
FRANCHISE DISCLOSURE DOCUMENT [DRAFT]



“The True OG Cannabis Hemp Network”

Weed Connection, Inc. is a Multiversal Corporation

ID 1607 POB 1198; Sacramento, CA 95812

business@weedconnection.com

<https://weedconnection.com>

(310) 663-7655

Weed Connection, Inc., “*The True OG Cannabis Hemp Network*,” Legally Connects People w/ Cannabis, Merch, Dispensaries, Lounges, Events, Information & Entertainment

The total investment necessary to begin operation of a **Weed Connection** franchise is **\$420,000**. This includes \$310,000 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all 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, that no Government Agency has Verified the Contents of this Honest Document*

[Optional: You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different forms, contact **Weed Connection** franchise group at ID 1607 POB 1196, Sacramento, CA, 95812 and (310) 663-7655.]

The terms of your contract will govern your franchise relationship. Do not 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 @ 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at <https://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.

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1. The Franchisor & Any Parents, Predecessors, & Affiliates

To simplify the language, this disclosure document uses "WC" and "we" or "us" to mean Weed Connection, Inc., the franchisor. "You" means the individual, corporation, or other entity that buys a Weed Connection franchise.

Franchisor, Parent, and Affiliates

We conduct business under the name Weed Connection. Our principal business address is #1607 POB 1198, Sacramento, CA 95812. We are a California corporation that was incorporated on TBD 2022. We do not conduct business under any other name.

Our parent company is RRP OG LLC. Its principal business address is #1607 POB 1198, Sacramento, CA 95812.

Our affiliates include RR Productions, The True OG Report, and Domain Name in Dispute. RR Productions is a full-service media production company that specializes in media marketing, design, and public relations. The True OG Report is a new show currently in production. "Domain Name in Dispute" refers to "rise.com" where we plan to launch our mainstream affiliate dot com business.

Agent for Service of Process

Our agent for service of process is Mr. Russell Rope. His principal business address is #1607 POB 1198, Sacramento, CA 95812.

Prior Experience

Weed Connection is an industry pioneer that began as an OG caregiving business shortly after passage of Proposition 215 in California. Starting in Agoura Hills, a nice suburb near the Northwest border of Los Angeles County, the operation expanded to serve patients throughout the Conejo Valley including Ventura County (Calabasas, Oak Park, Westlake Village, Thousand Oaks, Newbury Park, Moorpark), Malibu and the San Fernando Valley (Mostly Woodland Hills and Northridge), then later expanded to Boulder, Colorado.

Weed Connection had all the forementioned cities on lock by serving not only best medical cannabis on the planet, but also offered a more affordable selection, and thereby became so successful that staying in the quasi-legal business was too much of a risk at the time. The first version of WC dissolved around 2004.

Weed Connection Dot Com was launched in 2006. It is an original source for medical cannabis information and entertainment based on being one of the first ever directories of cannabis businesses. There was nothing like it at the time of inception. Weed Connection LLC was licensed in 2007 purely as a media business until being dissolved in 2021. Located in the heart of Hollywood, California for most of that time, the business model was based solely on advertising and merchandise.

Weed Connection, Inc. was formed in 2022.... ENTER LEGAL RETAIL FRANCHISE

The Business We Offer

Weed Connection is the future intergalactic golden arches of the cannabis industry. The business model is based on retail sales of legal cannabis and merchandise.

Applicable Regulations

You must comply with federal, state, and local health and environmental safety regulations concerning the proper handling and cannabis hemp, marijuana flower, oils, edibles, and other products used in the business. You should investigate the application of these laws further.

2. Business Experience

President & Creator

Russell Rope, also known as the “True OG,” became President of Weed Connection, Inc. on the day it was legally formed in 2022 but has been in complete control since inception back in 1997. Not only does Mr. Rope have nearly three decades of professional cannabis industry experience, but he has been an entrepreneur for several years longer and remains in control of several other interconnected media business ventures.

Highly educated, street smart, and experienced, Mr. Rope is a real genius with an education level greater than a collective PHD, MBA, JD, and MFA.

More information @ <https://russellrope.com/original-genius-og>

3. Litigation

Weed Connection has never directly seen any litigation, but the President, our social media, and bank accounts have been targeted with sabotage for more than a decade, which comprises a significant amount of the contents of pending litigation where Mr. Rope is currently going through a heavy federal lawsuit as the Plaintiff In Pro Per. The claims are 100% real, supported by clear and convincing facts and evidence as detailed online.

More information @ <https://russellrope.com/real-legaltrillop-revolution>

4. Bankruptcy

Neither the franchisor nor any of its key leaders have ever been through bankruptcy.

5. Initial Fees

- Franchise Fee Includes All Licensing & Creator Royalty; Total \$420,000
 - 10% Discount for Established Conversion (Minimum Two Years Operating)
 - Franchise Renewal Fee is \$100,000 Every 10 Years
- Real Estate & Delivery Vehicles Not Included

Franchise Fee

All Weed Connection franchisees pay a \$420,000 lump sum franchise fee when they sign the franchise agreement. This is due after approval of the application. When you send your application, you must pay a non-refundable \$420 application fee. All buyers pay this uniform fee and receive the same terms on the fee. If your application is not accepted, Weed Connection retains the \$420 for processing and investigative costs, but you are not liable for the remainder of the initial fee. Weed Connection does not give refunds under any circumstances.

Creator Royalty

\$215,000 Per Franchise; & \$60,000 Per Renewal

Delivery

You must pay a franchise license fee of \$1,000 per thousand licensed drivers who reside within your exclusive area when the franchise agreement is signed. The number of licensed drivers is determined by the latest abstract of the state agency which issues drivers' licenses.

License Fees Included

- ◆ Business License – LLC or Inc.
- ◆ Cannabis Retail License
- ◆ Tobacco License?
- ◆ Food & Beverage?

6. Other Fees

This discloses recurring or occasional fees, including royalties and advertising fees.

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	6% of Total Gross Sales - 5% @ W.C., Inc. - 1% @ Creator L	1 st of Month	Cost of Using Brand
Advertising	4% of Total Gross Sales	1 st of Month	Cooperative International Brand Advertising
Audit Fee	Cost of Audit Plus 10% Interest on Underpayment	1 st of Month	
Training	\$1,000	Two Weeks Prior	Staff Training
Assistance	\$420 Per Day	One Week Prior	Random Support
Transfer	\$1,000	Before Transfer	Sale of Franchise

Note 1: All fees are imposed by and are paid to Weed Connection.

Note 2: Interest begins from date of underpayment and all fees are non-refundable.

