locations that we have established as of the time of our recommendation and/or approval of the ATM location, or that the ATM location should be approved as part of a MLA Program. You also understand that your review, selection and acceptance of each ATM location developed under this Agreement is based on your own independent investigation of the suitability of that ATM location, including considerations relating to safety and security. Typically, you will not purchase or lease space for your ATM locations, but will pay the owner of each host location a negotiated portion of the ATM transaction surcharges. Arrangements with host location owners will be made by you and/or us. Generally, neither we or our affiliates are host location owners.

We or our affiliate may offer to sell to you existing ATMs and locations. If you elect to purchase those items, you will pay us or our affiliate an agreed upon Corporate ATM Acquisition Fee and sign a Purchase Agreement. Once a Purchase Agreement has been signed, we or our affiliate will work with the appropriate third parties to arrange for the transfer to you of the ATMs and locations, which we estimate will typically take 30 to 90 days.

You are not required to operate more than one ATM location under your Franchise Agreement to maintain your rights. You are not required to maintain an office and may operate your ACFN® business from any location that allows you to comply with your obligations under the Franchise Agreement.

Commencement of Operations

We estimate the length of time between the signing of the Franchise Agreement or the first payment of consideration for the ACFN® franchise and the commencement of operation of your ACFN® business is 30 to 60 days after you complete your initial training with us. Things that may affect the time period include your ability to purchase or lease equipment, obtain our approval of your first ATM location and subsequent ATM locations, enter into arrangements with host location owners, and/or purchase materials and supplies. You must commence operation of your ACFN® business within 90 days of the signing of the Franchise Agreement or 60 after you complete your initial training to our satisfaction, or we have the right to terminate your Franchise Agreement. As further described in the Franchise Agreement (FA - Article 2.5), however, we may allow you additional time to commence operation of your ACFN® business if you were unable to do so as the result of circumstances beyond your reasonable control (other than lack of funds).

Advertising Fund

We have established an advertising fund (“Advertising Fund”) that we administer. You and all other ACFN® franchisees must pay a monthly Ad Fee of up to 1% of Gross Revenue to us for inclusion in the Advertising Fund. As of the issuance date of this disclosure document, the monthly Ad Fee is 1% of Net Revenue, although we may, upon written notice to you, periodically decrease or increase the Ad Fee to up to 1% of Gross Revenue. Except as described below, you and all other ACFN® franchisees will contribute to the Advertising Fund at the same rate. We and our affiliates may, but are not obligated to, contribute to the Advertising Fund. During our last fiscal year ending December 31, 2012, we used Ad Fees contributed to the Advertising Fund as follows: 92% on production and 8% on a trade show to market to host locations.

We are not limited to any specific media in which ads may be disseminated, but we anticipate using print media and/or printed materials, like marketing folders and ATM cabinet brochures, and not radio and TV advertising. We are not limited to local, regional or national programs, but may use a combination of the types of programs. We may create ads and may solicit outside ad agencies for creating advertising. We are not required under the terms of the Franchise Agreement to spend any money on or provide advertising in the area or territory where your ACFN® franchise is located in the same proportion as your contributions to the Advertising Fund. The Advertising Fund is accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for any reasonable salaries, administrative costs, travel expenses and overhead that we may incur in activities related to the administration of the Advertising Fund and its programs. We may spend, on behalf of the Advertising Fund, in any fiscal year, an amount that is greater or less than the aggregate contribution of all ACFN® businesses to the Advertising Fund in that year. Any Advertising

Fund contributions we collect but do not spend in any fiscal year will be carried forward to the next fiscal year. If we incur Advertising Fund expenses in excess of Advertising Fund contributions we collect during any fiscal year, we will carry those expenses forward and pay them using Advertising Funds we collect during the next fiscal year. The Advertising Fund also may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs before other assets of the Advertising Fund are expended. We will prepare an annual, unaudited compiled statement of monies collected and costs incurred by the Advertising Fund and furnish the statement to you upon your written request. We have the right to cause the Advertising Fund to be incorporated or operated through a separate entity at such time as we deem appropriate and such successor entity will have all of the rights and duties specified in this disclosure document and the Franchise Agreement.

We will not use the Advertising Fund to solicit potential franchisees. You can only use your own advertising material after receiving our prior approval. There are no advertising cooperatives or advertising councils composed of franchisees that advise us on advertising policies.

We reserve the right to defer or reduce contributions of a ACFN® business franchisee and, upon 30 days' prior written notice to you, to reduce or suspend your payment of Ad Fees to and suspend operations of the Advertising Fund for one or more periods of any length and to terminate (and if terminated to reinstate) the Advertising Fund. If the Advertising Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in accordance with the terms of the Franchise Agreement.

Computer Hardware and Software

The computer we require you to use in the day-to-day operation of your ACFN® franchise is a standard personal computer with the version (or newer version) of Windows operating system that we specify (or a functionally equivalent operating system), with Internet and e-mail access through which you will communicate with us. Also, you will need a computer printer, a copier and a fax machine. You must use our proprietary lead allocation and tracking software and our related proprietary forms. Currently, we provide these items to you at no charge, but we reserve the right to charge you a fee for them in the future. Any other hardware or software is not proprietary to us. Typically, there is no cost to purchase or lease the computer system used as part of your ACFN® business because you will likely already own a standard personal computer, printer, copier and fax machine. However, if you were to purchase a version of these items that complies with our required standards, we estimate it would cost \$750 to \$1,500 or more, depending on the brand and model of the items you select and types of software you purchase. We approve suppliers for hardware and software. Our approved suppliers have their own policies for service and maintenance as well as hardware and software upgrades. You must pay for upgrading all computer hardware and software, as necessary, in order to bring the franchise into compliance with our system standards. We estimate that the cost for annual maintenance contract is less than \$200 per year. We have no obligation to upgrade or update any computer system or software. We may, as often as we deem appropriate, including on a daily basis, access the computer systems that you must maintain in connection with the operation of

the franchise and to retrieve all information relating to the operation of the franchise (FA - Article 10.2.).

Training

Before the franchise begins operating, we will provide initial training on the operation of an ACFN® business to your Managing Owner and one additional individual. Initial training consists of 3 working days of training for you (or your Managing Owner) and your employee to be furnished at our head office or at any other location that we specify. Initial training will be conducted at our mutual convenience, typically within the 60-day period before you commence operation of your ACFN® business. As part of initial training, your Managing Owner will receive 3 days of training so that he/she is qualified to install and service the ATMs you will be operating. No other additional or refresher courses are required for you to begin operation of your franchise. Your Managing Owner must complete the initial training to our satisfaction. Your Managing Owner must participate in all other activities required to operate the ACFN® franchise. You must pay us a \$995 initial training fee for your Managing Owner and up to one other person to attend initial training. You must pay for related travel expenses, hotel accommodations, meals and other expenses for your Managing Owner and other attendees during initial training. If we determine your Managing Owner is unable to complete initial training to our satisfaction, by written and/or oral exam or otherwise, we have the right to terminate the Franchise Agreement. Initial training will be provided substantially as follows:

TRAINING PROGRAM

Subject	Hours of Class-Room Training	Hours of On the Job Training	Location
Administration	2	0	San Jose, California
Operations	8	0	San Jose, California
Marketing	2	0	San Jose, California
ATM Installation, Operation and Maintenance	12	0	San Jose, California

Notes:

- (1) It is the nature of the ACFN® business that all subjects are integrated into the training program, and that there are no clear delineations between the subjects being learned. The instructional materials include the Operations Manual and other written materials.

- (2) Jeffrey D. Kerr, our President, and Gershon Yakir, our VP Operations, and Lee Castro, Technical Support, are our primary trainers. They both have extensive experience in all aspects of the ATM business. Mr. Kerr has been our President since our inception in October 2002. Mr. Castro has been employed by us, in technical support and operations, since November 2006 and has been an ACFN® franchisee since March 2005. Mr. Yakir began working with us in January 2010. He brings engineering and managerial experience to our training and operations team.

We may require your Managing Owner 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. We also may require you to pay us fees for our training of your new employees hired after your ACFN® business commences operations, if you so request.

Operations Manual

We will furnish or make available to you our operations manual (“Operations Manual”). Our Operations Manual contains certain standards, specifications, procedures, techniques and management systems; some of which you must follow, and some of which are optional. Our Operations Manual contain proprietary information and you must keep that information confidential. Included below is a Table of Contents of our Operations Manual as of December 31, 2012.

OPERATIONS MANUAL

Subject	Number of Pages
Introduction	7
Business Model	9
New Franchise – Getting Ready for Business	8
Receiving your ATM, Programming, Installation and Service Calls	61
Preventive Maintenance & Servicing your ATM	2
Americans with Disabilities Act (ADA) Requirements	1
Accounting/Purchasing	3
Reports and Forms	7
Marketing – Turning Leads Into Customers	6
TOTAL	104

ITEM 12

TERRITORY

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

You will receive a non-exclusive Area of Operation, described in Appendix C to the Franchise Agreement, in which to locate ATMs. You will not receive a protected territory, nor will you receive any exclusive rights within your Area of Operation. We will work with you to determine to your Area of Operation, which will be based on your location, the distance you are willing and capable of traveling to service ATMs, and the location of other ACFN® ATM locations and businesses. During the term of the Franchise Agreement and for so long as you are not in default under the Franchise Agreement, however, we shall take such reasonable steps as we consider necessary to prevent any other franchisee from soliciting or serving any of the customer accounts at those locations where you have established and are presently operating ATMs within the Area of Operation. You have the right under the Franchise Agreement to locate and operate multiple ATMs within your Area of Operation, provided you receive our prior approval of each ATM location that we recommend and you review, or you select, and you meet all of our then-current requirements for operating additional ATMs at the time you desire to begin operating each additional ATM. You may not locate and operate ATM locations outside your Area of Operation, without our prior approval, and may not use any other channels of distribution, including the Internet, catalog sales, telemarketing or other direct marketing, to provide goods and services to consumers within or outside of your Area of Operation. In addition, you may not solicit or accept orders from consumers or provide ATM and related services to consumers, except from your approved ATM locations. We may allow you to relocate your ATM locations within your Area of Operation, provided you pay us an ATM Relocation Fee, meet our then-current location criteria and receive our approval.

If you operate an ATM at a location that is part of a Multiple Location Account (“MLA”) for which we have established a MLA Program, you must participate in that MLA Program.

We and our affiliates have the right to establish and acquire, and grant to franchisees the right to establish and acquire, without any compensation to you, ACFN® ATM locations or businesses, or other ATM locations or businesses, anywhere within or outside your Area of Operation on such terms and conditions as we deem appropriate. We and/or our affiliates presently do not sell the same or similar services and goods through other channels of distribution, including the Internet, under the ACFN® trademark or different trademarks, and have no plans to sell franchises under a different trademark within the current and next fiscal year, although we reserve the right to do so in the future, without any compensation to you. We and/or our affiliates have the right to establish or acquire, without any compensation to you, other franchises or company-owned or affiliate-owned outlets selling or leasing similar services or products under a different trademark or through other channels of distribution, including the Internet, anywhere within or outside of any protected territory or your Area of Operation.

If we or one of our affiliates acquire ATMs and the right to operate those ATMs at locations within your Area of Operation (“Corporate ATMs” and “Corporate ATM Locations”), we may, but are not obligated to, offer you the right to purchase the Corporate ATMs and the right to operate them at the Corporate ATM Locations. We and our affiliates also may, in our sole discretion, elect to offer other parties the right to purchase the Corporate ATMs and operate them at the Corporate ATM Locations, or operate them ourselves.

Although we have no obligation to do so, provided you remain Active (as defined below),

we may from time to time market to find potential ATM locations with the Area of Operation and provide leads to you for potential ATM locations within the Area of Operation. For the purpose of the preceding sentence, “Active” means that you (i) are in good standing under and not in default of the Franchise Agreement and any other agreement with us, (ii) maintain in stock one ATM and order an additional ATM from us each time you add an operating ATM to your ATM network, (iii) review any leads we provide to you for potential ATM locations within the Area of Operation and notify us within the time period we prescribe of your interest in pursuing any of the leads, (iv) deliver marketing materials to all leads you elect to pursue within the time period we prescribe and conduct any additional follow-up we prescribe, and (v) participate in our annual leads review process and conduct any related follow-up we prescribe. If at any time you fail to remain Active, we can take back and reassign any leads we previously provided to you for potential ATM locations within the Area of Operation, except to the extent you have already received our prior approval to add any of the potential ATM locations to your ATM network.

We retain the right in our sole discretion to offer a specific ATM location lead or installation opportunity previously offered to you within your Area of Operation to other parties if you fail to respond to us via email and/or phone and take action within 3 days of notifying you of that ATM location lead or installation opportunity.

If you have 3 service violations within any 3-month period or if you have 4 service violations within any 6-month period in connection with a particular ATM location, upon written notice to you, we may require you to transfer the rights to that ATM location to us, an affiliate or another ACFN® franchisee, and you must immediately remove your ATM from that location. If that ATM location is part of a MLA or other group arrangement that is not an MLA (like a group of hotels), as we have the right to determine, we may require you to transfer the rights to all of your ATM locations that are part of the MLA or the group arrangement to us, an affiliate or another ACFN® franchisee, and you must immediately remove your ATMs from those locations. A “service violation” is defined as: (1) any time an ATM runs out of cash; or (2) your failure to respond to a service call at the ATM location within 24 hours.

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

ITEM 13

TRADEMARKS

The Marks listed on the table below, including the ACFN® trademark (“Principal Marks”), are the principal trademarks you will use under license from us through the Franchise Agreement. AFFA, our affiliate, registered these Principal Marks with the United States Patent and Trademark Office (“USPTO”), and it has filed all required renewals and affidavits.

TRADEMARK	REGISTRATION NUMBER	DATE OF REGISTRATION	REGISTER
ACFN	2758581	September 2, 2003	Principal
ACFN Logo	2781544	November 11, 2003	Principal

AFFA has granted us the perpetual right to use and sublicense others to use the Principal Marks in the United States under a trademark license agreement with an effective date of September 15, 2003. AFFA may terminate the trademark agreement if any misuse of the Principal Marks materially impairs the goodwill associated with the Principal Marks, if we violate any provision of the license agreement or we do not comply with AFFA's instruction concerning the quality of the Principal Marks. If the trademark agreement is terminated, any then-existing sublicenses (franchises) will continue for the term of the sublicenses provided that the franchisees comply with all other terms of their franchise agreements. The trademark license agreement contains no other limitations.

You must use our current and future trademarks, service marks and trade names only in the ways we have approved in advance in writing as we have described in our Operations Manual or other written materials. You must cease using any trademarks, service marks or trade names we determine to be no longer part of the ACFN® franchise system, including the ACFN® trademark. You may not conduct a similar business under another name.

There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state or any court concerning the Principal Marks. There are no pending infringements, oppositions or cancellations concerning the Principal Marks. There is no pending material litigation involving the Principal Marks.

Other than as described above, there are no agreements currently in effect that significantly limit our rights to use or license the use of the Principal Marks in a manner material to the franchise.

We are not obligated, by the terms of the Franchise Agreement or otherwise, to protect your right to use the Principal Marks or to take any action when we are notified of an infringing use of the Principal Marks. Nor are we obligated to protect you against claims of infringement or unfair competition arising out of your use of the Principal Marks. You must notify us immediately of any infringement or unauthorized use of the Principal Marks of which you become aware. We have the right to control any litigation or administrative proceedings involving the Principal Marks.

We have no actual knowledge of either superior prior rights or infringing uses that could materially affect your use of the Principal Marks in the state where your franchise may be located.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered that are material to the franchise, although we do claim copyright ownership and protection for our Franchise Agreement, Operations Manual, and other materials for which we or an affiliate do not have a registered copyright, including instructional and training materials, web site and Internet-related materials, sales promotion and marketing materials, and various other materials published periodically.

There are no currently effective determinations of the Copyright Office (Library of Congress), USPTO, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any copyrighted materials, or to participate in your defense or indemnify you. We have the right to control any litigation related to any copyrights and we have the right to decide to pursue or settle any infringement actions related to any copyrights. We have no obligation to protect any copyrights. You must notify us promptly of any infringement or unauthorized use of the copyrights of which you become aware. If we determine that any infringement action requires changes or substitutions to any copyrighted materials, you must make the changes or substitutions at your own expense, and will have no further rights to the copyrighted materials that were changed or substituted.

You must keep confidential during and after the term of the Franchise Agreement all proprietary information and trade secrets, including the Operations Manual, the systems described in that Operations Manual, and web site structure, content and reporting. Upon termination of your Franchise Agreement, you must cease using all proprietary information and trade secrets, including the Operations Manual, computer software, and all other copyright material. We are not obligated to take any action and we have the right to decide the appropriate response to any unauthorized use of proprietary information or trade secrets. You must comply with all changes to the Operations Manual at your cost.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You and your owners will grant to one individual owner (the “Managing Owner”), the authority to legally bind you in any dealings with us, or our affiliates, and to direct any action necessary to ensure compliance with the Agreement and any other agreements relating to your ACFN® business. You must notify us if there is any change in the identity of the Managing

Owner, and we reserve the right to review and approve or disapprove that person. Although the Managing Owner must be one of your owners, there is no required amount of equity interest that the Managing Owner must have in the franchise.

Your Managing Owner must, at all times, use his or her best efforts in performing your obligations under the Franchise Agreement. Each of your owners must be bound by the terms of the Franchise Agreement, including without limitation the non-competition provisions, and personally guarantee your performance.

Your Managing Owner must personally manage and operate the franchise and will not, without our prior written consent, delegate the Managing Owner's authority and responsibility with respect to management and operation. If you elect to hire a manager to operate or assist with the operation of the franchise and we consent to this election, the employee must successfully complete our initial training program and must be bound to the confidentiality and non-competition provisions of the Franchise Agreement, but is not required to have an equity interest in you. The manager also must be bound to the provisions of the Franchise Agreement that allow us and our representatives or agents to take and collect, and reproduce and use, photographs, videos or any electronic or other records of you, your owners or employees, your ATMs or other aspects of your ACFN® business. We have the unrestricted right to approve or disapprove of your choice of who you can hire as an on-premises manager. At all times, the franchise must be under the direct management and supervision of a Managing Owner or a trained and qualified manager we approve. While we may consent to your request to hire an on-premises manager, we recommend that the Managing Owner maintain its authority and responsibility with respect to management and operation of the franchise.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer and sell those services and related goods that we have approved. You must offer all services and related goods that we designate as required for all franchisees. These required services are ATM services for general consumer use that are marketed to hotels, retail locations, and other entertainment and travel-based businesses. You must operate your ACFN® franchise in accordance with our Methods of Operation, which we may periodically modify. You may only use ATMs that fit our specifications and that you obtain from us. You must process through us all ATM transactions at all your ATM locations, and we must program of all your ATM locations to our specifications. All related ATM parts, supplies, and equipment that you use must be approved by us.

We have the right in our sole discretion to add additional authorized services that you must offer through your ATMs. There are no limits on our right to do so.

We have the right in our sole discretion to review and determine from time to time if and how we and/or the ACFN® franchise system take advantage of any new revenue sources that may come available and any new opportunities that may arise for us to allow ACFN® franchisees to offer additional services or participate in additional programs, as well as the terms

of any participation, which we have the right to make mandatory for you and all other ACFN® franchisees.

We will not restrict you from soliciting new ATM host location customer accounts, unless the account already belongs to us or another franchisee.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise or Other Agreement	Summary
a. Length of the franchise term	1.5	Term is 10 years.
b. Renewal or extension	13	Additional 10 year periods.
c. Requirements for you to renew or extend.	13.1	Bring the franchise into compliance with our system standards, sign our then-current Franchise Agreement (which may contain materially different terms and conditions than your original Franchise Agreement), and pay our reasonable expenses.
d. Termination by you	14.1	You may not terminate the Franchise Agreement except in cases where a court of competent jurisdiction has determined that termination is appropriate. For example, if we have materially breached a law regulating the sale of franchises or a law governing the relationship of a franchisor and its franchisee.
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	14.2	Material, uncured breaches of the Franchise Agreement.

Provision	Section in Franchise or Other Agreement	Summary
g. "Cause" defined – curable defaults	14.2	You may cure certain deficiencies in the operation of your franchise (i.e., payment of overdue amounts to us, submission of required reports, violation of health, sanitation or safety laws, etc.) before we will terminate the Franchise Agreement.
h. "Cause" defined – non-curable defaults	14.2, 14.3	Certain deficiencies in the operation of your franchise (i.e., you or your owners are convicted of a felony, you disclose Confidential Information in violation of the Franchise Agreement, you made a material misrepresentation or omission in connection with your purchase of the franchise, you fail to participate in any required MLA Program, etc.) are inherently incurable and will result in termination of the Franchise Agreement. For certain repeated service violations, we may require you to transfer a particular ATM or all of your ATMs (if part of an MLA or other group arrangement) to us, an affiliate or another franchisee.
i. Your obligations on termination/non-renewal	15	Pay us what you owe us, cease using the Marks, and follow our termination procedures.
j. Assignment of contract by us	12.1	Fully transferable by us
k. "Transfer" by you - definition	12, except for 12.1	All transfers require our approval
l. Our approval of transfer by you	12.2	We have the right to approve all transfers, which will not be unreasonably withheld
m. Conditions for our approval of transfer	12.2	New franchisee qualifies, you are in compliance under the Franchise Agreement (including the payment of all amounts owed), new franchisee successfully completes training, new franchisee signs then-current franchise agreement for full new term, new franchisee pays us for additional term years it is receiving, you pay us transfer fee, you sign a general release, we approve transfer terms, you agree to non-compete, you return to us all pending leads we provided to you and other reasonable conditions.

Provision	Section in Franchise or Other Agreement	Summary
n. Our right of first refusal to acquire your business	11.8	For all third party bona fide offers
o. Our option to purchase your business	15.6	60 day option upon termination or expiration
p. Your death or disability	12.6, 12.7	If you, or your managing owner, die or are permanently disabled, your interest in the franchise must be transferred to a third party within 2 months from the date of death or permanent disability.
q. Non-competition covenants during the term of the franchise	7.1	You may not have an ownership interest in a competitive business while you are a franchisee
r. Non-competition covenants after the franchise is terminated or expires	15.4	24 months within the Territory
s. Modification of the agreement	17.16	Must be in writing
t. Integration / merger clause	17.18	Oral statements not binding. The Franchise Agreement and the system standards are the entire agreement (subject to federal and state law). Any representation or promise made outside this disclosure document or the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	17.12	All non-money issues except post-term use of the Marks
v. Choice of forum	17.14	California (subject to federal and state law)
w. Choice of law	17.13; Section 11 to Purchase Agreement	State in which the Area of Operation is located, except for arbitration which is covered by the Federal Arbitration Act

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote ACFN® franchises. No public figure is involved in our management or control.

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.

The following 3 tables are presented to demonstrate possible results of an ACFN® franchisee operating 1 ATM, a small network of 5 ATMs, and a larger network of 10 ATMs, based on a combination of variables. The variables include the following: (i) Transactions Per Day; (ii) Total Transactions Per Day; (iii) Transactions Per Month; (iv) Fees Collected; (v) Transaction Fees; (vi) Profit Share; (vii) Administration Fees; and (viii) Estimated Funds.

The possible results included in the tables below are solely based on our estimates of the variables, and are not the actual results of any particular ACFN® franchisee or ACFN® ATM. Actual results, as well as the actual amounts used for each of the variables, will vary from franchisee to franchisee, ATM to ATM, area to area, and market to market.

To give the information presented in these tables a reasonable basis, however, we used averages based on every ATM surcharge transaction that took place at all operational ACFN® ATMs during our 2012 fiscal year (January 1, 2012, to December 31, 2012) in calculating several of the estimated variables. A detailed description of our estimates and the material assumptions underlying this financial performance representation are included in the notes following the tables.

These figures are only estimates of what we think you may earn. Your individual results may differ. There is no assurance that you'll earn as much.

