

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA**

ROSALBA CISNEROS, On behalf of
herself and all others similarly situated,

Plaintiff,

v.

PETLAND, INC., BKG PETS, INC.,
PETS BKG LLC, PAWSITIVE
SOLUTIONS, INC.,

Defendants.

Case No.:

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

Plaintiff Rosalba Cisneros (“Cisneros” or “Plaintiff”), individually and on behalf of the Classes (defined herein), by and through her undersigned attorneys, brings this action against national animal retailer Petland, Inc., its franchisee which is referred to herein as “Petland Kennesaw”¹ (collectively with Petland, Inc., “Petland”), and PAWSitive Solutions, Inc. a/k/a Solutions.pet (“PAWSitive”) (collectively with all others, “Defendants”). Plaintiff’s allegations herein are based upon personal knowledge as to her own acts, and upon information and belief as to all other matters, as follows:

¹ The term “Petland Kennesaw” includes Defendants BKG Pets, Inc. and Pets BKG LLC, both of which are registered in Georgia and do business as “Petland Kennesaw.”

NATURE OF THE ACTION

1. This is a class action lawsuit on behalf of customers who purchased dogs or cats from Petland, Inc., a global pet store with a franchise located in Kennesaw, Georgia.

2. Petland engages in a uniform fraudulent scheme to deceive and defraud its customers. As a result of this scheme, Plaintiff and other Class members pay a premium for pets that are falsely certified as being healthy, and are sold with sham services and promises of veterinary care. This scheme harms all Class members because all paid an inflated price based upon Defendants' certification of health.

3. Petland induces unsuspecting customers into buying and paying inflated prices for puppies and kittens that are supposedly "certified" by a veterinarian and described as "vet checked at least twice," "healthy," and/or "fit for sale." In reality, Petland does little to ascertain the health of these animals, many of whom are knowingly sourced from inhumane "puppy mills" and arrive at Petland with infectious diseases or other health issues that are never diagnosed by Petland inspections.

4. At best, these inspections are cursory, and at worst, animal documentation is literally "rubber-stamped" with a veterinarian's signature without a veterinarian ever inspecting the animal. Moreover, given Petland's knowledge of

the sources of these animals—often from “puppy mill” operations—Petland has actual knowledge that many of the animals it certifies as “healthy” in fact suffer from health defects that cannot be ascertained from even a good faith veterinary inspection (much less the cursory or non-existent “inspections” actually performed by Petland’s veterinarians).

5. The veterinarians who supposedly perform these inspections derive a substantial portion of their total revenue from Petland. They are financially incentivized to certify these animals as healthy and fit for sale because of their compensation arrangement, and because Petland has already paid for the animals. By way of example, one of Petland’s former “preferred veterinarians” affirmed in an unrelated matter that the “overwhelming majority” of animals certified as healthy were actually sick as a result of “puppy mill” breeding when they arrived at Petland’s Kennesaw store, and that Petland sought to sell these animals as pets during the incubation period, before any symptoms of illness might be apparent to a customer.

6. Petland furthers its fraudulent racketeering scheme by offering sham advisory and veterinary services that serve chiefly to dissuade the customer from seeking any independent veterinary assistance, and in some instances, as a vehicle for selling the customer additional items such as pet foods and “registration kits.” Indeed, Petland requires customers to sign a “Limited Puppy Purchase Contract” in

which they agree to contact PAWSitive and to use a Petland “preferred veterinarian” for the health needs of their pets.

7. Petland has been able to successfully execute this fraudulent scheme because it conceals from its customers, among other things: (a) that its inspections of animals by veterinarians with financial ties to Petland are inherently unreliable and are performed *after* Petland has already purchased the animals; (b) that PAWSitive is an affiliate of Petland that exists to maximize store profits, not an independent claims agency for pet owners; and (c) that Petland’s “preferred veterinarians” are likewise incentivized or instructed to act in the best interest of Petland, and not its customers and their pets.

8. Petland is able to perpetuate this scheme on a national scale in retail stores throughout the country because franchisees are governed by an agreement that requires uniform standards, methods, and techniques in running their Petland stores, and adherence to detailed and strict internal standards for dog and cat sales. Petland also requires franchisees to undergo training to insure uniformity of procedures, and uses Petland Kennesaw to train and instruct other franchisees in furtherance of the unlawful scheme.

9. Plaintiff brings this class action against Defendants on behalf of herself and all other Petland consumers who purchased animals with accompanying

certifications, services, and access to veterinary care through the class period defined herein (the “Class Period”). Plaintiff brings claims for violation of the federal and Georgia racketeering laws. Plaintiff seeks damages, including a trebled award as allowed, forfeiture of profits, and injunctive relief.

JURISDICTION AND VENUE

10. This Court has federal question subject matter jurisdiction over the conduct complained of herein pursuant to the Racketeer Influenced and Corrupt Organizations (RICO) statute, 18 U.S.C. § 1961 *et seq.*, under 28 U.S.C. § 1331.

11. Diversity subject matter jurisdiction also exists over this class action pursuant to the Class Action Fairness Act of 2005, Pub. L. No. 109-2, 119 Stat. 4 (2005), amending 28 U.S.C. § 1332, at subsection (d), conferring federal jurisdiction over class actions involving: (a) 100 or more members in the proposed class; (b) where at least some members of the proposed class have different citizenship from some defendants; and (c) where the claims of the proposed Class members exceed the sum or value of five million dollars (\$5,000,000) in the aggregate. 28 U.S.C. §§ 1332(d)(2) and (6).

12. While the exact number of members in the proposed class is unknown at this time, Plaintiff has reason to believe that thousands of consumers purchased Petland’s animals throughout the country during the Class Period. The actual

number of Class members could be discerned from the records maintained by Petland.

13. While the exact damages to Plaintiff and the members of the Classes are unknown at this time, Plaintiff reasonably believes that their claims exceed five million dollars (\$5,000,000) in the aggregate.

14. This Court has personal jurisdiction over Defendants because Defendants are residents in the State of Georgia, and/or have purposefully availed themselves of the privilege of conducting business in the State of Georgia. Ohio-based Defendant Petland, Inc. maintains close ties with its Kennesaw franchise and other franchisees in Georgia, receiving substantial revenue from the stores through royalties. Illinois-based Defendant PAWSitive is Petland's purported customer service agent, serving Petland's Georgia franchises and regularly interacting with Georgia purchasers of Petland animals. This Court also has personal jurisdiction over all Defendants pursuant to 18 U.S.C. § 1965(d), which provides for nationwide service of process.

15. Venue is proper in this Court pursuant to 28 U.S.C. § 1391 because many of the acts and transactions giving rise to this action occurred in this District, and because some or all of the Defendants:

- a. have intentionally availed themselves of the laws and markets within this District through the promotion, marketing, distribution, and sale of pets in this District;
- b. do substantial business in this District, including maintaining its principal place of business in this District; and
- c. are subject to personal jurisdiction in this District.

THE PARTIES

Defendants

16. Defendant Petland, Inc. is an Ohio Corporation with a registered principal place of business at 250 Riverside St., Chillicothe, Ohio 45601. Petland, Inc. was registered with the Georgia Secretary of State as a foreign corporation with a registered agent for service located at 40 Technology Parkway South, Suite 300, Ben Hill, Norcross, Georgia, 30092, until December 7, 2016. Petland, Inc. is the largest national retailer selling puppies to consumers, and conducts its operations through approximately 80 retail store franchisees in the United States.

17. Petland, Inc. exercises strict control over, and mandates uniformity from, its franchisees. As stated in a franchise agreement for a Sarasota store that Petland, Inc. publicly filed in unrelated litigation, Petland, Inc. provides extensive

training to its franchisees on its “unique system,” which it defines as “the uniform standards, methods, techniques, and expertise, procedures, and specifications developed . . . for establishing, operating, and promoting a retail pet business.” According to Petland, Inc., “the distinguishing characteristics of Our System . . . include . . . operating methods, procedures, and techniques for the care and sale of pets,” “procedures, methods, and techniques for inventory and cost controls,” and the “Confidential Operating System” and “Confidential Information,” among other features. Upon information and belief, the use of animal certifications, preferred veterinarians, and customer service providers such as PAWSitive are typical or standard practices at Petland stores.

18. Franchisees receive three weeks of training at Company headquarters and three more weeks in their new store. Petland, Inc. also provides a one-week, in-person stint at a high-volume franchisee, such as Petland Kennesaw. Petland, Inc. receives royalties from its franchisees based on their success. In the case of Sarasota, for example, the franchisee pays Petland, Inc. a weekly royalty fee of 4.5% of gross revenues.

19. Defendant Petland Kennesaw is a typical franchisee of Petland, Inc. It is a Georgia Corporation with its principal offices located in Acworth, Georgia. It conducts its primary business in Cobb County, at 2920 George Busbee Pkwy NW,

Suite 101, Kennesaw, Georgia 30144. As described herein, Petland Kennesaw includes both Defendants BKG Pets, Inc. and Pets BKG LLC. Both of these entities share the same corporate address, namely 537 John Tate Rd., Acworth, Georgia 30102, and both do business as “Petland Kennesaw.”

20. Petland Kennesaw is owned and managed by Lamar Parker, his wife Debra Parker, their adult son Brad Parker, and Brad Parker’s wife Kristen Parker. Upon information and belief, Petland, Inc. is known to use Petland Kennesaw as training grounds for other franchisees to ensure the practices and policies are uniformly and consistently applied nationwide.

21. Petland Kennesaw had a business relationship with a veterinarian named Dr. Walton Waller (“Waller”), who operated through My Pets Vet Animal Clinic, LLC (formerly Abundant) (“My Pets Vet”), whereby Waller, acting in concert with Petland Kennesaw and/or their agents, was responsible for inspecting all shipments of animals to Petland Kennesaw from puppy brokers and/or breeders located either in Georgia or out-of-state.

22. Like the preferred vets used by all Petland franchisees, Waller agreed to certify the health of each puppy sold by Petland Kennesaw. Upon information and belief, in practice, however, Waller often failed to conduct any veterinary examination of the puppies, leaving it to lay store employees to “rubber-stamp”

health certificates or vaccination certifications in Waller's stead. Upon information and belief, this practice is not unique or atypical to Petland Kennesaw or Waller. Regardless, even where an actual veterinary examination occurred, Petland was fully aware that the health certifications were illusory, given that many of the likely conditions and diseases to which Petland's puppies and kittens were exposed would be latent until after the examination and after the customer purchased the puppy or kitten and took it home.

23. Indeed, Petland's scheme largely revolved on that knowledge of the latent defects and diseases possessed by the puppies it was selling. Petland therefore used the illusory health certificates to convince customers to purchase puppies that it knew may very well have latent diseases, and then used its service providers to try to conceal its fraud from customers whose puppies and kittens were necessarily susceptible to serious health issues and disease.