7. Estimated Initial Investment

All estimated fees and costs that franchisees can expect to incur.

Expenditure	Amount	Method	Due Date	Payment
Initial Franchise Fee	\$420,000	Lump Sum	Time of Signing Franchise Agreement	Weed Connection, Inc.
Other Fees	See #6	Lump Sum	1 st of Month	Weed Connection, Inc.
Training Expenses	\$2,500 to \$5,000	As Incurred	During Training	Airlines, Hotels, etc.
Real Estate & Improvements	Note #	Note #	Note #	Note #
Equipment	Note #	Note #	Note #	Note #
Signs	Note #	Note #	Note #	Note #
Misc. Costs	Note #	Note #	Note #	Note #
Inventory	Note #	Note #	Note #	Note #
Advertising (First 3 Months)	Note #	Note #	Note #	Note #
Additional Funds	Note #	Note #	Note #	Note #
TOTAL	\$\$\$\$\$\$\$\$			

Note 1: See Item 5 for the conditions when this fee is partly refundable. We do not finance any fee.

Note 2: If you do not own adequate shop space, you must lease the land and building from us. Typical locations are light industrial and commercial areas. The typical Weed Connection shops have at least 8,000 square feet. Rent is estimated to be between \$50,000–\$120,000 per year depending on factors such as size, condition, and location of the leased premises.

Note 3: This payment is fully refundable before equipment installation. After installation, we deduct \$3,000 installation costs from your refund.

Note 4: This includes security deposits, utility costs, and incorporation fees.

Note 5: This payment is fully refundable before we deliver your inventory. After delivery, we will deduct a 10% restocking fee from your refund.

Note 6: This estimates your start-up expenses. These expenses include payroll costs. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our product; the prevailing wage rate; competition; and the sales level reached during the initial period.

Note 7: Except as indicated, we do not offer direct or indirect financing to franchisees for any items.

Note 8: We have relied on our 25 years of experience in the cannabis industry to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

8. Restrictions on Sources of Products & Services

Required Purchases

You must purchase your inventory management hardware and software, registers, security cameras, signage, and other supplies under specifications in the operations manual. These specifications include standards for delivery, performance, design, and appearance. Our specifications are formulated by our franchise department and may be modified periodically, in consultation with the Weed Connection Advisory Council.

Required & Approved Suppliers

You must purchase and restock required inventory from Weed Connection. Weed Connection's affiliate, Weed Connection Distributor, Inc. is an approved supplier of cannabis products. Our President, Russell Rope, owns an interest in Weed Connection

Distributor, Inc. We have also approved other suppliers of cannabis products, as listed in our operations manual.

Approval of Alternative Suppliers

Weed Connection may approve other suppliers of cannabis products who meet the specifications set forth in the operations manual. If you would like to purchase items from another supplier, you must request our "Supplier Approval Criteria & Request Form." Based on the information and samples you supply to us and your payment of a \$420 fee, we will test the items supplied and review the proposed supplier's financial records, business reputation, delivery performance, credit rating, and other information. Our review typically is completed in 30 days. Approval of alternative suppliers may be revoked if our franchise department determines that their products fail to satisfy the specifications set forth in the operations manual, as it may periodically be updated.

Franchise Consistency

Our clients should be able to walk into any franchise knowing what they want and for it to be there waiting for them with no loss of quality across venues. We also believe in supporting local growers and will approve up to 50% inventory from alternative suppliers who meet the specifications.

Negotiating Prices

Mandatory purchases and prices are not negotiable. All franchisees pay the same amount and must adhere to identical requirements.

Material Benefits

We do not provide any material benefits to you if you buy from sources we approve.

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 & Acquisition/Lease	Section 2A of Franchise Agreement	Items # & #
b. Pre-Opening Purchase/Leases	Section 3D of Franchise Agreement	Items # & #
c. Site Development & Other Pre-Opening Requirements	Section # of Franchise Agreement	Items # & #
d. Initial & Ongoing Training	Section # of Franchise Agreement	Items # & #
e. Opening	Section # of Franchise Agreement	Items # & #
f. Fees	Section # of Franchise Agreement	Items # & #
g. Compliance With Standards & Policies / Operating Manual	Section # of Franchise Agreement	Items # & #
h. Trademarks & Proprietary Information	Section # of Franchise Agreement	Items # & #
i. Restrictions on Products / Services Offered	Section # of Franchise Agreement	Items # & #
j. Warranty & Customer Service Requirements	Section # of Franchise Agreement	Items # & #
k. Territorial Development & Sales Quotas	Section # of Franchise Agreement	Items # & #
l. Ongoing Product / Service Purchases	Section # of Franchise Agreement	Items # & #

m. Maintenance, Appearance, & Remodeling Requirements	Section # of Franchise Agreement	Items # & #
n. Insurance	Section # of Franchise Agreement	Items # & #
o. Advertising	Section # of Franchise Agreement	Items # & #
p. Indemnification	Section # of Franchise Agreement	Items # & #
q. Owner's Participation / Management / Staffing	Section # of Franchise Agreement	Items # & #
r. Records & Reports	Section # of Franchise Agreement	Items # & #
s. Inspections & Audits	Section # of Franchise Agreement	Items # & #
t. Transfer	Section # of Franchise Agreement	Items # & #
u. Renewal	Section # of Franchise Agreement	Items # & #
v. Post-Termination Obligations	Section # of Franchise Agreement	Items # & #
x. Non-Competition Covenants	Section # of Franchise Agreement	Items # & #
y. Dispute Resolution	Section # of Franchise Agreement	Items # & #
x. Other: Guarantee of Franchisee Obligations	Section # of Franchise Agreement	Items # & #

Notes: Each individual who owns a 5% or greater interest in a franchisee that is a corporation or other business entity must sign an agreement not to compete (Exhibit #) and an agreement assuming and agreeing to discharge all obligations of the “franchisee” under the Franchise Agreement (Exhibit #).

10. Financing

Weed Connection does not offer financing. All payments to be made in full lump sums.