[Remainder of page intentionally left blank]

# ATMs	Tran. per day	Total per day	Tran. per month	Fees collected	Tran. fees	Profit share	Admin fee	Paid to franchisee	Annual total	Estimated funds	10 year total
1	1	1	30	\$ 86.40	\$ 2.40	\$ 26.70	\$12	\$ 45.30	\$544	\$ 849	\$6,285
1	2	2	60	\$ 172.80	\$ 4.80	\$ 53.40	\$12	\$ 102.60	\$1,231	\$ 1,699	\$14,011
1	3	3	90	\$ 259.20	\$ 7.20	\$ 80.10	\$12	\$ 159.90	\$1,919	\$ 2,548	\$21,736
1	4	4	120	\$ 345.60	\$ 9.60	\$ 106.80	\$12	\$ 217.20	\$2,606	\$ 3,397	\$29,461
1	5	5	150	\$ 432.00	\$ 12.00	\$ 133.50	\$12	\$ 274.50	\$3,294	\$ 4,247	\$37,187
1	6	6	180	\$ 518.40	\$ 14.40	\$ 160.20	\$12	\$ 331.80	\$3,982	\$ 5,096	\$44,912
1	7	7	210	\$ 604.80	\$ 16.80	\$ 186.90	\$12	\$ 389.10	\$4,669	\$ 5,945	\$52,637
1	8	8	240	\$ 691.20	\$ 19.20	\$ 213.60	\$12	\$ 446.40	\$5,357	\$ 6,795	\$60,363
1	9	9	270	\$ 777.60	\$ 21.60	\$ 240.30	\$12	\$ 503.70	\$6,044	\$ 7,644	\$68,088
1	10	10	300	\$ 864.00	\$ 24.00	\$ 267.00	\$12	\$ 561.00	\$6,732	\$ 8,493	\$75,813
1	11	11	330	\$ 950.40	\$ 26.40	\$ 293.70	\$12	\$ 618.30	\$7,420	\$ 9,343	\$83,539
1	12	12	360	\$ 1,036.80	\$ 28.80	\$ 320.40	\$12	\$ 675.60	\$8,107	\$ 10,192	\$91,264
5	1	5	150	\$ 432.00	\$ 12.00	\$ 133.50	\$60	\$ 226.50	\$2,718	\$ 4,247	\$31,427
5	2	10	300	\$ 864.00	\$ 24.00	\$ 267.00	\$60	\$ 513.00	\$6,156	\$ 8,493	\$70,053
5	3	15	450	\$ 1,296.00	\$ 36.00	\$ 400.50	\$60	\$ 799.50	\$9,594	\$ 12,740	\$108,680
5	4	20	600	\$ 1,728.00	\$ 48.00	\$ 534.00	\$60	\$1,086.00	\$13,032	\$ 16,987	\$147,307
5	5	25	750	\$ 2,160.00	\$ 60.00	\$ 667.50	\$60	\$1,372.50	\$16,470	\$ 21,233	\$185,933
5	6	30	900	\$ 2,592.00	\$ 72.00	\$ 801.00	\$60	\$1,659.00	\$19,908	\$ 25,480	\$224,560
5	7	35	1050	\$ 3,024.00	\$ 84.00	\$ 934.50	\$60	\$1,945.50	\$23,346	\$ 29,727	\$263,187
5	8	40	1200	\$ 3,456.00	\$ 96.00	\$1,068.00	\$60	\$2,232.00	\$26,784	\$ 33,973	\$301,813
5	9	45	1350	\$ 3,888.00	\$108.00	\$1,201.50	\$60	\$2,518.50	\$30,222	\$ 38,220	\$340,440
5	10	50	1500	\$ 4,320.00	\$120.00	\$1,335.00	\$60	\$2,805.00	\$33,660	\$ 42,467	\$379,067
5	11	55	1650	\$ 4,752.00	\$132.00	\$1,468.50	\$60	\$3,091.50	\$37,098	\$ 46,713	\$417,693
5	12	60	1800	\$ 5,184.00	\$144.00	\$1,602.00	\$60	\$3,378.00	\$40,536	\$ 50,960	\$456,320
10	1	10	300	\$ 864.00	\$ 24.00	\$ 267.00	\$120	\$ 453.00	\$5,436	\$ 8,493	\$62,853
10	2	20	600	\$ 1,728.00	\$ 48.00	\$ 534.00	\$120	\$1,026.00	\$12,312	\$ 16,987	\$140,107
10	3	30	900	\$ 2,592.00	\$ 72.00	\$ 801.00	\$120	\$1,599.00	\$19,188	\$ 25,480	\$217,360
10	4	40	1200	\$ 3,456.00	\$ 96.00	\$1,068.00	\$120	\$2,172.00	\$26,064	\$ 33,973	\$294,613
10	5	50	1500	\$ 4,320.00	\$120.00	\$1,335.00	\$120	\$2,745.00	\$32,940	\$ 42,467	\$371,867
10	6	60	1800	\$ 5,184.00	\$144.00	\$1,602.00	\$120	\$3,318.00	\$39,816	\$ 50,960	\$449,120
10	7	70	2100	\$ 6,048.00	\$168.00	\$1,869.00	\$120	\$3,891.00	\$46,692	\$ 59,453	\$526,373
10	8	80	2400	\$ 6,912.00	\$192.00	\$2,136.00	\$120	\$4,464.00	\$53,568	\$ 67,946	\$603,626
10	9	90	2700	\$ 7,776.00	\$216.00	\$2,403.00	\$120	\$5,037.00	\$60,444	\$ 76,440	\$680,880
10	10	100	3000	\$ 8,640.00	\$240.00	\$2,670.00	\$120	\$5,610.00	\$67,320	\$ 84,933	\$758,133
10	11	110	3300	\$ 9,504.00	\$264.00	\$2,937.00	\$120	\$6,183.00	\$74,196	\$ 93,426	\$835,386
10	12	120	3600	\$10,368.00	\$288.00	\$3,204.00	\$120	\$6,756.00	\$81,072	\$101,920	\$912,640

General Notes Relating to Tables

The 3 tables above are based on information compiled using every surcharge transaction that took place at all operational ACFN® ATMs during our 2012 fiscal year. These ACFN® ATMs are referred to in this financial performance representation as the “2012 ATMs.” There were 1,795 2012 ATMs, located in 47 different states, that were operating for at least some portion of our 2012 fiscal year. The length of time each 2012 ATM was operational during our 2012 fiscal year varied as follows: 1,561 were operational for 12 full months; 62 were operational for more than 9 months, but less than 12 months; 77 were operational for more than 6 months, but less than 9 months; 42 were operational for more than 3 months, but less than 6 months; and 53 were operational for less than 3 months. The 2012 ATMs are primarily located in hotels and other travel and entertainment based businesses.

While the Transaction Fee and the Administrative Fee (as defined below) are the same for each ATM, other fees and averages described in this Item 19 may vary from state to state.

The information provided in this Item 19 regarding the 2012 ATMs is based on third-party processor network reports. We collected this information, but have not independently audited or verified it. All numbers in the above tables are rounded to the nearest dollar.

Using the information described above, we calculated the following averages:

Average Disperse – Represents the average amount of money withdrawn in a single surcharge transaction from a 2012 ATM. This average was calculated by dividing the total amount of cash withdrawn from all 2012 ATMs during our 2012 fiscal year by the total number of cash withdrawals. The average for our 2012 fiscal year was \$94.37. Of the 1,795 2012 ATMs, 1,052 or 59% were below this average, and 743 or 41% were at or above this average.

Average Surcharge Collected – Represents the average fee collected by a 2012 ATM for a single surcharge transaction, and was calculated by dividing the total surcharge collected by all 2012 ATMs during our 2012 fiscal year by the total number of surcharge transactions. The average surcharge for our 2012 fiscal year was \$2.88. Of the 1,795 2012 ATMs, 384 or 21% were below this average, and 1,411 or 79% were at or above this average.

Average Profit Share – Represents the average amount paid per surcharge transaction to the location owner of each of the 2012 ATMs, and was calculated by dividing the total paid to all 2012 ATM location owners during our 2012 fiscal year by the total number of surcharge transactions. The average profit share was \$0.89. Of the 1,795 2012 ATMs, 1,296 or 72% paid at or below this average, and 499 or 28% paid above this average.

Specific Notes Relating to Each Column on Tables

<u>Column</u>	<u>Heading</u>	<u>Description</u>
1	# ATMs	The total number of ACFN® ATMs a franchisee owns and has placed in operation.
2	Tran. per day (Surcharge Transactions Per Day)	The average number of surcharge transactions performed at each of a franchisee’s ACFN® ATMs each day. While the tables include information for average daily surcharge transactions ranging from 1 to 12 surcharge transactions, we would generally recommend that an ACFN® ATM producing less than 4 surcharge transactions per day be moved to a new location for better results, unless the ACFN® ATM is part of a MLA Program we establish.
3	Total per day (Total Surcharge Transactions Per Day)	The average number of surcharge transactions performed at each of a franchisee’s ACFN® ATMs each day multiplied by the number of ACFN® ATMs in a franchisee’s network. The result represents an estimate of the total number of surcharge transactions for a franchisee’s ACFN® ATM network that day.
4	Tran. per mo. (Surcharge Transactions Per Month)	The estimated number of surcharge transactions performed each month by a franchisee’s ACFN® ATM network based on a 30-day month.
5.	Fees Collected (Per Month)	Fees collected each month by a franchisee as owner of the ATM based on the Average Surcharge Collected for our 2012 fiscal year (as described above) of \$2.88 per surcharge transaction.
6	Tran. Fees (Transaction Fees Per Month)	\$0.08 per surcharge transaction for communications and other transaction-related costs. This is the amount currently set in the Franchise Agreement, although we periodically may reasonably increase it.
7	Profit Share (Per Month)	Paid to the ACFN® ATM location owner for participating in our “On Site ATM” program and based on our Average Profit Share for our 2012 fiscal year (as described above) of \$0.89 per surcharge transaction.

<u>Column</u>	<u>Heading</u>	<u>Description</u>
8	Admin. Fee (Administration Fee Per Month)	\$12 per ACFN® ATM per month for processing, reporting and accounting. This is the amount currently set in the franchise agreement, although we may increase it by up to 10% every 12 months.
9	Paid to Franchisee (Amount Paid to Franchisee Per Month)	The Fees Collected, less the Transaction Fees, Profit Share and Administration Fee, each month.
10	Annual Total (Annual Amount Paid to Franchisee)	The amount paid to a franchisee annually for an ACFN® ATM performing at this level based on the averages described above.
11	Estimated Funds	This represents the estimated amount of money needed by a franchisee to operate (that is, provide adequate cash) the franchisee's ACFN® ATM(s) with service calls performed once each week, and is calculated by multiplying the number of surcharge transactions per month times the Average Dispense of \$94.37, divided by 3 (to be more conservative, 3 is used in this calculation, rather than the actual 4.2 weeks in each month).
12	10 Year Total	10 times the Annual Total, plus the Estimated Funds (as these terms are described above). If a franchisee ceases operating the ACFN® ATM business at the end of 10 years, a franchisee will have received 10 times the Annual Total. In addition, the franchisee will be able to retrieve the Estimated Funds used to operate the franchisee's ACFN® ATM(s) since the funds are no longer needed.

Except for Estimated Funds, the figures in the tables above do not reflect the cost of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or net profit. You should conduct an independent investigation of the costs and expenses you incur in operating your franchised ACFN® business. Franchisees or former franchisees listed in this disclosure document may be one source of information. Other than Estimated Funds, costs relating to day-to-day operation are not included in this table and all costs, including Estimated Funds, will vary from one franchisee to another based on location and size of franchise. Actual Fees Collected, Profit Share paid, surcharge transaction count and Estimated Funds needed will vary and may result in lower revenue and higher expenses.

Written substantiation of the information contained in this financial performance representation will be made available to you upon reasonable request.

A. Many factors, including the location of the ACFN® business, your arrangement with the location owner, local market conditions, and other factors, are unique to each location and may significantly impact the financial performance of your business.

B. As with other businesses, we anticipate that a newly operational ACFN® business will not achieve sales volumes or maintain expenses similar to an ACFN® business that has been operating for a number of years.

C. You are responsible for developing your own business plan for your ACFN® business, including capital budgets, financial statements, projections and other elements appropriate to your particular circumstances. We encourage you to consult with your own accounting, business and legal advisors to assist you to identify the expenses you likely will incur in connection with your ACFN® business, to prepare your budgets, and to assess the likely or potential financial performance of your business.

D. In developing the business plan for your ACFN® business, you are cautioned to make necessary allowance for changes in financial results to income, expenses or both that may result from operation of your business during periods of, or in geographic areas suffering from, economic downturns, inflation, unemployment, or other negative economic influences.

E. As further described above, the figures in the above tables do not reflect the cost of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income. You and your advisors should consider this in your due diligence and preparation of your business plan.

Other than the preceding financial performance representation, ACFN Franchised Inc. 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 Jeffrey Kerr, ACFN Franchised Inc., Community Towers, Sixth Floor, 111 W. Saint John Street, San Jose, California 95113, (888) 794-2236, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

**TABLE NUMBER 1
Systemwide Business Summary
For Years 2010 to 2012**

Business Type	Year	Businesses at the Start of the Year	Businesses at the End of the Year	Net Change
Franchised	2010	124	144	20
	2011	144	167	24
	2012	167	192	25
Company-Owned	2010	1	1	0
	2011	1	0	0
	2012	0	0	0
Total Businesses	2010	125	145	20
	2011	145	167	22
	2012	167	192	25

**TABLE NUMBER 2
Transfers of Businesses From Franchisee to New Owners (Other than the Franchisor)
For Years 2010 to 2012**

State	Year	Number of Transfers
Alabama	2010	0
	2011	1
	2012	2
California	2010	2
	2011	1
	2012	4
Colorado	2010	0
	2011	1
	2012	0
Florida	2010	1
	2011	0
	2012	2
Hawaii	2010	1
	2011	0
	2012	0
Maine	2010	0
	2011	1
	2012	1
Maryland	2010	1
	2011	0
	2012	0
Michigan	2010	0
	2011	2
	2012	0

State	Year	Number of Transfers
Nebraska	2010	0
	2011	0
	2012	1
New Jersey	2010	0
	2011	0
	2012	1
Nevada	2010	1
	2011	0
	2012	0
Ohio	2010	0
	2011	1
	2012	2
Oregon	2010	0
	2011	0
	2012	0
North Carolina	2010	0
	2011	1
	2012	1
Pennsylvania	2010	0
	2011	1
	2012	0
Tennessee	2010	0
	2011	0
	2012	1
Utah	2010	0
	2011	2
	2012	0
Wisconsin	2010	1
	2011	0
	2012	1
TOTAL	2010	7
	2011	11
	2012	16

TABLE NUMBER 3
Status of Franchised Businesses
For Years 2010 to 2012

State	Year	Businesses at the Start of the Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
Alabama	2010	3	1	0	0	0	0	4
	2011	4	0	0	0	0	1	3
	2012	3	1	0	0	0	2	2
Arizona	2010	3	2	0	0	0	0	5
	2011	5	0	0	0	0	0	5
	2012	5	1	0	0	0	0	6
Arkansas	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1

State	Year	Businesses at the Start of the Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
California	2010	20	2	0	0	0	3	21
	2011	21	9	0	0	0	1	28
	2012	28	8	0	0	0	4	32
Colorado	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	1	2
	2012	2	0	0	0	0	0	2
Connecticut	2010	1	1	0	0	0	0	2
	2011	2	1	0	0	0	0	3
	2012	3	1	0	0	0	0	4
Delaware	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Florida	2010	11	0	0	0	0	1	10
	2011	10	3	0	0	0	0	13
	2012	13	6	0	0	0	2	17
Georgia	2010	3	1	0	0	0	0	4
	2011	4	1	0	0	0	0	5
	2012	5	1	0	0	0	0	6
Hawaii	2010	2	1	0	0	0	1	2
	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	1	1
Idaho	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Illinois	2010	4	2	0	0	0	0	6
	2011	6	1	0	0	0	0	7
	2012	7	0	0	0	0	0	7
Indiana	2010	1	1	0	0	0	0	2
	2011	2	1	0	0	0	0	3
	2012	3	0	0	0	0	0	3
Kansas	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
Kentucky	2010	1	1	0	0	0	0	2
	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
Louisiana	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Maine	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	1	1
	2012	1	0	0	0	0	1	0
Maryland	2010	4	3	0	0	0	1	6
	2011	6	0	0	0	0	0	6
	2012	6	1	0	0	0	0	7
Massachusetts	2010	4	0	0	0	0	0	4
	2011	4	1	0	0	0	0	5
	2012	5	2	0	0	0	0	7

State	Year	Businesses at the Start of the Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
Michigan	2010	4	0	0	0	0	0	4
	2011	4	0	0	0	0	2	2
	2012	2	1	0	0	0	0	3
Minnesota	2010	1	0	0	0	0	0	1
	2011	1	1	0	0	0	0	2
	2012	2	0	0	0	0	0	2
Mississippi	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Missouri	2010	2	0	0	0	0	1	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Montana	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Nebraska	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	1	0
Nevada	2010	2	2	0	0	0	1	3
	2011	3	1	0	0	0	0	4
	2012	4	1	0	0	0	0	5
New Hampshire	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
New Jersey	2010	5	0	0	0	0	0	5
	2011	5	1	0	0	0	0	6
	2012	6	0	0	0	0	1	5
New York	2010	8	0	0	0	0	0	8
	2011	8	2	0	0	0	0	10
	2012	10	4	0	0	0	0	14
North Carolina	2010	3	1	0	0	0	0	4
	2011	4	0	0	0	0	1	3
	2012	3	2	0	0	0	1	4
Ohio	2010	3	1	0	0	0	0	4
	2011	4	2	0	0	0	1	5
	2012	5	1	0	0	0	2	4
Oklahoma	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	1	0	0	0	0	2
Oregon	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	0	3
	2012	3	1	0	0	0	0	4
Pennsylvania	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	1	1
	2012	1	1	0	0	0	0	2
Rhode Island	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1

State	Year	Businesses at the Start of the Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
South Carolina	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	1	1
South Dakota	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Tennessee	2010	3	0	0	0	0	0	3
	2011	3	1	0	0	0	0	4
	2012	4	1	0	0	0	1	4
Texas	2010	9	1	0	0	0	0	10
	2011	10	4	0	0	0	0	14
	2012	14	4	0	0	0	0	18
Utah	2010	2	1	0	0	0	0	3
	2011	3	0	0	0	0	2	1
	2012	1	0	0	0	0	0	1
Virginia	2010	3	0	0	0	0	0	3
	2011	3	4	0	0	0	0	7
	2012	7	1	0	0	0	0	8
Washington	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
	2012	2	2	0	0	0	0	4
Wisconsin	2010	2	2	0	0	0	1	3
	2011	3	0	0	0	0	0	3
	2012	3	0	0	0	0	1	2
Wyoming	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
TOTAL	2010	124	29	0	0	0	9	144
	2011	144	34	0	0	0	11	167
	2012	167	43	0	0	0	18	192

TABLE NUMBER 4
Status of Company-Owned Businesses
For Years 2010 to 2012

State	Year	Businesses at the Start of the Year	Businesses Opened	Businesses Reacquired From Franchisees	Businesses Closed	Businesses Sold to Franchisees	Businesses at the End of the Year
California	2010	1	0	0	0	0	1
	2011	1	0	0	0	1	0
	2012	0	0	0	0	0	0
TOTAL	2010	1	0	0	0	0	1
	2011	1	0	0	0	1	0
	2012	0	0	0	0	0	0

TABLE NUMBER 5
Projected Openings
As of December 31, 2012

State	Franchise Agreements Signed But Business Not Opened	Projected New Franchised Businesses in the Next Fiscal Year	Projected New Company-Owned Businesses in the Next Fiscal Year
Arizona	0	0	0
California	0	3	0
Connecticut	0	0	0
Florida	2	1	0
Hawaii	0	2	0
Kentucky	0	1	0
Louisiana	0	1	0
Maine	0	1	0
Maryland	0	1	0
Michigan	0	0	0
Minnesota	0	0	0
Oregon	0	1	0
New Jersey	0	2	0
New York	1	3	0
North Carolina	1	0	0
Oklahoma	0	0	0
Pennsylvania	0	2	0
Tennessee	0	0	0
Washington	0	1	0
Wyoming	1	1	0
TOTAL	5	20	0

Notes to Above Tables:

(*) All numbers are as of December 31 for each year.

(**) As described in Item 1, the company-owned ACFN® businesses described in Tables 1 and 4 were owned and operated by our affiliate AFFA.

Attached as Exhibit G is complete list of the names, business addresses, and business telephone numbers of all ACFN® franchisees as of December 31, 2012. Also attached as Exhibit G is a list of the name, city, state and business telephone number (or, if unknown, the last known home telephone number) of every franchisee that had its franchise terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement in 2012, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years current and former franchisees signed confidentiality agreements. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the ACFN® franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific franchisee organizations associated with the ACFN® franchise system required to be disclosed in this Item.

ITEM 21

FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit B are our audited financial statements, for the periods ending December 31, 2012, December 31, 2011, and December 31, 2010.

ITEM 22

CONTRACTS

Attached as Exhibit A is a copy of the Franchise Agreement you must sign. The Franchise Agreement includes Form of Owner (Appendix A), Guaranty and Assumption of Obligations (Appendix B), Non-Exclusive Area of Operation (Appendix C), USA Patriot Act Addendum (Appendix D), and Transferee Addendum (Appendix E). The State Addenda is attached as Exhibit D. The form of general release is attached as Exhibit E. The Financing Documents, including the form of Promissory Note and Security Agreement to be used if we offer you any financing of the initial franchise fee, are attached as Exhibit F. The Purchase Agreement is attached as Exhibit H.

ITEM 23

RECEIPTS

The last two pages of this disclosure document are copies of a detachable acknowledgment of receipt. Please sign and return to us our copy of the receipt (Copy for ACFN Franchised Inc.), and sign and retain for your records your copy of the receipt (Copy for Prospective Franchisee).

ACFN®
EXHIBIT A
TO DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

ACFN®
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “Agreement”) is made and entered into this _____ day of _____, 20___, by and between ACFN Franchised Inc., a corporation formed under California law, with its principal business address at Community Towers, Sixth Floor, 111 W. Saint John Street, San Jose, California 95113 (referred to in this Agreement as “we,” “us” or “our”), and _____, whose principal business address is _____, (referred to in this Agreement as “you,” “your” or “owner”).

1. PREAMBLES, ACKNOWLEDGEMENTS AND GRANT OF FRANCHISE.

1.1. PREAMBLES. We have expended considerable time and effort in developing an automated teller machine (“ATM”) network in which our franchises provide automated teller machine services, financial transaction processing services, related financial services, and ancillary goods. These businesses operate under the **ACFN®** name and under distinctive business formats, methods, procedures, designs, layouts, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time. We use, promote and license certain trademarks, service marks and other commercial symbols in the operation of **ACFN®** businesses, including the **ACFN®** trademarks and service marks and associated logo (collectively, the “Marks”). We grant franchises to persons who meet our qualifications and who are willing to undertake the investment and effort required to own and operate a **ACFN®** business offering the services and products we authorize and approve and utilizing our business formats, methods, procedures, signs, designs, layouts, equipment, standards and specifications and the Marks (the “System”), irrespective of the media we use to document the System. You have indicated to us by your actions and statements that you are desirous of a franchise to own and operate an **ACFN®** business. The Marks, together with the System and the franchise license granted herein are referred to collectively herein as the “BUSINESS.”

1.2. ACKNOWLEDGMENTS. You acknowledge that you have read this Agreement and our Franchise Offering Circular and understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each **ACFN®** business and thereby to protect and preserve the goodwill of the Marks. You acknowledge that you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a **ACFN®** business may evolve and change over time, that an investment in a **ACFN®** business involves business risks and that your business abilities and efforts are vital to the success of the venture. Any information you acquire from other **ACFN®** franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representations as to the accuracy of any such information. All business dealings between you and our officers, directors and employees as a result of this Agreement are solely between you and us. You acknowledge that we have advised you to seek franchise counsel to review and evaluate this Agreement. You further acknowledge we will conduct background investigations on you as part of the evaluation process. You acknowledge and agree that as a condition of entering this Agreement you must execute the attached Appendix D that is required to be executed by all our franchisees under the terms of the USA Patriot Act.

1.3. REPRESENTATION. You represent to us, as an inducement to your entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of the franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved of your purchasing a franchise in reliance upon all of your representations.

1.4. CORPORATE, PARTNERSHIP, OR LIMITED LIABILITY COMPANY FRANCHISEE. We require that you form a business entity to operate the BUSINESS. If you are at any time a corporation, partnership, or limited liability company, or other business entity, you agree and represent that:

- 1.4.1. You will have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation. You will notify us within five (5) days whenever there is a change in your corporate status or whenever you receive service of process for any reason;
 - 1.4.2. Your organizational documents or partnership agreement will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;
 - 1.4.3. Appendix A to this Agreement will completely and accurately describe all of your owners and their interests in you;
 - 1.4.4. Each of your owners, at any time during the term of this Agreement, will execute an agreement in the form that we prescribe (see Appendix B to this Agreement) undertaking to be bound jointly and severally by all provisions of this Agreement and any ancillary agreements between you and us that bind you. You and your owners agree to execute and deliver to us such revised Appendices A as may be necessary to reflect any changes in the information contained therein and to furnish such other information about your organization or information as we may request within five (5) days of change; and
 - 1.4.5. Your owners and you will grant to one individual (the “Managing Owner”), the authority to legally bind you in any dealings with us, or our affiliates, and to direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the BUSINESS. You will notify us thirty (30) days in advance of any change in the identity of the Managing Owner. Where such change results from the death or incapacity of the Managing Owner, you shall immediately notify us of such death or incapacity and you will appoint a new Managing Owner within thirty (30) days after such death or incapacity and give us ten (10) days prior notice of such appointment. We reserve the right to review and disapprove of such appointed new Managing Owner. We reserve the right to review and approve the authority of such Managing Owner with respect to your Articles of Organization, LLC Operating Agreement, Partnership Agreement, Shareholders Agreement, or similar documents. Neither you nor your owners will, directly or indirectly, take any action to avoid or restrict the authority requirement for the Managing Owner.
- 1.5. **GRANT OF FRANCHISE.** You desire a franchise to own and operate an ACFN® business within the non-exclusive geographic area (the “Area of Operation”) described on Appendix C to this Agreement. Subject to the terms of, and upon the conditions contained in this Agreement, we hereby grant you a franchise (the “Franchise”) to operate a ACFN® business (sometimes referred to herein as the “BUSINESS”) within the Area of Operation, and a license to use the Marks and the System in the operation thereof, for a term commencing on the date of this Agreement and expiring on the tenth (10th) anniversary, unless sooner terminated in accordance with Article 14 hereof. The BUSINESS will consist of the operation of ATMs at locations we approve within the Area of Operation, all in accordance with this Agreement.
- 1.6. **YOUR PERFORMANCE.** Your Managing Owner agrees to personally manage and operate the BUSINESS and will not, without our prior written consent, delegate any authority and responsibility with respect to management and operation. You agree that you will at all times faithfully, honestly and diligently perform your obligations hereunder, continuously exert your best efforts to promote and enhance the BUSINESS and not engage in any other business or activity that conflicts with your obligations to operate the BUSINESS in compliance with this Agreement.
- 1.7 **ACCOUNT PROTECTION.** You do not receive any exclusive rights within the Area of Operation, and the Area of Operation is in no way a protected territory. During the term of this Agreement and for so long as you are not in default under this Agreement, however, we shall take such reasonable steps as we consider necessary to prevent any other franchisee from soliciting or serving any of the customer accounts at those locations where you have established and are presently operating ATMs within the Area of Operation.

