

FRANCHISE DISCLOSURE DOCUMENT

TeamLogic, Inc.

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Received
LA Mailroom

DEC 15 2017

Department of
Business Oversight



TeamLogicIT®
Your Technology Advisor

A TeamLogic IT® franchise is an information technology business providing outsourced IT managed services targeted to small and medium-sized businesses via qualified technicians.

The total investment necessary to begin operation of a TeamLogic IT® franchised business is \$94,620 to ~~\$137,250~~\$142,250. This includes the ~~\$40,000~~\$45,000 initial fee that must be paid to the Franchisor or its affiliates.

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 or grant. **Note, however, that no government 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 your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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, DC 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.

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 the Franchise Development Department at 26722 Plaza, Mission Viejo, California 92691, (949) 582-6300.

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

Issuance Date: March 14, 2017, as amended December 15, 2017

King, a former employee of a franchisee, requested Declaratory Relief and sued us for defamation, after we asserted that King did not have the right to convert customers obtained under the TeamLogic proprietary system to his own use after the underlying franchise agreement with his employer expired. King dropped the defamation claim on September 29, 2016. We countersued King for violation of Texas Uniform Trade Secret Act and tortious interference with a contractual and business relationships.

Litigation Against Franchisees Commenced in Past Fiscal Year

Litigation to Protect TeamLogic IT Brand and Proprietary Systems.

TeamLogic, Inc. v. Meredith Group IT, LLC, GreenBean IT, LLC, Jon Miller, Matt Meredith and Karen Meredith in U.S. District Court, Northern District of Texas, Case No. 3:16-cv-02542-L. Filed September 2, 2016. TeamLogic filed suit against former franchisee and related parties for misappropriation of trade secrets and intellectual property, conversion, trademark infringement, and conspiracy. Meredith countersued for fraud, breach of contract and deceptive trade practices. The case is in the preliminary stages.

ITEM 4. BANKRUPTCY

No bankruptcy information is required to be disclosed in this item.

ITEM 5. INITIAL FEES

You must pay an Initial Franchise Fee of ~~\$40,000~~ \$45,000 payable at the time you sign the Franchise Agreement. If you qualify for a Vet★Fran discount, the Initial Franchise Fee is \$35,000. See Exhibit "D" for the form of Franchise Agreement you will execute. The Initial Franchise Fee covers training, the fee for training for up to 2 people, 1 hotel room, and transportation for 2 to attend training. This fee is non-refundable unless you do not satisfactorily complete the Initial Training, in which case, we will refund your Franchise Fee less our direct costs associated with this Franchise, which may range between \$2,500 to \$27,000.

You may purchase additional TeamLogic IT® Franchises for the Initial Franchise Fee of \$30,000. You must obtain our prior written approval, and sign a new, then current Franchise Agreement for an additional TeamLogic IT® Franchise. You must change the term of any pre-existing Franchise Agreements to be co-terminus with your new Franchise Agreement for the additional TeamLogic IT® franchise. In order to purchase additional franchises, you must not be in default of your existing Franchise Agreement.

If you are converting your independent information technology business into a TeamLogic IT® franchise, your Initial Franchise Fee is ~~\$40,000~~ \$45,000, and you must sign the Addendum in Exhibit "F."

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**ITEM 7.
ESTIMATED INITIAL INVESTMENT**

YOUR Estimated Initial Investment*

INVESTMENT	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
INITIAL FRANCHISE FEE (1)	\$30,000 to \$40,000 <u>\$45,000</u>	Lump Sum	Upon execution of the Franchise Agreement	Us
SOFTWARE FEE(3)	\$2,820 to \$3,500 (subject to change)	Monthly/ Lump Sum	Prior to opening for business	Us & approved outside vendor
VEHICLE LEASE AND GRAPHICS PACKAGE (2)	\$0 to \$350 (lease)/ \$100 to \$3,950 (graphics package)	Lease Payment/ Lump sum	As agreed	Approved outside vendor
INITIAL EQUIPMENT (3)	From \$3,000 to \$5,000	Lump sum	Prior to opening for business	Various outside suppliers
REAL ESTATE LEASEHOLD IMPROVEMENTS (4)	Monthly rent; No office space or specific leasehold improvements required	As incurred	As agreed	Lessor
ADDITIONAL FUNDS (5) - 6 to 8 months	\$58,700 to \$84,800	As incurred	As agreed	Various
TOTAL ESTIMATED INITIAL INVESTMENT	<u>\$94,620 to \$142,250</u> \$137,250			

*Unless otherwise stated, none of the expenses described in this chart are refundable.

Your salaries, draws, or personal living expenses are not included in the above tables. You must have additional sums available (whether in cash, credit or collateral) to cover these expenses. No part of your initial investment in your TeamLogic IT® franchise will be financed directly or indirectly by us.

Notes:

- (1) Initial Franchise Fee. The Initial Franchise Fee is ~~\$40,000~~ \$45,000 for a new franchise; Vet★Fran Discount franchise fee is \$35,000; multiple franchise fee is \$30,000; and the fee for a conversion franchise is ~~\$40,000~~ \$45,000. The Initial Franchise Fee includes training expenses for two people, including transportation, lodging (one room, double occupancy), and some food.
- (2) Vehicle. You may, but are not required to, lease a vehicle to be used in the Business. Any leased or personal vehicle used in the Business must be outfitted with, at a minimum, the approved vehicle signage or, at your option, the Graphics Package. Any vehicle used in the Business must be maintained in a neat, clean, undamaged and safe condition. All damages must be repaired in a prompt and timely manner.
- (3) Initial Equipment. You must purchase, lease or otherwise have certain hardware and software, and telephone equipment. We estimate this hardware and software package will range in cost from \$3,000 to \$5,000, subject

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