11. Assistance, Advertising, Computer Systems, & Training

Except as listed below, WC is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your business, Weed Connection will:

1. Designate your exclusive territory (Franchise Agreement, Paragraph 2).
2. Assist you in selecting a business site (Franchise Agreement, Paragraph 3). You select your business site within your exclusive area subject to our approval. Your site must be at least 8000 square feet, must have parking spaces, and must have an average of 250 cars per hour driving by. Although not required by the Franchise Agreement to do so, Weed Connection assists in site selection by telling you the number of new car registrations, population density, traffic patterns, and the proximity of the proposed site to other Weed Connection Muffler Shops. We must approve or disapprove your site within 20 days after we receive notice of the proposed location. (Franchise Agreement, Paragraph 6.) Franchisees typically open their shops within four to seven months after they sign a franchise agreement. The factors that affect opening time are the ability to obtain a lease, financing, or building permits, zoning, and local ordinances. Other factors include weather conditions, shortages, and delays in installation of equipment, fixtures, and signs.
3. Within 30 days of your signing the Franchise Agreement, assist you in finding and negotiating the lease or purchase of a location for your muffler shop. (Franchise Agreement, Paragraph 4.) You will purchase or lease your store location from independent third parties.
4. Within 60 days of your signing the Franchise Agreement, provide written specifications for store construction or remodeling and for all required and replacement equipment, inventory, and supplies. (Franchise Agreement, Paragraph 4.) See Item 8 of this disclosure document.

5. Within 60 days of your signing the Franchise Agreement, provide blueprints for your store construction or remodeling and obtain health, sanitation, building, utility, and sign permits for your premises. You pay for the construction and remodeling. (Franchise Agreement, Paragraph 5.)

Post-Opening Assistance

During the operation of the franchised business, Weed Connection will:

1. Develop new products and methods and provide you with information about developments. (Franchise Agreement, Paragraph 8.)
2. Telephone you each week for the first 90 days after you open your shop to discuss your operational problems. (Franchise Agreement, Paragraph 9.)
3. Hold annual conferences to discuss sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, advertising programs, and merchandising procedures. There is no conference fee, but you must pay all your travel and living expenses. These elective conferences are held at our Jackson, Minnesota, headquarters or at a location chosen by a majority vote of all franchisees. (Franchise Agreement, Paragraph 9.)

Advertising

Weed Connection provides advertising materials and services to you through a national advertising fund (the "National Fund"). Materials provided by the National Fund to all franchisees include video and audio tapes, mats, posters, banners, and miscellaneous point-of-sale items. You will receive one sample of each at no charge. If you want additional copies, you must pay duplication costs. (Franchise Agreement, Paragraph 10.)

You may develop advertising materials for your own use, at your own cost. Weed Connection must approve the advertising materials in advance and in writing. However, all Internet advertisements must be prepared and posted by Weed Connection only. (Franchise Agreement, Paragraph 10.)

Weed Connection occasionally provides for placement of advertising on behalf of the

entire Weed Connection system, including franchisees. However, most placement is done on a local basis, typically by local advertising agencies hired by individual franchisees or advertising cooperatives. Weed Connection reserves the right to use advertising fees from the Weed Connection system to place advertising in national media (including broadcast, print, Internet, and other media) in the future. In the past, Weed Connection has used an outside advertising agency to create and place advertising. Neither Weed Connection nor its affiliate receives payment from the National Fund. Advertising funds are used to promote the products sold by the franchisee and are not used to sell additional franchises. (Franchise Agreement, Paragraph 11.)

The National Fund is a nonprofit corporation which collects advertising fees from all franchisees. Each franchisor-owned store of Weed Connection contributes to the National Fund on the same basis as franchisees. All payments to the National Fund must be spent on advertising, promotion, and marketing of goods and service provided by Weed Connection Muffler. You must contribute the amounts described in Item 6, under the heading "Advertising fees and expenses."

The National Fund is administered by Weed Connection's accounting and marketing personnel under the direction of the Advertising Council. The Advertising Council acts as the board of directors of the National Fund. The Advertising Council has eight members: the President, Treasurer, Vice President-Marketing, and Vice-President-Operations of Weed Connection; and four franchisee representatives who are elected by the governing board of the Weed Connection Franchisee Advisory Council. Weed Connection may change the number of Advertising Council members, but not the portion of managers/franchisees. We cannot dissolve the advertising council without the approval of the Weed Connection Franchisee Advisory Council. (Franchise Agreement, Paragraph 11.)

An annual audited financial statement of the National Fund is available to any franchisee upon request. During the last fiscal year of the National Fund (ending on December 31, 2006), the National Fund spent 39% of its income on the production of advertisements and other promotional materials, 36% for media placement, 18% for general and administrative expenses, and 7% for other expenses (the purchase of glassware given to Weed Connection customers as part of a promotional campaign).

Once your shop opens, you must participate in the local advertising cooperative established in your Designated Marketing Area where your store is located. The amount of your contribution to the local advertising cooperative is described in Item 6 under the heading "Advertising Fees and Expenses."

Each local advertising cooperative must adopt written governing documents. A copy of the governing documents of the cooperative (if one has been established) for your Designated Marketing Area is available upon request. Each cooperative may determine its own voting procedures; however, each company-owned Weed Connection Shop will be entitled to one vote in any local advertising cooperative. The members and their elected officers are responsible for administration and operation of the cooperative. Advertising cooperatives must prepare quarterly and annual financial statements. The annual financial statement must be prepared by an independent CPA and be made available to all franchisees in that advertising cooperative.

Computer Requirements

Weed Connection requires you to have a computer system and Internet access. Weed Connection does not specify specific computer hardware or an Internet supplier. However, you must have Microsoft Word, Access, and Excel programs. Your computer must be in good repair, with sufficient memory to carry out ordinary business functions, as provided in the Operating Manual. You also must buy an electronic cash register from an approved supplier. See Items 7 and 8 of this Disclosure Document. Weed Connection will not have independent access to the electronic cash register or computer system, but reserves the right to conduct periodic audits of any accounting records contained in such hardware.

Operating Manual

Weed Connection will loan you a copy of our operating manual that contains mandatory and suggested specifications, standards, and procedures. This manual is confidential and remains our property. Weed Connection will modify this manual, but the modification will not alter your status and rights under the Franchise Agreement (Franchise Agreement, Paragraph 9.) The table of contents is attached as Exhibit F.

Subject	Classroom Training	Training On-The-Job	Location
Real Estate & Development	# Hours	# Hours	Franchise Location
Administration	# Hours	# Hours	Franchise Location
Operations Training	# Hours	# Hours	Franchise Location
Store Opening Assistance	# Hours	# Hours	Franchise Location
Follow-up Training	# Hours	# Hours	Franchise Location

Weed Connection conducts training programs for both you and some of your employees. The training program will include four segments, which are conducted as needed. Weed Connection does not charge for this training or service, but you must pay the travel and living expenses for you and your employees. All training occurs at Weed Connection's Jackson, Minnesota, headquarters, the first weekend of each month. Training is conducted by Mark Smith, who has 20 years of experience in operating a muffler shop, 12 years of that with Weed Connection.