1.8. **RIGHTS WE RESERVE.** We (and our affiliates) reserve any and all rights not expressly granted to you under this Agreement. Without limiting the preceding sentence, we (and our affiliates) retain the right, in our sole discretion, without any compensation to you or any other franchisees and regardless of whether they compete with the BUSINESS, to conduct any of the following activities, anywhere in the world, including without limitation within the Area of Operation:

1.8.1. Sell our services, whether or not using the Marks, through channels other than ACFN® businesses;

1.8.2. Open and establish and/or acquire, and grant to franchisees the right to establish and/or acquire, ACFN® businesses or other ATM businesses on such terms and conditions as we deem appropriate; and

1.8.3. Offer a specific ATM location lead or installation opportunity previously offered to you within your Area of Operation to other parties if you fail to respond to us via email and/or phone and take action within three (3) days of notifying you of that ATM location lead or installation opportunity.

2. **ATM LOCATION SELECTION AND EQUIPMENT.**

2.1. **ATM LOCATION LEADS.** Although we have no obligation to do so, provided you remain Active (as defined below), we may from time to time market to find potential ATM locations within the Area of Operation and provide leads to you for potential ATM locations within the Area of Operation. For the purpose of this Agreement, “Active” means that you (i) are in good standing under and not in default of this Agreement and any other agreement with us, (ii) maintain in stock one ATM and order an additional ATM from us each time you add an operating ATM to your ATM network, (iii) review any leads we provide to you for potential ATM locations within the Area of Operation and notify us within the time period we prescribe of your interest in pursuing any of the leads, (iv) deliver marketing materials to all leads you elect to pursue within the time period we prescribe and conduct any additional follow-up we prescribe, and (v) participate in our annual leads review process and conduct any related follow-up we prescribe. If at any time you fail to remain Active, we can take back and reassign any leads we previously provided to you for potential ATM locations within the Area of Operation, except to the extent you have already received our prior approval to add any of the potential ATM locations to your ATM network.

2.2. **ATM LOCATION SELECTION.** You acknowledge that, following your signing of this Agreement, you will review any potential ATM locations within the Area of Operation we recommend to you, and you will notify us within the time period we prescribe of any potential ATM locations you select within the Area of Operation at which you want to locate an ATM. You acknowledge and agree that you may not locate and operate an ATM at a particular location under this Agreement until you have reviewed/selected that location, received our prior approval of that location and met all of our then-current criteria for operating additional ATMs. You further acknowledge and agree that our recommendation and/or approval of any ATM location, and any information regarding that ATM location communicated to you, do not constitute a representation or warranty of any kind, express or implied, as to the suitability of the location for an ATM or for any other purpose. Our recommendation and/or approval of the ATM location indicates only that we believe that that ATM location falls within the acceptable criteria for ATM locations that we have established as of the time of our recommendation and/or approval of the ATM location, or that the ATM location should be approved as part of a MLA Program described in Article 9.11 hereof. You acknowledge and agree that your review, selection and acceptance of each ATM location developed under this Agreement is based on your own independent investigation of the suitability of that ATM location, including without limitation considerations relating to safety and security.

2.3. **EQUIPMENT.** We shall furnish you with a list of the equipment and other accessories (collectively, the “Equipment”) required in connection with the operation of the BUSINESS. You shall purchase or lease such Equipment from us, or our affiliate, at our then-current prices, or, at our direction, from sources or suppliers approved or designated in writing by us. You acknowledge and agree that in order for us to insure consistent quality services at all our ATM locations, you must purchase all ATMs for use in the BUSINESS from us or our affiliate, and that we derive revenue from your required purchase of such

ATMs. You acknowledge and agree we have the right, upon thirty (30) days prior notice to you, to change reasonably the make and model of new ATM units we require you to use as part of the franchise system and we have the right to increase reasonably the price we charge you for such new ATM units. Other than for ATM units, ATM cabinets, and related ancillary supplies and merchandise, we may approve, in our sole discretion, any other equipment source or supplier requested by you, provided that the equipment being supplied by such other source or supplier shall meet the standards of us and the System. All expenses incurred by us in testing the equipment to be supplied by such other source or supplier, and in investigating such other source or supplier, including the costs of an independent agency or laboratory designated by us to test the equipment, shall be paid for by you, whether or not such other source or supplier is approved by us. For purposes of clarification, purchases of additional ATMs to be located at approved locations within the Area of Operation are governed by this Agreement and do not require a separate Franchise Agreement.

2.4. YOUR OBLIGATIONS. You agree, at your own expense, to do the following with respect to developing the BUSINESS:

2.4.1. Secure all financing required to develop and operate the BUSINESS;

2.4.2. Obtain all permits and licenses required to operate the BUSINESS;

2.4.3. Purchase or lease all Equipment required for the BUSINESS; and

2.4.4. Purchase an initial inventory of authorized and approved ancillary goods, materials and supplies.

2.5. BUSINESS COMMENCEMENT. You agree not to commence operation of the BUSINESS until:

2.5.1. Pre-commencement training has been completed to our satisfaction;

2.5.2. The initial franchise fee and all other amounts then due to us have been paid; and

2.5.3. We have been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request.

2.6. COMMENCEMENT DEADLINE. You agree to commence operating the BUSINESS within ninety (90) days after execution of this Agreement or within sixty (60) days after you have completed initial training to our satisfaction, as provided in Article 4.1. of this Agreement. If you are unable to commence operating the BUSINESS within the specified period due to circumstances beyond your reasonable control (other than lack of funds), then you shall be entitled to such additional time as may be reasonably required and as to which we consent in writing to commence such operation.

2.7. INITIAL LOCAL MARKETING. You agree to conduct initial local marketing for the BUSINESS and to expend up to Two Hundred (\$200) Dollars (the "Initial Local Marketing Expense") for such purpose. Such initial local marketing will utilize the marketing and public relations programs and media and advertising materials we have developed or approved. Such initial local marketing shall be conducted at such times as we consider prudent.

3. FEES.

3.1. INITIAL FRANCHISE FEE. You agree to pay us a nonrecurring and nonrefundable initial lump sum franchise fee in the amount of Twenty Five Thousand (\$25,000) Dollars, which will be due upon your execution of this Agreement. The fee will be fully earned by us upon the execution of this Agreement.

3.2. INTERCHANGE FEES/TRANSACTION SURCHARGE FEE. You agree that we have the right to receive from third parties all Interchange fees derived from the processing of transactions from each of your ATM locations. In the event the Interchange fee system is eliminated or eroded during the term of the Agreement, you agree to pay us each calendar month (the "Accounting Period") a transaction surcharge fee ("Transaction Surcharge Fee") equal to the difference between Thirty Five Cents (\$0.35) and the Interchange fee we receive (if any) per separate transaction at each of your ATMs, and additionally you

agree to pay us our reasonable transaction processing costs as charged to us from third parties. We may reasonably increase the Transaction Surcharge Fee from time to time upon thirty (30) day written notice from us to you, with such increases not to exceed ten (10%) percent during any twelve (12) month period during the term of the Agreement. We also have the right to charge you additional surcharges or fees that third parties, processors or banks impose on us as a result of processing transactions at your ATM locations. All amounts owed to us under this Article shall be deducted by us from the monies we collect in processing your ATM transactions, pursuant to our Methods of Operations (defined in Article 4.5. below).

- 3.3. DEFINITION OF “GROSS REVENUE”.** As used in this Agreement, the term “Gross Revenue” means all revenue you derive from operating the BUSINESS, and 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 BUSINESS in compliance with our Methods of Operation (defined in Article 4.5).
- 3.4. INTEREST ON LATE PAYMENTS.** All amounts which you owe us and do not pay us when due will bear interest after their due date at 18% percent per annum. You acknowledge that this Article does not constitute our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the BUSINESS. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Article 14 hereof, notwithstanding the provisions of this Article.
- 3.5. APPLICATION OF PAYMENTS.** Notwithstanding any designation you might make, we have sole discretion to apply any amounts collected from you to any of your past due indebtedness to us. You acknowledge and agree that we have the right to set off any amounts you or your owners owe us against any amounts we might owe you or your owners.
- 3.6. ATM ADMINISTRATION FEE.** You agree to pay us each Accounting Period an ATM administration fee (“ATM Administration Fee”) in the amount of Twelve (\$12) Dollars per ATM in operation by the BUSINESS during the Accounting Period. We may reasonably increase the ATM Administration Fee from time to time upon thirty (30) day written notice from us to you, with such increases not to exceed ten (10%) percent during any twelve (12) month period during the term of the Agreement except in the event we determine that any ATM that you operate is at any time not being processed through our network pursuant to our Methods of Operation (defined in Article 4.5. below), in which case you agree to pay us an ATM Administration Fee for that machine in the amount of Two Hundred (\$200) Dollars per Accounting Period for the remaining term of the Agreement. All amounts owed to us under this Article shall be deducted by us from the monies we collect in processing your ATM transactions, pursuant to our Methods of Operations.
- 3.7. ATM NETWORK AND CONFIGURATION FEE.** You agree to pay us each Accounting Period a one-time ATM network and configuration fee (“ATM Network and Configuration Fee”) in the amount of Twenty Five (\$25) Dollars per ATM machine relocated to any additional location by the BUSINESS during the Accounting Period. The ATM Network and Configuration Fee is payable each time you relocate an ATM after the ATM is initially installed. There is no ATM Network and Configuration Fee payable on the initial installation of any ATM. We may reasonably increase the ATM Network and Configuration Fee from time to time upon thirty (30) day written notice from us to you, with such increases not to exceed ten (10%) percent during any twelve (12) month period during the term of the Agreement. All amounts owed to us under this Article shall be deducted by us from the monies we collect in processing your ATM transactions, pursuant to our Methods of Operations (defined in Article 4.5. below).
- 3.8. TRANSACTION FEE.** You agree to pay us each Accounting Period a transaction fee (“Transaction Fee”) in the amount of Eight Cents (\$0.08) per ATM surcharge transaction for each ATM machine in operation by the BUSINESS during the Accounting Period. The Transaction Fee is paid to us only after you have earned your portion of any surcharge transaction, pursuant to our Methods of Operation. We may reasonably increase the Transaction Fee from time to time upon thirty (30) day written notice from us to you. All amounts owed to us under this Article shall be deducted by us from the monies we collect in processing your ATM transactions, pursuant to our Methods of Operations (defined in Article 4.5. below).

- 3.9. SERVICE FEE.** You agree that if you fail to follow our “Methods of Operation” (defined in Article 4.5. hereof) and such failure results in our having to perform, fully or partially, any service for your ATM accounts, including your failure to timely respond to our requirement that you service all ATMs within twenty four (24) hours after we notify you of a material problem at any ATM location, you will pay us a service fee equal to the actual costs and expenses we (and/or our designees) incur to fulfill the service obligation for your account, plus additional amount of twenty percent (20%) of those costs and expenses. Nothing set forth in this Article shall be construed as imposing, or assuming, any obligation to fulfill your service obligations.
- 3.10. CORPORATE ATM ACQUISITION FEE.** We or our affiliates(s) may acquire and or operate ATM locations that we may elect to offer for acquisition to franchise operators. You acknowledge and agree that if we do elect to offer you any such ATM location, in our sole business judgment, and you elect to acquire such ATM location, in your sole discretion, you will pay us a Corporate ATM Acquisition Fee to which we will mutually agree for the ATM location, and you must sign with us our then-current form of Purchase Agreement or any other related agreements or documentation that we require pertaining to such ATM location, pursuant to our Methods of Operation (defined in Article 4.5. hereof). We also reserve the right to collect from you a refundable deposit of up to 25% of the applicable Corporate ATM Acquisition Fee.
- 3.11. WIRELESS CONNECTION FEE.** You acknowledge and agree that for any wireless ATM locations you operate you must pay us a Wireless Connection Fee at our then-current price during the term of the Agreement, pursuant to our Methods of Operation (defined in Article 4.5.).
- 3.12. ATM RELOCATION FEE.** If you fail to follow our “Methods of Operation” (defined in Article 4.5.) in respect to required maintenance of your ATM locations by failing to timely service any of your ATM locations within twenty-four (24) hours after we notify you of required customer support service, and such customer support service failure by you results in the loss of the site location for the ATM, you acknowledge and agree that you must pay us a fee (the “ATM Relocation Fee”) for identifying a replacement site location for the ATM for which the site location has been terminated. The ATM Relocation Fee shall be in the amount specified under our Methods of Operation, and that reasonably we may amend from time to time during the term of the Agreement, in our sole business judgment. The ATM Relocation Fee shall be deducted by us from the monies we collect in processing your ATM transactions pursuant to our Methods of Operations. Nothing set forth in the Article shall be construed as imposing or assuming an obligation by us to fulfill your customer support responsibility for any of your ATM locations.
- 3.13. ADDITIONAL FEES.** You acknowledge and agree that we have the right to charge you additional fees to cover our reasonable costs in taking advantage of any new revenue sources that may become available to us and/or the ACFN® franchise system, or opportunities for us to allow ACFN® franchisees to offer additional services or participate in addition programs, as further described in Article 8.5. hereof.

4 TRAINING AND COMMENCEMENT ASSISTANCE.

- 4.1. TRAINING.** Before the BUSINESS begins operating, we will furnish initial training on the operation of an ACFN® business. When you sign this Agreement, you must pay us a nonrefundable Nine Hundred and Ninety Five Dollar (\$995) training fee for your Managing Owner and up to one (1) additional individual you elect to attend the initial training program. Initial training consists of three (3) working days of training to be furnished at our head office or at such other location as we may specify. No other additional or refresher courses are required for you to commence operation of your franchise. Your Managing Owner must complete the initial training to our satisfaction. You also are required to participate in all other activities required to operate the ACFN® franchise. You are responsible for travel, accommodations, meals and all additional expenses your Managing Owner and any additional individual incurs in connection with attending the initial training program. If we determine that your Managing Owner is unable to complete initial training to our satisfaction, by written and/or oral exam or otherwise, we have the right to terminate this Agreement pursuant to Article 14. hereof.

- 4.2. **REFRESHER TRAINING.** We may require your Managing Owner 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. We also may require you to pay us fees for our training of your new employees hired after your BUSINESS commences operations, if you so request. You agree to give us reasonable assistance in training or assisting other ACFN® franchisees. We will reimburse you for your reasonable costs and expenses in providing such assistance.
- 4.3. **GENERAL GUIDANCE.** We will advise you from time to time regarding operating issues concerning the BUSINESS 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” (defined in Article 4.5. below), bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the BUSINESS. In addition, we will furnish guidance to you with respect to:
- 4.3.1. Standards, specifications and operating procedures and methods utilized by the BUSINESS;
 - 4.3.2. Purchasing required ancillary goods, equipment, materials, supplies and services;
 - 4.3.3. Advertising and marketing programs;
 - 4.3.4. Employee training; and
 - 4.3.5. Administrative, bookkeeping and accounting procedures and services whereby we will provide centralized ATM transaction processing services. We will process all of your ATM transactions and within forty five (45) days of the end of each calendar month will send you a check for any transaction monies collected by us for such calendar month, less any commissions paid to locations pursuant to duly authorized location agreements, and less all fees due to us under this Agreement, along with a detailed statement itemizing all parts of each transaction.
- 4.4. **ADDITIONAL GUIDANCE.** During the term of this Agreement, additional guidance may be provided in any of the following ways:
- 4.4.1. Telephone consultation during such times as are outlined in the Operations Manual (see Article 4.5. below);
 - 4.4.2. Buying advisory services whereby we may provide you with lists of sources and approved suppliers for our ancillary goods, services, equipment, etc.;
 - 4.4.3. Ongoing marketing programs to fulfill our obligations in Articles 2.7. and 9. of this Agreement;
 - 4.4.4. Newsletter services whereby we may inform you periodically about current events in the ACFN® franchise program;
 - 4.4.5. Meetings, seminars or conventions whereby we may get together with you and other ACFN® franchisees for business or social purposes;
 - 4.4.6. Research and development regarding Methods of Operation (see Article 4.5. below);
 - 4.4.7. At your request, we will furnish additional guidance and assistance and, in such a case, may charge the *per diem* fees and charges we establish from time to time. 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; and/or.
 - 4.4.8. As we may mutually agree, we may provide ongoing assistance to you at the hourly fee we establish from time to time.

4.5. **OPERATIONS MANUAL.** During the term of this Agreement, we will allow you to use one (1) copy of our operations manual (“Operations Manual”), consisting of such materials (possibly including, but not limited to, audio tapes, videotapes, magnetic media, computer software, access to our Internet home page, and written materials) that we furnish to franchisees from time to time for use in operating a ACFN® business. The Operations Manual contains the System and other information and rules that we prescribe from time to time, some of which for the operation of a ACFN® business and information relating to your other obligations under this Agreement and related agreements, which, taken together, we refer to as methods of operation (“Methods of Operation”). Some of the Methods of Operation contained in the Operations Manual are mandatory, while other of the Methods of Operation are optional or recommended. The Operations Manual may be modified from time to time to reflect changes in Methods of Operation. You agree to keep your copy of the Operations Manual current and in a secure location. In the event of a dispute relating to its contents, the master copy of the Operations Manual we maintain at our principal office will be controlling. **YOU MAY NOT AT ANY TIME COPY, DUPLICATE, RECORD OR OTHERWISE REPRODUCE ANY PART OF THE OPERATIONS MANUAL.** If your copy of the Operations Manual is lost, destroyed or significantly damaged, you agree to obtain a replacement copy at our then applicable charge.

5 MARKS.

5.1. **OWNERSHIP AND GOODWILL OF MARKS.** Your right to use the Marks is derived solely from this Agreement and limited to your operation of the BUSINESS pursuant to and in compliance with this Agreement and Methods of Operation, which we prescribe from time to time during its term. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the BUSINESS in compliance with this Agreement). All provisions of this Agreement applicable to the Marks apply to any additional proprietary trademarks and service marks and commercial symbols we authorize you to use.

5.2. **LIMITATIONS ON YOUR USE OF MARKS.** You agree to use the Marks as the trade name and sole identification of the BUSINESS, except that you agree to identify yourself as the independent owner thereof in the manner we prescribe. You may not use any Marks as part of any corporate or legal business name or as part of an Internet domain name or Internet e-mail address or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you hereunder), or in any modified form, nor may you use any Marks in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. You may, however, use the Marks as part of a fictitious or assumed name required by applicable law or as we prescribe or require. No Marks may be used in any advertising concerning the transfer, sale or other disposition of the BUSINESS or an ownership interest in you. You agree to display the Marks prominently in the manner we prescribe at the BUSINESS, on supplies or materials we designate and in connection with forms and advertising and marketing materials. You agree to give such notices of trademark and service marks registrations, i.e., “®”, “™”, as we specify and to obtain any fictitious or assumed name registrations required under applicable law. You agree to withdraw any fictitious or assumed name registrations immediately upon termination or expiration of this Franchise Agreement.

5.3. **NOTIFICATION OF INFRINGEMENTS AND CLAIMS.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Marks or copyrights, or of any claim by any person of any rights in any Marks or copyrights, and agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, United State Patent and Trademark Office (“USPTO”) proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Marks or copyrights. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO proceeding or other proceeding or otherwise to protect and maintain our interests in the Marks or copyrights.

- 5.4. **DISCONTINUANCE OF USE OF MARKS.** If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Marks, use one or more additional or substitute trademarks, or service marks or modify or discontinue any copyrights, you agree to comply with our directions within a reasonable time after receiving notice thereof. We will not be obligated to reimburse you for any loss of revenue attributed to any modified or discontinued Marks or copyrights, or for any expenditures you make to promote a modified or substitute trademark or service mark or to use a copyright.

6 CONFIDENTIAL INFORMATION.

- 6.1. **DETERMINATION OF CONFIDENTIAL INFORMATION.** We possess (and will continue to develop and acquire), and may disclose to you, certain confidential information (the “Confidential Information”) relating to the development and operation of ACFN® businesses, which may include (without limitation):

- 6.1.1. The System, the Operations Manual, any other proprietary materials, the sales and marketing techniques used, and knowledge of and experience in developing and operating ACFN® businesses;
- 6.1.2. Marketing and advertising programs for ACFN® businesses;
- 6.1.3. Knowledge of specifications for and suppliers of certain ancillary goods, services, equipment, materials and supplies; and
- 6.1.4. Knowledge of the operating results and financial performance of ACFN® businesses other than the BUSINESS.

- 6.2. **FOR BUSINESS USE ONLY.** You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to utilize Confidential Information disclosed to you in operating the BUSINESS 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. You further acknowledge and agree that Confidential Information is proprietary, includes our trade secrets and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you:

- 6.2.1. Will not use Confidential Information in any other business capacity;
- 6.2.2. Will maintain the absolute confidentiality of Confidential Information during and after the term of this Agreement;
- 6.2.3. Will not make unauthorized copies of any portion of Confidential Information disclosed via electronic medium or in written or other tangible form; and
- 6.2.4. Will adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure thereof to BUSINESS personnel and others.

- 6.3. **IDEAS, CONCEPTS, TECHNIQUES OR MATERIALS.** All ideas, concepts, techniques or materials relating to a ACFN® business, whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, will be promptly disclosed to us, deemed to be our sole and exclusive property and part of the System and deemed to be works made for hire for us. You and your owners agree to sign whatever assignment or other documents we may request from time to time to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

7 EXCLUSIVE RELATIONSHIP.

7.1. **EXCLUSIVE DEALINGS.** You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among ACFN® businesses if franchised owners of ACFN® businesses were permitted to hold interests in or perform services for a Competitive Business (defined below). You also acknowledge that we have granted the Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses, children or other relatives by blood or marriage) will:

7.1.1. Have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business;

7.1.2. perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business; or

7.1.3. Recruit or hire any person who is our employee or the employee of any ACFN® business without obtaining the prior written permission of that person's employer.

7.2. **COMPETITIVE BUSINESS.** The term "Competitive Business" as used in this Agreement means any business operating, or granting franchises or licenses to others to operate, any business that provides ATM services, related financial services, or any related services which are similar to this BUSINESS (other than a ACFN® business operated under a franchise agreement with us).

8 METHODS OF OPERATION.

8.1. **COMPLIANCE WITH METHODS OF OPERATION.** You acknowledge and agree that your operation and maintenance of the BUSINESS in accordance with Methods of Operation (defined in Article 4.5.) is essential to preserve the goodwill of the Marks and all ACFN® businesses. Therefore, at all times during the term of this Agreement, you agree to operate and maintain the BUSINESS in accordance with Methods of Operation, as we periodically modify and supplement them during the term of this Agreement. Methods of Operation may regulate any one or more of the following with respect to the BUSINESS:

8.1.1. Replacement of obsolete or worn out equipment;

8.1.2. Types, models and brands of required equipment, materials and supplies;

8.1.3. Required or authorized services, ancillary goods and categories for same, including our required processing of all ATM transactions at all your ATM locations, and our programming of all your ATM locations to our specifications;

8.1.4. Designated or approved suppliers (which may be limited to or include us) of ancillary goods, services, equipment, materials and supplies;

8.1.5. Terms and conditions of the sale and delivery of, and terms and methods of payment for, ancillary goods, services, including direct labor, materials and supplies that you obtain from us, our affiliates or others;

8.1.6. Sales, marketing, advertising and promotional programs and materials as well as media used in such programs;

8.1.7. Use of the Marks;

8.1.8. Participation in market research and testing and services and ancillary goods development programs;

- 8.1.9. Types, amounts, terms and conditions of insurance coverage required to be carried for the BUSINESS and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain and/or maintain insurance coverage for the BUSINESS at your expense if you fail to obtain and maintain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims; and
- 8.1.10. Regulation of such other aspects of the operation and maintenance of the BUSINESS that we determine from time to time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and ACFN® businesses.

8.2. PROVISIONS OF THIS AGREEMENT. You agree that Methods of Operation prescribed from time to time in the Operations Manual, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all Methods of Operation as periodically modified.

8.3. MODIFICATION OF METHODS OF OPERATION. We may periodically modify Methods of Operation, as we determine, and any such modifications may obligate you to invest additional capital in the BUSINESS (“Capital Additions”) and/or incur higher operating costs; provided, however, that such modifications will not alter your fundamental status and rights under this Agreement. We will not obligate you to make any Capital Additions when such investment cannot, in our reasonable judgment, be amortized during the remaining term of this Agreement, unless we agree to extend the term of this Agreement so that such additional investment, in our reasonable judgment, may be amortized, or unless such investment is necessary in order to comply with applicable law.

