

FRANCHISE DISCLOSURE DOCUMENT



SONITROL SECURITY, INC
A California Corporation
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LA Mailroom
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Department of
Business Oversight

The franchise will operate an integrated security services business

A renewing franchise obtained pursuant to this disclosure document shall be responsible for distributing within a specified geographic area integrated security services provided by Stanley Convergent Security Solutions, Inc a Delaware corporation Your renewal agreement is for an initial term of fifteen years with the right, upon compliance with certain conditions, to renew for up to one additional fifteen year renewal term

It is estimated that the total investment necessary to continue operation of a Sonitrol Renewing franchise business ranges from \$50,000 to \$220,000 if you purchase central monitoring equipment and \$50,000 to \$100,000 if you do not purchase central monitoring equipment This includes the \$0 to \$120,000 that must be paid to Stanley Convergent Security Solutions, Inc

Sonitrol is dependent upon the continued availability of its equipment from its sole supplier, Stanley Black and Decker, a related party

This disclosure document summarizes certain provisions of your renewing 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 renewal **Note, however, that no governmental agency has verified the information contained in this document.**

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

This disclosure document must be accompanied by a disclosure document from Stanley Convergent Security Solutions, Inc

Issuance Date November 19, 2015

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 J 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 RENEW, CONSIDER WHAT RIGHTS YOU HAVE TO CONTINUE 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 renew this franchise

- 1 THE RENEWING FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE CERTAIN DISPUTES WITH STANLEY CONVERGENT SECURITY SOLUTIONS, INC BY ARBITRATION ONLY IN THE WILMINGTON, DELAWARE AREA OR ANY LOCATION AGREED TO BY YOU AND STANLEY CONVERGENT SECURITY SOLUTIONS. OUT - OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH STANLEY CONVERGENT SECURITY SOLUTIONS, INC IN DELAWARE THAN IN YOUR HOME STATE. DISPUTES NOT REQUIRED TO BE RESOLVED BY ARBITRATION MAY BE RESOLVED BY LITIGATION ONLY IN DELAWARE. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH STANLEY CONVERGENT SECURITY SOLUTIONS, INC IN DELAWARE THAN YOUR HOME STATE**
- 2 THE RENEWING FRANCHISE AGREEMENT STATES THAT DELAWARE LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS**
- 3 YOUR FRANCHISE TERRITORY IS NOT EXCLUSIVE IN THAT THE FRANCHISOR (STANLEY SECURITY SOLUTIONS) RESERVES THE RIGHT TO SELL AND MAINTAIN SECURITY SERVICES TO ALL U S GOVERNMENT FACILITIES**
- 4 THE FRANCHISOR AND SUB-FRANCHISOR HAVE THE RIGHT OF FIRST REFUSAL IN THE EVENT YOU WANT TO SELL YOUR SONITROL BUSINESS**

5 **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE**

Effective Date _____

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