Weed Connection's Real Estate & Development Training introduces you to the site selection, real estate, and construction and acquisition strategy portions of the business. It will begin promptly after you sign the Licensee Agreement and will include 1 day of orientation and 2-3 days of site visits once a site is identified. You (or if your business is a corporation or partnership, a principal of the business) must attend and complete, to Weed Connection's satisfaction, Weed Connection's Real Estate & Development Training.

Weed Connection's Administration Training provides you with business training and store

management training. The program introduces you to the human resources, compensation, fleets, marketing, legal, EH&S, credit, security, training, point of sale, and pricing aspects of the business. The Administration Training will begin approximately 45-60 days before the opening of your initial store, and will include approximately 3 days of classroom instruction and approximately 3 days of on-the-job training at stores operated by Weed Connection affiliates or licensees. You (or if your business is a corporation or partnership, a principal of the business) must attend and complete, to Weed Connection's satisfaction, Weed Connection's Administration Training.

Weed Connection's Operations Training for your initial manager focuses entirely on store management and is intended to train qualified individuals to manage stores. The Operations Training will begin approximately 45-60 days before the opening of your initial store and will include approximately 5 days of classroom instruction and approximately 20 days of on-the-job training at a store operated by a Weed Connection affiliate or licensee. Your initial manager must complete, to Weed Connection's satisfaction, Weed Connection's store management training program portion of Operations Training before your store opens.

Weed Connection's Store Opening Training is designed to assist you in the opening of a new store. Store Opening Training will be held at your store, approximately 1 week before the opening of your store, and will include operational training and assistance. The exact duration and timing of Store Opening Training, however, will depend on your preparation,

Approximately 3-6 months after your first store opens, an operations representative will return to your store and provide Weed Connection's Follow-Up Training.

It is your responsibility to insure that all subsequent managers and employees are trained in Weed Connection's systems and procedures and that Weed Connection's systems and procedures are utilized at your store. Weed Connection may audit your store at any time to ensure compliance with Weed Connection systems and procedures.

12. Territory

You will receive an exclusive territory with a minimum population of 50,000 people. You will operate from one location and must receive our permission before relocating. We will not operate stores or grant franchises for a similar or competitive business within your area.

You are not restricted from selling Weed Connection products and services to customers residing outside your territory. Except when advertising cooperatively with appropriate franchisees, you are restricted from advertising outside your territory without prior written consent. You may not engage in any mail order solicitations, catalog sales, telemarketing, Internet, or television solicitation programs or use any other advertising media outside of your territory without prior written approval.

We retain the right, in our sole discretion, to offer goods and services identified by brands we control through channels of distribution other than through Weed Connection to locations and customers located anywhere, including those residing in your territory. We also reserve the right to sell goods through mail order, catalog sales, telemarketing, Internet, television, newspaper, and any other advertising media to consumers located anywhere, including within your territory.

You do not receive the right to acquire additional franchises within your area.

There is no minimum sales quota. You maintain rights to your area even if the population increases.

13. Trademarks

We grant you the right to operate a shop under the name “Weed Connection.” You may also use our other current or future trademarks to operate your shop. By “trademark,” we mean trade names, trademarks, service marks, and logos used to identify your shop. We registered the trademark on the United States Patent and Trademark Office principal register on July 21, 2022, as Number 420215.

You must follow our rules when you use these marks. You cannot use a name or mark as part of a corporate name or with modifying words, designs, or symbols, except for those which we license to you. You may not use Weed Connection’s registered name in connection with the sale of any unauthorized product or service, or in a manner that we have not authorized in writing.

Weed Connection has a common law trademark that supersedes all approved trademarks. The logo is also copyright protected. Any inability to register this mark on the federal level would not permit others to establish rights to use the Weed Connection name, mark, or logo.

Anyone permitted to use the Weed Connection mark must act in good faith with respect to the franchise. Weed Connection will take heavy legal action against any unauthorized use of the mark.

No agreements limit our right to use or license the use of Weed Connection's trademarks. You must notify us immediately when you learn about an infringement of, or challenge to, your use of our trademark. We will take the action we think appropriate. While we are not required to defend you against a claim against your use of our trademark, we will reimburse you for your liability and reasonable costs in connection with defending our trademark. To receive reimbursement you must have notified us immediately when you learned about the alleged infringement or challenge.

You must modify or discontinue the use of a trademark if we modify or discontinue using it. If this happens, we will reimburse you for your tangible costs of compliance (for example, changing signs). You must not directly or indirectly contest our right to our trademarks, trade secrets, or business techniques that are part of our business.

14. Patents, Copyrights, & Proprietary Information

Like Item 13, Item 14 of the amended Rule follows the UFOC Guidelines in requiring disclosure of information about intellectual property related to the franchise. Franchisors must disclose the types of intellectual property, their ownership rights or licenses in each, details about, and the duration of, their rights, and any legal proceedings, settlements, and restrictions that may impact the franchisee's ability to use such property, among other things. Item 14 permits a franchisor to include an attorney's opinion regarding the merits of litigation or of a PTO or similar action if the attorney issuing the opinion consents to its use. The text of the Item 14 disclosures may include a summary of the opinion if the full opinion is attached to Item 22 and the attorney issuing the opinion consents to the use of the summary.

15. Obligation to Participate in the Actual Operation of the Franchise Business

We do not require that you personally supervise the franchised business, but we do recommend it.

In any case, the business must be directly supervised “on premises” by a manager who has successfully completed our training program. The on-premises manager cannot have an interest or business relationship with any of Weed Connection’s business competitors. If the franchisee is a corporation or a partnership, the manager need not have an ownership interest in it. The manager must sign a written agreement (Exhibit #) to maintain confidentiality of the trade secrets described in Item 14 and to conform with the covenants not to compete described in Item 17.

16. Restrictions on What the Franchisee May Sell

We require you to offer and sell only those goods and services that we have approved (see Item 9).

You must offer all goods that we designate as required for all franchisees. These required goods must comprise no less than 50% of the total inventory. Products sold in your Weed Connection business must be approved by us (see Item 8).

We have the right to add additional authorized goods or services that a franchisee is required to offer. There are no limits on our right to do so except that the investment required of a franchisee for training, equipment, supplies, and initial inventory will not exceed \$5,000 per year.

We also designate some goods and services as optional for qualified franchisees. Current optional services are not limited to delivery. To offer optional goods or services, you must be in substantial compliance with all material obligations under the franchise agreement. In addition, we may require you to comply with other requirements, such as training, marketing, or insurance, before we will allow you to offer certain optional services.