8.4. OPERATION OF THE SYSTEM. In order to maintain the high quality and uniform standards, methods, procedures, techniques and specifications associated with the System and the Marks, and to promote and protect the goodwill associated therewith, you agree as follows (at your sole expense unless otherwise indicated):

- 8.4.1. To operate the BUSINESS continuously during the hours prescribed in the Operations Manual or otherwise as a ACFN® business according to the System (including without limitation the obligation to monitor an email address and telephone number for the BUSINESS on a daily basis and to promptly respond to communications during regular business hours), and for no other purpose and not to carry on any similar business other than the BUSINESS, without our prior written approval;
- 8.4.2. To comply at all times with all federal, state, and municipal laws, regulations, by-laws, orders, rulings, ordinances and permits having application to the operation of the BUSINESS including, without limitation, the Americans with Disability Act (“ADA”), Fair and Accurate Credit Transactions Act (“FACTA”), Occupational Safety and Health Act (“OSHA”), all laws regarding the placement of specific notices on ATMs, all governmental regulations relating to worker’s compensation, employment insurance, wage and hour laws, health, safety, sanitation, environmental hazardous products and withholding and payment of any goods and services tax, federal and state income taxes, sales taxes, and property taxes;
- 8.4.3. To obtain and to maintain in force all required licenses, permits, permissions, approvals and certificates relating to the operation of the BUSINESS within the Territory;
- 8.4.4. To ensure that the BUSINESS is at all times under the direct, on-premises management and supervision of your Managing Owner or subject to Article 8.10. of this Agreement, a trained and qualified manager approved by us;

- 8.4.5. Subject to Article 8.10. hereof, to devote attention to the BUSINESS in order to ensure the proper, efficient and effective operation thereof;
- 8.4.6. To continuously exert your best efforts to promote and enhance the BUSINESS and to participate (at your expense unless otherwise provided in this Agreement) in all promotional, advertising and marketing programs, campaigns and cooperatives developed by us;
- 8.4.7. To maintain at all times a suitable organization and a sufficient number of trained personnel (which shall not be less than the minimum requirements specified by us from time to time for the number of personnel and types of positions), to service all customers of the BUSINESS and to operate the BUSINESS efficiently;
- 8.4.8. To comply with all mandatory standards, methods, procedures, techniques and specifications from time to time prescribed by us in the Operations Manual or otherwise in writing relating to the operation of the BUSINESS;
- 8.4.9. To maintain all Equipment in good order and repair and to cause the same to be promptly replaced, in accordance with Article 8.5. hereof, as they become worn, damaged, obsolete, out of style or mechanically impaired. Unless we otherwise agree, in no event shall you use an ATM that is more than 10 years old at any location;
- 8.4.10. At our request from time to time, to modernize, upgrade, refurbish and replace the Equipment to reflect the then-current image and standards of ACFN® businesses;
- 8.4.11. To maintain at all times a motor vehicle appropriate for operation of the BUSINESS according to our Methods of Operation;
- 8.4.12. If required by us, your Managing and such of your managers and other personnel as we may reasonably require, shall attend and participate at any additional or supplemental training courses, conventions, conferences, seminars and franchisee meetings which may be conducted by or on behalf of us from time to time. We do not intend to conduct or have conducted more than two (2) such supplemental training courses and franchisee meetings during each year of the Term of this Agreement, but reserve the right to hold more than two (2) such training courses or franchisee meetings when we, acting reasonably, considers same necessary. We shall have the right to charge you a reasonable fee for such courses or meetings and also you shall be responsible to pay all travel, accommodations, meal and other expenses of you and your managers and other personnel in respect of attending and completing such courses, conventions, conferences, seminars or meetings;
- 8.4.13. If required by us, to participate in such ACFN® franchisee advisory council as may be established or sponsored by us from time to time and to attend and participate at such meetings of such advisory council as may be required by us from time to time;
- 8.4.14. To maintain at all times such arrangements with (and only with) such electronic funds transfer systems, automatic bank transfer systems, inventory control systems, record keeping and reporting systems and all related computer hardware and software systems, as we may designate or approve from time to time;
- 8.4.15. If required by us, to purchase or lease, as the case may be, install and maintain at all times such computer systems, hardware and software necessary to permit us direct access by modem or other facility to your ATMs, computerized systems and data and all other related computer hardware and software systems;
- 8.4.16. To promptly pay when due all taxes, expenses and surcharges of any kind levied or assessed by any and all governmental bodies or agencies, whether municipal, state, or federal, by reason of or in connection with your operation of the BUSINESS;

- 8.4.17. To use such accounting, record keeping and reporting systems as may be approved by us from time to time;
- 8.4.18. To use only those forms which are designated by us from time to time for use in the BUSINESS;
- 8.4.19. To carry on the BUSINESS and conduct yourself in a manner which does not reflect adversely upon you or the System or the Marks, or which might depreciate the goodwill associated with any of them;
- 8.4.20. To wear and require all managers and employees to wear such uniforms or apparel in operation of the BUSINESS as we may designate from time to time, such uniforms or apparel to be purchased by you from suppliers or sources designated by us;
- 8.4.21. To maintain at all times and monitor on a daily basis an email address and telephone number for the BUSINESS, and to notify us immediately if there are any changes to the email address or telephone number of the BUSINESS; and
- 8.4.22. To promptly respond to all communications, including without limitation email and telephone communications, during regular business hours (which for responses to us means during the hours of 9:00 a.m. to 5:00 p.m. PST), as further prescribed by us in the Operations Manual of otherwise in writing.
- 8.5. AUTHORIZED SERVICES AND PRODUCTS.** You acknowledge that it is in your, our, and all other ACFN® franchisees' interest that the uniform standards, methods, procedures, techniques and specifications of the System be fully adhered to by you. Accordingly, you shall offer for sale only such services and products and use only such Equipment, signs, forms, motor vehicles and other items, as are from time to time authorized in writing by us. You also agree to purchase or lease (as directed by us) exclusively from us or from sources or suppliers approved or designated in writing by us (which sources or suppliers may include our Affiliates), all Equipment, signs, forms, products, motor vehicles and other items required by or used in the BUSINESS and acknowledges that we may realize a profit therefrom or receive rebates, discounts or other allowances in respect thereof which we shall be entitled to retain for its own use and credit without accounting to you in respect thereof. Should you wish to acquire any of the foregoing items, including Equipment, from other sources or suppliers, the provisions of Article 2.3. hereof shall apply. As the ATM industry changes and evolves, new revenue sources may become available to us and the ACFN® franchise system. We have the right in our sole discretion to review and determine from time to time if and how we and/or the ACFN® franchise system take advantage of such new revenue sources, and the terms of any participation, which we have the right to make mandatory for you and all other ACFN® franchisees. In addition, as the ATM industry changes and evolves, there may be opportunities for us to allow ACFN® franchisees to offer additional services or participate in addition programs. In such case, we have the right in our sole discretion to review and determine from time to time if and how we and/or the ACFN® franchise system take advantage of such new opportunities, and the terms of any participation, which we have the right to make mandatory for you and all other ACFN® franchisees.
- 8.6. GROUP PURCHASING REBATES.** You shall have the right to participate, on the same basis as other ACFN® franchisees, in group purchasing programs for products, equipment, supplies and services which we may from time to time use, develop, sponsor or provide, including any programs arranged with sources or suppliers approved or designated by us pursuant to Article 8.5. hereof. We may, from time to time, receive rebates, discounts or other allowances in respect of such group purchasing programs which we shall be entitled to retain for our own use and credit without accounting to you.
- 8.7. CAPITAL.** At all times during the Term, you shall maintain and employ in connection with the BUSINESS such minimum working capital as may be reasonably required by us from time to time to enable you to properly and fully carry out and perform all of your duties, obligations and responsibilities hereunder.

- 8.8. INSURANCE.** You shall purchase, and at all times during the Term of the Agreement shall maintain in full force and effect, such policies of insurance in such amounts as we require from time to time or by law including, without limitation, business interruption, product liability, property, fire property damage, employee honesty and liability, and comprehensive general liability insurance, public liability and property damage insurance evidenced by a standard automobile policy, and non-owned automobile insurance for and in respect of the BUSINESS. In all such policies of insurance, we shall be named as an insured party and such policies shall provide that we shall be sent duplicate copies of all documentation and correspondence from the insurer. You shall, at least fourteen (14) days prior to the opening of the BUSINESS, provide us with a certificate of coverage issued by the insurer indicating that all required insurance is in full force and effect and that it will not be terminated, permitted to lapse, expire or be changed without at least thirty (30) days' prior written notice to us. In the event that you do not obtain or maintain such insurance as required, we may (but are not obligated to) obtain and/or maintain such insurance from an insurer selected by us and keep the same in full force and effect at your sole expense. Notwithstanding the foregoing, you shall, at our direction, participate in any group or blanket insurance program, which we may establish from time to time for ACFN® businesses. You shall reimburse us for or, at our option, pay directly to the insurer, your share (as reasonably determined by us or insurer) of all premiums for such insurance. We shall not in any way be liable to you or any other person for any deficiency in such insurance.
- 8.9. GROUP INSURANCE.** You may participate in any group medical, dental or other health or benefit insurance program, which may be established by us for ACFN® franchisees.
- 8.10. MANAGER.** You may from time to time appoint a manager or managers to assist in the management and operation of the BUSINESS. You shall not permit any such manager to assist in the management or operation of the BUSINESS until the manager has successfully completed our initial training program and you have paid us our then-current training fee and its reasonable costs of administering such program. Where any such manager is appointed, nothing herein shall be deemed to relieve you of your obligation to devote attention to the BUSINESS and to maintain direct on-site supervision thereof. You shall not delegate the entire management of the BUSINESS without our prior written consent.

9 MARKETING.

- 9.1. BY US.** Recognizing the value of advertising and marketing to the goodwill and public image of ACFN® businesses, we may establish an advertising fund (the "Advertising Fund") for such advertising, marketing and public relations programs and materials as we deem necessary or appropriate in our sole discretion. Upon our written request, you agree to contribute to the Advertising Fund such amounts that we prescribe from time to time, not to exceed one (1%) percent of Gross Revenue (the "Ad Fee"), payable monthly in accordance with our Methods of Operation (defined in Article 4.5 above). As of the date of this Agreement, we have established an Advertising Fund and you must pay to us a monthly Ad Fee of 1% of your "net revenue," which, for the purposes of this Article 9.1., means the amount payable by us to you each month after all costs have been deducted, excluding the Virtual Office Fee described in Article 9.5. below. We have the right, however, upon written request, from time to time to decrease or increase the Ad Fee to up to 1% of Gross Revenue. We will direct all programs financed by the Advertising Fund, with sole discretion over the creative concepts materials and endorsements used therein and the geographic market and media placement and allocation thereof. You agree that the Advertising Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials, administering regional and multiregional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies to assist therewith and supporting public relations, market research and other advertising promotion and marketing activities and amounts expended pursuant to Article 9.2. below. The Advertising Fund will furnish you with samples of advertising, marketing formats, promotional formats and other materials at no additional cost to you when we deem appropriate. Multiple copies of such materials will be furnished to you at our direct cost of producing them plus any related shipping handling and storage charges.
- 9.2. ACCOUNTING.** The Advertising Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the

Advertising Fund and its programs including, without limitation, conducting market research, preparing advertising promotion and marketing materials, and collecting and accounting for contributions to the Advertising Fund. We may spend, on behalf of the Advertising Fund, in any fiscal year, an amount that is greater or less than the aggregate contribution of all ACFN® businesses to the Advertising Fund in that year and the Advertising Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs before other assets of the Advertising Fund are expended. We will prepare an annual, unaudited compiled statement of monies collected and costs incurred by the Advertising Fund and furnish the statement to you upon written request. We have the right to cause the Advertising Fund to be incorporated or operated through a separate entity at such time as we deem appropriate and such successor entity will have all of the rights and duties specified herein.

- 9.3. PROPORTIONALITY.** You acknowledge that the Advertising Fund is intended to maximize recognition of the Marks and patronage of ACFN® businesses. Although we will endeavor to utilize the Advertising Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all ACFN® businesses, we undertake no obligation to ensure that expenditures by the Advertising Fund in or effecting any geographic area are proportionate or equivalent to the contributions to the Advertising Fund by ACFN® businesses operating in that geographic area. Nor are we under any obligation to ensure that any ACFN® business will benefit directly or in proportion to its Ad Fees paid to the Advertising Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Article, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering the Advertising Fund.
- 9.4. DEFERRALS OR REDUCTIONS.** We reserve the right to defer or reduce contributions of a ACFN® business franchisee and, upon thirty (30) days' prior written notice to you, to reduce or suspend your payment of Ad Fees to and suspend operations of the Advertising Fund for one or more periods of any length and to terminate (and if terminated to reinstate) the Advertising Fund. If the Advertising Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Advertising Fund during the preceding three (3) month period, and amounts required to be paid pursuant to Article 9.1. above shall be added to amounts required to be expended pursuant to Article 9.5. below.
- 9.5. VIRTUAL OFFICE FEE.** In addition to any Ad Fees you pay to the Advertising Fund and the Start-Up Marketing Expense, you agree to pay us each Accounting Period for customer service and ATM location support functions that we will provide to you (the "Virtual Office Fee"). Each Accounting Period, we will calculate your share of Transaction Fees collected from your ATM locations, pursuant to our Methods of Operation. In any Accounting Period, if your share of Transaction Fees is less than Seven Hundred Fifty (\$750) Dollars, there is no Virtual Office Fee payable to us that month. In any Accounting Period, if your share of Transaction Fees is between Seven Hundred Fifty (\$750) Dollars and Eight Hundred Fifty (\$850) Dollars, the Virtual Office Fee is Fifty (\$50) Dollars. In any Accounting Period, if your share of Transaction Fees is between Eight Hundred Fifty (\$850) Dollars and Five Thousand (\$5,000) Dollars, the Virtual Office Fee is One Hundred (\$100) Dollars. In any Accounting Period, if your share of Transaction Fees is greater than Five Thousand (\$5,000) Dollars, the Virtual Office Fee will be at least One Hundred Fifty (\$150) Dollars and will increase by Fifty (\$50) Dollars for each Five Thousand Dollar (\$5,000) increment your share of Transaction Fees is above the Five Thousand Dollar (\$5,000) amount. For example, in any Accounting Period, you will pay a One Hundred Fifty Dollar (\$150) Virtual Office Fee if your share of Transaction Fees is between Five Thousand (\$5,000) Dollars and Ten Thousand (\$10,000) Dollars, a Two Hundred Dollar (\$200) Virtual Office Fee if your share of the Virtual Office Fee is between Ten Thousand (\$10,000) Dollars and Fifteen Thousand (\$15,000) Dollars, and so on. We may reasonably increase the required amount you pay us for the Virtual Office Fee from time to time upon thirty (30) day written notice from us to you, with such increases not to exceed ten (10%) percent during any twelve (12) month period during the term of the Agreement. All amounts owed to us under this Article shall be deducted by us from the monies we collect in processing your ATM transactions, pursuant to our Methods of Operations.
- 9.6. PROOF OF EXPENDITURE.** We may review your books and records from time to time to determine your expenditures for such advertising and promotion. Proof of expenditures is nevertheless your burden

during the term of this Agreement. If we determine that you have not spent the requisite amounts, we may require you to pay such unexpended amounts into the Advertising Fund. The costs of all your telephone directory advertising of the BUSINESS in the principal regular (white pages) and classified (yellow pages) telephone directories covering the area in which the BUSINESS is located will not be credited toward the advertising and promotion obligation described in this Article, unless such ad is a pre-approved display or in-column ad.

- 9.7. **MEDIA APPEARANCES.** You shall not make any television or radio appearance, or make any statement to any public media in connection with the BUSINESS, or the ACFN® business unless you obtain our prior written approval.
- 9.8. **SOLICITATION OF NEW FRANCHISEES.** You acknowledge that we may from time to time develop advertising and promotional materials and displays regarding the solicitation of ACFN® franchisees. You agree to display all such materials and displays as required by us from time to time.
- 9.9. **CUSTOMER WARRANTIES.** You shall participate in any System warranty programs which may be established by us from time to time, and to the extent not limited by applicable laws, shall provide to your customers such warranties regarding the services and products of the BUSINESS as we may reasonably require.
- 9.10. **NOTHING BUT THE TRUTH.** You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time. Samples of all advertising, promotional and marketing materials, which we have not prepared or previously approved, must be submitted to us for approval before you use them. If you do not receive written disapproval within thirty (30) days after our receipt of such materials, we will be deemed to have given the required approval. You may not use any advertising or promotional materials that we have disapproved. We own the copyrights to anything so submitted, whether approved by us or not.
- 9.11. **MULTIPLE LOCATION ACCOUNTS PROGRAM.**
- 9.11.1. *Purpose of MLA Program.* In order to maintain a competitive edge and to better attract multiple location accounts for our franchisees, we have developed a “Multiple Location Accounts Program” or “MLA Program.” The MLA Program is a strategy to be used from time to time, at our sole discretion, with certain “Multiple Location Accounts” or “MLAs,” defined as accounts with clients that (i) own or control multiple locations, and (ii) desire full ATM coverage for all or most their locations. Because full ATM coverage for a particular MLA may involve the on-going servicing of unqualified locations (*i.e.*, locations that otherwise would not meet our standards) and/or locations that under perform and would normally be removed and installed in a better location, we will use the MLA Program to reallocate some of the losses and gains between the various locations that are part of the MLA.
- 9.11.2. *Our Right to Establish MLA Programs for MLAs.* We have the right, in our sole discretion, to determine whether or not MLAs will be a part of the MLA Program. If we determine that a particular MLA will be a part of the MLA Program, we will establish and independently manage a separate MLA Program for that MLA. Notwithstanding any term or condition in the Agreement that may be to the contrary, if you currently operate, or are subsequently granted the right to operate, an ATM at a location that is part of a MLA for which we establish a MLA Program, you must participate in that MLA Program, as further described herein. We will not assess any extra fees to administer a MLA Program for a MLA and will distribute all revenue monthly so there are no deficits or overages.
- 9.11.3. *Minimum Guaranteed Payments.* Subject to the conditions described below, the minimum guaranteed payment to underperforming locations within a MLA will be Two Hundred Fifty (\$250) Dollars per ATM, per month. This means that if you are a franchisee operating an ATM at a location within a MLA that produces less than Two Hundred Fifty (\$250) Dollars in net revenue

for a given month, you will still be paid up to Two Hundred Fifty (\$250) Dollars for that month, with locations earning above Three Hundred Fifty (\$350) Dollars participating in offsetting this shortage. Conversely, if you are a franchisee operating an ATM at a location within a MLA that produces more than Three Hundred Fifty (\$350) Dollars in net revenue for a given month, you must participate in offsetting any shortages for any locations within the MLA that produce less than Two Hundred Fifty (\$250) Dollars in net revenue for that month. Participation will be based on a percentage of revenue above net revenue of Three Hundred Fifty (\$350) Dollars. For the purposes of this provision “net revenue” shall mean the gross surcharge collected less any profit sharing paid to the location, the applicable Transaction Fee and the applicable monthly ATM Administration Fee.

- 9.11.4. *Calculating Minimum Guaranteed Payments.* Underperforming locations within a MLA will only receive monthly minimum guaranteed payments to the extent that the total amount of their collective shortages in a given month are offset by the total amount collected (for the purposes of offsetting shortages) from locations within the MLA that produce more than Three Hundred Fifty (\$350) Dollars for that month, as described above. Accordingly, subject to the limitation described below, if the total amount collected (for the purpose of offsetting shortages) from locations within a MLA for a given month does not completely offset the total amount of the collective shortages of the underperforming locations within the MLA for that month, the underperforming locations will each share in the total amount collected (for the purpose of offsetting shortages) on a percentage basis determined by comparing their respective shortages to the total amount of the collective shortages. We are not obligated to contribute our own funds to offset any monthly individual or collective shortages for underperforming locations within an MLA, and do not ensure that underperforming locations within a MLA will receive the minimum guaranteed payment for any given month.
- 9.11.5. *Initial MLA Period.* You will not be eligible to receive revenue for an ATM located within a MLA (as described above) until the third (3rd) full calendar month of your operation of that ATM.
- 9.11.6. *Modifications to Minimum Guaranteed Payments and MLA Programs.* You acknowledge and agree that we have the right to increase or decrease, from time to time, the minimum guaranteed payment, as well as the other amounts described in this Provision, and these payments and amounts can be different for each MLA. You also acknowledge and agree that we may modify or discontinue, at any time, the MLA Program and any MLA Program we establish for a particular MLA. If you operate an ATM at a location that is part of a MLA, or becomes part of an MLA, we will notify you of the presence of, and any changes to, the MLA Program we establish for that MLA.

10 RECORDS, REPORTS AND FINANCIAL STATEMENTS.

10.1. **BOOKKEEPING.** You agree to establish and maintain at your own expense a bookkeeping, accounting and record keeping system conforming to the requirements and formats we prescribe from time to time. We may require you to use approved computer hardware and software in order to maintain certain sales data and other information. We may require you to use an accountant approved in writing by us in advance. You agree to furnish to us upon our request, on such forms that we prescribe from time to time, without limitation, as follows:

- 10.1.1. Within ten (10) days after their filing, copies of all signed sales tax returns, signed withholding tax returns, and signed property tax returns for the BUSINESS and, as soon as you have received them, copies of the canceled checks for the required sales taxes, withholding taxes, and property taxes;
- 10.1.2. Within fifteen (15) days after the end of each calendar month, a profit and loss statement for the BUSINESS for the immediately preceding calendar month and a year-to-date balance sheet as of the end of such month;

- 10.1.3. Within ninety (90) days after the end of the BUSINESS' fiscal year, reviewed annual profit and loss and source and use of funds statements and a reviewed balance sheet for the BUSINESS as of the end of such fiscal year signed by you or your principal operating officer or operating partner;
- 10.1.4. Within ten (10) days after our request, exact copies of all federal and state income and other tax returns and such other forms, records, books and other information we may periodically require; and
- 10.1.5. Within three (3) business days, copies of all ATM journals for any ATM machine that you operate during the term of the Agreement.

10.2. VERIFICATION. You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports without identifying you. We also have the right to require you to have reviewed or audited financial statements prepared on an annual basis. Moreover, we have the right, as often as we deem appropriate, including on a daily basis, to access the computer systems that you are required to maintain in connection with the operation of the BUSINESS and to retrieve all information relating to the BUSINESS' operations.

10.3. PHOTOGRAPHS, VIDEOS AND OTHER RECORDS. We and our representatives or agents have the right to take and collect photographs, videos or any electronic or other records of you, your owners and your employees, the voices of you, your owners or your employees, your ATMs or any other aspects of the BUSINESS, during any inspections, audits or visits (both formal and informal), or during any training, conventions or meetings, and the exclusive right to reproduce and use, or authorize others to reproduce and use, these photographs, videos and/or recordings singularly or in conjunction with other photographs, videos and/or recordings for advertising, publicity, training, commercial or other business purposes in all domestic and foreign markets. Neither we nor our representatives or agents will have any obligation to obtain your, your owners' or your employees' authorization, consent or release, or to compensate you, your owners or your employees in any manner, in connection with the reproduction and use of these materials for the purposes described above. In addition, to the extent required by applicable law, you shall obtain all necessary authorizations, consents or releases from your owners and employees to allow us and our representatives or agents to reproduce and use any photographs, videos and/or recordings we and our representatives or agents take or collect and, upon our request, you shall provide to us copies of any such authorizations, consents or releases. Upon our request, you also agree to share with us any of these materials that you collect and allow us and our representatives or agents to use them on a non-exclusive basis without paying any compensation to you, except for any pre-approved costs you incur in providing these materials to us. You, on behalf of yourself and your owners and employees, release us, our affiliates, our representatives and agents (including, without limitation, our appointed advertising agencies), and each of our and their directors, officers, agents, employees and representatives, from all claims of every kind on account of our or our representatives' or agents' reproduction and use of the materials described in this Article.

11 INSPECTIONS AND AUDITS.

11.1. OUR RIGHTS TO INSPECT THE BUSINESS. To determine whether you and the BUSINESS are complying with this Agreement and Methods of Operation, we and our designated agents have the right at any time during your regular business hours, and without prior notice to you, to:

- 11.1.1. Inspect your operation of the BUSINESS;
- 11.1.2. Observe, photograph and videotape the operations of the BUSINESS for such consecutive or intermittent periods, as we deem necessary;
- 11.1.3. Remove samples of any ancillary goods, materials or supplies for testing and analysis;
- 11.1.4. Interview personnel and customers of the BUSINESS; and

11.1.5. Inspect and copy any books, records and documents relating to your operation of the BUSINESS.

11.2. **COOPERATION.** You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf.

11.3. **OUR RIGHT TO AUDIT.** We have the right at any time during regular business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are a corporation or partnership) and the BUSINESS' business, bookkeeping and accounting records, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. In the event such inspection or audit is made necessary by your failure to furnish reports, supporting records or other information as herein required, or to furnish such items on a timely basis, you agree to reimburse us 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 our employees. In the event an inspection or audit reveals that any payments have been understated in any report to us, then you shall immediately pay to us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the highest contract rate of interest permitted by law. If an inspection or audit discloses an understatement in any report of two (2%) percent or more, you shall, in addition to repayment of monies owed with interest, reimburse us for any and all costs and expenses connected with the inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

12 **TRANSFER.**

12.1. **BY US.** This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests herein.

12.2. **BY YOU.** You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a corporation or partnership, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, acumen and financial capacity. Accordingly, neither this Agreement (or any interest therein) nor any ownership or other interest in you or the BUSINESS may be transferred without our prior written approval. Any transfer without such approval constitutes a breach of the Agreement and is void and of no effect. As used in this Agreement, the term "transfer" includes your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in:

12.2.1. This Agreement;

12.2.2. You; or

12.2.3. The BUSINESS.

12.3. **ASSIGNMENT, ETC.** An assignment, sale, gift or other disposition includes the following events:

12.3.1. Transfer of ownership of capital stock or a partnership interest in you;

12.3.2. Merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;

12.3.3. Any issuance or sale of your stock or any security convertible to your stock to any person or entity other than an existing owner;

- 12.3.4. Transfer of an interest in you, this Agreement or the BUSINESS in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;
- 12.3.5. Transfer of an interest in you, this Agreement or the BUSINESS, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or
- 12.3.6. Pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the BUSINESS or your transfer, surrender or loss of possession, control or management of the BUSINESS.