24. The entity used by Petland to conceal its fraud is Defendant PAWSitive Solutions, Inc. a/k/a Solutions.pet. PAWSitive is an Illinois Corporation with its principal offices located at 3380 Lacrosse Lane, Suite 100, Naperville, Illinois 60564. Upon information and belief, PAWSitive is contracted by Petland, Inc. and Petland franchisees nationwide (in addition to Petland Kennesaw). PAWSitive holds itself out to be a customer "claims" manager or "Concern Specialist" offered

to Petland pet purchasers. Pursuant to its warranties, Petland instructs customers to call PAWSitive as a matter of first recourse if the animal is found to be ill after purchase.

25. As Petland well knows, however, PAWSitive is not a veterinary clinic and does not provide independent pet care advice to Petland customers. Instead, it acts in concert with Petland to direct customers to Petland's preferred veterinarians and away from independent veterinarians, and to divert or dissuade customers from attempting to make good on Petland's warranties. PAWSitive also exists to sell additional services and programs to Petland customers after the purchase of their pets, such as special registrations.

26. PAWSitive's corporate registration lists five other "Assumed Names," one of which is Third Party Pet. The website for this entity reveals the true corporate purpose for PAWSitive, and states that the entity "is not just a third party service company . . . *we act more as a business consultant, to help pet store owners increase their profitability, than we do a service company.*" The website further confirms that the entity exists to fix "holes in the management of pet store sales and procedures," and contains nine testimonials—all from Petland franchisees. Petland conceals these damning facts about PAWSitive from customers at the point of sale, making its warranties for "services" from PAWSitive a sham.

27. Indeed, despite paying for the health certifications and for services from PAWSitive and Petland's "preferred veterinarians" as part of the purchase price for their pets, Petland concealed from Plaintiff and other Class members that Waller, My Pets Vet, and PAWSitive were incentivized or directed to take actions that were in the best interests of Petland—not the customers and animals for whom they purported to provide service. To the contrary, the warranties and representations provided to all customers implied that these Defendants would provide independent and unbiased professional services and advice, and would serve the best interests of the customers and their pets, not the financial interests of Petland.

28. Plaintiff alleges, upon information and belief, that at all times herein, Defendants' agents, employees, representatives, executives, directors, partners, and/or subsidiaries were acting within the course and scope of such agency, employment, and representation, on behalf of Defendants.

Plaintiff Cisneros

29. Plaintiff Rosalba Cisneros is an individual who resides in, and is a citizen of, Georgia. On December 10, 2015, she purchased a Shih Tzu puppy, Giant, from Petland Kennesaw for \$2,400. This purchase price was offered by Petland and included: (a) the animal himself; (b) the value of a certification that the animal had been inspected by a veterinarian prior to purchase and was healthy and fit for sale;

and (c) the value of animal care services through PAWSitive and Petland's preferred veterinarians. Plaintiff also paid an additional \$500 for membership in the "Puppy for a Lifetime Program" that purportedly would provide a replacement puppy under certain circumstances if the customer purchased certain dog food, vitamins, and supplements every three months for the entire life of the dog. Plaintiff used a personal credit card to pay for some of the purchase price for her pet.

30. At the time of purchase, a Petland Kennesaw employee named Caitlyn gave Cisneros a Certificate of Veterinarian Inspection stating that Waller had certified the puppy as healthy, fit for adoption, and free of parvovirus, a serious health condition. In deciding to purchase the puppy, Cisneros relied on and valued these assurances that Giant was healthy and ready to bring home.

31. Petland also provided Cisneros with a "Limited Puppy Purchase Contract" that warranted care through PAWSitive and preferred veterinarian Waller at My Pets Vet, and for a refund or replacement for her puppy under certain circumstances. Along with this contract, Petland gave Cisneros written instructions and explanation sheets on the "common" puppy illnesses of hypoglycemia and canine cough.

32. As soon as Giant arrived at Cisneros' home on the day of purchase, he began vomiting and had severe diarrhea. On December 14, 2015, Cisneros brought

Giant to Waller for examination at My Pets Vet. Waller did not diagnose Giant with anything, and instead gave him a prescription for an antibiotic, amoxicillin. The next evening, on December 15, 2015, Giant was so weak and lethargic that Cisneros was forced to admit Giant for emergency veterinarian treatment at a clinic unaffiliated with Petland, at a cost of nearly \$1,000. There, he was diagnosed with parvovirus, a serious and highly contagious condition that, under Georgia law, must be reported to the Georgia Department of Agriculture (“GDOA”) for investigation. Accordingly, the emergency veterinarian reported her findings of parvovirus to the GDOA.

33. The next day, December 16, 2015, Cisneros called Petland Kennesaw and informed them of the parvovirus diagnosis, at which time Cisneros was instructed to resubmit Giant to treatment with Waller at My Pets Vet if she wanted to fulfill the warranty and be reimbursed for veterinary costs by Petland. Cisneros followed their instructions and brought Giant to Waller, but instead of treating the life-threatening parvovirus diagnosis, Waller provided no treatment, and the puppy died sometime between December 16, 2015 and December 19, 2015. Neither Petland Kennesaw, nor PAWSitive, nor Waller informed Cisneros of Giant’s death at that time. When a GDOA investigator questioned Waller at My Pets Vet on

December 21, 2015, Waller falsely stated that Giant died of liver disease on December 19, 2015.

34. On December 19, 2015, a representative from PAWSitive called Cisneros and falsely stated that Giant was improving and would be released from Waller's care the following week. During this call, PAWSitive sold Cisneros an American Kennel Club ("AKC") registration policy for approximately \$100, which included a blanket with Giant's name embroidered on it and an emergency response kit. The personalized blanket and kit were sent via First Class Mail and postmarked on December 30, 2015, over a week after Giant's death.

35. Cisneros and her daughter only learned of Giant's death when they received a copy of the GDOA report on December 21, 2015, days after the puppy had died. That same day, Cisneros' daughter went to My Pets Vet to retrieve Giant's body in order to have a necropsy performed to determine the cause of death. Waller's staff lied to her, saying that Giant's body was no longer at the clinic, and immediately called a Petland Kennesaw store manager named Zach to come to the clinic. Only after the police became involved did Waller's staff, with Petland Kennesaw's manager present, admit that Giant's body was still in their possession and provide the body to Cisneros' daughter.

36. Another veterinarian unaffiliated with Petland subsequently examined Giant's body and determined that Waller had removed the puppy's organs before relinquishing the body, which is not usual or customary. The necropsy conducted by the unaffiliated veterinarian confirmed that Giant died from parvovirus, and the laboratory used by Waller confirmed that Giant's liver condition was normal.

37. The details of Plaintiff's experience with Petland demonstrate what thousands of Petland customers throughout the country have discovered—that the “certifications” and health warranties provided by Petland are a sham, and that the PAWSitive “Concern Specialists” and preferred veterinarian services, for which all customers pay as part of their purchase price for an animal, are intended to conceal the fraudulent nature of Petland's sales practices.

FACTUAL ALLEGATIONS

A. Petland Sources Unhealthy Animals to Maximize Profits

38. The fraudulent scheme can be traced to Petland's animal sourcing practices. Petland, Inc. and its franchisees, including Petland Kennesaw, buy animals from known puppy and kitten mill breeders and brokers, both licensed and unlicensed, by the USDA. Brokers purchase animals from puppy and kitten mills at a relatively nominal price—roughly \$50 to \$200 per puppy. Petland, Inc. and its franchisees, including Petland Kennesaw, purchase the puppy or kitten from the

broker and sell it at premium—on average, for \$2,000 to \$3,000. Petland, Inc. and its franchisees earn enormous profits by sourcing their animals from puppy and kitten mills.

39. These puppy and kitten mills operate like an assembly line in which breeders maximize profits by producing the largest possible number of puppies and kittens with little to no regard for the health and welfare of the breeder dogs or cats or their puppies or kittens. Puppy and kitten millers and the retail stores do not provide these animals proper nutrition, shelter, veterinary care, or socialization because if they did, the commercial sale of dogs and cats would no longer be financially viable for the breeder, broker, or retail store.

40. Although many of these brokers and breeders are licensed by the USDA, USDA-licensed breeding facilities can be, and often are, puppy and kitten mills that are generally known to produce animals with significant health defects.

41. The conditions at these breeding facilities often degenerate to a point of disregard for the welfare of the dogs and cats, leaving them in unsanitary, overcrowded conditions without adequate veterinary care, food, water, exercise, or mental stimulation and socialization. As a result of these conditions and a disregard for proper canine and feline husbandry practices, puppies and kittens whelped at a mill are highly prone to debilitating and life-threatening conditions, such as: canine

distemper, kennel cough, pneumonia, Giardia, parvovirus, respiratory disorders, mental instability, epilepsy, heart disease, kidney disease, intestinal parasites, chronic diarrhea, oral/dental problems, luxating patellas, and other congenital and/or hereditary conditions.

42. Petland puppies and kittens are prone to these conditions not only because of the conditions in which they are raised, but because they are typically taken from their mothers at just eight weeks of age, packed together, and shipped on trucks for hundreds or even thousands of miles before arriving at Petland stores.

43. Indeed, Dr. Michael Good, DVM (“Good”), the former preferred veterinarian for Petland Kennesaw prior to Waller, testified in an unrelated case that the “overwhelming majority” of the store’s animals arrived sick as a result of the conditions in which “they were raised and their exposure to other sick animals while in transit.” Good testified that illnesses are incubating in the newborn animals *but not yet symptomatic* at the time of their sale.

44. The fraudulent scheme described herein allows Petland to channel concerns and complaints about the health of its animals into service and veterinary entities that Petland itself can influence or control. The scheme allows Petland to preserve its high profit margins and conceal the breeding conditions and health risks of the animals it sells. Since Petland, Inc. is a nationwide retail chain and sources

its animals from a variety of locations, the scheme described herein has a direct effect on interstate commerce.

B. Petland Provides Certifications that It Knows Misrepresent an Animal's Health

45. Petland gives a certificate of a “Veterinarian Health Exam” to all animal purchasers at the time of sale, certifying that each animal is “free of any internal or external parasites” and “healthy and fit for adoption.” Similar certification language is included in the “Limited Puppy Purchase Contract” that is also provided to each customer, which states that each animal “has been vet checked twice before being sold” and is “free of parvovirus, distemper, hepatitis [sic], corona virus, and canine influenza for ten days from the date of purchase.”² The contract further states that Petland “has taken every step possible to sell a quality pet.”

46. Upon information and belief, Petland pays the preferred veterinarians a fixed rate each month in exchange for their agreement to certify that they have inspected each shipment of puppies and kittens, and that each animal is “healthy” and “fit for adoption.”

47. These certifications allow Petland to inflate the prices of the animals they sell since Petland leads customers to believe they are purchasing a healthy pet—

² Exhibit A attached hereto is the “Limited Puppy Purchase Contract” that Plaintiff received.

one whose health has been evaluated in a meaningful way by a licensed veterinarian. Plaintiff and other Class members relied on these certifications to assess the health of the animals they purchased, and would not have purchased their animals or paid the price charged by Petland absent such representations.