As long as you meet your annual agreed sales quotas (see Item 12), we will not restrict you from soliciting any customers, no matter who they are or where they are located. If you do not meet your annual sales quota, we may deny you the right to receive any further fleet business referrals from us and may either keep the fleet business referrals for ourselves or give them to another franchisee. Failure to meet your annual sales quota is

a default under your franchisee agreement and grounds for termination of your franchise. (See Item 17.)

17. Renewal, Termination, Transfer, & Dispute Resolution

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

Provision	Section in Agreement	Summary
a. Length of Franchise Term	Section 1 (also Section 1 of Lease)	Equal to Lease (10 years)
b. Renewal or Extension	Section 20	If in good standing, upon expiration of agreement, you will have the right to renew franchise for 10-year term by signing the then current agreement. This means you may be asked to sign an agreement with terms and conditions materially different from the original agreement.
c. Requirement to Renew or Extend	Section 20	Sign then-current franchise agreement, pay renewal fee, remodel, and sign or extend lease.
d. Termination by Franchisee	None	
e. Termination by Franchisor Without Cause	None	
f. Termination by Franchisor With Cause	Section 21	WC can terminate only if you default.
g. "Cause" Defined – Curable Defaults	Section 21B	You have 30 days to cure: non-payment, sanitation problems, non-submission of reports, and any other

		default not listed in Section 21A.
h. "Cause" Defined – Non-Curable Defaults	Section 22	Non-curable defaults: conviction of felony, repeated defaults even if cured, abandonment, trademark misuse, and unapproved transfers.
i. Franchisee's Obligations on Termination / Non-Renewal	Section 22	Obligations include complete de-identification and payment of amounts due (also see r. below).
j. Assignment of Contract by Franchisor	Section 18	No restriction on WC's right to assign.
k. "Transfer" by Franchisee	Section 19A	Includes transfer of contract or assets or ownership change.
l. Franchisor Approval of Transfer by Franchisee	Section 19B	WC has the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for Franchisor Approval of Transfer	Section 19C	New franchisee qualifies, transfer fee is paid, purchaser transfer agreement approved, training arranged, release signed by you, and current agreement signed by new franchisee (also see r, below).
n. Franchisor's Right of First Refusal to Acquire Franchisee's Business	Section 19F	WC can match any offer for the franchisee's business.
o. Franchisor's Option to Purchase Franchisee's Business	None	See Policy Described in Notes

p. Death or Disability of Franchisee	Section 19D	Franchise must be assigned by estate to approved buyer within 6 months.
q. Non-Competition Covenants During Term of Franchise	Section 11	No involvement in competing business anywhere in the U.S.
r. Non-Competition Covenants After Franchise is Terminated or Expires	Section 19C & 22C	No competing business for 2 years within 10 miles of another WC franchise (including after assignment).
s. Modification of Agreement	Section 8A	No modifications generally, but Operating Manual is subject to change.
t. Integration / Merger Clause	Section 29	Only terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute Resolution by Arbitration or Mediation	Section 29	Except for certain claims, all disputes must be arbitrated in California.
v. Choice of Forum	Section 27	Litigation must be in California.
w. Choice of Law	Section 28	California Law Applies

Notes: Franchisor is not obligated by the agreement to do so, but, if the franchise is terminated, franchisor's policy is to buy back inventory at fair market value. This policy is subject to change at any time.

18. Public Figures

Item 18 of the amended Rule requires the disclosure of certain information about a public figure's involvement in the franchise system. This covers public figures who lend their name or image to the franchise, control or manage the franchisor, or invest in the franchisor.

Who Qualifies as a "Public Figure"?

A public figure means a person whose name or physical appearance is generally known to the public in the geographic area where the franchise will be located. Typical public figures include sports stars, actors, musicians, and similar celebrities.

Use of Name, Image, or Endorsement

If a public figure's name is used as part of the franchisor's name, the public figure's image is used as a symbol associated with the franchise, or the public figure endorses or recommends the franchise to prospective franchisees, then the franchisor must disclose any compensation or other benefits given or promised to the public figure. Item 18 is limited to circumstances when a public figure's identification with a system is for the purpose of selling franchises. Merely using a public figure as a spokesperson to promote a system's products or services sold to consumers does not bring a franchisor within the ambit of the amended Rule's Item 18 requirements.

Management

If a public figure is involved in the management or control of the franchisor, the franchisor must disclose the extent of that involvement, including the public figure's position in the franchisor and his or her duties in the business structure.

Investment

If a public figure invests in the franchisor, the franchisor must disclose the type and total amount of his or her investment. The "type" of investment includes cash, stock, promissory notes, and any in-kind services performed or to be performed by the public figure.

19. Financial Performance Representations (Projections)

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.

Half of existing Weed Connection franchisees in large metropolitan areas have had at least \$##### in annual sales. Some outlets have sold this amount. There is no assurance you'll do as well. If you rely upon our figures, you must accept the risk of not doing as well.

Bases

These sales figures are derived from the actual historical performance of Weed Connection franchisees in four large metropolitan areas: New York City, Boston, Chicago, and Los Angeles. These sales figures were achieved over calendar years 2005 and 2006.

There are ### Weed Connection franchisees in the entire Weed Connection system, of which ### are in New York City, Boston, Chicago, and Los Angeles. Of the ### Weed Connection franchisees in these cities, we studied the sales figures from ## standard outlets. Of the ## franchisees, ## attained at least \$##### in annual sales, which is 50% of the franchisees in these cities.

Assumptions

Our study measured Weed Connection franchisees' performance in large metropolitan areas. The market where your Weed Connection Muffler shops is located, however, may be in a smaller urban or suburban area. Accordingly, the results achieved by these franchisees may not be typical for those in your area.

Further, each of the franchises studied has been in business at least three years. A separate market study we commissioned that was prepared by HFG Associates, an independent consulting firm, indicates that Weed Connection franchisees in their first year of operations are likely to achieve half the sales of those operating in business for three years or more.

Our study, the HFG Associates study, and other financial information that forms the bases for our financial performance representation are available to you upon reasonable request.

20. Outlets & Franchisee Information

Statistical information about franchise units in the past three years.

Current franchisees and every former franchisee in the past year

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Systemwide Outlet Summary (Table No. 1)

Total number of all outlets nationwide – both company owned and franchised – operating at the beginning and at the end of each of the franchisor’s last three fiscal years. This chart includes all outlets that are substantially similar to those being offered for sale to prospective franchisees. The table is intended to show the net change – positive or negative – in the number of operating franchised and company-owned outlets over time.