12.4. CONDITIONS FOR APPROVAL OF TRANSFER. If you (and your owners) are in full compliance with this Agreement, then subject to the other provisions of this Article 12., we will approve a transfer that meets all the applicable requirements of this Article. The proposed transferee and its direct and indirect owners must be individuals of good moral character and otherwise meet our then-applicable standards for ACFN® business franchisees. Our approval is conditioned upon the transferee's willingness to execute our then-current form of franchise agreement. A transfer of ownership, possession or control of the BUSINESS may be made only in conjunction with a transfer of this Agreement. If the transfer is of this Agreement or a controlling interest in you, or is one of a series of transfers which in the aggregate constitute the transfer of this Agreement or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

- 12.4.1. The transferee has the moral character, skill, aptitude, attitude, experience, references, acumen and financial capacity to operate the BUSINESS, and otherwise meets our then-applicable standards for ACFN® business franchisees as determined by us, in our sole discretion;
- 12.4.2. You have paid all Royalties, amounts owed for purchases from us and all other amounts owed to us or to third party creditors and have submitted all required reports and statements;
- 12.4.3. The Managing Owner of the transferee has agreed to complete training to our satisfaction;
- 12.4.4. You pay us a transfer fee in the amount of Fifteen Thousand (\$15,000) Dollars. You also pay us the costs we incur in connection with training the Managing Owner of the transferee and its other personnel. If the proposed transfer is among your owners, this Article 12.4.4 shall not apply, although you are required to reimburse us for any reasonable legal and administrative costs we incur in connection with the transfer;
- 12.4.5. The transferee signs our then-current standard form of franchise agreement and related documents used in the state in which your business is located (which may provide for different commissions, expenditures, duration and other rights and obligations than those provided in this Agreement) for a full new term. If the proposed transfer is among your owners, this Article 12.4.5 shall not apply, although we have the right to require you and your owners to sign our then current standard form of franchise agreement for the remaining term under this Agreement;
- 12.4.6. In lieu of an initial franchise fee under the new franchise agreement, the transferee pays us, on or prior to the date of the transfer, an amount equal to Two Thousand (\$2,000) Dollars for each full additional term year the transferee is receiving under the new franchise agreement beyond the full term years remaining under this Agreement (i.e., the number of full term years transferee is receiving under the then-current franchise agreement it is signing minus the remaining full term years under this Agreement as of the date of the transfer), and signs an addendum to the new franchise agreement in the form that we prescribe (see Appendix E to this Agreement for our current form) to effectuate this modification to the initial franchise fee. For purposes of this Article 12.4.6., the parties acknowledge and agree that they will not take into account any applicable successor terms in determining the number of full term years remaining under this Agreement or the number of full term years the transferee is receiving under the new franchise agreement;

- 12.4.7. You (and your transferring owners) have executed a general release, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees and agents;
- 12.4.8. We have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely effect the transferee's operation of the BUSINESS (but make no representation of any kind whatsoever to anyone that such is the case);
- 12.4.9. If you, or your owners, finance any part of the sale price of the transferred interest, you and/or your owners have agreed that all of the transferees' obligations pursuant to any promissory notes, agreements or security interest that your or your owners have reserved in the BUSINESS are subordinate to the transferee's obligation to pay Royalties and other amounts due to us and otherwise to comply with this Agreement;
- 12.4.10. You and your transferring owners have executed an agreement in favor of us agreeing to be bound, commencing on the effective date of the transfer, by the restrictions contained in Article 15.4. hereof;
- 12.4.11. You and your transferring owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other ACFN® businesses you own and operate) identify yourself or themselves or any business as a current or former ACFN® business, or as one of our licensees or franchisees, use any Marks, any colorable imitation thereof or other indicia of a ACFN® business in any manner or for any purpose or utilize for any purpose any trade name, trademark or service mark or other commercial symbol that suggests or indicates a connection or association with us; and
- 12.4.12. You forfeit all further rights to any pending leads we provided to you, with the understanding that you are not selling or otherwise transferring these leads to the transferee, and we can assign them to other franchisees.
- 12.4.13. Any other reasonable condition we require.

12.5. TRANSFER TO A WHOLLY OWNED CORPORATION. Notwithstanding Article 12.4. hereof, if you are in full compliance with this Agreement, you may transfer this Agreement to a corporation which conducts no business other than the BUSINESS and, if applicable, other ACFN® businesses, in which you maintain management control and of which you own and control one hundred (100%) percent of the equity and voting power of all issued and outstanding capital stock, and further provided that all assets of the BUSINESS are owned, and the entire business of the BUSINESS is conducted, by a single corporation. Transfers of shares in such corporation will be subject to the provisions of Article 12.4. hereof. Notwithstanding anything to the contrary herein, you agree to remain personally liable under this Agreement as if the transfer to such corporation had not occurred.

12.6. TRANSFER UPON YOUR DEATH OR DISABILITY. Upon your death or permanent disability or, if you are a corporation or partnership, the death or permanent disability of the owner of a controlling interest in you, your or such owner's executor, administrator, conservator, guardian or other personal representative must transfer your interest in this Agreement or such owner's interest in you to a third party. Such disposition of this Agreement or the interest in you (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed two (2) months from the date of death or permanent disability, and will be subject to all of the terms and conditions applicable to transfers contained in this Article. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement. For purposes hereof, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating the BUSINESS for a period of two (2) months from the onset of such disability, impairment or condition.

- 12.7. **OPERATION UPON YOUR DEATH OR DISABILITY.** If, upon your death or permanent disability or the death or permanent disability of the owner of a controlling interest in you, the BUSINESS is not being managed by a trained manager, your or such owner's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed fifteen (15) days from the date of death or permanent disability, appoint a manager to operate the BUSINESS. Such manager will be required to complete training at your expense within sixty (60) days of being appointed to operate the BUSINESS. Pending the appointment of a manager as provided above or if, in our judgment, the BUSINESS is not being managed properly any time after your death or permanent disability or after the death or permanent disability of the owner of a controlling interest in you, we have the right, but not the obligation, to appoint a manager for the BUSINESS. All funds from the operation of the BUSINESS during the management by our appointed manager will be kept in a separate account, and all expenses of the BUSINESS, including compensation, other costs and travel and living expenses of our manager, will be charged to this account. We also have the right to charge a reasonable management fee (in addition to other fees payable under this Agreement) during the period that our appointed manager manages the BUSINESS. Operation of the BUSINESS during any such period will be on your behalf, provided that we only have a duty to utilize reasonable efforts in doing so and will not be liable to you or your owners for any debts, losses or obligations incurred by the BUSINESS or to any of your creditors for any products, materials, supplies or services the BUSINESS purchases during any period it is managed by our appointed manager.
- 12.8. **EFFECT OF CONSENT TO TRANSFER.** Our consent to a transfer of this Agreement and the BUSINESS or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the BUSINESS or transferee or a waiver of any claims we may have against you (or your owners) or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.
- 12.9. **BONA FIDE OFFERS.** If you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and the BUSINESS or an ownership interest in you, you (or such owner) agree to obtain a *bona fide*, executed written offer and earnest money deposit (in the amount of five (5%) percent or more of the offering price) from a responsible and fully disclosed offer (including lists of the owners of record and beneficially of any corporate offer and all general and limited partners of any partnership offeror and, in the case of a publicly held corporation or limited partnership, copies of the most current annual and quarterly reports and Form 10(K) and immediately submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, *bona fide* offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in you or in this Agreement and the BUSINESS and may not include an offer to purchase any of your (or your owners') other property or rights. However, if the offer proposes to buy any other property or rights from you (or your owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your owners) for the interest in you or in this Agreement and the BUSINESS must reflect the *bona fide* price offered therefor and not reflect any value for any other property rights.
- 12.10. **OUR RIGHT OF FIRST REFUSAL.** We have the right, exercisable by written notice delivered to you or your selling owners within sixty (60) days from the date of the delivery to us of both an exact copy of such *bona fide* offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such *bona fide* offer, provided that:
- 12.10.1. We may substitute cash for any form of payment proposed in such offer;
- 12.10.2. Our credit will be deemed equal to the credit of any proposed purchaser;
- 12.10.3. We will have not less than sixty (60) days after giving notice of our election to purchase to prepare for closing; and

12.10.4. We are entitled to receive, and you and your 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, including, without limitation, representations and warranties as to:

12.10.4.1. Ownership and condition of and title to stock or other forms of ownership interest and/or assets;

12.10.4.2. Liens and encumbrances relating to the stock or other ownership interest and/or assets; and

12.10.4.3. Validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

12.11. EXERCISE. If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of twenty four (24) months commencing on the date of the closing, you and they will be bound by the non-competition covenant contained in Article 15.4. hereof. You and your selling owner(s) further agree that you and they will, during this same time period, abide by the restrictions of Article 12.4.11. of this Agreement.

12.12. NON-EXERCISE. If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of such *bona fide* offer, subject to our approval of the transfer as provided in Articles 12.2., 12.3., and 12.4. hereof provided that, if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such *bona fide* offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of such one hundred twenty (120) day period or notice to us of the material changes) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

13 EXPIRATION OF THIS AGREEMENT.

13.1. ACQUISITION OF A SUCCESSOR FRANCHISE. Upon expiration of the term of this Agreement, if you (and each of your owners) have substantially complied with this Agreement during its term, subject to the terms and conditions set forth in this Article 13., you will have the right to acquire a successor franchise to operate the BUSINESS as a ACFN® business on the terms and conditions of the franchise agreement we are then using in granting successor franchises for ACFN® businesses, provided you add or replace equipment and otherwise modify the BUSINESS as we require to bring it into compliance with specifications and standards then applicable for ACFN® businesses. The successor franchise fee shall be Ten Thousand (\$10,000) Dollars.

13.2. GRANT OF A SUCCESSOR FRANCHISE. You agree to give us written notice of your election to acquire a successor franchise at least six (6) months and not more than twelve (12) months prior to the expiration of the then-current term of the Agreement. We agree to give you written notice (“Our Notice”), not more than ninety (90) days after we receive your notice, of our decision, in accordance with Article 13.1.:

13.2.1. To grant you a ten (10) year successor franchise;

13.2.2. To grant you a successor franchise on the condition that deficiencies of the BUSINESS or in your operation of the BUSINESS, are corrected; or

13.2.3. Not to grant you a successor franchise based on our determination that you and your owners have not substantially complied with this Agreement during its term.

- 13.3. OUR NOTICE.** If applicable, Our Notice will:
- 13.3.1. Describe the improvements or modifications required to bring the BUSINESS into compliance with then applicable specifications and standards for ACFN® businesses; and
 - 13.3.2. State the actions you must take to correct operating deficiencies and the time period in which such deficiencies must be corrected.
- 13.4. NO GRANT.** If we elect not to grant a successor franchise, Our Notice will describe the reasons for our decision. Your right to acquire a successor franchise is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in Our Notice.
- 13.5. 90 DAY CURE.** If Our Notice states that you must cure certain deficiencies of the BUSINESS or its operation as a condition to the grant of a successor franchise, we will give you written notice of a decision not to grant a successor franchise, based upon your failure to cure such deficiencies, not less than ninety (90) days prior to the expiration of this Agreement, provided, however, that we will not be required to give you such notice if we decide not to grant you a successor franchise due to your breach of this Agreement during the one hundred eighty (180) day period prior to its expiration. If we fail to give you:
- 13.5.1. Notice of deficiencies in the BUSINESS, or in your operation of the BUSINESS, within one hundred eighty (180) days after we receive your timely election to acquire a successor franchise; or
 - 13.5.2. Notice of our decision not to grant a successor franchise at least ninety (90) days prior to the expiration of this Agreement, if such notice is required, we may extend the term of this Agreement for such period of time as is necessary in order to provide you with either reasonable time to correct deficiencies or the ninety (90) day notice of our refusal to grant a successor franchise required hereunder.
- 13.6. AGREEMENTS/RELEASES.** If you satisfy all of the other conditions to the grant of a successor franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of successor franchises for ACFN® businesses. You and your owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns. Failure by you or your owners to sign such agreements and releases and deliver them to us for acceptance and execution one hundred eighty (180) days after their delivery to you will be deemed an election not to acquire a successor franchise.

14 TERMINATION OF AGREEMENT.

- 14.1. BY YOU.** You and your owners may not terminate this Agreement except by operation of law. Your termination of this Agreement for any other reason or without availing yourself of legal redress will be deemed a termination without cause.
- 14.2. BY US.** We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if:
- 14.2.1. Your Managing Owner fails to successfully complete initial training to our satisfaction;
 - 14.2.2. You fail to begin operating the BUSINESS within ninety (90) days after execution of the Agreement or within sixty (60) days after the completion of your initial training;
 - 14.2.3. You abandon or fail actively to operate the BUSINESS, for five (5) or more consecutive business days, unless the BUSINESS has been closed for a purpose we have approved in writing or because of a major and significant casualty or by reason of a lawful government order;

- 14.2.4. You surrender or transfer control of the operation of the BUSINESS without our prior written consent;
- 14.2.5. You (or any of your owners) have made any material misrepresentation or omission in connection with your purchase of the Franchise;
- 14.2.6. You (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony or any crime involving moral turpitude;
- 14.2.7. You (or any of your owners) engage in any dishonest or unethical conduct which may adversely effect the reputation of the BUSINESS or another ACFN® business or the goodwill associated with the Marks;
- 14.2.8. You (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you or the BUSINESS;
- 14.2.9. In the event of your death or permanent disability or the death or permanent disability of the owner of a controlling interest in you, this Agreement or such owner's interest in you is not assigned as herein required;
- 14.2.10. You (or any of your owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Operations Manual in violation of this Agreement;
- 14.2.11. You violate any health, safety or sanitation law, ordinance or regulation and do not immediately begin to cure the non-compliance or violation, and correct such non-compliance or violation within twenty four (24) hours after written notice thereof is delivered to you;
- 14.2.12. You fail to make payments of any amounts due to us and do not correct such failure within seven (7) days after written notice of such failure is delivered to you;
- 14.2.13. You fail to pay when due any federal or state income, service, sales, employment related, property, or other taxes due on the operations of the BUSINESS, unless you are, in good faith, legally contesting your liability for such taxes;
- 14.2.14. You (or any of your owners) fail to comply with any other provision of this Agreement or Methods of Operation and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to you;
- 14.2.15. You (or any of your owners) fail 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, or to pay when due any amounts due to us or otherwise to comply with this Agreement, including without limitation any service violations, as defined in Section 14.3, whether or not such failures to comply were corrected after written notice of such failure was delivered to you; or
- 14.2.16. You make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; the BUSINESS or any of its assets 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 order appointing a receiver, trustee or liquidator of you or the BUSINESS is vacated within thirty (30) days following the entry of such order.

14.3. OTHER REMEDIES. If you have three (3) service violations within any three (3) month period or if you have (4) service violations with any six (6) month period in connection with a particular ATM location, we may, upon written notice to you, require you to transfer the right to that ATM location to us, an affiliate or another ACFN® franchisee and require you to immediately remove your ATM from that location. If that ATM location is part of a MLA or other group arrangement that is not an MLA (like a group of hotels), as we have the right to determine, we may require you to transfer the rights to all of your ATM locations that are part of the MLA or the group arrangement to us, an affiliate or another ACFN® franchisee, and you must immediately remove your ATMs from those locations. A “service violation” at an ATM location is defined as: (i) any time the ATM runs out of cash; or (ii) your failure to respond to a service call at the ATM location within twenty-four (24) hours.

15 OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.

15.1. PAYMENT OF AMOUNTS OWED TO US AND ASSIGNMENT OF ATM CUSTOMER ACCOUNTS AND ATM LOCATIONS. You agree to pay us within fifteen (15) days after the effective date of termination, for any reason, or expiration of this Agreement, or on such later date that the amounts due to us are determined, such Royalties, amounts owed for purchases from us, interest due on any of the foregoing and all other amounts owed to us which are then unpaid. You agree to assign all of your ATM customer accounts and ATM locations to us or to our designee within fifteen (15) days after the effective date of termination or expiration of this Agreement. You agree that we may immediately replace any or all of your ATMs with company-owned ATMs or franchisee-owned ATMs. After the effective date of termination or expiration of this Agreement, we may agree, in our sole discretion, to allow you to continue to operate ATMs at your then-existing customer account locations, provided however, that you must execute our then-current form of ATM location ongoing support agreement.

15.2. MARKS. Upon the termination, for any reason, or expiration of this Agreement:

15.2.1. You may not directly or indirectly at any time or in any manner (except with respect to other ACFN® businesses you own and operate) identify yourself or any business as a current or former ACFN® business, or as one of our licensees or franchisees; nor use any Marks, any colorable imitation thereof or other indicia of a ACFN® business in any manner or for any purpose or utilize for any purpose any trade name, trademark or service mark or other commercial symbol that indicates or suggests a connection or association with us;

15.2.2. You agree to take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Marks;

15.2.3. If we do not exercise our option to purchase the BUSINESS pursuant to Article 15.6., you agree to deliver to us within thirty (30) days after the Notification Date (as defined in Article 15.6.) the Operations Manual, all signs, sign-faces, sign-cabinets, marketing materials, forms, packaging and other materials containing any Marks or otherwise identifying or relating to a ACFN® business and allow us, without liability to you or third parties, to remove all such items from the BUSINESS;

15.2.4. If we do not exercise our option to purchase the BUSINESS pursuant to Article 15.6., you agree that, after the Notification Date, you will promptly and at your own expense make such alterations as we may specify to distinguish the BUSINESS clearly from its former appearance and from other ACFN® businesses so as to prevent confusion therewith by the public;

15.2.5. If we do not exercise our option to purchase the BUSINESS pursuant to Article 15.6., you agree that, after the Notification Date, you will notify any Internet service companies of the transfer of any Internet address you may be using to us, and you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and any regular, classified or other telephone directory listings associated with any Marks, authorize the transfer of such numbers and directory listings to us or at

our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify; and

15.2.6. You agree to furnish us, within thirty (30) days after the Notification Date, with evidence satisfactory to us of your compliance with the foregoing obligations.

15.3. CONFIDENTIAL INFORMATION. You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Operations Manual and any other confidential materials, including, without limitation, computer software and any mechanisms (electronic key) used to access the software, that we have allowed you to use.

15.4. COVENANT NOT TO COMPETE. Upon:

15.4.1. Our termination of this Agreement in accordance with its terms and conditions, including the transfer or assignment of this Agreement or any interest in the BUSINESS, or

15.4.2. Your termination of this Agreement without cause,

15.4.3. Your sale, transfer or assignment of any interest in the BUSINESS, or

15.4.4. Expiration of this Agreement (if we refuse to grant, or you elect not to acquire, a successor franchise), you and your owners agree that, for a period of twenty four (24) months (the "Restriction Period") commencing on the effective date of termination or expiration or the date on which a person restricted by this Article begins to comply with this Article, whichever is later, neither you nor any of your owners will have any direct or indirect interest (i.e., through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business (as defined in Article 7.2. above) operating within One Hundred (100) miles of your previous ATM locations operated under this Agreement.

15.5. COMMENCEMENT BY ORDER. If any person restricted by this Article refuses voluntarily to comply with the foregoing obligations, the Restriction Period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Article will not deprive you of your personal goodwill or ability to earn a living.

15.6. OUR RIGHT TO PURCHASE BUSINESS.

15.6.1. *Exercise of Option.* Upon our termination of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, we have the option, exercisable by giving written notice thereof to you within sixty (60) days from the date of such termination or expiration, to purchase the BUSINESS from you. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the "Notification Date.") We have the unrestricted right to assign this option to purchase the BUSINESS. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities effecting the assets, contingent or otherwise.

15.6.2. *Purchase Price.* The purchase price for the BUSINESS will be its fair market value, determined in a manner consistent with reasonable depreciation of the BUSINESS' equipment, signs, inventory, materials and supplies, provided that the BUSINESS will be valued as an independent business and its value will not include any value for the Franchise or any rights granted by this Agreement; the Marks; or participation in the network of ACFN® businesses.

- 15.6.3. *Fair Market Value.* The BUSINESS' fair market value will include the reasonable goodwill you developed in the Territory since your commencement of operations independent of the goodwill of the Marks and the System.
- 15.6.4. *Exclusions.* We may exclude from the assets purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the BUSINESS' operation or that we have not approved as meeting standards for ACFN® businesses, and the purchase price will reflect such exclusions.
- 15.6.5. *Appraisal.* If we and you are unable to agree on the BUSINESS' fair market value, its fair market value will be determined by three (3) independent appraisers who collectively will conduct one (1) appraisal. We will appoint one appraiser, you will appoint one appraiser and the two party appointed appraisers will appoint the third appraiser. You and we agree to select our respective appraisers within fifteen (15) days after the date we determine that we are unable to agree on the BUSINESS' fair market value, and the two appraisers so chosen are obligated to appoint the third appraiser within fifteen (15) days after the date on which the last of the two party appointed appraisers was appointed. You and we will bear the cost of our own appraisers and share equally the reasonable fees and expenses of the third appraiser chosen by the two party appointed appraisers. You and we will take reasonable actions to cause the appraisers to complete their appraisal within thirty (30) days after the third appraiser's appointment.
- 15.6.6. *Closing.* The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price. We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your owners owe to us.
- 15.6.7. *Instruments.* At the closing, you agree to deliver instruments transferring:
- 15.6.8. 15.6.7.1. Good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; and
- 15.6.9. 15.6.7.2. All licenses and permits of the BUSINESS which may be assigned or transferred.
- 15.6.10. *Escrow.* If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow.
- 15.6.11. *Releases.* You and your owners agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns. You agree to indemnify, exculpate, defend and hold us, our affiliates and our respective shareholders, directors, 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, liabilities, costs, and damages, any and all taxes described in Article 16.3. hereof and any and all claims and liabilities directly or indirectly arising out of the BUSINESS' operation or your breach of this Agreement.

15.7. CONTINUING OBLIGATIONS. All of our and your (and your owners' and affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

16 RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION.

16.1. INDEPENDENT CONTRACTORS. You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint

venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealing with customers, suppliers, public officials, BUSINESS personnel and others as the owner of the BUSINESS under a franchise we have granted and to place such notices of independent ownership on such forms, checks, business cards, stationery and advertising and other materials as we may require from time to time.

- 16.2. NO LIABILITY FOR ACTS OF OTHER PARTY.** You agree 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 our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you 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 our 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. We will not be obligated for any damages of any nature whatsoever to any person or property directly or indirectly arising out of the BUSINESS' operation or the business you conduct pursuant to this Agreement.
- 16.3. TAXES.** We will have no liability for any sales, use, service, occupation, employment related, excise, gross receipts, income, property or other taxes, whether levied upon you or the BUSINESS, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your responsibility.
- 16.4. INDEMNIFICATION.** You agree to indemnify, exculpate, defend and hold us, our affiliates and our respective shareholders, directors, 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 16.3. above and any and all claims and liabilities directly or indirectly arising out of the BUSINESS' operation or your breach of this Agreement. For purposes of this indemnification, "claims" includes all obligations, liabilities, 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' and 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. The Indemnified Parties (including without limitation us and our affiliates) each have the right to defend any such claim against them. In addition, the Indemnified Parties (including without limitation us and our affiliates) each reserve the right to select their own legal counsel to defend them and represent their interest, and you must pay the Indemnified Parties for their costs and attorneys' fees. The indemnification obligations described in this Section 16.4 will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.
- 16.5. MITIGATION NOT REQUIRED.** Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

17 ENFORCEMENT.

- 17.1. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.** Except as expressly provided to the contrary herein, 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, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, 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 you are a party thereto, otherwise upon your receipt from us of a notice of non-enforcement thereof.

- 17.2. **LESSER COVENANT ENFORCEABLE.** If any covenant herein 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, you and we 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.
- 17.3. **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 our 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 Methods of Operation 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, we will have the right in our sole discretion to modify such invalid or unenforceable provision or unenforceable part of Methods of Operation to the extent required to be valid and enforceable. You agree 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 Methods of Operation, any portion or portions which a court or arbitrator may hold to be unenforceable in a final decision to which we are 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 we elect to give them greater applicability, and will be enforced as originally made and entered into in all other jurisdictions.
- 17.4. **WAIVER OF OBLIGATIONS.** We and you 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 we grant will be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice.
- 17.5. **NON-WAIVER.** We and you 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 herein 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; our or your failure, refusal or neglect to exercise any right under this Agreement or to insist upon exact compliance by the other with our and your obligations hereunder including without limitation Methods of Operation; our 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 ACFN® businesses; the existence of other franchise agreements for ACFN® businesses which contain different provisions from those contained herein; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will constitute a waiver, compromise, settlement, or accord, and satisfaction. We are authorized to remove or obliterate any legend or endorsement, and such legend or endorsement will have no effect.
- 17.6. **FORCE MAJEURE.** Neither we nor you will be liable for loss or damage or deemed to be in breach of this Agreement if our failure to perform our or your obligations results from:
- 17.6.1. Transportation shortages, inadequate supply of equipment, products, merchandise, 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;
 - 17.6.2. Acts of nature;
 - 17.6.3. Fires, strikes, embargoes, war or riot; or

- 17.6.4. Any other similar event or cause.
- 17.7. **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 due on any sales thereafter.
- 17.8. **OUT OF STOCK AND DISCONTINUED.** We are not liable to you for any loss or damage, or deemed to be in breach of this Agreement, if we cannot deliver, or cause to be delivered, or if our Affiliates or designated sources or approved suppliers cannot deliver, all of your orders for ancillary goods, merchandise, equipment, supplies, etc., where such things are out-of-stock or discontinued.
- 17.9. **COSTS AND ATTORNEYS' FEES.** If we incur expenses in connection with your failure to pay when due amounts owed to us, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees.
- 17.10. **YOU MAY NOT WITHHOLD PAYMENTS DUE TO US.** You agree that you will not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations hereunder. You agree that all such claims will, if not otherwise resolved by us, be submitted to arbitration as provided in Article 17.12. below.
- 17.11. **RIGHTS OF PARTIES ARE CUMULATIVE.** Our and your rights hereunder are cumulative, and no exercise or enforcement by us or you of any right or remedy hereunder will preclude our or your exercise or enforcement of any other right or remedy hereunder which we or you are entitled by law to enforce.
- 17.12. **ARBITRATION.** Except for money you owe us, our affiliates, designated sources or approved suppliers and except for controversies, disputes or claims related to or based on your use of the Marks after the expiration or termination of this Agreement, all controversies, disputes or claims between us and our shareholders, officers, directors, agents and employees and you (your owners, guarantors, affiliates and employees, if applicable) arising out of or related to:
- 17.12.1. This Agreement or any other agreement between you and us or any provision of any such agreement;
- 17.12.2. Our relationship with you;
- 17.12.3. The validity of this Agreement or any other agreement between you and us or any provisions of any such agreement; or
- 17.12.4. Any part of Methods of Operation relating to the establishment or operation of the BUSINESS, will be submitted for arbitration to the office of the American Arbitration Association that is nearest to our principal business address on demand of either party. 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.
- 17.12.5. The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorney's fees and costs, provided that the arbitrator will not have the right to declare any Marks generic or otherwise invalid or, except as otherwise provided in Article 17.15. below, to award exemplary or punitive damages. The award and decision of the arbitrator will be conclusive and binding upon all parties hereto, and judgment upon the award may be entered in any court of competent jurisdiction.