48. However, these certificates are little more than a sham. Good, the former preferred veterinarian, confirmed that the “certification” process itself is inherently unreliable. Not only did the “overwhelming majority” of animals arrive at the store already sick, but even those that did appear healthy should not have been certified because symptoms of illness often do not manifest “until approximately 7-10 days after arrival.” In fact, Good affirmed that Petland’s goal was to get pets off the sales floor and into customers’ homes within seven to 10 days of acquiring them, before the animals developed full-blown illnesses with clinical symptoms that would be apparent to the customer. Furthermore, Petland Kennesaw management repeatedly made clear to Good “that they did not want customers knowing where their animal came from,” how sick it was, or “why the animal was sick.” Good ultimately resigned as preferred veterinarian because Petland Kennesaw management demanded that he stop “telling customers” that their dogs “are sick.”

49. Illustrating the meaninglessness of the “certification” process, health forms for dogs sold at Petland Kennesaw have been “rubber-stamped” with Waller’s

signature. Waller's former office assistant affirmed in an unrelated matter that she was provided a stamp with Waller's signature, and was instructed to administer vaccinations and stamp vaccination records in Waller's absence despite the fact that she was not lawfully authorized to administer such vaccinations. An example of this stamp can be seen on the health forms for dogs sold at Petland Kennesaw, including Plaintiff's pet, Giant, below:

Store Name: Kennesaw

MY PETS VET
Animal Clinic

Puppy/Kitten Veterinarian Health Exam

PET IDENTIFICATION:

Breed: Shih Tzu Store Reference #: 17753
Sex: M Whelp Date: 10-13-15 Color: Sable & white

INITIAL EXAM

Date: 12-9-15 By: Dr. Waller DVM

Weight: 301 Temperature: 101.5

Temperament: Active ☒ Depressed ☐ Hyperactive ☐ Comments: _____

Eyes: Discharge: ☐ Y ☒ N Condition: ☐ G ☐ F ☐ P Entropion: ☐ Y ☒ N Nose: Discharge: ☐ Y ☒ N

Ears: Mites: ☐ Y ☒ N Condition: ☐ G ☐ F ☐ P Infection: ☐ Y ☒ N

Mouth: Overbite ☐ Underbite ☐ Breed Specific - OK ☒ Gums: good color ☒ pale ☐

Heart: Murmur or sign of congenital defect: ☐ Y ☒ N Grade: _____

Lungs: Condition: Clear ☒ Congested ☐ Kennel Cough: ☐ Y ☒ N

Hernia: Umbilical: No Indication ☒ Repaired ☐ Not Repaired ☐ Right ☐ Left ☐
Inguinal: No Indication ☒ Repaired ☐ Not Repaired ☐ Right ☐ Left ☐

Testes: # Decayed: ☐ 0 ☐ 1 ☐ 2 ☒ N/A Feet: Condition: ☐ G ☐ F ☐ P Coat: Condition: ☐ G ☐ F ☐ P

Skin: Condition: ☐ G ☐ F ☐ P Concerns: Fleas ☐ Ticks ☐ Ringworm ☐ Mange ☐ Other ☐

GI: Vomiting: None ☒ Bloody ☐ Mucous ☐ Diarrhea: None ☒ Bloody ☐ Mucous ☐

Fecal: Concerns: Coccidia ☐ Giardia ☐ Roundworms ☐ Hookworms ☐ Other ☐

Skeletal: Concerns: Luxating Patella - Left ☐ Grade ☐ Right ☐ Grade ☐ Open Fontanel: Size ☐ Other ☐

Comments: _____ By: _____ Date: _____

By: _____ Date: _____

☒ At the time of examination, I have found this puppy to be free of any internal or external parasites. I find this puppy to be happy, healthy and fit for adoption. (Please check box).

Examining Veterinarian Signature: [Signature]

50. Reports from other stores indicate the practices described above are consistent nationwide. Indeed, in unrelated litigation, there was testimony that “Petland Corporate” required specific protocol for the treatment and sale of sick animals and that the store would follow the protocol, demonstrating Petland, Inc. exercised control over its franchisees’ practices to ensure its fraud is carried out uniformly and consistently nationwide.

51. Petland, Inc.’s self-proclaimed top-down corporate structure also demonstrates the uniform nature of this scheme to defraud customers with bogus health certifications and warranties. According to its franchise agreements, Petland, Inc. insists upon “uniform standards, methods, techniques, and expertise, procedures, and specifications . . . for establishing, operating, and promoting a retail pet business,” whose “distinguishing characteristics” include uniform “operating methods, procedures, and techniques for the care and sale of pets” and “procedures, methods, and techniques for inventory and cost controls.”³

52. Indeed, Petland franchisee training is extensive, including at least three weeks of “training academy sessions” at corporate headquarters, as well as a one-

³ See Franchise Agreement, attached hereto as Exhibit B; *see also* Petland, Petland Cares, <http://www.petland.com/docs/PetlandCares.pdf> (last visited July 7, 2017) (describing the veterinarian’s health examination and health record requirement before sale and the requirement that franchisees have a local consulting veterinarian).

week, in-person stint at a high-volume franchisee, like Petland Kennesaw, and additional in-store training at the franchisee's new store. Petland, Inc.'s website touts these extensive training programs for its franchisees, promising to help franchisees "build[] a team of Pet Counselors and Animal Care Technicians to help [them] carry out [their] business plan."⁴ Petland, Inc. describes its Pet Counselors as "the key factor in Petland stores achieving remarkable sales per square foot and exceptional margins on the sales of specialty products."⁵

53. Upon information and belief, the scheme to misrepresent and conceal the true health risks of Petland's animals, and to sell them before symptoms of disease can manifest, is part of the "unique system" that has been exported to franchisees around the country in order to drive up profits.

54. Petland, Inc. financially incentivizes its franchisees and employees to sell pets regardless of the animals' health. Sales are commission-based with each employee receiving a percentage of the animals' purchase price. Franchisees are also rewarded with bonuses for meeting yearly sales goals. Petland thus incentivizes management and sales staff to make any misrepresentation necessary to guarantee

⁴ See Petland website, Franchise Opportunities, <http://www.petland.com/franchise/training.htm> (last visited July 7, 2017).

⁵ *Id.*, Franchise Culture, <http://www.petland.com/franchise/culture.htm> (last visited July 7, 2017).

the sale of an animal, no matter how sick it may be. Naturally, some of these profits also flow back to Petland, Inc., as weekly royalty fees of 4.5% of gross revenues.

C. Petland Uses Three Practices to Conceal and Further its Fraudulent Scheme

55. Petland engages in three additional fraudulent practices to further and conceal its overall fraudulent scheme. First, Petland requires its customers to use PAWSitive (a/k/a Solutions.pet or Third Party Pet) as the point of contact for any health issues with their new pet. Petland accomplishes this by requiring customers to sign a “Puppy/Kitten Purchase Verification” at the time of purchase, agreeing that PAWSitive is the “first resource” for any concerns about their pet’s health. Petland suggests to customers that PAWSitive is an independent advisor staffed with “specialists” ready to help with the animals’ and customers’ problems, but actually it is effectively a subsidiary of Petland, which is directly or indirectly owned or controlled by Petland.

56. Indeed, contrary to its representations that it is an independent or customer agent for health care, in fact PAWSitive “*act[s] more as a business consultant, to help pet store owners increase their profitability, than [it] do[es] a service company.*” In other words, rather than looking out for the best interest of the customer or their new pet, PAWSitive is focused on protecting its corporate client—Petland—including by reducing Petland’s costs to increase its profitability.

57. Second, Petland conceals and furthers its fraudulent scheme by requiring customers to use Petland preferred veterinarians and restricting them from going to independent veterinarians that are not controlled by Petland.

58. Likewise, customers who contact PAWSitive are routinely directed to a preferred veterinarian (if any further treatment is recommended at all). As with the use of PAWSitive, the use of this preferred veterinarian network is similarly an attempt by Petland to control its customers and conceal the fraudulent scheme by attempting to prevent independent veterinarians from examining the puppies and informing customers that they were sold a puppy that was already sick and as a result exposing the fraudulent nature of the health certificate.

59. Third, Petland gives customers two instructional sheets regarding hypoglycemia and “canine cough” (also called kennel cough) that are designed to conceal Petland’s fraud by dissuading customers from seeking immediate veterinary assistance for potentially life-threatening conditions.

60. The canine cough instructions state that “gagging cough, sometimes accompanied by sneezing and nasal discharge,” while “annoying . . . does not usually develop into anything more serious.” These instructions also state that canine cough “is not cured, but must run its course.”

61. By analogizing canine cough to the common cold, Petland leads customers to believe that upper respiratory illness in dogs is not a cause for concern. This deters new puppy purchasers from seeking immediate veterinary attention for their dangerously sick puppies, who may develop life-threatening pneumonia from untreated canine cough. Dissuading customers from seeking medical attention for canine cough also protects Petland from having to pay for dogs' care under its warranties. The fact that Petland provides all customers with this document also demonstrates that it is fully aware that it is selling dogs that are highly likely to have health defects and its supposed certifications of health are false.

62. The hypoglycemia handout has a similar purpose. The sheet warns that if the puppy is "lethargic, unresponsive, unwilling to eat, or even comatose," this could be the result of hypoglycemia caused by the "stress" of its new environment or too much play. Petland thus instructs customers to "limit your puppy's amount of play," "make sure he eats his meals," and give him certain supplements and dissuades seeking veterinarian treatment. The handout makes clear that illness and death due to hypoglycemia is the customer's responsibility or fault, not Petland's.

63. Like the instruction sheet for canine cough, the hypoglycemia instructions give the customer the illusion that a puppy's lethargy, unresponsiveness,

and unwillingness to eat are symptoms of a preventable condition caused by the customer's actions as opposed to a serious illness present in the animal at the time of purchase, like parvovirus.

64. Petland's representations regarding hypoglycemia and canine cough are part of its deceptive scheme to conceal any serious health issues an animal may have at the time of purchase, and to deter customers from seeking necessary veterinary treatment for their pets that Petland would be obligated to reimburse under its warranties.

D. Class Members Are Harmed Because They Pay for Fraudulent Certifications, Customer Support Services and Warranties

65. At its core, Petland's fraudulent scheme is designed to allow it to charge premium prices for puppies and kittens customers believe are "certified" to be healthy and backed up by warranties and services, when Petland knows full well it is selling puppy and kitten mill-sourced animals prone to illnesses and other defects, with warranties and offers of "service" not worth the paper they are written on. Plaintiff and all other Class members therefore suffered economic harm by paying a price for a "premium product," but not receiving the benefit of the bargain. This harm applies identically to all Class members, regardless of whether they received a healthy pet or not, because they were paying for a certified healthy puppy

or kitten, not a chance to win the puppy or kitten lottery by happening to get a healthy animal by pure random chance. Put another way, even those customers that received a healthy puppy could have gotten the same puppy directly from a puppy mill at a fraction of the price they paid, and the difference in that price and what they paid to Petland is the direct harm suffered as a result of the fraud.