Outlet Type	Year	# @ Start of Year	# @ End of Year	Net Change
Company Owned	2022	0	1	1
Franchised	2022	0	0	0

Outlets & Franchisee Information (Table No. 2)

Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor) for years 2022 to 2025

State	Year	# of Transfers
CA	2022	0

Summary of Status of Franchisee-Owned Outlets

Changes in the status of franchisee-owned outlets in each state over the last three fiscal years. It begins with a baseline, using the number of franchise outlets at the start of the fiscal year. Added to the baseline are any new franchise outlets opened during that fiscal year and any existing company-owned outlets that are sold to a franchisee. Subtracted from the baseline are any outlets that changed ownership for one of four reasons – termination, non-renewal, reacquisition by the franchisor, or cessation of operations/other reasons. Finally, Table No. 3 shows the outlets remaining at the end of the year.

Multiple Owners

During the course of a single fiscal year, multiple changes in an outlet’s ownership may occur. For example, on February 1, 2006, a franchisor may reacquire an outlet from a franchisee and then resell it on March 1, 2006, to a new franchisee-owner. Subsequently,

on December 1, 2006, the new franchisee-owner may cease operations. The last of such a series of events should be reported in Table 3 in the “ceased operations” column, because that was the last change in ownership for that specific franchise outlet during the fiscal year. However, for clarity and full disclosure, the amended Rule requires a footnote in this table describing such multiple events involving multiple owners, and the order in which they occurred. For an example, see the note in sample table 3 below.

Outlets & Franchisee Information (Table No. 3)

Status of Franchise Outlets For years 2022 to 2025

State	Year	Start Year	Outlets Opened	Terminations	Non-Renewals	Reacquired	Ceased Ops	End Year
CA	2022	0	1	0	0	0	0	1
Totals	2022	0	1	0	0	0	0	1

Summary of Status of Company-Owned Outlets (Table No. 4)

Shows changes in the status of company-owned outlets in each state over the last three fiscal years. It also begins with a baseline, using the number of company-owned outlets at the start of the fiscal year. Added to the baseline are any new company-owned outlets opened during that fiscal year and any outlets reacquired from franchisees during the year. Subtracted from the baseline are any outlets that were closed, sold to a franchisee, or otherwise ceased to operate under the franchisor’s trademark. The resulting number reflects the company-owned outlets remaining at the end of the year.

State	Year	Start Year	Outlets Opened	Reacquired	Outlets Closed	Sold To Franchises	End Year
CA	2022	0	1	0	0	0	1
Totals	2022	0	1	0	0	0	1

Projected New Outlets (Both Franchised & Company-Owned)

Addresses two issues: franchise agreements signed but outlets not opened, and projected new franchised and company-owned outlets.

Outlets Signed but Not Opened

The amended Rule requires franchisors to report, for each state, the total number of franchise agreements that were signed, but where the outlet had not opened as of the end of the last fiscal year. For example, a franchisor may have signed six agreements with franchisees in California over the last three years. Of the six agreements, four have yet to be opened. Accordingly, the franchisor would report that in California four agreements have been signed but none of the four outlets has opened.

Projected Franchised and Company-Owned Outlets

Requires franchisors to report, state by state, the projected number of new franchised and company-owned outlets for the next fiscal year. The amended Rule does not provide specific instructions on how to make these projections. However, such projections must have a reasonable basis. A franchisor may consider historical market trends as well as its own track record.

Outlets & Franchisee Information (Table No. 5)

Projected Openings As of July 1, 2022

State	Signed Not Opened	Projected Franchise Openings	Project Company Openings
CA	0	0	1
Totals	0	0	1

Contact Information for Current Franchisees

Item 20 of the amended Rule follows the approach of the UFOC Guidelines in requiring disclosure of contact information for current franchisees. Franchisors may provide contact information for all current franchisees, or for all franchisees in the state where they are offering to sell franchises, if there are 100 or more franchises in the state. If not,

contact information must be provided for franchisees in contiguous states, and then the next closest states, until contact information for at least 100 franchised outlets can be listed. If a franchisor has fewer than 100 current franchisees, contact information must be provided for all of them.

To protect franchisee privacy, only the name of the franchisee and the address, and telephone number of his or her outlet must be disclosed. In the case of a franchise that may be operated from the franchisee's home, such as an Internet franchise, franchisors may substitute a post office box or current email address for the home address for the same reasons. In that situation, franchisors should list only the telephone number of the franchisee's business, if there is a separate line for the business. If not, a listing of a valid email address will suffice.

Contact Information for Former Franchisees

Like the UFOC Guidelines, Item 20 of the amended Rule requires the disclosure of contact information for every franchisees who:

- has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year; or
- has not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

In order to protect the privacy of former franchisees, the amended Rule calls for the disclosure of only limited contact information. Specifically, franchisors should disclose only the name, city and state, and current business telephone number of a former franchisee. Only if the current business telephone number is unknown should the last known home telephone number of former franchisees be disclosed. Before disclosing the former franchisee's home telephone number, however, franchisors should first attempt to disclose any current business telephone number for the former franchisee. This is true even if the franchisee no longer conducts a business of the type operated as a franchisee. For example, a former restaurant franchisee may have become a real estate agent. In such a case, the franchisor should attempt to include the real estate office telephone number. If no current business telephone number exists – such as may be the case when a franchisee retires – then the franchisor may include the last known home telephone number for the franchisee.

If a former franchisee requests that alternative contact information be disclosed – such as an email address, post office address, or personal home address – then it is not a violation of the Franchise Rule for a franchisor to honor the such a request by substituting the contact information provided for the former franchisee's current business telephone number or last known home telephone number.

Finally, to ensure that prospective franchisees are aware that contact information will be disclosed once they leave the system, franchisors must include the following statement, verbatim, in the Item 20 disclosure of former franchisees: “If you buy this franchise, your contract information may be disclosed to other buyers when you leave the franchise system.”

Former Franchisee Contact Information

During the last fiscal year, zero Weed Connection franchisees have left the system.

Franchisees That Voluntarily Ceased to Conduct Business:

Name, City, State

Dates of Franchise Ownership (####-####)

Business Telephone Number: (###) ###-####

Email: #####@#####.###

Franchisees That Did Not Renew:

Name, City, State

Dates of Franchise Ownership (####-####)

Business Telephone Number: (###) ###-####

Email: #####@#####.###

Franchisees That Have Not Communicated for Period of 10 Weeks:

Name, City, State

Dates of Franchise Ownership (####-####)

Business Telephone Number: (###) ###-####

Email: #####@#####.###

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

Previous Owner Information

The amended Rule requires franchisors to provide certain information if they are selling a specific outlet under their control that was previously owned by a franchisee. Franchisors are not required to make this disclosure, however, if they do not currently own and offer such an outlet for sale. A franchisor also is not obligated to make this disclosure if it assists a current franchisee in selling his or her outlet. Nor does a franchisor have an obligation to make this disclosure if it is selling a unit that has always been a company-owned outlet.