- 17.12.6. We and you agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. We and you further agree that, in connection with any such arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Procedure) within the same proceeding as the claim to which it relates. Any such claim, which is not submitted or filed as described above, will be forever barred.
- 17.12.7. We and you agree that arbitration will be conducted on an individual, not class-wide, basis, and that an arbitration proceeding between us and our shareholders, officers, directors, agents and employees and you (and/or your owners, guarantors, affiliates and employees and you (and/or your owners, guarantors, affiliates and employees, if applicable) may not be consolidated with any other arbitration proceeding between us and any other person, corporation or partnership.
- 17.12.8. Notwithstanding anything to the contrary contained in this Article, we and you each have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that we and you must contemporaneously submit our dispute for arbitration on the merits as provided herein.
- 17.12.9. The provisions of this Article are intended to benefit and bind certain of your third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. The provisions of this Article 17.12. will in no cases apply to our parent company(ies), subsidiary company(ies), or affiliated company(ies).
- 17.13. 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 us and you will be governed by the laws of the state in which the Area of Operation is located.
- 17.14. CONSENT TO JURISDICTION.** Subject to Article 17.12. hereof, you and your owners agree that we may institute any action against you or your owners in any state or federal court of general jurisdiction in California, and you (and each owner) irrevocably submit to the jurisdiction of such courts and waive any objection you (or her or she) may have to either the jurisdiction of or venue in such courts.
- 17.15. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** Except with respect to your obligation to indemnify us pursuant to Articles 16.4. and 16.5. hereof and claims we bring against you for your unauthorized use of the Marks or unauthorized use or disclosure of any Confidential Information, we and you and your respective owners 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 us, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. We and you irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of us.
- 17.16. BINDING EFFECT.** This agreement is binding upon us and you and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest and may not be modified except by written agreement signed by you and us.
- 17.17. LIMITATIONS OF CLAIMS.** Except for claims arising from your nonpayment or underpayment of amounts you owe us pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you 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 claims.
- 17.18. CONSTRUCTION.** The preambles, appendices, and map and/or description of the Area of Operation are a part of this Agreement which, together with the Operations Manual and our other written policies,

constitutes our and your entire agreement except as provided below, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement, except that you acknowledge that we justifiably have relied on your representations made prior to the execution of this Agreement as set forth in Article 1. hereof, provided that nothing in this Agreement is intended to disclaim the representations we made in the franchise disclosure document that we provided to you. Except as contemplated by the arbitration provisions of Article 17.2. hereof, 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.

- 17.19. WITHHOLD APPROVAL.** Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed or effected actions that require our approval.
- 17.20. HEADINGS.** The headings of the several Articles hereof are for convenience only and do not define, limit or construe the contents of such Articles.
- 17.21. WE, US, OUR.** Unless expressed to the contrary, references in this Agreement to “we,” “us” and “our,” with respect to all of our rights and all of your obligations to us under this Agreement, will be deemed to include any of our affiliates with whom you deal. The term “affiliate,” as used herein with respect to you or us, means any person or entity directly or indirectly owned or controlled by, under common control with or owning or controlling you or us. For purposes of this definition, “control” means the power to direct or cause the direction of management and policies.
- 17.22. JOINT AND SEVERAL OWNERS’ LIABILITY.** If two or more persons are at any time the owner of the BUSINESS hereunder, whether as partners or joint venturers, their obligations and liabilities to us 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 you (or a transferee of this Agreement and the BUSINESS or an interest in you) including without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise or the BUSINESS 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, 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 you mean thirty three and one-third (33.33%) percent or more of your voting shares or other voting rights if you are a corporation or partnership owned by three (3) or more persons; otherwise, fifty (50%) percent or more of your 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.
- 17.23. “BUSINESS”.** The term “BUSINESS” as used herein includes all of the assets of the ACFN® business you operate pursuant to this Agreement, including its revenue and income.
- 17.24. MULTIPLE COPIES.** This Agreement may be executed in multiple copies, each of which will be deemed an original.
- 17.25. POWER OF ATTORNEY.** Wherever in this Agreement you have covenanted and agreed to execute any instrument or document and you do not comply with such provisions, you hereby irrevocably nominate, constitute and appoint our president (“President”) from time to time as our true and lawful attorney for you and in your name and your behalf to execute and do all such acts, deeds, assurances, conveyances, transfers, instruments, documents and things that may be required for all or any of the purposes aforesaid, and you hereby covenant and agree for you and your successors and assigns to allow, ratify and confirm whatsoever our President shall do or cause to be done by virtue of this power of attorney.
- 17.26. “CORPORATION OR PARTNERSHIP”.** The term "corporation or partnership" as used herein to describe your business entity shall, if applicable, include reference to your formation as a limited liability company, limited liability partnership, or any other type of limited liability entity.

18 NOTICES AND PAYMENTS.

18.1. NOTICES. All written notices, reports and other communications permitted or required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed so delivered in accordance with the following, provided the notices, reports and other communications have been sent to the mailing address, facsimile number, email address or other applicable address or location last communicated by the receiving party to the sending party:

18.1.1. At the time delivered by hand;

18.1.2. One (1) business day after transmission by telecopy, facsimile, email or other electronic system, provided there is evidence of transmission;

18.1.3. One (1) business day after being placed in the hands of a commercial courier service for next business day delivery, provided there is evidence of delivery; or

18.1.4. Three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior thereto) will be deemed delinquent.

18.2. 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 Article 18.1. above as well as by bank-wire transfer upon telephone or electronic confirmation with the receiving bank.

[THE SPACE BELOW IS LEFT BLANK BY INTENTION]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement on the date stated on the first page hereof.

ACFN FRANCHISED INC.

By: _____

Name Printed: Jeffrey D. Kerr

Title: President

Dated: _____

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

[OWNER CORPORATION OR PARTNERSHIP]

By: _____

Name Printed: _____

Title: _____

Dated: _____

As Individuals:

Name Printed: _____

Dated: _____

Name Printed: _____

Dated: _____

Name Printed: _____

Dated: _____

APPENDIX A

**TO FRANCHISE AGREEMENT
BETWEEN ACFN FRANCHISED INC.**

AND

DATED _____, 20__

Effective Date: This Appendix A is current and complete
as of _____, 20__.

19. FORM OF OWNER.

19.1. CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY. You were incorporated or formed on _____, 20__, under the laws of the State of _____. If you have changed your corporate or partnership name since your incorporation or formation, please list all other names or, if not applicable, please write in "no name changes":

In addition to the ACFN® business you plan to conduct under the Franchise Agreement, please list any other businesses you (the franchisee entity) have conducted since your incorporation or formation or, if not applicable, please write in "no other businesses": _____

The following is a list of your directors, if applicable, and officers as of the effective date shown above:

Name of Each Director/Officer	Position(s) Held
_____	_____
_____	_____
_____	_____

19.2. Owners. The following list includes the full name and mailing address of each person who is one of your owners (as defined in the Franchise Agreement) and fully describe the nature of each owner's interest.

Owner's Name and Address	Description of Interest (Must total 100%)
_____	_____
_____	_____
_____	_____

IN WITNESS WHEREOF, the parties hereto have executed this Appendix A to the Franchise Agreement on the dates set forth below.

ACFN FRANCHISED INC.

By: _____

Name Printed: Jeffrey D, Kerr

Title: President

Dated: _____

[OWNER CORPORATION OR PARTNERSHIP]

By: _____

Name Printed: _____

Title: _____

Dated: _____

As Individuals:

Name Printed: _____

Dated: _____

Name Printed: _____

Dated: _____

Name Printed: _____

Dated: _____

APPENDIX B

**TO FRANCHISE AGREEMENT
BETWEEN ACFN FRANCHISED INC.**

AND

DATED _____, 20__

20. GUARANTY AND ASSUMPTION OF OBLIGATIONS.

20.1. PARTIES THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (the “Guaranty”) is given this _____ day of _____, 20__, by _____
_____.

20.2. GUARANTEES. In consideration of, and as an inducement to, the execution of the Franchise Agreement (the “Agreement”) dated _____ between _____ (“Franchisee”) and us, each of the undersigned (the “Undersigned”) hereby personally and unconditionally:

20.2.1. Guarantees to us and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that,

will punctually pay and perform and satisfy each and every obligation, undertaking, agreement and covenant of Franchisee set forth in the Agreement; and

20.2.2. Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

20.3. CONSENT AND AGREEMENT. Each of the Undersigned consents and agrees that:

20.3.1. His direct and immediate liability under this Guaranty will be joint and several;

20.3.2. He will render any payment or performance required under the Agreement upon demand if owner fails or refuses, for any reason, punctually to do so;

20.3.3. Such liability will not be contingent or conditional upon our pursuit of any remedies against owner or any other person; and

20.3.4. Such liability will not be diminished, relieved or otherwise effected by any extension of time, credit or other indulgence which may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement and thereafter.

20.4. WAIVERS. Each of the Undersigned waives all rights to payments and claims for reimbursement or subrogation which any of the Undersigned may have against owner arising as a result of the Undersigned’s execution of and performance under this Guaranty.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

Name Printed: _____

Name Printed: _____

Name Printed: _____

Name Printed: _____

Name Printed: _____

Name Printed: _____

APPENDIX C

**TO FRANCHISE AGREEMENT
BETWEEN ACFN FRANCHISED INC.**

AND

DATED _____, 20__

**NON-EXCLUSIVE
AREA OF OPERATION**

Effective Date: This Appendix C
is current and complete as of _____, 20__.

1. Non-Exclusive Area of Operation. ACFN Franchised Inc. (“we” or “us”), and _____ (“you”) acknowledge and agree that the following non-exclusive geographic area constitutes the “Area of Operation” described in Article 1.5. of the Franchise Agreement within which you will own and operate a ACFN® business:

[SEE MAP AND/OR DESCRIPTION ATTACHED]

You acknowledge and agree that you do not receive any exclusive rights within the Area of Operation, and the Area of Operation is in no way a protected territory. You further acknowledge and agree that we (and our affiliates) retain the right in our sole discretion to conduct any of the activities described in Article 1.8. of the Franchise Agreement anywhere in the world, including without limitation within the Area of Operation.

2. Construction. In all other respects, the Franchise Agreement will be construed and enforced pursuant to its terms. In addition, in the event of any conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

[THE SPACE BELOW IS LEFT BLANK BY INTENTION]

IN WITNESS WHEREOF, the parties hereto have executed this Appendix C to the Franchise Agreement on the dates set forth below.

ACFN FRANCHISED INC.

By: _____

Name Printed: Jeffrey D. Kerr

Title: President

Dated: _____

YOU:
[OWNER CORPORATION OR PARTNERSHIP]

By: _____

Name Printed: _____

Title: _____

Dated: _____

As Individuals:

Name Printed: _____

Dated: _____

Name Printed: _____

Dated: _____

APPENDIX D TO FRANCHISE AGREEMENT

Between American Consumer Financial Network (“ACFN”) and _____

THIS ADDENDUM shall amend and shall constitute a part of, together with any exhibits or schedules attached hereto, that certain Franchise Agreement (the “Agreement”) made as of the ____ day of _____, 20__ by and between _____ (“ATM Operator”) and ACFN. The terms hereof will for all purposes be deemed incorporated in the Agreement. In the event of any conflict between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall control. All capitalized terms, unless otherwise indicated, shall have the meanings attributed to them in the Agreement.

The following provisions are added to the Agreement:

Member Bank: The Member financial institution sponsoring the ATM transactions under this Agreement is **RBS Citizens, N.A.**, whose principal address is 1 Citizens Plaza, Providence, RI 02903 and who can be reached for customer service at (888) 486-4949 (hereinafter “Member Bank”).

Compliance with Rules and Regulations: ATM Operator and ISO each acknowledge that sponsorship of ATM Operator and its activities under this Agreement may be terminated for failure to comply with the terms of this Agreement; if the applicable networks determine that the ATM Operator is not qualified to act as such; or if they are found to be in violation of the rules and regulations of the applicable debit networks. ATM Operator further acknowledges that the applicable debit networks are the sole and exclusive owners of their respective Service Marks and agrees that it will not contest the ownership of the Service Marks for any reason whatsoever. The debit networks may at any time, immediately and without advance notice, prohibit the ATM Operator from using any of their respective Service Marks for any reason.

Financial Information: ATM Operator hereby acknowledges that it is required to provide requested financial information to Member Bank under this Agreement since the transactions settled by Member Bank hereunder constitute “financial transactions” under Federal Law (e.g., **USA Patriot ACT**). Member Bank is therefore required to obtain, verify, and record the required information. A consumer credit report and criminal background investigation may also be required by Member Bank in connection with the sponsorship of ATM Operator’s activities under this Agreement. ATM Operator hereby authorizes Member Bank or any of its agents to investigate information or data obtained from ATM Operator. ATM Operator further represents that all information provided to Member Bank and its agents are true and correct.

ACFN Franchised, Inc./ (“ISO”)

RBS Citizens, N.A./ (Member)

By: _____

By: _____

Name: Jeffrey D. Kerr

Name: _____

Title: President

Title: _____

Date: _____

Date: _____

ATM Operator

By: _____

Name _____

Title _____

Date _____

APPENDIX E TO FRANCHISE AGREEMENT

**ADDENDUM TO
FRANCHISE AGREEMENT
(Transferee Addendum)**

THIS ADDENDUM (“Addendum”), is made and entered into this ___ day of _____, 20__, by and between ACFN Franchised Inc. (“we” or “us”), and _____ (“you”).

INTRODUCTION

A. You desire to purchase all or a portion of the **ACFN®** business (the “Business”) owned by one of our existing franchisees (“Existing Franchisee”), and to have the Existing Franchisee transfer certain of its rights to you to operate the Business.

B. As a condition to our consent to your desired purchase of the Business, as of the date of this Addendum, we and you are entering into our current form **ACFN®** franchise agreement (“Agreement”), pursuant to which we are granting you the right to operate the Business as part of the System.

C. In recognition of the fact that you are purchasing the Business from an existing franchisee as part of a transfer, we and you desire to modify the Agreement.

AGREEMENTS

THEREFORE, in consideration of the mutual promises and covenants contained in this Addendum and for other good and valuable consideration, the parties agree as follows:

1. **Definitions.** Capitalized terms not defined in this Addendum have the same meaning as in the Agreement.

2. **Initial Franchise Fee.** In lieu of the initial franchise fee described in Article 3.1 of the Agreement, you shall pay us a nonrecurring and nonrefundable initial sum of _____ Thousand (\$_____) Dollars, which represents an amount equal to Two Thousand (\$2,000) Dollars for each full additional term year you are receiving under the Agreement beyond the full term years remaining under the Existing Franchisee’s **ACFN®** franchise agreement (i.e., the number of full term years you are receiving under the Agreement minus the remaining full term years remaining under the Existing Franchisee’s **ACFN®** franchise agreement as of the date of this Addendum). This amount will be due and fully earned by us upon your execution of this Addendum and the Agreement. For purposes of this paragraph, the parties acknowledge and agree that they will not take into account any applicable successor terms in determining the number of full term years remaining under the Existing Franchisee’s **ACFN®** franchise agreement or the number of full term years you are receiving under the Agreement.

3. **Construction.** In all other respects, the Agreement will be construed and enforced pursuant to its terms. In addition, in the event of any conflict between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall control.

[THE SPACE BELOW IS LEFT BLANK BY INTENTION]

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date first above written.

ACFN FRANCHISED INC.

By: _____

Name Printed: Jeffrey D. Kerr

Title: President

Dated: _____

YOU:
[OWNER CORPORATION OR PARTNERSHIP]

By: _____

Name Printed: _____

Title: _____

Dated: _____

As Individuals:

Name Printed: _____

Dated: _____

Name Printed: _____

Dated: _____

GP:3376063 v3

ACFN®
EXHIBIT B
TO DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

ACFN Franchised, Inc.

(a California Corporation)

Financial Statements

December 31, 2012, 2011, and 2010

Independent Auditors' Report	3
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Independent Auditors' Report

To the Board of Directors and Stockholder
ACFN Franchised, Inc.
San Jose, California

We have audited the accompanying balance sheets of ACFN Franchised, Inc. (the "Company") as of December 31, 2012, 2011 and 2010, and the related statements of operations, stockholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2012, 2011 and 2010, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Simon & Edward, LLP

City of Industry, California
March 1, 2013

ACFN Franchised, Inc.

Balance Sheets

<i>December 31,</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
ASSETS			
Current Assets:			
Cash	\$ 1,411,958	\$ 744,387	\$ 268,888
Accounts receivable, net of allowance for bad debt of \$0	92,534	154,509	83,757
Notes receivable, current portion	43,700	41,582	52,207
Prepaid expenses and other current assets	13,752	13,460	27,536
Total current assets	1,561,944	953,938	432,388
Non-current Assets:			
Property and equipment, net	66,670	84,813	109,321
Notes receivable, net of current portion	106,490	68,524	132,160
Intangible assets, net	102,380	130,952	159,523
Deposits	27,700	20,200	20,000
Total non-current assets	303,240	304,489	421,004
Total assets	\$ 1,865,184	\$ 1,258,427	\$ 853,392
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)			
Current Liabilities:			
Accounts payable	\$ 520,519	\$ 64,119	\$ 44,476
Commissions and other payable to franchisees	1,228,013	1,041,839	843,420
Franchisee deposits	37,225	46,567	74,724
Accrued expenses	39,258	51,656	20,276
Bank loan, current portion	16,683	16,683	16,683
Note payable to a related party, current portion	-	-	-
Total current liabilities	1,841,698	1,220,864	999,579
Long Term Liabilities:			
Bank loan, net of current portion	9,883	26,088	41,351
Note payable to a related party, net of current portion	-	-	-
Total long term liabilities	9,883	26,088	41,351
Total liabilities	1,851,581	1,246,952	1,040,930
Stockholder's Equity (Deficit):			
Common stock, no par value; 10,000 shares authorized; 1,000 shares issued and outstanding	-	-	-
Additional Paid-in capital	-	141,932	-
Distribution	(98,328)	-	-
Accumulated (deficit)/earning	111,931	(130,457)	(187,538)
Total stockholder's equity (deficit)	13,603	11,475	(187,538)
Total liabilities and stockholder's equity (deficit)	\$ 1,865,184	\$ 1,258,427	\$ 853,392

See accompanying notes to financial statements.

ACFN Franchised, Inc.**Statements of Operations**

<i>Years Ended December 31,</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
Net sales	\$ 13,490,689	\$ 11,038,433	\$ 9,315,098
Cost of sales	10,533,095	8,424,902	6,746,926
Gross profit	2,957,594	2,613,531	2,568,172
Selling, general and administrative expenses	2,719,330	2,562,132	2,652,054
Income (loss) from operations	238,264	51,399	(83,882)
Other income (expense):			
Interest expense	(2,855)	(4,780)	(1,765)
Interest income	10,279	13,279	13,949
Other income (expense)	-	-	-
Total other income (expense), net	7,424	8,499	12,184
Income (loss) before income tax provision	245,688	59,898	(71,698)
Income tax provision	3,300	2,817	800
Net income (loss)	\$ 242,388	\$ 57,081	\$ (72,498)

See accompanying notes to financial statements.

ACFN Franchised, Inc.

Statements of Stockholder's Equity (Deficit)

	<i>Common Stock</i>		Additional Paid-in Capital	Distribution	Accumulated Deficit	Total Stockholder's Equity (Deficit)
	Shares	Amount				
Balance – December 31, 2009	1,000	\$ -	\$ -	\$ -	(115,040)	\$ (115,040)
Net loss	-	-	-	-	(72,498)	(72,498)
Balance – December 31, 2010	1,000	-	-	-	(187,538)	(187,538)
Capital contribution	-	-	141,932	-	-	141,932
Net loss	-	-	-	-	57,081	57,081
Balance- December 31, 2011	1,000	-	141,932	-	(130,457)	11,475
Capital contribution	-	-	(141,932)	-	-	(141,932)
Distribution	-	-	-	(98,328)	-	(98,328)
Net income	-	-	-	-	242,388	242,388
Balance - December 31, 2012	1,000	\$ -	\$ -	(98,328)	111,931	\$ 13,603

See accompanying notes to financial statements.

ACFN Franchised, Inc.

Statements of Cash Flows

<i>Years Ended December 31,</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
Cash flows from operating activities:			
Net income (loss)	\$ 242,388	\$ 57,081	\$ (72,498)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense – property and equipment	27,326	28,257	20,301
Amortization expense – intangible assets	28,572	28,571	28,571
Changes in assets and liabilities:			
Accounts receivable	70,325	(70,752)	(62,916)
Notes receivable	(40,084)	74,261	(14,537)
Prepaid expenses and other current assets	(8,642)	14,076	28,874
Deposits	(7,500)	(200)	(11,301)
Accounts payable	426,704	19,643	(47,954)
Commissions and other payable to franchisees	186,174	198,419	88,701
Franchisee deposits	(9,342)	(28,157)	(35,626)
Accrued expenses	17,298	31,380	6,464
Net cash provided by (used in) operating activities	933,219	352,579	(71,921)
Cash flows from investing activities:			
Acquisition of fixed assets	(9,183)	(3,749)	(95,063)
Acquisition of intangible asset	-	-	(100,000)
Net cash used in investing activities	(9,183)	(3,749)	(195,063)
Cash flows from financing activities:			
Capital contribution	(141,932)	141,932	-
Additional borrowings (payments) on bank loan	(16,205)	(15,263)	58,034
Payments on note payable to related party	-	-	(15,983)
Distribution	(98,328)	-	-
Net cash provided by (used in) financing activities	(256,465)	126,669	42,051
Net increase (decrease) in cash	667,571	475,499	(224,933)
Cash– beginning of year	744,387	268,888	493,821
Cash – end of year	\$ 1,411,958	\$ 744,387	\$ 268,888

Supplemental disclosure of cash flows information

Cash paid during the years for:

Interest	\$ 2,855	\$ 4,780	\$ 1,765
Income taxes	\$ 800	\$ 2,817	\$ 800

See accompanying notes to financial statements.

1. PRESENTATION AND NATURE OF OPERATIONS

ACFN Franchised, Inc. (the “Company”) was incorporated on October 4, 2002 in the state of California and elected a fiscal year end of December 31. The Company franchises automated teller machines (“ATM”) businesses that provide ATM financial transaction processing and related services. The Company also sells ATM equipment and provides technical support and business strategies to its franchisees. Starting 2012 and going forward, the Company is also in the business of acquiring ATM Portfolios and selling them to franchise owners operating in the areas where the portfolio locations are located. The Company includes all these type of revenue activities in revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***Basis of Accounting***

The accounting and reporting policies of the Company are in accordance with accounting principles generally accepted in the United States of America, which is based on the accrual method of accounting.

Use of Estimates

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

Revenue Recognition

Revenue from sales of products to customers is recognized when (1) persuasive evidence of an arrangement exists, (2) delivery of the product has occurred or the services have been performed, (3) the selling price is fixed or determinable, and (4) collectability of the resulting receivable is reasonably assured, net of returns, trade discounts and allowances.

Revenues from franchising include initial franchise fees, equipment sales, and processing fees. Processing fees are recognized in the period earned. Equipment sales are recognized in the period when the equipment is purchased and payment is made. Initial fees are recognized upon execution of a franchise agreement and when payment is made. Processing fees include interchange, transaction surcharge, ATM administration, ATM communications, and other ATM transaction-related fees.

Revenues from selling acquired ATM Portfolios are recognized upon closing of the sales agreement and are included as revenue in the statements of operations. The related cost of acquiring the businesses for purpose of selling to others are included as cost of sales.

Advertising Expense

Advertising costs are expensed as incurred. Advertising expense amounted to approximately \$177,996, \$146,548, and \$161,310 for the years ended December 31, 2012, 2011 and 2010, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Shipping and Handling Costs

The Company records all charges for outbound shipping and handling as revenue. All corresponding shipping and handling costs are classified as cost of sales and amounted to \$17,983, \$19,147, and \$19,948 for the years ended December 31, 2012, 2011 and 2010, respectively.

Accounts Receivable

Accounts receivable are carried at original invoice amount less the allowance for doubtful accounts based on a review of all outstanding amounts at year end. Management determines the allowance for doubtful accounts based on a combination of write-off history, aging analysis, and any specific known troubled accounts. Trade receivables are written off when deemed uncollectible.

Property and Equipment

Property and equipment are recorded at cost. Major improvements are capitalized, while maintenance and repairs are charged to expense as incurred. Gains and losses from disposition of property and equipment are included in income and expense when realized. Depreciation is provided using the straight-line method over the following estimated useful lives:

Furniture and fixtures	7-10 years
Equipment	10 years
Computers	3-5 years

Intangible Assets

On March 10, 2009, the Company entered an agreement with AFFA, Inc., a related party, with respect of the ATM machines sold by AFFA, Inc. to the Company's franchisees. Pursuant to the agreement, the Company paid \$100,000 each to AFFA, Inc. in 2010 and 2009, which is based on estimated revenue to be generated from interchange from those machines by the Company in the next future 7 years. The Company amortizes such assets on a straight-line basis over 7 years.

Commissions Payable to Franchisees

Commissions payable to franchisees represent monies collected on behalf of the franchisees under the franchise agreement from ATM surcharge fees charged to the customers. These are recorded at the time the ATM surcharge fees are incurred by the customers.

Fair Value of Financial Instruments

The Company is required to disclose the estimated fair value of certain assets and liabilities in accordance with ASC-825-10, "Financial Instruments". As of December 31, 2012, 2011, and 2010, the Company believes that the carrying value of cash, accounts receivable, accounts payable, accrued expenses, and other current assets and liabilities approximate fair value due to the short maturity of these financial instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Company has elected to be treated as an S Corporation for federal and state income tax purposes. Pursuant to this election, the taxable income and loss of the Company is included in the income tax returns of the stockholders. Consequently, no federal income tax provision is recorded in the accompanying financial statements. A corporation tax equal to \$800 and \$2,500 was imposed upon the Company by the State of California and Texas.