CLASS ACTION ALLEGATIONS

66. Plaintiff brings this action as a class action pursuant to Rule 23(a) and Rule 23 (b)(3) of the Federal Rules of Civil Procedure for the purpose of asserting the claims alleged in this Complaint on a common basis. Plaintiff brings this action on behalf of herself and all members of the following Class comprised of:

All persons who purchased a cat or dog from Petland anywhere in the United States from July 2013 to the present (the “Class”).

67. Excluded from the Class are Defendants, their employees, agents, and employees, as well as the Court, the Court’s immediate family members, and the Court’s staff.

68. Plaintiff also brings this action on behalf of herself and all members of the following Subclass comprised of:

All persons who purchased a cat or dog from Petland in the state of Georgia from July 2013 to the present (the “Georgia Subclass”).

69. Excluded from the Georgia Subclass are Defendants, their employees, agents, and employees, as well as the Court, the Court's immediate family members, and the Court's staff.

70. The Class and Georgia Subclass are collectively referred to herein as the "Classes."

71. Plaintiff reserves the right to modify or amend the definitions of the Classes after she has had an opportunity to conduct discovery.

72. ***Numerosity. Rule 23(a)(1).*** The members of the Classes are so numerous that their individual joinder is impracticable. Plaintiff is informed and believes that the proposed Classes contain thousands of purchasers of Petland's animals who have been harmed by Defendants' conduct as alleged herein. The number of members of the Classes is unknown to Plaintiff, but could be discerned from the records maintained by Defendants.

73. ***Existence of Common Questions of Law and Fact. Rule 23(a)(2).*** This action involves common questions of law and fact arising out of the Petland's sale of animals, which include, but are not limited to, the following:

- a. Whether Defendants orchestrated a scheme to defraud customers by charging inflated prices for dogs and cats with accompanying certifications and warranties that Defendants knew to be false;

- b. Whether Defendants defrauded the Classes by selling animals at premium prices by asserting they were healthy when, in fact, Defendants knew those animals were sourced from puppy and kitten mills that produced animals with known health defects;
- c. Whether Defendants conspired to execute a scheme to defraud;
- d. Whether the written statements regarding the health of Petland animals and warranties made by Defendants herein are false;
- e. Whether Defendants' express warranties for care and services from PAWSitive and Petland preferred veterinarians are illusory and/or valueless;
- f. Whether Defendants knew, or should have known, they were selling animals with unreliable health certifications and worthless warranties;
- g. Whether Defendants were persons employed by, or associated with, an enterprise for the purposes of the federal and state RICO statutes, 18 U.S.C. § 1962(c) and O.C.G.A. § 16-14-4(a),(b);
- h. Whether Defendants' enterprise was engaged in, or its activities affected, interstate commerce pursuant to 18 U.S.C. § 1962(c);

- i. Whether Defendants conducted or participated, directly or indirectly, in the conduct of the enterprise's affairs, for the purposes of 18 U.S.C. § 1962(c) and O.C.G.A. § 16-14-4(b);
- j. Whether Defendants' conduct of, or participation in, the enterprise's affairs was through a pattern of racketeering activity for the purposes of 18 U.S.C. § 1962(c) and O.C.G.A. § 16-14-4(a),(b);
- k. Whether Defendants operated an enterprise through an association-in-fact for the purposes of 18 U.S.C. § 1962(4) and O.C.G.A. § 16-14-3(6);
- l. Whether Defendants' corporations, limited liability companies, limited partnerships, and/or other corporate entities and partnerships, as applicable, constitute enterprises for the purposes of 18 U.S.C. § 1961(4) and O.C.G.A. § 16-14-3(6);
- m. Whether Defendants engaged in a pattern of racketeering activity for the purposes of 18 U.S.C. § 1961(5) and O.C.G.A. § 16-14-3(8);
- n. Whether Defendants engaged in one or more acts of mail fraud as a predicate act for the purposes of 18 U.S.C. § 1962(c), 18 U.S.C. § 1961(1), 18 U.S.C. § 1341, O.C.G.A. § 16-14-4(a),(b), and O.C.G.A. § 16-14-3(9)(A)(ix),(xxix);

- o. Whether Defendants engaged in one or more acts of wire fraud as a predicate act for the purposes of 18 U.S.C. § 1962(c), 18 U.S.C. § 1961(1), 18 U.S.C. § 1343, O.C.G.A. § 16-14-4(a),(b), and O.C.G.A. § 16-14-3(9)(A)(ix),(xxix);
- p. Whether Defendants conspired to violate the federal and state RICO statutes, 18 U.S.C. § 1962(d) and O.C.G.A. § 16-14-4(d);
- q. Whether Plaintiff and the other members of the Classes suffered an injury as a result of Defendants' illegal conduct described herein;
- r. Whether Plaintiff and the other members of the Classes are entitled to damages; and
- s. Whether Plaintiff and the Classes are entitled to injunctive relief, restitution, or other equitable relief and/or other relief as may be proper.

74. **Typicality. Rule 23(a)(3).** All members of the Classes have been subject to, and affected by, the same common course of conduct: Defendants' fraudulent scheme to conceal and/or misrepresent the health risks of animals by selling customers illusory and/or valueless certifications, services, and warranties. Plaintiff's claims are typical of the proposed Classes' claims. Plaintiff purchased an animal relying on Petland's warranties about its certification process and the services PAWSitive and the preferred veterinarians would provide. Defendants conspired to

downplay and conceal the true nature of Petland's certification process and the services and veterinary care provided with the purchase of an animal. Plaintiff's claims do not conflict with the interests of any other members of the Classes. Defendants' unlawful, unfair, deceptive, and/or fraudulent actions concern the same common scheme described herein irrespective of where they occurred or were experienced.

75. ***Adequacy. Rule 23(a)(4).*** Plaintiff will fairly and adequately protect the interests of the members of the Classes. Plaintiff has retained counsel experienced in complex consumer class action litigation, and Plaintiff intends to prosecute this action vigorously.

76. ***Injunctive and Declaratory Relief. Rule 23(b)(2).*** Defendants' actions regarding the deceptions and omissions regarding Petland's animals are uniform as to members of the Classes. Defendants have acted, or refused to act, on grounds that apply generally to the Classes, so that final injunctive relief as requested herein is appropriate respecting the Classes as a whole.

77. ***Predominance and Superiority of Class Action. Rule 23(b)(3).*** Questions of law or fact common to the Classes predominate over any questions affecting only individual members, and a class action is superior to other methods

for the fast and efficient adjudication of this controversy, for at least the following reasons:

- a. Absent a class action, members of the Classes, as a practical matter, will be unable to obtain redress, Defendants' violations of their legal obligations will continue without remedy, additional consumers will be harmed, and Defendants will continue to retain their ill-gotten gains;
- b. It would be a substantial hardship for most individual members of the Classes if they were forced to prosecute individual actions;
- c. Defendants' fraudulent scheme is uniform and emanates from Petland, Inc. throughout its stores. Thus, when the liability of Defendants has been adjudicated, the Court will be able to determine the claims of all members of the Classes;
- d. A class action will permit an orderly and expeditious administration of the claims of each member of the Classes and foster economies of time, effort, and expense;
- e. A class action regarding the issues in this case does not create any problems of manageability; and
- f. Defendants have acted on grounds generally applicable to the members of the Classes, making class-wide monetary relief appropriate.

78. Plaintiff does not contemplate class notice if the Classes are certified under Rule 23(b)(2), which does not require notice, and notice to the putative Classes may be accomplished through publication, signs, or placards at the point-of-sale, or other forms of distribution, if necessary; if the Classes are certified under Rule 23(b)(3); or if the Court otherwise determines class notice is required. Plaintiff will, if notice is so required, confer with Defendants and seek to present the Court with a stipulation and proposed order on the details of a class notice program.

RICO ALLEGATIONS

79. Plaintiff incorporates by reference all preceding allegations as if fully set forth herein.

80. At all times relevant hereto, Plaintiff and the members of the Classes, and the Defendants were and are “persons” within the meaning of 18 U.S.C. § 1961(3).

Petland’s Enterprise and Defendants’ Association with It

81. Defendants operate and constitute an “enterprise” within the meaning of 18 U.S.C. § 1961(4) and O.C.G.A. § 16-14-3(6). For purposes of this action, Defendants’ “Enterprise” is an association-in-fact consisting of Petland, Inc., its franchisees—including Petland Kennesaw, PAWSitive, and Petland’s preferred veterinarians—including Waller, and their respective clinics—including Waller’s

My Pets Vet. The Enterprise consists of corporations and individuals that associate, or have associated, for the shared purpose of implementing Petland's scheme to defraud customers into purchasing animals with sham health certifications and illusory services and warranties that amounted to revenue-generators for Petland.

82. The Enterprise participants were aware of, and participated in, a common plan of concealing and misrepresenting the health risks of Petland animals and the nature of Petland's certifications, warranties, and services. Enterprise participants did so knowingly, so as to avoid having to honor those warranties or provide competent and unbiased services, and to maintain their mutually beneficial business relationships. The sole purpose of the scheme was to keep costs down for Petland and enable it to churn out animal and warranty sales, generating substantial revenue for members of the Enterprise.

83. The Enterprise is an ongoing organization that serves to orchestrate and carry out Petland's scheme. To this day, Petland continues to utilize the services of preferred veterinarians and of PAWSitive without ever disclosing the circumstances that make their animal certifications unreliable, or the relationship with PAWSitive and the preferred veterinarians that renders the services and warranties of little or no value. As detailed above, members of the Enterprise have

close contractual and financial ties and maintain close communications, functioning as a continuing unit to further the fraudulent scheme to their mutual benefit.

84. Indeed, PAWSitive and Petland's preferred vets are financially dependent on, and derive the bulk of their business from, Petland, Inc. and its franchisees. Petland, Inc. and its franchisees, in turn, are dependent on PAWSitive and the veterinarians keeping costs down by downplaying any health risks and/or illness in Petland animals, minimizing veterinary expenses, and dissuading customers from incurring outside veterinary expenses and from seeking refunds and replacements. Franchisees' success is determined by the number of animals they sell and how often they have to cover veterinary expenses and honor warranties, while Petland, Inc. relies on, and derives royalties from, its franchisees' success in selling large numbers of animals.

85. The Enterprise was the means by which Defendants carried out their illegal scheme, and provided the necessary cover with which Defendants were able to conceal it. Indeed, Petland and its fellow Enterprise members purported to offer healthy animals and legitimate and independent "services" to customers, for care for their dogs and cats, which offered the cover necessary to execute their fraud.

86. While Defendants participate in the Enterprise and are a part of the Enterprise, Defendants also have an existence separate and distinct from the

Enterprise. For example, the preferred veterinarians and their clinics provide veterinary service to the public, unrelated to Petland. Petland, Inc. and its franchisees also conduct business separate and distinct from the Enterprise because they sell pet supplies and merchandise to consumers who did not purchase their animals from Petland stores.