If the franchisor is selling a previously-owned franchised outlet now under its control, it must disclose the following information for the last five fiscal years:

- The name, city and state, current business telephone number, or if unknown,
- Last known home telephone number of each previous owner of the outlet;
- The time period when each previous owner controlled the outlet;
- The reason for each previous ownership change; and
- The time period(s) when the franchisor retained control of the outlet.

If multiple units with previous franchisee-ownership are being sold, the franchisor must provide the required information separately for each one.

The amended Rule gives franchisors the flexibility to include this required information either in the text of Item 20 or in an addendum to the disclosure document. It is possible that a franchisor may not intend to offer a specific unit at the time disclosure is made to a particular prospective franchisee, or that a specific unit may become available only after a disclosure is made. In that case, franchisors need not redistribute revised disclosure documents. Rather, franchisors can comply with this requirement by providing the information in a supplement. Because it is deemed part of the disclosure document, the supplement must be given to the prospective franchisee at least 14 days before the signing of the franchise agreement or payment of any fees – the fundamental disclosure obligation of the amended Rule.

Confidentiality Agreements

In some instances, current and former franchisees sign provisions restricting their ability to speak only about their experience with Weed Connection. 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.

What Constitutes a “Confidentiality Agreement”

The term “confidentiality agreement” encompasses “any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in the franchisor’s system with any prospective franchisee.” A confidentiality agreement typically arises as part of the resolution of a dispute between the franchisor and franchisee.

The requirement to disclose confidentiality agreements is narrow. As noted, it specifically is limited to agreements that restrict a current or former franchisee from discussing his or her personal experience as a franchisee in the franchisor’s system. Thus, for example, if a franchisee is also employed by the franchisor as a manager, a confidentiality agreement prohibiting the franchisee from discussing her experience as a manager (as opposed to a franchisee) would not trigger this disclosure. Further, a confidentiality agreement that would bar a franchisee from speaking with individuals other than a prospective franchisee – such as competitors or trade press – would not trigger this disclosure obligation. This obligation would also not be triggered if a franchisee is restricted from discussing only the specific terms of a settlement, but is otherwise free to discuss his or her experience – including having a dispute with the franchisor.

Clauses Designed to Protect Trademarks or Other Proprietary Information

The definition of “confidentiality agreement” expressly excludes clauses designed to protect franchisors’ trademarks or other proprietary information. Accordingly, a franchisor that requires prospective franchisees to sign a confidentiality agreement in order to receive or to review a copy of the franchisor’s operating manual would not trigger this disclosure requirement.

Optional Additional Disclosures

In addition to requiring the prescribed disclosure statement noted above, the amended Rule permits franchisors, if they wish, to provide additional information that will help a prospective franchisee understand the franchisor’s use of confidentiality clauses. Specifically, franchisors may note the number and percentage of current and former franchisees who, during each of the last three fiscal years, signed agreements containing confidentiality clauses, as well as the circumstances under which such clauses were signed.

Confidentiality Agreements

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Belmont. 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. During the last year, Belmont entered into two agreements with franchisees that contained confidentiality restrictions (2 out of 100 franchisees, or 2% of our franchisees). In both instances, the confidentiality restrictions were signed as part of mutually agreed upon settlements of litigation.

Franchisee Associations

The amended Rule requires franchisors to disclose contact information for trademark specific franchisee associations. This disclosure requirement pertains solely to associations of franchisees of the franchise brand being offered for sale. It does not pertain to associations of franchisees whose membership is opened to franchisees of many franchise systems, such as “The California Association of Restaurant Franchisees.” Nor does it pertain to associations of franchisees under a brand owned by the franchisor that is not the subject of the franchise offering. For example, Weed Connection’s disclosure document need not disclose the existence of a “Weed Connection Farms” or a “Weed Connection Glass” franchisee association.

To be considered a “trademark-specific association,” the association need not include a reference to the trademark in its name. For example, Weed Connection Farms may wish to call its association of farm franchisees: “Farm Franchisees of the U.S.” As long as members of the association are franchisees conducting business under the brand being offered in the disclosure document, the association will be deemed a “trademark-specific” franchisee association.

The amended Rule’s disclosure requirements pertaining to franchisee associations differ depending on whether the franchisee association is created, sponsored, or endorsed by the franchisor, or whether the trademark-specific franchisee association is independent of the franchisor.

Associations created, sponsored, or endorsed by the franchisor If the franchisor creates, sponsors, or endorses a trademark-specific franchisee association, it must disclose in Item 20 the name, address, telephone number, email address, and Web address of the association. It also must disclose the specific relationship between the franchisor and the association (i.e., that it was created, sponsored, or endorsed by the franchisor).

Note that franchisor sponsorship or endorsement is enough to trigger this disclosure requirement; the franchisor need not have established the association. A franchisor will be deemed to “sponsor” an association if it contributes to the association financially, or provides tangible benefits such as office space, equipment, or personnel. A franchisor will be deemed to “endorse” an association if takes affirmative steps to promote awareness of the association, its membership, or growth. For example, the franchisor may include a link to the association on its website or routinely report on the association’s activities in its newsletter. Merely recognizing the existence of the association – such as

agreeing to meet with one or more of its members or referencing the existence of the association in an email – alone will not be deemed either sponsorship or an endorsement.

Independent Franchisee Associations

The amended Rule requires franchisors to disclose contact information for independent trademark-specific franchisee associations under limited circumstances. An “independent” franchisee association is one that was not created by the franchisor, and is neither sponsored nor endorsed by the franchisor. Typically, such an association is organized and funded by franchisees for the benefit of the franchisees, often without any knowledge of the franchisor. Franchisors have no obligation to disclose contact information for independent franchisee associations unless each of the following criteria is satisfied:

- the association is organized under state law;
- the association expressly asks for inclusion in the disclosure document; and
- the association timely renews its request for inclusion on an annual basis.