Long-lived Assets

In accordance with ASC 360, "Property, Plant, and Equipment," the Company reviews for impairment of long-lived assets and certain identifiable intangibles whenever events or circumstances indicate that the carrying amount of assets may not be recoverable. The Company considers the carrying value of assets may not be recoverable based upon our review of the following events or changes in circumstances: the asset's ability to continue to generate income from operations and positive cash flow in future periods; loss of legal ownership or title to the assets; significant changes in our strategic business objectives and utilization of the asset; or significant negative industry or economic trends. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset are less than its carrying amount.

As of December 31, 2012, 2011 and 2010, the Company was not aware of any events or changes in circumstances that would indicate that the long-lived assets are impaired.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are accounts receivable and other receivables arising from its normal business activities. The Company has a diversified customer base. The Company controls credit risk related to accounts receivable through credit approvals, credit limits and monitoring procedures. The Company routinely assesses the financial strength of its customers and, based upon factors surrounding the credit risk, establishes an allowance, if required, for un-collectible accounts and, as a consequence, believes that its accounts receivable related credit risk exposure beyond such allowance is limited.

The Company maintains cash in three accounts located in Northern California and one account in Canada. All funds in a non-interest bearing transaction account are insured in full by the Federal Deposit Insurance Corporation (FDIC) from December 31, 2011 through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from, the coverage of at least \$250,000 available to depositors under the FDIC's general deposit insurance rules. The Company did not have uninsured cash balance as of December 31, 2012.

A significant portion of the Company's ATMs and related accessories are purchased from one major vendor as follows:

- For the year ended December 31, 2012, the Company had one significant vendor which amounted to \$711,921.31 or 86% of total purchases and had a related accounts payable balance of \$58,328 as of December 31, 2012.
- For the year ended December 31, 2011, the Company had one significant vendor which amounted to \$546,057 or 87% of total purchases and had a related accounts payable balance of \$64,118 as of December 31, 2011.
- For the year ended December 31, 2010, the Company had one significant vendor which amounted to \$607,357 or 82% of total purchases and had a related accounts payable balance of \$44,476 as of December 31, 2010.

3. ASSET PURCHASE AND ASSET SALES

For the year ended December 31, 2012, the Company acquired established ATM locations in the amount of \$877,396 from other companies. The Company incurred legal and other expenses of \$173,836 in 2012. The Company recorded these assets at cost which approximated fair value at the closing of the asset purchases. For the year ended December 31, 2012, the Company sold these ATM locations to the Company's existing franchisees in the amount of \$1,158,729. In accordance with the revenue recognition policy and its current business practice, the Company recognizes revenue from sales of assets as revenue and cost incurred to purchase as cost of sales in the statements of operations.

4. NOTES RECEIVABLE

The Company offers a program that provides financing for qualifying franchisees through promissory notes that are secured by Security Agreements signed between the Company and franchisees. For each qualifying franchisee, the Company finances up to \$10,000 of the initial franchisee fee of \$25,000 over a term of 36 months in equal monthly installments. All promissory notes bear interest rate of 11.90% per annum. The loans are secured by the franchises, and are guaranteed individually by all partners or shareholders if the franchise is a partnership, corporation or other recognized legal entity.

Notes receivable consisted of the following:

<i>December 31,</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
Notes receivable	\$ 150,190	\$ 110,106	\$ 184,367
Less – current portion	(43,700)	(41,582)	(52,207)
Notes receivable, net of current portion	\$ 106,490	\$ 68,524	\$ 132,160

The Company recognized interest revenue from notes receivable of \$10,279, \$13,279, and \$13,949 for the years ended December 31, 2012, 2011, and 2010, respectively.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<i>December 31,</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
Furniture and fixtures	\$ 89,184	\$ 89,184	\$ 89,184
Equipment	82,459	82,459	78,710
Computers	74,953	65,770	65,770
Total property and equipment	246,596	237,413	233,664
Less – accumulated depreciation	(179,926)	(152,600)	(124,343)
Total property and equipment, net	\$ 66,670	\$ 84,813	\$ 109,321

For the years ended December 31, 2012, 2011 and 2010, depreciation expense was \$27,326, \$28,257 and \$20,301, respectively.

6. INTANGIBLE ASSETS

On March 10, 2009, the Company entered an agreement with AFFA, Inc., a related party, with respect of the ATM machines sold by AFFA, Inc. to the Company's franchisees. Pursuant to the agreement, the Company paid \$100,000 each to AFFA, Inc. in 2010 and 2009, which is based on estimated revenue to be generated from interchange from those machines by the Company in the next future 7 years. The Company amortizes such assets on a straight-line basis over 7 years.

Intangible assets consisted of the following:

<i>December 31,</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
Intangible assets	\$ 200,000	\$ 200,000	\$ 200,000
Less – accumulated amortization	(97,620)	(69,048)	(40,477)
Total intangible assets, net	\$ 102,380	\$ 130,952	\$ 159,523

For the years ended December 31, 2011, 2010 and 2009, amortization expense was \$28,571, \$28,571 and \$11,903, respectively.

Estimated future intangible amortization as of December 31, 2012 for each of the next five years is as follows:

<i>Years ending December 31,</i>	<i>Amount</i>
2013	\$ 28,571
2014	28,571
2015	28,571
2016	16,665
Total	\$ 102,380

7. BANK LOAN

On July 7, 2010, the Company entered into a loan agreement with a commercial bank for borrowing of \$65,341. Under the loan agreement, the Company is required to provide a monthly principal and interest payment of \$1,524 with a maturity date of June 30, 2014. The loan bears a fixed interest rate of 5.65% per annum. The note is secured by first position security interest (UCC-1) filing on all the Company's business assets including but not limited to accounts receivable, inventory, investment property and equipment. For the years ended December 31, 2012, 2011 and 2010, interest expense related to the bank loan was \$2,855, \$4,780 and \$1,765, respectively.

The bank loan is as follows:

<i>December 31,</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
Bank loan payable	\$ 26,566	\$ 42,771	\$ 58,034
Less – current portion	(16,683)	(16,683)	(16,683)
Bank loan payable, net of current portion	\$ 9,883	\$ 26,088	\$ 41,351

The aggregate future payments under the bank loan payable are as follows:

<i>Years ending December 31,</i>	<i>Amount</i>
2013	\$ 16,683
2014	9,405
Total	\$ 26,088

8. COMMITMENTS AND CONTINGENCIES

On June 1, 2010, the Company entered into a three year non-cancellable operating lease agreement for 3 year term ended May 31, 2013. The Company had entered an extended twenty-four month contract with the land lord; the term shall be expired on May 31, 2015. Rent expense for the years ended December 31, 2012, 2011, and 2010 amounted to \$202,952, \$166,622, and \$117,778, respectively.

Future minimum lease payments as of December 31, 2012 are as follows:

<i>Years ending December 31,</i>	<i>Amount</i>
2013	\$ 210,200
2014	227,400
2015	96,000
Total	\$ 533,600

9. SUBSEQUENT EVENTS

In May 2009, the FASB issued ASC 855, "Subsequent Events." ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The standard, which includes a new required disclosure of the date through which an entity has evaluated subsequent events, is effective for interim or annual periods ending after June 15, 2009.

The Company evaluated all events or transactions that occurred after December 31, 2012 up through the date the financial statements were available to be issued. During these periods, the Company did not have any material recognizable subsequent events required to be disclosed as of and for the year ended December 31, 2012.

ACFN®

EXHIBIT C

TO DISCLOSURE DOCUMENT

STATE ADMINISTRATORS/AGENTS
FOR SERVICE OF PROCESS

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Corporations Department of Corporations	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-800-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	Williams Building, 6 th Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 500 St. Paul, MN 55101-2198
New York (State Administrator)	New York State Department of Law Bureau of Investor Protection and Securities	120 Broadway, 23rd Floor New York, NY 10271
New York (Agent)	Secretary of State of the State of New York	41 State Street, Second Floor Albany, NY 12231
North Dakota	Securities Commissioner	600 East Boulevard Avenue, Fifth Floor Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Securities	445 East Capitol Avenue Pierre, SD 57501
Virginia (State Administrator)	Virginia State Corporation Commission Division of Securities and Retail	1300 East Main Street, 9 th Floor Richmond, VA 23219-3630
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 345 W. Washington Ave., 4th Floor Madison, WI 53703

ACFN®
EXHIBIT D
TO DISCLOSURE DOCUMENT
STATE ADDENDA

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

This Addendum relates to franchises sold in the State of California and is intended to comply with California statutes and regulations.

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. Item 3. In addition to the information required by Item 3, neither we (ACFN Franchised Inc.), nor any person 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.

3. Item 5. On the basis of the review of the financial information disclosed in this disclosure document and all financial statements contained in Item 21 of this disclosure document and attached to the disclosure document as Exhibit B, the California Department of Corporations has determined that a Surety Bond condition, as required by Section 31125 of the California Corporations Code, is appropriate. We have obtained on us a Surety Bond in the amount of \$58,000 to insure that all our material pre-opening obligations to you are met. A copy of the Surety Bond is on file with the State of California, Department of Corporations, 310 West 4th Street, Los Angeles, California 90013.

4. Item 17. Item 17 of the disclosure document has the following additional provisions:

(a) California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

(b) Any proposed termination of the Franchise Agreement for bankruptcy may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Section 101 et seq.)

(c) The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

(d) The Franchise Agreement requires binding arbitration. The arbitration will occur at the American Arbitration Association office closest to our principal business office.

(e) Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

(f) 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.

(g) 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).

5. Our web site is found at www.acfnfranchised.com.

OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT www.corp.ca.gov.

**ILLINOIS ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT**

This Addendum relates to franchises sold in the State of Illinois and is intended to comply with Illinois statutes and regulations.

1. Item 5. Item 5 of the disclosure document is amended by adding the following:

Based on our financial condition, the Illinois Attorney General's Office has imposed a fee deferral requirement with respect to franchises governed by Illinois law. Therefore, if your franchise is governed by Illinois law, we will defer your payment of the \$25,000 initial franchise fee and the \$995 initial training fee described in Item 5 until we have completed all of our initial obligations under the Franchise Agreement or other agreements, and you have commenced doing business pursuant to the Franchise Agreement. For the purposes of this addendum, all initial obligations will be deemed met and your business under the Franchise Agreement will be considered commenced upon the installation of your first ATM, at which point the initial franchise fee and initial training fee will be due and payable to us.

2. Item 17. Item 17 of the disclosure document is amended by replacing the description in the Summary column of Item 17(v) with the following:

Litigation must be in federal district court in Illinois.

3. Item 17. Item 17 of the disclosure document is amended by deleting the description in the Summary column of Item 17(w).

**MARYLAND ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT**

Item numbers correspond to those in the main body of the disclosure document:

1. Item 5. Item 5 is amended to include the following:

On the basis of the review of the financial information disclosed in this disclosure document and all financial statements contained in Item 21 of this disclosure document and attached to the disclosure document as Exhibit B, the Maryland Securities Commissioner has determined that a Franchisor's Surety Bond condition is appropriate. We have obtained on us a Franchisor's Surety Bond in the amount of \$51,000 to insure that all our material pre-opening obligations to you are met. An original copy of the Surety Bond is on file with the State of Maryland, Office of the Attorney General, Division of Securities, 200 St. Paul Place, 20th Floor, Baltimore, Maryland 21202.

2. Item 17. Item 17 is amended to including the following:

The Franchise Agreement provides for termination if you are insolvent under any applicable state or federal law. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 et seq.).

Any claims under the Maryland Franchise and Disclosure law may be brought in the State of Maryland.

You may sue in Maryland for any claims under the Maryland Franchise 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 general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

This Addendum relates to franchises sold in the State of Minnesota and is intended to comply with Minnesota statutes and regulations.

1. Item 5. Item 5 is amended to include the following:

On the basis of the review of the financial information disclosed in this disclosure document and all financial statements contained in Item 21 of this disclosure document and attached to the disclosure document as Exhibit B, the Minnesota Department of Commerce has determined that a franchisor's Surety Bond condition, as described in Section 2860.1900 of the Minnesota Rules, is appropriate. We have obtained on us a Surety Bond in the amount of \$29,000 to insure that all our material pre-opening obligations to you are met. A copy of the Surety Bond is on file with the State of Minnesota, Department of Commerce, 85 7th Place East, Suite 500, St. Paul, MN 55101-2198.

2. Item 13. Item 13 of the disclosure document is amended to include the following:

We will indemnify you for damages for which you are held liable in any proceeding arising out of the use of the "ACFN" mark, provided you have used the trademark properly and have notified us of any claim against you within 10 days of your knowledge of the claim. Our indemnification obligation will not apply to any franchisee residing outside the state of Minnesota who purchases a franchise to be located outside of Minnesota.

3. Item 17. Item 17 of the disclosure document is amended to include the following:

"Minnesota law provides you with certain termination and non-renewal rights. Minnesota Statutes Section 80C.14, subs. 3, 4 and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. To the extent a dispute is subject to litigation, nothing in the disclosure document or Franchise Agreement can eliminate or reduce any of your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction."

**NEW YORK ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT**

This Addendum relates to franchises sold in the State of New York and is intended to comply with New York statutes and regulations.

1. Item 3. Item 3 of the disclosure document is amended to include the following:

Other than as described in Item 3, we, our predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. Has not had an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations or any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

B. Has not been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Is not subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

2. Item 4. Item 4 of the disclosure document is amended by the addition of the following:

Except as disclosed in Item 4 of the disclosure document, we, our affiliates, our predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) has not filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) has not obtained a discharge of its debts under the bankruptcy code; or (c) was not a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

3. Item 5. Item 5 of the disclosure document is amended to include the following:

Proceeds from the initial franchise fee are, in part, used to pay some of the following of our expenses and costs: (i) assistance and supervision provided by us for the opening of your Franchise; (ii) supervision and assistance as described in Item 11 of this disclosure document; (iii) legal fees, accounting fees and compliance with federal, state and other laws; (iv) enforcement and protection of all of our trademarks, trade names, trade secrets and commercial symbols; and (v) selling, general and administration expenses. Any proceeds remaining from the initial franchise fee are our profits.

4. Item 17(c). Item 17(c) of the disclosure document is amended to provide that all rights arising in your favor from the provisions of Article 33 of the Gen. Bus. Law of the State of New York and the regulations issued thereunder will remain in force; it being the intent of this proviso that the non-waiver provisions of Gen. Bus. Law sections 687.4 and 687.5 be satisfied.

5. Item 17(j). Item 17(j) of the disclosure document is amended to provide that no assignment will be made by us, except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

6. We represent that this disclosure document does not knowingly omit any material fact or contain any untrue statement of a material fact.

**NORTH DAKOTA ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT**

This Addendum relates to franchises sold in the State of North Dakota and is intended to comply with North Dakota statutes and regulations.

1. Item 17. Item 17 of the disclosure document is amended to include the following:

In North Dakota, Items 17(c) and (m) are amended to provide that we cannot require you to sign a release as a condition to renewal or transfer. In addition, Item 17(r) is amended to provide that the Franchise Agreement contain covenants not to compete which extend beyond the termination of the franchise. These provisions may not be enforceable in North Dakota. Finally, in North Dakota, Items 17(u) and (v) are amended to provide that we cannot require you to agree in advance to arbitration or litigation outside the State of North Dakota.

**RHODE ISLAND ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT**

This Addendum relates to franchises sold in the Rhode Island and is intended to comply with Rhode Island statutes and regulations.

Item 17. Item 17 is amended to include the following:

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

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

This Addendum relates to franchises sold in Illinois and is intended to comply with Illinois statutes and regulations. In consideration of the execution of the Franchise Agreement, we and you agree to amend the Franchise Agreement as follows:

1. Renewal/Termination. Sections 12.4 and 13.6 of the Franchise Agreement are amended by adding the following:

Section 41 of the Illinois Franchise Disclosure Act of 1987 will control over any inconsistent provisions in this Section.

2. Venue. Section 17.14 of the Franchise Agreement is deleted.

3. Waiver of Jury Trial. Section 17.15 of the Franchise Agreement is amended by adding the following:

The Franchise Bureau of the Illinois Attorney General's Office considers the waiver of a jury trial under Section 17.15 of the Franchise Agreement to be inconsistent with the intent of the Illinois Franchise Disclosure Act at Section 705/41.

4. Limitation of Claims. Section 17.17 of the Franchise Agreement is amended by adding the following:

No action shall be maintained under Section 27 of the Illinois Franchise Act (the "Act") to enforce any liability created by this Act unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after the franchisee becomes aware of the facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by this Act, or ninety (90) days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire. No cause of action barred under existing law on the effective date of this Act shall be revived by this Act. Every cause of action under this Act survives the death of any person who might have been a plaintiff or defendant.

5. Deferral of Initial Franchise Fee and Initial Training Fee. Based on our financial condition, the Illinois Attorney General's Office has imposed a fee deferral requirement with respect to franchises governed by Illinois law. Therefore, if your franchise is governed by Illinois law, notwithstanding the language in Section 3.1 and Section 4.1 of the Franchise Agreement, we will defer payment of the Twenty-Five Thousand Dollar (\$25,000) initial franchise fee and the Nine Hundred and Ninety-Five Dollar (\$995) initial training fee until we have completed all of our initial obligations under the Franchise Agreement or other agreements, and you have commenced doing business pursuant to the Franchise Agreement. For the purposes of this addendum, all initial obligations will be deemed met and your business under the Franchise Agreement will be considered commenced upon the installation of your first ATM, at which point the initial franchise fee and initial training fee will be due and payable to us.

6. Construction. In all other respects, the Franchise Agreement will be construed and enforced with its terms.

WE:

YOU:

ACFN Franchised Inc.

By _____
Its _____

By _____

By _____

**MARYLAND ADDENDUM TO
FRANCHISE AGREEMENT**

This Addendum relates to franchises sold in Maryland, to residents of Maryland and for franchises to be located in Maryland, and is intended to comply with Maryland statutes and regulations. In consideration of the execution of the Franchise Agreement, we and you agree to amend the Franchise Agreement as follows:

1. Acknowledgments. Section 1.2 of the Franchise Agreement is amended by the addition of the following at the end of such Section: “The representations made herein are not intended to and will not act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

2. Initial Franchise Fee. Section 3.1 of the Franchise Agreement is amended to add the following:

On the basis of the review of the financial information disclosed in our franchise disclosure document and all financial statements contained in Item 21 of this disclosure document and attached to the disclosure document as Exhibit B, the Maryland Securities Commissioner has determined that a Surety Bond condition is appropriate. We have obtained on us a Surety Bond in the amount of Fifty One Thousand (\$51,000) Dollars to insure that all our material pre-opening obligations to you are met. An original copy of the Surety Bond is on file with the State of Maryland, Office of the Attorney General, Division of Securities, 200 St. Paul Place, 20th Floor, Baltimore, Maryland 21202.

3. Release. Sections 12.4, 13.6 and 15.6 of the Franchise Agreement are amended to provide that any release required as a condition of assignment or transfer, or renewal will not apply to liability under the Maryland Franchise Registration and Disclosure Law (the “Maryland Franchise Law”).

4. Venue. Section 17.14 of the Franchise Agreement is amended to provide that, under the Maryland Franchise Law, any litigation involving claims arising under the Maryland Franchise Law may be brought in Federal District Court in Maryland.

5. Limitations of Claims. Section 17.17 of the Franchise Agreement is amended to provide that any claims arising under the Maryland Franchise Registration and Disclosure law must be brought within 3 years after the franchise is granted.

6. Construction. In all other respects, the Franchise Agreement will be construed and enforced with its terms.

WE:

ACFN Franchised Inc.

By _____
Its _____

YOU:

By _____

By _____

**MINNESOTA ADDENDUM TO
FRANCHISE AGREEMENT**

This Addendum relates to franchises sold in Minnesota and is intended to comply with Minnesota statutes and regulations. In consideration of the execution of the Franchise Agreement, we and you agree to amend the Franchise Agreement as follows:

1. Marks – Indemnification. Section 5 of the Franchise Agreement is amended to include the following language:

We will indemnify a Minnesota franchisee for damages for which such franchisee is held liable in any proceeding arising out of the use of the “ACFN” mark, provided that franchisee has used the mark properly and has notified us of any claim against franchisee within ten (10) days of franchisee’s knowledge of such claim. We will have sole control of any litigation involving the Marks. Our indemnification obligation will not apply to any franchisee residing outside the state of Minnesota who purchases a franchise to be located outside of Minnesota.

2. Application of Minnesota Law. Sections 13 and 14.2 of the Franchise Agreement are amended by adding the following sentences at the end of each Section: “Minnesota law provides franchisees with certain termination and nonrenewal rights. Minnesota Statutes Section 80C.14, subs. 3, 4 and 5 require, except in certain specified cases, that a Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for nonrenewal of the Franchise Agreement.”

3. Venue. Section 17.14 of the Franchise Agreement is deleted.

4. Construction. In all other respects, the Franchise Agreement will be construed and enforced with its terms.

WE:

ACFN Franchised Inc.

By _____
Its _____

YOU:

By _____

By _____

**NEW YORK ADDENDUM TO
FRANCHISE AGREEMENT**

This Addendum relates to franchises sold in New York and is intended to comply with New York statutes and regulations. In consideration of the execution of the Franchise Agreement, we and you agree to amend the Franchise Agreement as follows:

1. Release. Sections 12.4 and 13.6 of the Franchise Agreement are amended to provide that all rights enjoyed by you and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this provision that the applicable nonrenewal or termination provisions of the General Business Law be satisfied.

2. Construction. In all other respects, the Franchise Agreement will be construed and enforced with its terms.

WE:

YOU:

ACFN Franchised Inc.

By _____
Its _____

By _____

By _____

**NORTH DAKOTA ADDENDUM TO
FRANCHISE AGREEMENT**

This Addendum relates to franchises sold in North Dakota and is intended to comply with North Dakota statutes and regulations. In consideration of the execution of the Franchise Agreement, we and you agree to amend the Franchise Agreement as follows:

1. Release. Sections 12.4 and 13.6 of the Franchise Agreement are amended to provide that any release required as a condition of assignment or renewal will not apply to liability under North Dakota Franchise Investment Law.

2. Covenant Not to Compete. Section 15.4 of the Franchise Agreement is amended to provide that covenants not to compete upon termination or expiration of the Franchise Agreement may be unenforceable, except in certain circumstances provided by law.

3. Costs and Attorney's Fees. Section 17.9 of the Franchise Agreement is deleted and replaced with the following:

The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

4. Venue, Limitations. Sections 17.14, 17.15 and 17.17 of the Franchise Agreement are deleted.

5. Construction. In all other respects, the Franchise Agreement will be construed and enforced with its terms.

WE:

ACFN Franchised Inc.

By _____
Its _____

YOU:

By _____

By _____

**RHODE ISLAND ADDENDUM TO
FRANCHISE AGREEMENT**

This Addendum relates to franchises sold in Rhode Island and is intended to comply with Rhode Island statutes and regulations. In consideration of the execution of the Franchise Agreement, we and you agree to amend the Franchise Agreement as follows:

1. Venue. Section 17.14 of the Franchise Agreement is amended by the addition of the following sentence: "Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that a 'provision in a franchise agreement restricting jurisdiction or venue to a forum outside the state or requiring the application of the laws of another state is void respecting a claim otherwise enforceable under this Act.'"

2. Construction. In all other respects, the Franchise Agreement will be construed and enforced with its terms.

WE:

YOU:

ACFN Franchised Inc.

By _____
Its _____

By _____

By _____

**WASHINGTON ADDENDUM TO
FRANCHISE AGREEMENT**

This Addendum relates to franchises sold in Washington and is intended to comply with Washington statutes and regulations. In consideration of the execution of the Franchise Agreement, we and you agree to amend the Franchise Agreement as follows:

1. Venue. Section 17.14 of the Franchise Agreement is deleted.
2. Other Modifications.

A. The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with ACFN Franchised Inc., including the areas of termination and renewal of your franchise. There also may be court decisions which may supersede the Franchise Agreement in your relationship with ACFN Franchised Inc., including the areas of termination and renewal of your franchise.

B. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.

C. A release or waiver of rights executed by a you will not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a trial by jury, may not be enforceable.

D. Transfer fees are collectible to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

3. Construction. In all other respects, the Franchise Agreement will be construed and enforced with its terms.

WE:

ACFN Franchised Inc.

By _____
Its _____

YOU:

By _____

By _____

ACFN®

EXHIBIT E

TO DISCLOSURE DOCUMENT

FORM OF GENERAL RELEASE

RELEASE OF CLAIMS

THIS IS A CURRENT RELEASE FORM THAT GENERALLY WILL BE USED WITH OR INCORPORATED INTO A SEPARATE AGREEMENT. THIS FORM IS SUBJECT TO CHANGE OVER TIME.

For and in consideration of the Agreements and covenants described below, ACFN Franchised Inc. (“ACFN”) and _____ (“you”) enter into this Release of Claims (“Agreement”).

RECITALS

- A. ACFN and you entered into an ACFN® Franchise Agreement dated _____, _____.
- B. [NOTE: Describe the circumstances relating to the release.]

AGREEMENTS

- 1. **Consideration.** [NOTE: Describe the consideration paid.]
- 2-3. [NOTE: Detail other terms and conditions of the release.]
- 4. **Release.** You hereby release ACFN, its officers, directors, shareholders, and agents, and their respective successors, assigns, heirs, and personal representatives, from all debts, representations, agreements, liabilities, actions, and causes of action of every kind and nature arising out of or relating to the Franchise Agreement between ACFN and you, the offer and sale of that franchise and the franchise relationship between the parties.
- 5. **General.** No amendment to this Agreement or waiver of the rights or obligations of either party shall be effective unless in writing signed by the parties. This Agreement is governed by the laws of the State of _____ without regard to conflicts of laws principles. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. This Agreement contains the entire agreement and understanding of the parties concerning the subject matter of this Agreement. [NOTE: Detail other miscellaneous provisions.]