Effect on Interstate Commerce

87. The Enterprise engages in, and its activities affect, interstate commerce through its nationwide sale of puppies and kittens with accompanying certifications and warranties. Defendants transact business in the State of Georgia (whether or not they are registered to do so).

Participation in the Conduct of the Enterprise

88. Defendants maintain an interest in, and control of, the Enterprise and also conduct and/or participate in the conduct of the Enterprise's affairs through a pattern of racketeering activity. Each member of the Enterprise plays a distinct role in carrying out the Enterprise's activity and maintaining the fictions necessary to defraud customers, as described above.

89. Indeed, Defendants' control of, and participation in, the Enterprise is necessary for the successful operation of their scheme. The Enterprise's success depends on customers relying on Defendants' false promises that the pets they

purchase are meaningfully inspected by a licensed veterinarian, and will be covered by warranties for competent service and care from PAWSitive and the preferred veterinarians, and for appropriate refunds or replacements as necessary. These falsehoods and illusory promises, in turn, enabled Defendants to charge more for the animals and their accompanying certifications, services, and warranties. When PAWSitive and the preferred veterinarians succeed in misdirecting customers and misdiagnosing their animals, Petland is saved from reimbursing the customers' veterinary bills or providing refunds or replacement animals.

90. Upon information and belief, Petland, Inc. directed the affairs of the Enterprise through its franchise agreements, its training of new employees and franchisees at high-volume locations, and its communications with co-Defendants.

PREDICATE ACTS

91. Plaintiff incorporates by reference all preceding allegations as if fully set forth herein.

92. As detailed below, Defendants' scheme consisted of multifarious racketeering activities. In carrying out the overt acts in furtherance of their scheme described herein, Defendants engaged in, *inter alia*, conduct in violation of federal and Georgia state laws, including mail fraud in violation of 18 U.S.C. § 1341 and

O.C.G.A. § 16-14-3(9)(A)(ix),(xxix), and wire fraud in violation of 18 U.S.C. § 1343 and O.C.G.A. § 16-14-3(9)(A)(ix),(xxix).

93. These violations of federal and Georgia state law constitute racketeering activities pursuant to 18 U.S.C. § 1961(1) and O.C.G.A. § 16-14-3(9)(A).

94. Defendants committed this conduct willfully, knowingly, and maliciously and with reckless disregard for the rights of Plaintiff and the Classes.

95. Defendants willfully and knowingly conspired with each other, as well as others known and unknown to Plaintiff and the Classes, to engage in various activities giving rise to this action, and aided and abetted one another in these activities, as prohibited by 18 U.S.C. § 1962(c) and (d), and O.C.G.A. § 16-14-4(a),(b) and (c).

MAIL AND WIRE FRAUD

Intentional Participation in a Scheme to Defraud by Means of Material Representations

96. As described further above, Defendants perpetrated their fraudulent scheme to defraud customers by never disclosing the circumstances that made the animal certifications unreliable, or the relationship among the Defendants that rendered the services and warranties of little or no value. Defendants induced customers to pay a premium for puppies and kittens by falsely certifying them as

“healthy,” “fit for sale,” and twice checked by a veterinarian, and by providing sham warranties for veterinary care and services from Petland’s “preferred” veterinarians and PAWSitive, which instead operate as money-makers or -savers for the Enterprise.

Use of Interstate Communications in Furtherance of Fraudulent Scheme

97. To further and execute their illegal scheme, Defendants, on numerous occasions, willfully and knowingly used U.S. mails and interstate wire facilities to transfer documents, information, and funds among agents and employees across Petland, Inc., the franchisees, the preferred veterinarians, and PAWSitive.

98. While many of the exact dates of Defendants’ use of the U.S. mails and interstate wire facilities could only be ascertained through access to Defendants’ records, Plaintiff is aware of, and can describe, several instances in which U.S. mails and wire facilities were used to further Defendants’ fraud (constituting separate acts of wire and/or mail fraud), including: (i) Defendant Petland Kennesaw’s charging Plaintiff’s credit card for the purchase of her pet and its accompanying certification, services, and warranties on December 10, 2015; (ii) Plaintiff’s telephone calls to and from Petland Kennesaw, Waller, and PAWSitive in December 2015; (iii) Defendant PAWSitive’s charging Plaintiff’s credit card, in late December 2015, for an AKC registration for her dead dog; (iv) Defendant PAWSitive’s mailing to

Plaintiff, via First Class Mail, the materials for the AKC registration, including the personalized blanket with her pet's name on it and the emergency response kit; and (v) Waller calling Petland Kennesaw manager, Zach, in late December 2015 to collude regarding Giant's medical diagnosis.

99. Upon information and belief, these are just a few of the thousands of acts of mail and wire fraud in which Defendants engaged, using telephones and wires to communicate about, and share the proceeds of, their fraudulent scheme. Specifically, these included: (i) communication of Petland, Inc.'s policies and procedures related to animal sales and warranties to its franchisees, preferred veterinarians, and PAWSitive; (ii) the exchange of financial data between Petland, Inc. and its franchisees; (iii) communications and payments between Petland, Inc., its franchisees, its preferred veterinarians, and PAWSitive; and (iv) Defendants' ongoing receipt of revenues from the fraudulent scheme.

100. In sum, to further and execute their illegal scheme, Defendants, on numerous occasions, willfully and knowingly used United States Postal Service mail depositories, both placing and removing mailable matter from these depositories. Defendants thus committed mail fraud in violation of 18 U.S.C. § 1341, with each such mailing constituting a separate act of racketeering.

101. To further and execute their illegal scheme, Defendants also, on numerous occasions, willfully and knowingly used wire communications in interstate and foreign commerce by making telephone calls, wire transfers of funds, and other wire communications, as prohibited by 18 U.S.C. § 1343. Each such transaction constituted a separate act of racketeering.

Injury to Plaintiff and Classes

102. Plaintiff and members of the Classes have been injured by Defendants' fraudulent scheme. Relying on Defendants' representations regarding their animals' health risks, services, and warranties, Plaintiff paid a premium for an animal that were not meaningfully inspected by a licensed veterinarian, and for certifications, services, and warranties of minimal or no value.

103. Had Defendants not engaged in the above-described pattern of racketeering activity, Plaintiff and members of the Classes would not have been duped into purchasing their animals and warranties, or would not have paid premium prices for them.

PATTERN OF RACKETEERING ACTIVITY

104. Plaintiff incorporates by reference all preceding allegations as if fully set forth herein.

105. As described above, Defendants engaged in a “pattern of racketeering activity,” as defined in 18 U.S.C. § 1961(5) and O.C.G.A. § 16-14-3(8)(A), by committing and/or conspiring to aid and abet a scheme for at least two such acts of racketeering activity, as described above, with all such acts having occurred within the last five (5) years. In fact, as described above, Defendants have likely committed thousands of acts of racketeering activity.

106. Each such act of racketeering activity was related and had similar purposes, namely to mislead Petland customers about the health risks of Petland’s animals and the nature and value of their accompanying certifications, services, and warranties. Each such act of racketeering activity involved the same or similar participants and methods of commission—chiefly Petland, Inc., through its franchisees, falsely representing that their animals are healthy through its preferred veterinarian’s health certifications, directing customers to its preferred veterinarians and PAWSitive, and those actors, in turn, acting to keep costs down and increase profits for Petland by misdirecting customers, misdiagnosing animals, and concealing the true state of Petland animals, services, and warranties. Each such act of racketeering activity had similar results impacting similar victims. Plaintiff and the Classes of Petland animal purchasers suffered economic harm in the form of inflated prices.

107. The multiple acts of racketeering activity amount to, and pose a threat of, continued racketeering activity, as the Enterprise's fraudulent scheme continues to this day. The multiple acts of racketeering activity therefore constitute a "pattern of racketeering activity," as defined in 18 U.S.C. § 1961(5) and O.C.G.A. § 16-14-3(8)(A).

FIRST CAUSE OF ACTION
VIOLATIONS OF 18 U.S.C § 1962(C)
FEDERAL RICO
AGAINST ALL DEFENDANTS
(On Behalf of the Classes)

108. Plaintiff incorporates by reference all preceding allegations as if fully set forth herein.

109. This claim for relief arises under 18 U.S.C. § 1964(a) of RICO, and seeks relief from Defendants' activities described herein for violations of 18 U.S.C. § 1962(c). Plaintiff further seeks relief from Defendants for conspiring to violate 18 U.S.C. § 1962(c), pursuant to subsection (d) thereof.

110. Defendants are all culpable persons within the meaning of 18 U.S.C. § 1961(3).

111. Collectively, Defendants operate and constitute an enterprise within the meaning of 18 U.S.C. § 1961(4), which affects interstate and foreign commerce.

112. Defendants own a substantial interest in the Enterprise, and were at all relevant times associated with the Enterprise and conspirators forming the enterprise.

113. As described above, Defendants directly or indirectly, and through the acts of their agents, employees, and servants, participated in and controlled the conduct and affairs of the Enterprise through a pattern of racketeering activity in violation of 18 U.S.C. § 1962(c).

114. As described above, pursuant to 18 U.S.C. § 1961(5), Defendants and/or their agents and employees have engaged in a pattern of racketeering activity by providing false and misleading information to Plaintiff and members of the Classes as an inducement to make them purchase Petland animals and their accompanying certifications, services, and warranties, engaging in two or more acts of racketeering activity, as such term is defined in 18 U.S.C. § 1961(1), such acts all having occurred within the last five (5) years, including:

- a. Defendants engaged in one or more acts of mail fraud in the course of its business through the purchase and sale of animals, their accompanying certifications, services, and warranties, as a predicate act for the purposes of 18 U.S.C. § 1962(c), 18 U.S.C. § 1961(1), and 18 U.S.C. § 1341.

- b. Defendants engaged in one or more acts of wire fraud through the purchase and sale of animals, their accompanying certifications, services, and warranties, as a predicate act for the purposes of 18 U.S.C. § 1962(c), 18 U.S.C. § 1961(1), and 18 U.S.C. § 1343.
- c. Defendants conspired to perpetrate the foregoing, in violation of 18 U.S.C. § 1962(d).
- d. Defendants engaged in such other violations of law constituting predicate acts hereunder as may come to light during the performance of discovery.

115. Defendants achieved the foregoing by engaging in the course of racketeering activity complained of above, and by using proceeds derived directly or indirectly therefrom to establish, operate, and control, and for the purposes of investing in, and deriving income from, their illicit enterprise, in violation of 18 U.S.C. § 1962(c).

116. In furtherance of their scheme to defraud, Defendants covered up certain evidence, including health records of animals and causes of death, and the general unreliability of the animal health certifications, to keep Plaintiff and other members of the Class from discovering Defendants' misrepresentations and to discourage Plaintiff and other members of the Class from pursuing their legal rights.

117. As demonstrated in detail herein, Defendants and their co-conspirators have engaged in numerous overt and predicate fraudulent racketeering actions in furtherance of the conspiracy, including systematic violations of federal and state law described herein, designed to defraud Plaintiff and the Class.