Franchisors obligated to disclose one or more independent franchisee associations may include an optional prescribed statement in their disclosure document noting that the association is an independent one:

The following independent franchisee organizations have asked to be included in this disclosure document:

“Organized under State Law”

To be considered for inclusion in a disclosure document, the independent association must be organized under state law. It need not be incorporated. For example, it can be organized as a trust. The “organized under state law” requirement is interpreted very broadly. However, informal get-togethers by franchisees will not satisfy the “organization under state law” criteria. This will be true even if the informal group of franchisees publishes a newsletter or maintains a website.

Request for Inclusion

A franchisor has no obligation to disclose contact information for an organized independent association unless the association has asked to be included in the franchisor’s disclosure document for the next fiscal year. To be included in the disclosure document, the association must request inclusion no later than 60 days after the close of the franchisor’s fiscal year. Therefore, as an example, if Weed Connection uses the

calendar fiscal year, any independent association of Weed Connection franchisees must make their request for inclusion in the Weed Connection disclosure document on or before March 1st of the next year (assuming a non-leap year).

Annual Renewal

Once a valid request is made for inclusion in a disclosure document by an independent association, the franchisor must include the required contact information for the entire fiscal year. The franchisor need not verify the continued existence of the association during the course of the year. However, if the franchisor has knowledge that the association has ceased to exist, it can always add a footnote to the disclosure document alerting prospective franchisees of the change in status of the independent group. Similarly, the franchisor has no obligation to discover the existence of any new independent associations during the course of the fiscal year. In short, this disclosure is required on an annual basis only and need not be updated quarterly.

Franchisee Associations

Weed Connection, Inc., created and supports the WC Franchisee Association:

Street, City, State Zip.

(###) xxx-xxxx.

russellrope@weedconnection.com

weedconnection.com

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

Weed Connection Franchisees of North America, Inc.

Street, City, State Zip.

(###) xxx-xxxx.

russellrope@weedconnection.com

weedconnection.com

21. Financial Statements

Attached to this disclosure document as Exhibit J are our audited, fiscal year end financials for 2022.

Attached to this disclosure document as Exhibit K are the audited, fiscal year end financials for 2022 of sub franchisor XXXXXXX.

Attached to this disclosure document as Exhibit L are the audited, fiscal year end financials of our parent, CTF International, for fiscal years 2005, 2006, and 2007. Our parent, CTF International has guaranteed our performance with you. A copy of the Guaranty of Performance is included as Exhibit M.

22. Contracts

The following agreements and other required exhibits are attached to this disclosure document in the pages immediately following:

- A. Weed Connection Franchise Agreement
- B. Weed Connection Lease of Premises
- C. USA Credit Corp. Equipment Lease
- D. Weed Connection Equipment Purchase Note
- E. Weed Connection Initial Fee Loan Agreement
- F. Weed Connection Operating Manual Table of Contents
- G. Weed Connection Confidentiality and Non-Compete Agreement for Outlet Managers
- H. Weed Connection Non-Compete Agreement for Franchisee Shareholders
- I. Weed Connection Guarantee of Performance for Franchisee Shareholders
- J. Weed Connection Mufflers Audited Financial Statements for 2022
- K. XXXXX XXXXXX Audited Financial Statements for 2022
- L. RRP OG LLC Audited Financial Statements for 2022
- M. RRP OG LLC Guarantee of Performance
- N. Receipts

23. Receipts

Like the UFOC Guidelines, the amended Rule requires franchisors to obtain a signed receipt for the disclosure document furnished to each prospective franchisee. To facilitate electronic disclosures, the definition of “signature” is very broad, including any means by which a franchisee can authenticate his or her identity. It includes not only a handwritten signature, but the use of security codes, unique passwords, electronic signatures, or similar means of authentication.

Accordingly, the amended Rule specifically permits a prospective franchisee to “sign” a disclosure document receipt electronically. For example, a prospective franchisee might “sign” the receipt page of a disclosure document by entering a unique password provided by the franchisor.

When preparing the receipt, franchisors must follow the form of the receipt set forth in Item 23. In addition, Item 23 adopts the current industry practices of including two copies of the receipt at the end of the disclosure document: one that the franchisee retains as part of the disclosure document, and the other that the franchisee must return to the franchisor. The amended Rule’s general recordkeeping requirements, discussed below, also require franchisors to retain a copy of each signed receipt for at least three years to demonstrate compliance.

Required Preamble

Item 23 requires that all receipts begin with the title, “Receipt,” in boldface type, and continue immediately with the following prescribed preamble language:

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 [name of franchisor] 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, the franchisor or an affiliate in connection with the proposed franchise sale.

If [name of franchisor] 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 [state agency].

Name of Seller

Item 23 of the amended Rule requires franchisors to name and provide contact information (principal business address and telephone number) for each specific seller offering the franchise. This includes any company salespersons, subfranchisors, or independent franchise brokers who may deal with a prospective franchisee. Because this

information may vary with each franchise offered for sale, a franchisor can comply with this provision either by leaving a blank space in the standard disclosure document that can be filled in by the seller or by including the name(s) and contact information in an attachment to Item 22, which is then referenced in the Item 23 receipt.

Issuance Date

The receipt must include the issuance date of the disclosure document. An “issuance” date is very flexible, meaning any date upon which the franchisor finalizes the current version of the disclosure document for use. States that require registration, however, may use the term “effective date,” to mean the date upon which the state formally approves registration of the disclosure document. Where a franchisor seeks registration in one or more registration states, the franchisor may use, in lieu of an issuance date, an “effective” date to comply with state law. Franchisors obtaining an effective date from a registration state may also use the term “effective date” in nonregistration states.

Return of Receipt

The Item 23 receipt requirement is flexible, permitting electronic acknowledgments of receipt. The term “signature” includes not only written signatures, but electronic signatures, passwords, security codes, and other methods that enable a prospective franchisee easily to acknowledge receipt, authenticate his or her identity, and submit the receipt information to the franchisor. Franchisors may include specific instructions on how prospective franchisees should submit the receipt, such as via facsimile or email attachment. Further, the means required for transmitting the receipt need not be the same as the means for transmitting the disclosure document. For example, a franchisor may wish to furnish disclosure documents online, but require a prospective franchisee to print out, sign, and fax back the signed receipt. In short, Item 23 of the amended Rule enables the parties to determine for themselves the most efficient and cost-effective way for the prospective franchisee to transmit the receipt.

Make a REAL DEAL

Looking forward to doing good business with you.

READ & Take Action! Join the REAL Revolution



Connect,

@ [Russell Rope](#)
@ russellrope@weedconnection.com
@ <https://russellrope.com>
@ (310) 663-7655



@ [Weed Connection](#)
@ ID 1607 POB 1198
@ Sacramento, CA 95812
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TM