YOU:

ACFN FRANCHISED INC.

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

ACFN®
EXHIBIT F
TO DISCLOSURE DOCUMENT
FINANCING DOCUMENTS

AUTHORIZATION FOR AUTOMATIC PAYMENT

Customer Name: _____ Name on Bank Account: _____
Account Number: _____ ABA Number: _____
Account Type: CHECKING/SAVINGS Amount \$ _____

I hereby authorized ACFN FRANCHISED, INC. to charge the above referenced bank account automatically each and every 1 MONTH(s) on the ___1st___ day of the month and apply said charge toward the payment of the charges I owe ACFN FRANCHISED, INC. I understand that I will remain responsible for recurring charges, additional late fees, and other applicable charges if the withdrawal to the bank account I have listed above is denied for insufficient funds or the account otherwise becomes unavailable.

I have selected to have automatic payments made from a bank account. I hereby authorized ACFN FRANCHISED, INC. to initiate automatic withdrawals via electronic fund transfer entries (“Entries”) by means of the Automated Clearing House (“ACH”). I understand and agree to abide by the Operating Rules of the National Automated Clearing House Association (“NACHA”) in existence as of the date of this Agreement and as amended from time to time (the “Rules”) which govern all such transactions. I acknowledge that no Entries may be made that violate the Rules or the laws of the United States. I agree to indemnify the Originating Depository Institution (“ODFI”) and any third party service providers involved in processing Entries made hereunder against all claim, demand, loss, liability, or expense including attorney’s fees and costs that result directly or indirectly from my (1) failure to follow the Rules or (2) violations of law.

Name: _____
Date: _____

Signature: _____

SECURITY AGREEMENT FOR INITIAL FRANCHISE FEE

1. _____
Name Number and Street

City or Town County State Zip Code

(the "Debtor") does hereby grant, for valuable consideration, receipt of which is hereby acknowledged, unto ACFN Franchised Inc., a California Corporation having its principal place of business at Community Towers, Sixth Floor, 111 W. Saint John Street, San Jose, California 95113 (the "Secured Party") a security interest in the ACFN® franchise identified in the Franchise Agreement between the Secured Party and the Debtor, dated _____, 20____, and described in attached Schedule "A" and any and all accessions thereto (the "Collateral").

2. This security interest is granted as security for payment to the Secured Party, at its principal place of business, of indebtedness of Ten Thousand Dollars (\$10,000.00) Dollars as provided in the note or notes of even date herewith and also any and all liabilities now existing or hereafter arising, including all costs and expenses incurred in the collection of the indebtedness and all future advances made by the Secured Party for taxes levied, insurance and repairs to or maintenance of the Collateral.

3. The Debtor warrants and agrees that:

- A. The Debtor will use the Collateral solely for business purposes. The Debtor will give the Secured Party access to the Collateral at all times.
- B. The Debtor will use the Collateral in accordance with the law, and will not permit removal of any of the Collateral from the state of _____ .
- C. Except for the security interest granted herein, the Debtor is the owner of the Collateral free from any prior lien, security interest or encumbrance and the Debtor will defend the Collateral against all claims and demands of any and all persons at any time claiming the same or any interest therein;
- D. The Debtor will not sell, exchange, lease or otherwise dispose of any interest in the Collateral without the written consent of the Secured Party and will not permit lien, security interest, or encumbrance to attach to the Collateral;
- E. No financing statement covering the Collateral is on file in any public office and at the request of the Secured Party, the Debtor will join with the Secured Party in executing one or more financial statements pursuant to the Uniform Commercial Code of the state wherein the Collateral will be possessed by the Debtor in form satisfactory to the Secured Party and the Debtor will pay the cost of filing in all public offices wherever filing is deemed necessary by the Secured Party;
- F. The Debtor will maintain the Collateral in good condition and repair; will maintain insurance on the Collateral against fire, theft, and such other hazards and in such form and amount as the Secured Party may require and for the benefit of the Debtor and the Secured Party as their interest shall appear; and will pay and discharge all taxes imposed on the Collateral. The Debtor assigns to the Secured Party and authorizes the Secured Party to indorse any draft of the proceeds. Such policy or policies shall be delivered to the Secured Party and shall be with a company or companies satisfactory to the Secured Party; and

- G. At its option, the Secured Party may discharge taxes, liens or other encumbrances at any time levied or placed on the Collateral, pay for insurance on the Collateral, and pay for the maintenance and preservation of the Collateral should the Debtor fail to do so. The Debtor agrees to reimburse the Secured Party on demand for any payments so made and until such reimbursement, the amount so paid by the Secured Party shall be added to the principal amount of the indebtedness.
4. Upon happening of any of the following events or conditions:
- A. Default in the payment or performance of any of the obligations or of any covenant or liability contained or referred to in any note or notes evidencing any of the obligations secured hereunder, or in any other written agreements with the Secured Party;
 - B. Loss, theft, destruction, sale or encumbrance of or to the Collateral;
 - C. Death, dissolution, termination of existence, insolvency, business failure of the Debtor;
 - D. Appointment of a receiver of any part of the property of, assignment for the benefit of creditors by or the commencement of any proceedings under any bankruptcy or insolvency laws by or against the Debtor;
 - E. Termination, transfer or an attempt to transfer any of the rights of the Debtor under the ACFN® Franchise Agreement between the Secured Party and the Debtor, dated _____, 20____;
 - F. Any levy or seizure against the Debtor or any of the Collateral; or
 - G. If the Secured Party deems itself insecure, the Secured Party may, at its election, declare the entire amount of the indebtedness then outstanding due and payable at once and the Secured Party shall have all rights and remedies given by law including the right to enter any premises of the Debtor, without legal process and take possession of and remove the Collateral.
5. The Debtor agrees upon the request of the Secured Party, to assemble the Collateral, and to make it available at the place designated by the Secured Party.
6. Any requirement of reasonable notice of any disposition of the Collateral shall be satisfied if such notice is mailed to the address of the Debtor shown in this agreement at least ten (10) calendar days before the time of such disposition. Sales for cash or on credit to an ACFN® franchisee, or at a public or private auction are all commercially reasonable means of disposition.
7. Discharge of any Debtor except for full payment, or any extension, forbearance, change of rate of interest, or acceptance, release or substitution of collateral or any impairment or suspension of the Secured Party's rights against a Debtor, or any transfer of the Debtor's interest to another, shall not affect the right of any other Debtor.
8. No waiver by the Secured Party shall be effective unless in writing, nor shall any such waiver operate as a waiver of any other default or of the same default on a subsequent occasion.
9. All rights of the Secured Party hereunder shall inure to the benefit of the heirs, executors, administrators, successors and assigns of the Debtor.
10. If there is more than one Debtor, their obligations hereunder shall be joint and several.
11. This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof.

Debtor:

Executed this _____ day of _____, 20____, individually and as an officer of _____ a [STATE],[TYPE OF ENTITY].

_____	_____
Individually	Corporate Officer
_____	_____
Individually	Corporate Officer
_____	_____
Individually	Corporate Officer
_____	_____
Individually	Corporate Officer

Secured Party:

Executed and accepted as of the _____ day of _____, 20____, in _____.

By: _____
Jeffrey D. Kerr

its President
duly authorized

SCHEDULE "A" TO SECURITY AGREEMENT FOR INITIAL FRANCHISE FEE
COLLATERAL

A security interest is granted in the following described franchise and any and all accessions thereto:

36 Month Program

Franchisee fee of \$25,000 to be paid as follows:

Down payment \$15,000

Payment schedule:

\$10,000 at 11.9 % per annum

36 payments of \$ 331.67 each

Payment is due on the 1st of each month starting 3 months from the date training is completed.

Signature of Debtor

ACFN®

EXHIBIT G

TO DISCLOSURE DOCUMENT

FRANCHISEE INFORMATION
AS OF DECEMBER 31, 2012

AL

ACFN of the South
Craig Alcon
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Mandeville, LA 70448
(504) 220-4101

ACFN Gulf Coast
Precision Marketing
Mike Leath
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Orange Beach, AL 36561
251-981-2922

AR

ACFN of Arkansas
Heath Banning
POB 3762
Fayetteville, AR 72702
(479) 409-4174

AZ

ACFN of Prescott
Harry & Ilene McCall
3249 N. Meadowlark Drive
Prescott Valley, AZ 86314
(928) 759-9962

ACFN of Phoenix
Michael & Shannon Parys
7650 S. McClintok Drive #103
Tempe, AZ 85284
(480) 290-1527

ACFN of Tucson
Cesar Torres
3471 W Goshen Dr
Tucson, AZ 85741
(520) 797-6685

Colorado River ATMs, LLC
Brian Smith - 2 franchises
4149 Challenger Drive
Lake Havasu City, AZ 86406
(928) 230-3710

ACFN of Scottsdale AZ, LLC
Darcy Baert
2942 N. 24th Street, #114
Phoenix, AZ 85016
480-327-9141

CA

ACFN of Chico
Kevin Hammond
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Campbell, CA 95008
(408) 378-4081

ACFN of Cupertino
Yaron & Neri Choma
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(408) 255-7458

ACFN of Fresno
Marco Santeufemia
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Fresno, CA 93720
(559) 285-9758

Look West Enterprises, Inc.
Piero Pirjanian
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(818) 209-8738

ACFN of Temecula
Bill & Ana Dunker
71 Potters Bend
Ladera Ranch, CA 92694
(949) 218-4085

ACFN of San Diego
Winona Dorris
11110 Cimarron St
Los Angeles, CA 90047
(323) 295-8608

QUICK DRAW ATM, Inc.
Ken Haynes - 2 franchises
16815 Gallop Drive
Morgan Hill, CA 95037
(408) 776-8767

ACFN Santa Maria
Mary Farhad
19430 Crystal Ridge Lane
Northridge, CA 91326
(818) 366-3000

ACFN of SIERRA NEVADA, Inc.
Lee Castro & Shirley Atenta
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(916) 792-8483

APEX Data Networks, Inc.
Denise Lee
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Moeen Haq
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Porter Ranch, CA 91326
(818) 715-0899

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Walnut Creek, CA 94597
(408) 807-5986

ACFN of Fremont
Damian Llanto
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(408) 420-6162

ACFN of SD
Steve Martin
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San Diego, CA 92116
(619) 574-0507

ACFN of SO Cal
John Taitano
46346 Teton Trail
Temecula, CA 92592
(909) 434-3745

Say Partnership
Shawn Wei
2927 Blackpine Court
Fullerton, CA 92835
(213) 576-1867

Thomas Howard
ATV Bay Area, LLC
875-A Island Drive #435
Alameda, CA 94502
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CASH CONCIERGE ATMs
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SUMMERLIN VENDING SERVICES
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Sacramento, CA 95831
916-870-1890

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ACFN of the Left Coast, LLC
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San Francisco, CA 94114
415-826-2777

ROMARZ
Ronald & Margaret Zechlin
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Novato, CA 94945
415-898-4826

ACFN LA BELLE PROVINCE
Patrick Gagne
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Rancho Santa Margarita, CA 92688
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Cen-Cal ACFN
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PO Box 1277
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NOLLA
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951-691-3046

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El Dorado Hills, CA 95762
916-467-7437

Sus & Sus
Nicole & Turker Sus
1229 Greenmore Drive
San Jose, CA 95118
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Frank Benedik
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ACFN of Denver
Jeff Grundmann
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Highlands Ranch, CO 80126
(720) 289-4762

CT
ACFN of Connecticut
Jack & Amy Norton
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N. Branford, CT 06471
(203) 214-9198

Constitution State Capital, LLC
Jonathan Sheklow
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New York, NY 10036
(917) 254-2042

ACFN of SOUTHERN CT, LLC
Micahl and Katie Faux
57 Tolland Ave.
Tafford Springs, CT 06076
860-490-0894

ACFN of Central Connecticut, LLC
Haley Manchester
764 Mountain Road
West Hartford, CT 06117
860-236-0793

DE

Pro ATM LLC
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Mandeville, LA 70448
443-880-7034

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Newberry, FL 32669
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Odessa, FL 33556
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ACFN MATLACHA, LLC
John Kline
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Matlacha Isles, FL 33991
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ACFN of Orlando
Veronica Valdez & Millicent Daniels
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Marksman Group Industries, Inc.
Angus Marksman
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ACFN of NW Florida
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(850) 543-0654

ACFN LEKONSTAR
Ned Gensemer
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NIVENS FINANCIAL NETWORK, LLC
James Scott Nivens
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Bradenton, FL 34207
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SMS EAST COAST, Inc.
Steven Shenbaum
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Burford Properties, LLC – 2 Franchises
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Greater Orlando ACFN, LLC
Frederic & Patricia Lehman
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Winter Garden, FL 34787
321-331-1090

ACFN of Palm Beach, LLC*
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Ray Matias
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ACFN of Fort Lauderdale*
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ACFN Southeast Florida – 2 Franchises
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Bruce and Jason Shandler
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ACFN of Dalton, LLC
Donald Barber
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706-694-8548

HI

ACFN of Oahu
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(630) 639-1731

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ACFN of MICHIANA, LLC
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ACFN of Central Kentucky - 2 Franchises
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KS

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ACFN of Brookline
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Velantzas Companies
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ACFN Mid-Atlantic Region
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Intelligent Concepts Eng LLC
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ACFN MICHIGAN, LLC
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MS

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MO

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MT

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ATM Financial Management LLC
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ACFN of Charlotte, LLC
Gregory Clark Williams
1108 Manchester Lane
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ACFN of Raleigh
TEWA 3, LLC
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NH

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NJ

ACFN of Central New Jersey - 2 Franchises
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ACFN of Southern Nevada
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Ravid & Associates, LLC
Michael Ravid
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SNEAKER ROOTS, LLC
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C.B. Whipple Holdings, LLC
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ACFN of MEMPHIS
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Paris, TN 38242
731-642-3468

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ACFN of Dallas/Fort Worth - 2 Franchises
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ACFN of Houston - 2 Franchises
Brian Dawson
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Montgomery, TX 77356
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Danny Rios
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San Antonio, TX 78238
(210) 669-0600

ACFN of SOUTHWEST TEXAS / M & M
Luther Martin
P.O. BOX 920323
El Paso, TX 79912
915-760-4400

ACFN of WACO, LLC
Sungnam Lee
4330 Bull Creek Road, Apt 1119
Austin, TX 78731
361-765-3149

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Andrew Taylor
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(214) 663-6899

METROPLEX ACFN, Inc.
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(817) 832-6028

ACFN of Greater Houston
Milestone Portfolio, LLC
Joanna and Johnathan Miles
9889 Cypresswood Drive, #8306
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512-216-7033

ACFN of The Woodlands
Juan Miron
22 Orchid Grove Place
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832-525-6657

ACFN of Austin
Joseph Harris
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ACFN Lone Star
Rubicon Aquatic Services, LLC
Brent Beane
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CASH CONCIERGE ATMs
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ACFN of Central Virginia
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ACFN of Aldie
Mana Weigand
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ACFN of GREATER VIRGINIA, LLC
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LEVERAGED EXPERTISE FINANCIAL,
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ACFN Aru Sagar, LLC
Kala Madugula
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Cascade ACFN
Morrison & Whalen, LLC
Jerry Whalen and Dave Morrison
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WI

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dba ACFN of Madison
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Wright ATM Services, LLC
John Wright
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Wauwatosa, WI 53226
414-617-0790

WY

Teton ATM Services, Inc.
John Hisey
PO Box 30000
Jackson, WY 83002
307-669-5531

Sterling Reynolds*
1223 259th Place
Des Moines, WA 98198
206-651-6291

*These franchisees have signed a franchise agreement but not yet installed their first ATM.

TERMINATIONS (During 2012):

Former Franchisee	City	State	Telephone Number
Fred Johnson/Tess Prieto	Greer	SC	864-906-0574
Jason Onishi	Kahului	HI	808-306-9999

TRANSFERS (During 2012):

(Former franchisee transferred its only franchised business and left System)

Former Franchisee	City	State	Telephone Number
Renee Lombardo	Villa Park	WI	425-922-2394
Tim Bowling – franchise #1	Fairhope	AL	337-526-8055
Tim Bowling – franchise #2	Fairhope	AL	337-526-8055
Mitra Kohanoff	Reseda	CA	818-438-1877
Todd Van Deussen	Santa Barbara	CA	805-966-7466
Todd Lockwood	Huntington Beach	CA	714-964-1659
Richard Sinnett	Encinitas	CA	760-519-2982
Bob & Barbara Crosthwaite	Ellsworth	ME	207-667-3171
John Ogren	Ashland	NE	402-312-4964
Leslie Kim	Plainsboro	NJ	917-597-4676
Aaron Cooksey/Alaine Manda	North Canton	OH	330-329-6628
Luther Tucker	Poland	OH	904-808-1478
Bryan Byrd	McDonald	TN	423-478-1503
Ivan Warman – franchise #1	Dania Beach	FL	954-270-4151
Ivan Warman – franchise #2	Dania Beach	FL	954-270-4151
Devin Rockel	Hope Mills	NC	910-868-5981

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

ACFN®
EXHIBIT H
TO DISCLOSURE DOCUMENT
PURCHASE AGREEMENT

PURCHASE AGREEMENT
(ACFN Franchised Inc.)

THIS AGREEMENT (this “**Agreement**”) is made and entered into this ____ day of _____, 20____, between ACFN Franchised Inc., a California corporation (“**Seller**”), and _____ (“**Purchaser**”).

RECITALS

- A. Seller and Purchaser are parties to an ACFN® Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”), pursuant to which Seller has granted to Purchaser the right to own and operate an ACFN® business (the “**Business**”) within a certain geographic area (the “**Area of Operation**”).
- B. Seller owns the ATMs and any related cabinets (collectively, the “**ATMs**”), as well as the right to operate the ATMs at certain locations (the “**Locations**”), all as described on the attached **Exhibit A**.
- C. Purchaser desires to purchase the ATMs and the right to operate the ATMs at the Locations as part of the operation of the Business.
- D. Purchaser desires to purchase and Seller desires to sell the ATMs and the right to operate the ATMs on the terms and conditions contained in this Agreement.

AGREEMENT

In consideration of the foregoing, Purchaser and Seller agree as follows:

- 1. **Purchase of ATMs and Right to Operate ATMs at Locations.** Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller the ATMs and the right to operate the ATMs at the Locations as part of the operation of the Business.
- 2. **Purchase Price.** Purchaser agrees to purchase the ATMs and the right to operate the ATMs from the Locations from Seller for the price of \$_____, payable by bank certified check or by wire transfer of immediately available funds at the time of signing of this Agreement. The parties acknowledge and agree that the Purchase Price is fully earned upon receipt by Seller and is not refundable. Seller reserves the right to require Purchaser to pay a refundable deposit before the parties execute this Agreement. Any deposit Purchaser pays to Seller will be credited against the Purchase Price Purchaser owes to Seller upon its execution of this Agreement.
- 3. **Taxes.** Purchaser will pay any tax imposed by any federal, state, local or other governmental authority on or respecting the sale, purchase, delivery or use of the ATMs and the right to operate the ATMs at the Locations.

4. **Seller Representation.** Seller represents and warrants to Purchaser that Seller has good and marketable title to the ATMs, and the right to sell the ATMs and the right to operate the ATMs at the Locations subject to the location agreement. The ATMs and the right to operate the ATMs are being sold on an as-is, where-is basis and Seller makes no other representation or warranty, whether express or implied, with respect to the merchantability, fitness for a particular purpose, condition or quality of the ATMs.
5. **Purchaser Representation.** Purchaser has inspected the ATMs and the Locations and has verified to Purchaser's satisfaction that the ATMs are in working order.
6. **Transfer of ATMs and Right to Operate ATMs at Locations.** After execution of this Agreement, Seller will work with the appropriate third parties to arrange for the transfer to Purchaser of the ATMs and the right to begin operation of the ATMs at their Locations. Seller will notify Purchaser at least 3 days prior to the scheduled transfer date for each ATM. Purchaser agrees to complete the transfer of each ATM on the scheduled transfer date, and to activate and begin operation of that ATM at its Location within 24 hours of the deactivation of the ATM on or after the scheduled transfer date. If after providing Purchaser with at least 3 days prior notice of the scheduled transfer date of an ATM, Purchaser fails to complete the transfer of that ATM on the scheduled transfer date or fails to activate and begin operation of that ATM at its Location within 24 hours of the deactivation of the ATM on or after the scheduled transfer date, Seller has the right to immediately take back the ATM and the right to operate the ATM at its Location without returning any portion of the Purchase Price to Purchaser. If Seller takes back an ATM under this Section 6 and subsequently sells that ATM and the right to operate the ATM at its Location, Seller will provide to Purchaser the purchase price Seller received for that ATM and the right to operate the ATM at its Location, minus Seller's costs and expenses associated with taking back and reselling the ATM and the right to operate the ATM at its Location.
7. **Transfer and Acceptance Form.** Promptly after execution of this Agreement, but in any event within 3 days following the date all of the transfers of the ATMs and the right to operate the ATMs at the Locations have been completed, Purchaser will execute and deliver to Seller the Transfer & Acceptance Form attached as **Exhibit B**.
8. **Restriction on Use.** Seller is selling to Purchaser the ATMs and the right to operate the ATMs at the Locations with the understanding that Purchaser will operate the ATMs at the Locations as part of Purchaser's operation of the Business. Purchaser acknowledges that its right to purchase the ATMs and to operate the ATMs at the Locations as part of the operation of the Business is derived from and governed by the Franchise Agreement. The parties acknowledge and agree that the ATMs and the right to operate the ATMs at the Locations shall be deemed part of the Business operated under the terms of the Franchise Agreement.
9. **Compliance with Laws and Agreements.** Purchaser shall be solely responsible for owning and operating the ATMs at the Locations in compliance with all laws and

regulations and in compliance with all agreements relating to the ATMs and the Locations, including without limitation the Franchise Agreement.

10. **Injunctive Relief; Attorney Fees.** If Purchaser breaches this Agreement, Seller will be entitled to injunctive relief in addition to such other relief available. At the discretion of any court of competent jurisdiction, Purchaser may be ordered to reimburse Seller for reasonable attorney fees and costs incurred in enforcing its rights hereunder.

11. **Miscellaneous.** This Agreement, together with the Franchise Agreement, constitutes the entire agreement of the parties relative to its subject matter and cannot be waived, altered, or rescinded in whole or in part, except by an express writing by the parties. The provisions of this Agreement are severable and the invalidity or unenforceability of any of them will not affect the remainder of this Agreement. This Agreement will be governed by the laws of the state in which the Area of Operation is located.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

SELLER:

PURCHASER:

ACFN FRANCHISED INC.

By _____
Its: _____

By _____
Its: _____

**EXHIBIT A
ATMs and Locations**

Locations City Address State Zip Installed

Contract End Auto Renew Fee Commission

Serial # Model Mfr. Date ATM Phone # Cabinet

Seller has completed as much of this Exhibit A as possible based on the information it has obtained from applicable third parties, including without limitation the previous owner of the ATMs and the right to operate the ATMs at the Locations. While Seller has used its reasonable best efforts to obtain and verify this information, Seller cannot guaranty its accuracy, and therefore requires Purchaser to acknowledge and agree that Purchaser has obtained and verified it as part of completion of the ATM Transfer & Acceptance Form attached as **Exhibit B**.

Purchaser: _____

Signature: _____

EXHIBIT B
ATM Transfer & Acceptance Form

Date: ___/___/___

Locations:

Notes:

ATMs and any related cabinets are sold and accepted as is and without warranty expressed or implied. As evidenced by the signature below, Purchaser acknowledges and agrees to the following:

1. Purchaser has inspected all ATMs at the locations above and has verified to Purchaser's satisfaction that they are in working order.
2. Purchaser has obtained and verified all of the information listed or required to be listed on **Exhibit A**.
2. Purchaser has changed codes to the safe lock, Eprom access, Management, Administration and any other codes necessary to be satisfied that access is no longer available to Seller.
3. Purchaser has reprogrammed ATMs with new TIDs and has entered its own Master keys in compliance with network regulations. Purchaser is now in full control of these ATMs.

Purchaser: _____

Signature: _____

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If ACFN Franchised Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale. Iowa, 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 (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If ACFN Franchised Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and those state administrators listed on Exhibit C.

The franchisor is ACFN Franchised Inc. located at Community Towers, Sixth Floor, 111 W. Saint John Street, San Jose, California 95113. Its telephone number is (888) 794-2236.

Issuance Date: March 31, 2013. See State Effective Dates page for state effective dates.

ACFN Franchised Inc.'s franchise sellers involved in offering and selling the franchise to you are as follows (with address and telephone number): Avi Blankroth and Turker Sus, each of whom can be reached at ACFN Franchised Inc., Community Towers, Sixth Floor, 111 W. Saint John Street, San Jose, California 95113, (888) 794-2236. If any other franchise seller is involved in offering and selling the franchise to you, his or her name, business address and telephone number will be provided to you separately before you sign a franchise agreement.

ACFN Franchised Inc. authorizes the respective state agencies identified on Exhibit C to receive service of process for it in the particular state.

I have received a disclosure document dated March 31, 2013, that included the following Exhibits:

- | | |
|---|---------------------------|
| A. Franchise Agreement | E. Form of Release |
| B. Financial Statements | F. Financing Documents |
| C. State Administrators/Agents for Service of Process | G. Franchisee Information |
| D. State Addenda | H. Purchase Agreement |

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Copy for Prospective Franchisee

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If ACFN Franchised Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale. Iowa, 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 (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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| D. State Addenda | H. Purchase Agreement |

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Copy for ACFN Franchised Inc.

Please sign and date both copies of this receipt, keep one copy (the previous page) for your records, and mail one copy (this page) to the address listed on the front page of this disclosure document or send to our Franchise Administrator by email to franchising@acfn.info or by fax to (888) 708-8600.