118. Defendants and their co-conspirators' pattern of illegal racketeering acts include, *inter alia*, misrepresentations regarding the health risks of their animals, the circumstances that made the animal certifications unreliable, and the relationship among the Defendants that rendered the services and warranties of little or no value.

119. Absent Defendants' conspiracy and joint efforts, Defendants' scheme would have been unsuccessful. Acting jointly, Defendants exercised greater power and influence in the marketplace and were able to successfully engage in the activities set forth herein, and to conceal such from their unwitting victims and law enforcement officials.

120. As a direct and proximate result of Defendants' overt and predicate acts in furtherance of violating 18 U.S.C. § 1962(c), and by conspiring to violate such provisions, pursuant to 18 U.S.C. § 1962(d), Plaintiff and the Class have been, and continue to be, injured as set forth herein.

121. In accordance with 18 U.S.C. § 1964, Plaintiff and the Class are entitled to recover three times the actual damages sustained, plus punitive damages from Defendants.

SECOND CAUSE OF ACTION
VIOLATIONS OF 18 U.S.C. § 1962(d)
FEDERAL RICO
AGAINST ALL DEFENDANTS
(On Behalf of the Class)

122. Plaintiff incorporates by reference all preceding allegations as if fully set forth herein.

123. As set forth in the above cause of action, Defendants agreed and conspired to violate 18 U.S.C. § 1962(c) by conducting and participating in the conduct of the affairs of the Enterprise through a pattern of racketeering activity.

124. Defendants have intentionally conspired and agreed to, directly and indirectly, conduct and participate in the conduct of the affairs of the Enterprise through a pattern of racketeering activity. Defendants knew that their predicate acts set forth above were part of a pattern of racketeering activity and agreed to the commission of those acts to further the scheme described herein. That conduct constitutes a conspiracy to violate 18 U.S.C. § 1962(c) in violation of 18 U.S.C. § 1962(d).

125. The nature of the above-described acts, material misrepresentations, and violations of federal and state law in furtherance of the conspiracy, give rise to the inference that Defendants not only agreed to the objective of the violations of 18 U.S.C. § 1962(d) by conspiring to violate 18 U.S.C. § 1962(c), but were also aware that their ongoing fraudulent and otherwise illegal acts have been and are a part of an overall pattern of racketeering activity.

126. Defendants, their employees, affiliates, and multiple agents have joined in the conspiracies to violate 18 U.S.C. § 1962(c) with various third-parties not named as Defendants herein.

127. As a direct and proximate result of Defendants' conspiracy, the overt acts taken in furtherance of that conspiracy, and violations of 18 U.S.C. § 1962(d), Plaintiff and members of the Class have been injured in their property in that they paid for unreliable certifications of their animals' health and for services and warranties of nominal or no value.

THIRD CAUSE OF ACTION
VIOLATIONS OF O.C.G.A. § 16-14-4 (A) - (C)
GEORGIA RICO
AGAINST ALL DEFENDANTS
(On Behalf of the Georgia Subclass)

128. Plaintiff incorporates by reference all preceding allegations as if fully set forth herein.

129. This claim for relief arises under O.C.G.A. § 16-14-6 of the Georgia RICO Act, and seeks relief from Defendants' activities described herein for violations of O.C.G.A. § 16-14-4(a),(b). Plaintiff further seek relief from Defendants' conspiring to violate O.C.G.A. § 16-14-4(a),(b), pursuant to subsection (c) thereof.

130. Defendants named herein operate and constitute an enterprise within the meaning of O.C.G.A. § 16-14-3, which affects interstate and foreign commerce and transacts business in the State of Georgia (whether or not they are registered to do so). Defendants own a substantial interest in the Enterprise and were, at all relevant times, associated with the Enterprise and conspirators forming the Enterprise. Defendants, directly or indirectly, and through the acts of their agents, employees, and servants, participated in and controlled the conduct and affairs of the Enterprise through a pattern of racketeering activity in violation of O.C.G.A. § 16-14-4(a)–(b).

131. Defendants conspired, furthermore, to undertake the foregoing, in violation of O.C.G.A. § 16-14-4(c).

132. Pursuant to O.C.G.A. § 16-14-3(8)(A), Defendants and/or their agents and employees have engaged in a pattern of racketeering activity by: providing false and misleading information to Plaintiff and members of the Georgia Subclass as an

inducement to purchase their animals; and offering sham certifications and warranties for care through PAWSitive and preferred veterinarians; and by engaging in two or more acts of racketeering activity, as such term is defined in O.C.G.A. § 16-14-3, such acts all having occurred within the last five (5) years, including:

- a. Defendants engaged in one or more acts of mail fraud as a predicate act for the purposes of O.C.G.A. § 16-14-4(a),(b) and O.C.G.A. § 16-14-3(9)(A)(ix),(xxix).
- b. Defendants engaged in one or more acts of wire fraud as a predicate act for the purposes of O.C.G.A. § 16-14-4(a),(b) and O.C.G.A. § 16-14-3(9)(A)(ix),(xxix).
- c. Defendants conspired to perpetrate the foregoing, in violation of O.C.G.A. § 16-14-4(c).
- d. Defendants engaged in such other violations of law constituting predicate acts hereunder as may come to light during the performance of discovery.

133. Defendants achieved the foregoing by engaging in the course of racketeering activity complained of above, and by using proceeds derived directly or indirectly therefrom to establish, operate, and control, and for the purposes of

investing in, and deriving income from, their illicit enterprise, in violation of O.C.G.A. § 16-14-4(a)–(c).

134. In furtherance of their scheme to defraud, Defendants covered up certain evidence, including health records of animals and causes of death, to keep Plaintiff and other members of the Georgia Subclass from discovering Defendants' misrepresentations and to discourage Plaintiff and others from pursuing their legal rights.

135. Defendants engaged in the above-described offenses in an organized and systematic fashion and willfully conspired or endeavored to violate O.C.G.A. § 16-14-4(a), (b), in direct contravention of O.C.G.A. § 16-14-4(c).

136. Defendants, their employees, affiliates, and multiple agents have joined in the conspiracies to violate the above enumerated provisions with various third-parties not named as Defendants herein.

137. As demonstrated in detail herein, Defendants and their co-conspirators have engaged in numerous overt and predicate fraudulent racketeering actions in furtherance of the conspiracy, including systematic violations of federal and state law described herein, designed to defraud Plaintiff and the Georgia Subclass.

138. Defendants and their co-conspirators' pattern of illegal racketeering acts include, *inter alia*, misrepresentations regarding the health risks of their animals

and illusory certifications and warranties for care through PAWSitive and Petland's preferred veterinarians.

139. The nature of the above-described acts, material misrepresentations, and violations of federal and state law in furtherance of the conspiracy give rise to the inference that Defendants not only agreed to the objective of the violations of O.C.G.A. § 16-14-4(c) by conspiring to violate O.C.G.A. § 16-14-4(a), (b), but were also aware that their ongoing fraudulent and otherwise illegal acts have been and are a part of an overall pattern of racketeering activity.

140. Absent Defendants' conspiracy and joint efforts, Defendants' scheme would have been unsuccessful. Acting jointly, Defendants exercised greater power and influence in the pet selling marketplace, and were able to successfully engage in the activities set forth herein and to conceal their fraud from their unwitting victims and law enforcement officials.

141. As a direct and proximate result of Defendants' overt and predicate acts in furtherance of violating O.C.G.A. § 16-14-4(a), (b), and by conspiring to violate such provisions, pursuant to O.C.G.A. § 16-14-4(c), Plaintiff and the Georgia Subclass have been and continue to be injured by Defendants.

142. In accordance with O.C.G.A. § 16-14-6, Plaintiff and the Georgia Subclass are entitled to recover three times the actual damages sustained, plus

punitive damages from Defendants, as well as attorneys' fees and costs and expenses of investigation and litigation reasonably incurred.

PRAYER FOR RELIEF

Wherefore, Plaintiff, on behalf of herself, all others similarly situated, and the general public, prays for a judgment:

- a. Certifying the Classes as requested herein, appointing Plaintiff as class representative for the Classes, and designating Plaintiff's counsel as Class Counsel;
- b. Providing compensatory or actual damages to Plaintiff and the Classes for any wrongful act or practice under each cause of action where such relief is permitted;
- c. Providing restitution and/or disgorgement of Defendants' profits from its unlawful conduct;
- d. Providing incidental and consequential damages;
- e. Enjoining Defendants from continuing the unlawful practices as set forth herein, including marketing or selling its animals while misrepresenting the animals' health risks and the nature and value of the accompanying certifications, services, and warranties, and directing Defendants to engage in corrective action such as disclosing the exact

nature of the certification process and the relationships between and among the Defendants, or by providing other such injunctive or equitable relief;

- f. Providing an award of treble damages pursuant to 18 U.S.C. § 1964(c);
- g. Providing an award of punitive damages;
- h. Awarding attorneys' fees and costs;
- i. Awarding pre-judgment and post-judgment interest at the legal rate; and
- j. Providing such further relief as may be just and proper.

DEMAND FOR JURY TRIAL

Plaintiff hereby demands a trial by jury on all issues so triable.

Dated: July 26, 2017

/s/ Michael I. Fistel, Jr.

Michael I. Fistel, Jr.

Georgia Bar Number: 262062

William W. Stone

Georgia Bar Number: 273907

David Weisz

Georgia Bar Number: 134527

JOHNSON & WEAVER, LLP

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Jessica J. Sleater
(Application for *Pro Hac Vice* to be Filed)
ANDERSEN SLEATER SIANNI LLC
1250 Broadway
27th Floor
New York, NY 10001
Tel: 646-599-9848

Kelsey Rinehart Eberly
(Application for *Pro Hac Vice* to be Filed)
ANIMAL LEGAL DEFENSE FUND
525 E. Cotati Avenue
Cotati, California 94931
Telephone: (707) 795-2533
Facsimile: (707) 795-7280

Anthony T. Eliseuson
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ANIMAL LEGAL DEFENSE FUND
1755 W. Roscoe St., Unit 3
Chicago, Illinois 60657
Telephone: (707) 795-2533
Facsimile: (707) 795-7280

Attorneys for Plaintiff

CIVIL COVER SHEET

The JS44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form is required for the use of the Clerk of Court for the purpose of initiating the civil docket record. (SEE INSTRUCTIONS ATTACHED)

I. (a) PLAINTIFF(S)

ROSALBA CISNEROS, On behalf of herself and all others
similarly situated,

DEFENDANT(S)

PETLAND, INC., BKG PETS, INC., PETS BKG LLC,
PAWSITIVE SOLUTIONS, INC.

(b) COUNTY OF RESIDENCE OF FIRST LISTED

PLAINTIFF Cherokee County
(EXCEPT IN U.S. PLAINTIFF CASES)

COUNTY OF RESIDENCE OF FIRST LISTED

DEFENDANT _____
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED

(c) ATTORNEYS (FIRM NAME, ADDRESS, TELEPHONE NUMBER, AND E-MAIL ADDRESS)

Michael I. Fistel, Jr., William W. Stone, David Weisz
JOHNSON & WEAVER, LLP
40 Powder Springs Street,
Marietta, GA 30064
770-200-3104

ATTORNEYS (IF KNOWN)**II. BASIS OF JURISDICTION**

(PLACE AN "X" IN ONE BOX ONLY)

- ☐ 1 U.S. GOVERNMENT PLAINTIFF
- ☒ 3 FEDERAL QUESTION (U.S. GOVERNMENT NOT A PARTY)
- ☐ 2 U.S. GOVERNMENT DEFENDANT
- ☐ 4 DIVERSITY (INDICATE CITIZENSHIP OF PARTIES IN ITEM III)

III. CITIZENSHIP OF PRINCIPAL PARTIES

(PLACE AN "X" IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT)
(FOR DIVERSITY CASES ONLY)

- | PLF | DEF | | PLF | DEF | |
|----------------------------|----------------------------|---|----------------------------|----------------------------|---|
| <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | CITIZEN OF THIS STATE | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 | INCORPORATED OR PRINCIPAL PLACE OF BUSINESS IN THIS STATE |
| <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | CITIZEN OF ANOTHER STATE | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 | INCORPORATED AND PRINCIPAL PLACE OF BUSINESS IN ANOTHER STATE |
| <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | CITIZEN OR SUBJECT OF A FOREIGN COUNTRY | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 | FOREIGN NATION |

IV. ORIGIN (PLACE AN "X" IN ONE BOX ONLY)

- ☒ 1 ORIGINAL PROCEEDING
- ☐ 2 REMOVED FROM STATE COURT
- ☐ 3 REMANDED FROM APPELLATE COURT
- ☐ 4 REINSTATED OR REOPENED
- ☐ 5 TRANSFERRED FROM ANOTHER DISTRICT (Specify District)
- ☐ 6 MULTIDISTRICT LITIGATION - TRANSFER
- ☐ 7 APPEAL TO DISTRICT JUDGE FROM MAGISTRATE JUDGE JUDGMENT
- ☐ 8 MULTIDISTRICT LITIGATION - DIRECT FILE

V. CAUSE OF ACTION

(CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE A BRIEF STATEMENT OF CAUSE - DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY)

18 U.S.C § 1962(C), 18 U.S.C. § 1962(D); violations of Georgia RICO O.C.G.A. § 16-14-4 (A) - (C)

(IF COMPLEX, CHECK REASON BELOW)

- | | |
|---|---|
| <input type="checkbox"/> 1. Unusually large number of parties. | <input type="checkbox"/> 6. Problems locating or preserving evidence |
| <input type="checkbox"/> 2. Unusually large number of claims or defenses. | <input type="checkbox"/> 7. Pending parallel investigations or actions by government. |
| <input checked="" type="checkbox"/> 3. Factual issues are exceptionally complex | <input type="checkbox"/> 8. Multiple use of experts. |
| <input checked="" type="checkbox"/> 4. Greater than normal volume of evidence. | <input type="checkbox"/> 9. Need for discovery outside United States boundaries. |
| <input checked="" type="checkbox"/> 5. Extended discovery period is needed. | <input type="checkbox"/> 10. Existence of highly technical issues and proof. |

CONTINUED ON REVERSE

FOR OFFICE USE ONLY

RECEIPT # _____	AMOUNT \$ _____	APPLYING IFP _____	MAG. JUDGE (IFP) _____
JUDGE _____	MAG. JUDGE _____ (Referral)	NATURE OF SUIT _____	CAUSE OF ACTION _____

VI. NATURE OF SUIT (PLACE AN "X" IN ONE BOX ONLY)CONTRACT - "0" MONTHS DISCOVERY TRACK

- ☐ 150 RECOVERY OF OVERPAYMENT & ENFORCEMENT OF JUDGMENT
- ☐ 152 RECOVERY OF DEFAULTED STUDENT LOANS (Excl. Veterans)
- ☐ 153 RECOVERY OF OVERPAYMENT OF VETERAN'S BENEFITS

CONTRACT - "4" MONTHS DISCOVERY TRACK

- ☐ 110 INSURANCE
- ☐ 120 MARINE
- ☐ 130 MILLER ACT
- ☐ 140 NEGOTIABLE INSTRUMENT
- ☐ 151 MEDICARE ACT
- ☐ 160 STOCKHOLDERS' SUITS
- ☐ 190 OTHER CONTRACT
- ☐ 195 CONTRACT PRODUCT LIABILITY
- ☐ 196 FRANCHISE

REAL PROPERTY - "4" MONTHS DISCOVERY TRACK

- ☐ 210 LAND CONDEMNATION
- ☐ 220 FORECLOSURE
- ☐ 230 RENT LEASE & EJECTMENT
- ☐ 240 TORTS TO LAND
- ☐ 245 TORT PRODUCT LIABILITY
- ☐ 290 ALL OTHER REAL PROPERTY

TORTS - PERSONAL INJURY - "4" MONTHS DISCOVERY TRACK

- ☐ 310 AIRPLANE
- ☐ 315 AIRPLANE PRODUCT LIABILITY
- ☐ 320 ASSAULT, LIBEL & SLANDER
- ☐ 330 FEDERAL EMPLOYERS' LIABILITY
- ☐ 340 MARINE
- ☐ 345 MARINE PRODUCT LIABILITY
- ☐ 350 MOTOR VEHICLE
- ☐ 355 MOTOR VEHICLE PRODUCT LIABILITY
- ☐ 360 OTHER PERSONAL INJURY
- ☐ 362 PERSONAL INJURY - MEDICAL MALPRACTICE
- ☐ 365 PERSONAL INJURY - PRODUCT LIABILITY
- ☐ 367 PERSONAL INJURY - HEALTH CARE/ PHARMACEUTICAL PRODUCT LIABILITY
- ☐ 368 ASBESTOS PERSONAL INJURY PRODUCT LIABILITY

TORTS - PERSONAL PROPERTY - "4" MONTHS DISCOVERY TRACK

- ☐ 370 OTHER FRAUD
- ☐ 371 TRUTH IN LENDING
- ☐ 380 OTHER PERSONAL PROPERTY DAMAGE
- ☐ 385 PROPERTY DAMAGE PRODUCT LIABILITY

BANKRUPTCY - "0" MONTHS DISCOVERY TRACK

- ☐ 422 APPEAL 28 USC 158
- ☐ 423 WITHDRAWAL 28 USC 157

CIVIL RIGHTS - "4" MONTHS DISCOVERY TRACK

- ☐ 440 OTHER CIVIL RIGHTS
- ☐ 441 VOTING
- ☐ 442 EMPLOYMENT
- ☐ 443 HOUSING/ ACCOMMODATIONS
- ☐ 445 AMERICANS with DISABILITIES - Employment
- ☐ 446 AMERICANS with DISABILITIES - Other
- ☐ 448 EDUCATION

IMMIGRATION - "0" MONTHS DISCOVERY TRACK

- ☐ 462 NATURALIZATION APPLICATION
- ☐ 465 OTHER IMMIGRATION ACTIONS

PRISONER PETITIONS - "0" MONTHS DISCOVERY TRACK

- ☐ 463 HABEAS CORPUS- Alien Detainee
- ☐ 510 MOTIONS TO VACATE SENTENCE
- ☐ 530 HABEAS CORPUS
- ☐ 535 HABEAS CORPUS DEATH PENALTY
- ☐ 540 MANDAMUS & OTHER
- ☐ 550 CIVIL RIGHTS - Filed Pro se
- ☐ 555 PRISON CONDITION(S) - Filed Pro se
- ☐ 560 CIVIL DETAINEE: CONDITIONS OF CONFINEMENT

PRISONER PETITIONS - "4" MONTHS DISCOVERY TRACK

- ☐ 550 CIVIL RIGHTS - Filed by Counsel
- ☐ 555 PRISON CONDITION(S) - Filed by Counsel

FORFEITURE/PENALTY - "4" MONTHS DISCOVERY TRACK

- ☐ 625 DRUG RELATED SEIZURE OF PROPERTY 21 USC 881
- ☐ 690 OTHER

LABOR - "4" MONTHS DISCOVERY TRACK

- ☐ 710 FAIR LABOR STANDARDS ACT
- ☐ 720 LABOR/MGMT. RELATIONS
- ☐ 740 RAILWAY LABOR ACT
- ☐ 751 FAMILY and MEDICAL LEAVE ACT
- ☐ 790 OTHER LABOR LITIGATION
- ☐ 791 EML. RET. INC. SECURITY ACT

PROPERTY RIGHTS - "4" MONTHS DISCOVERY TRACK

- ☐ 820 COPYRIGHTS
- ☐ 840 TRADEMARK

PROPERTY RIGHTS - "8" MONTHS DISCOVERY TRACK

- ☐ 830 PATENT

SOCIAL SECURITY - "0" MONTHS DISCOVERY TRACK

- ☐ 861 HIA (1395ff)
- ☐ 862 BLACK LUNG (923)
- ☐ 863 DIWC (405(g))
- ☐ 863 DIWW (405(g))
- ☐ 864 SSID TITLE XVI
- ☐ 865 RSI (405(g))

FEDERAL TAX SUITS - "4" MONTHS DISCOVERY TRACK

- ☐ 870 TAXES (U.S. Plaintiff or Defendant)
- ☐ 871 IRS - THIRD PARTY 26 USC 7609

OTHER STATUTES - "4" MONTHS DISCOVERY TRACK

- ☐ 375 FALSE CLAIMS ACT
- ☐ 376 Qui Tam 31 USC 3729(a)
- ☐ 400 STATE REAPPORTIONMENT
- ☐ 430 BANKS AND BANKING
- ☐ 450 COMMERCE/ICC RATES/ETC.
- ☐ 460 DEPORTATION
- ☒ 470 RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS
- ☐ 480 CONSUMER CREDIT
- ☐ 490 CABLE/SATELLITE TV
- ☐ 890 OTHER STATUTORY ACTIONS
- ☐ 891 AGRICULTURAL ACTS
- ☐ 893 ENVIRONMENTAL MATTERS
- ☐ 895 FREEDOM OF INFORMATION ACT
- ☐ 899 ADMINISTRATIVE PROCEDURES ACT / REVIEW OR APPEAL OF AGENCY DECISION
- ☐ 950 CONSTITUTIONALITY OF STATE STATUTES

OTHER STATUTES - "8" MONTHS DISCOVERY TRACK

- ☐ 410 ANTITRUST
- ☐ 850 SECURITIES / COMMODITIES / EXCHANGE

OTHER STATUTES - "0" MONTHS DISCOVERY TRACK

- ☐ 896 ARBITRATION
(Confirm / Vacate / Order / Modify)

*** PLEASE NOTE DISCOVERY TRACK FOR EACH CASE TYPE. SEE LOCAL RULE 26.3**

VII. REQUESTED IN COMPLAINT:

☒ CHECK IF CLASS ACTION UNDER F.R.Civ.P. 23 DEMAND \$ _____

JURY DEMAND ☒ YES ☐ NO (CHECK YES ONLY IF DEMANDED IN COMPLAINT)

VIII. RELATED/REFILED CASE(S) IF ANY

JUDGE _____ DOCKET NO. _____

CIVIL CASES ARE DEEMED RELATED IF THE PENDING CASE INVOLVES: (CHECK APPROPRIATE BOX)

- ☐ 1. PROPERTY INCLUDED IN AN EARLIER NUMBERED PENDING SUIT.
- ☐ 2. SAME ISSUE OF FACT OR ARISES OUT OF THE SAME EVENT OR TRANSACTION INCLUDED IN AN EARLIER NUMBERED PENDING SUIT.
- ☐ 3. VALIDITY OR INFRINGEMENT OF THE SAME PATENT, COPYRIGHT OR TRADEMARK INCLUDED IN AN EARLIER NUMBERED PENDING SUIT.
- ☐ 4. APPEALS ARISING OUT OF THE SAME BANKRUPTCY CASE AND ANY CASE RELATED THERETO WHICH HAVE BEEN DECIDED BY THE SAME BANKRUPTCY JUDGE.
- ☐ 5. REPETITIVE CASES FILED BY PRO SE LITIGANTS.
- ☐ 6. COMPANION OR RELATED CASE TO CASE(S) BEING SIMULTANEOUSLY FILED (INCLUDE ABBREVIATED STYLE OF OTHER CASE(S)):

- ☐ 7. EITHER SAME OR ALL OF THE PARTIES AND ISSUES IN THIS CASE WERE PREVIOUSLY INVOLVED IN CASE NO. _____, WHICH WAS DISMISSED. This case ☐ IS ☐ IS NOT (check one box) SUBSTANTIALLY THE SAME CASE.

SIGNATURE OF ATTORNEY OF RECORD

DATE

EXHIBIT A

Pet ID: 17753 Breed: Shih Tzu Gender: Male Microchip: 900032002249123

Coloring: Sable & White Birthdate: 10/10/2015

Pet Counselor: Caitlin \$2,400.00

Purchaser: rosalba cisneros acworth GA 30101

Phone: 404-596-2042 Email: angellazambrano@gmail.com

LIMITED PUPPY PURCHASE CONTRACT:

Each puppy has been vet checked at least twice before being sold. If you take the puppy to a vet of your choice and the puppy is deemed unfit for sale, then we will stand behind the puppy 100%. We refund the puppy, solve the problem, or let you pick out another puppy. You are also given a voucher for a free vet visit for stress related instances through our vets Dr. Waller of My Pet's Vet. You are also given a voucher for a free vet visit for stress related instances through our vets Dr. Waller of My Pet's Vet. You must notify Petland of any major problems immediately by calling Pawsitive Solutions at (678) 324-9044. If the puppy is given a clean bill of health; the puppy then becomes the buyer's responsibility for all future vaccinations and routine maintenance of that puppy. Ear mites, worms and coccidia are not serious health problems if treated and are not covered by this contract and are not grounds for returning the puppy. Luxating Patellas (loose knees) are only warranted to the first vet visit. Hypoglycemia (low blood sugar) is considered a serious health problem, but is excluded from this contract as this is generally caused by too much activity and/or too little food and is within your control as the puppy's owner. The seller has taken every step possible to sell a quality pet, but sometimes when a puppy goes home, it can develop an upper respiratory infection, more commonly known as kennel cough. If this takes place, Petland will supply the buyer with full coverage only at My Pet's Vet. We understand that you may have a personal relationship with a different veterinarian and because of this will provide for up to 25% reimbursement of the noncontracted veterinarian costs. If a major health problem is reported, there needs to be a signed letter from the attending veterinarian stating the health problem and Petland reserves the right to have the puppy checked by our veterinarian. If our veterinarian confirms the health problem and once the original puppy is returned with all pertaining documents and registration papers, the buyer is then entitled to a replacement puppy or a refund only. No other options will be entertained on this matter.

X: rosalba cisneros /e-signature/ 12/10/2015 11:44 AM**LIMITED 10 DAY CONTRACT:**

This Petland retailer also warrants your: Petland puppy to be free of parvovirus, distemper, hepatitis, corona virus, and canine influenza for a full ten (10) days from the date of purchase. Petland kitten to be free from rhinotracheitis, panleukopenia, feline leukemia, feline calicivirus, feline infectious peritonitis (FIP), and ringworm for a full ten (10) days from the date of purchase. Should your veterinarian detect any of the above mentioned diseases within ten (10) days you should call the Petland retailer immediately. Petland will either treat your pet free of charge at My Pet's Vet, reimburse up to 25% of your veterinarian's costs, or give you a replacement pet of equal value. Please note that this Petland will not exceed the purchase price of this puppy when reimbursing 25% of noncontracted veterinarian costs.

X: rosalba cisneros /e-signature/ 12/10/2015 11:44 AM**LIMITED ONE YEAR CONTRACT:**

This Petland retailer warrants your Petland puppy or kitten for one (1) year from the date of purchase against hereditary and congenital disorders that may interfere with your pet's ability to lead a normal life. If the hereditary issue is minor and can be fixed with a simple surgery or medication, Petland will pay to have the surgery done at My Pet's Vet or reimburse up to 25% of the customer's personal veterinarian only, but Petland reserves all rights to decide if the issues is, in fact, minor. If the hereditary issue is not deemed minor and the Petland retailer receives a letter from a licensed veterinarian stating the health problem or a necropsy from the University of Georgia confirming the health problem the Petland retailer will issue a full store credit of the original price of the puppy or kitten towards the purchase of another puppy or kitten. Petland will only replace the pet. Any treatment given to the pet is the owner's decision and therefore the owner's responsibility. If the owner decides they don't want a replacement puppy, they can have a refund equal to 50% of the sale price of the puppy if the hereditary issue is not deemed minor and cannot be fixed at My Pet's Vet. No other options will be entertained on this matter.

X:

rosalba cisneros /e-signature/ 12/10/2015 11:44 AM**ALL SALES ARE FINAL/ ALL PUPPIES ARE SOLD AS PET QUALITY:**

Papers (if registered), if not delivered at the time of purchase, you will be called as soon as possible, usually within six (6) to eight (8) weeks. Once the papers arrive you will need to come in and sign for them to complete the original contract. Under no circumstances may you return the puppy or demand any monetary compensation for papers taking longer than the aforementioned time frame. But should it take longer, Petland will try and keep you informed on the arrival of your puppy's registration papers. This Petland retailer warrants this pet to the original purchaser only: this contract is null and void if the puppy is sold, traded or no longer in possession of the original purchaser. There is no contract expressed for training or behavior problems or for allergies either for the puppy or for the people to the puppy and are not grounds for returning the puppy. Please note that Petland is not responsible for, nor will provide reimbursements for the physical characteristics or DNA results of Hybrid puppies as they can not be guaranteed. Petland also does not contract that you will be able to use your pet for showing or breeding purposes, all puppies or kittens are sold as pet quality only. If you are eligible for credit towards another puppy, you must return any registration documents that have been delivered to you; otherwise the contract and the store credit will be null and void.

X: rosalba cisneros /e-signature/ 12/10/2015 11:44 AM

There is no return policy for Petland, as all sales are final. However, we do understand that sometimes a puppy will just not work out in a new home. The buyer has 48 hours in order to decide to return the puppy. In this case, if the buyer must bring the puppy back to Petland, the buyer will receive a full store credit towards the purchase of another puppy or kitten, it cannot be used towards any other goods or services at Petland. If the buyer is not interested in another puppy at that time, the store credit will remain in effect until a time of the buyer's choosing or the customer may elect to receive a refund of the purchase price of the puppy minus a 25% rehoming fee that cannot be financed. Unreturnable items will not be refunded. The store credit will be for the sale price of the puppy only, should it be applied to a puppy of lesser value, no refunds will be given for the difference nor can it be applied to any other goods or services. If the store credit is applied to a puppy of higher value, the buyer is responsible for the difference in prices. The store credit will then be filed and copies made for both the buyer and Petland. No other options will be entertained on this matter. If the buyer returns the puppy after the 48 hour time frame, Petland will find the puppy a new home, but no money nor will any store credit be awarded to the buyer.

X: rosalba cisneros /e-signature/ 12/10/2015 11:44 AMCustomer Signature: rosalba cisneros /e-signature/ 12/10/2015 11:44 AM

Date :

12/10/2015

EXHIBIT B



Franchise Agreement

between

Petland, Inc.

and

Lamar Parker

November 5th, 2014

Sarasota, FL



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EXHIBIT K	RECEIPT FOR FRANCHISE AGREEMENT

Petland, Inc.

Franchise Agreement

This Franchise Agreement is entered into this 16th day of DECEMBER, 2014 (the "Effective Date"), by and between Petland, Inc., an Ohio corporation with its principal place of business located at 250 Riverside Street, Chillicothe, Ohio 45601-5606 Franchisor, and Lamar Parker an individual, with its principal place of business located at 5380 Fruitville Road, Sarasota, FL 34232.

PREAMBLE

(a) Our Mission. For more than 40 years, we have aspired to be the retail pet industry leader. Our branded stores offer tropical and marine fish, pet birds, small animals, reptiles, puppies, kittens (collectively "pets" or "animals"), and the best foods and accessories on the market to care for them. We make the health and well-being of our pets our highest priority. We match the right pet with the right person and meet the needs of both. For our customers who already have pets, we are dedicated to enhancing their knowledge and enjoyment of the human animal bond. We promote animal care with ongoing staff training programs, in-store animal care systems and community service programs.

(b) Our System. In furtherance of our mission, we have developed a unique system for establishing, operating, and promoting a retail pet business specializing in the sale of pets and the merchandising of pet supplies, pet services, and pet related items. The distinguishing characteristics of Our System (as defined below) presently include, without limitation: operating methods, procedures, and techniques for the care and sale of pets; distinctive store design, layout, décor and color scheme; specially designed signage, kennels, and aquatic fixtures; operating methods, procedures, and techniques for retail store operation including without limitation, inventory and cost controls; record keeping and reporting; personnel management and training; marketing, merchandising, advertising, sales, and promotional techniques; our Confidential Operating System and other Confidential Information (as defined below) that we provide to our franchisees.

(c) Our Licensed Marks. We own certain valuable trade names, trademarks, and service marks, including but not limited to, PETLAND and SAFARI STAN'S PET CENTER. These Licensed Marks (as defined below) have appreciated over the years and there is significant goodwill associated with them.

(d) Our Franchisees. In furtherance of our mission, we grant to our franchisees the right to use Our System and Licensed Marks in the operation of retail pet stores at designated locations. You recognize and acknowledge the benefits of becoming our franchisee, and thereby being identified and associated with us and being able to use Our System and the Licensed Marks. You endorse our mission, and you desire to be our franchisee.

AGREEMENT

1. GRANT OF FRANCHISE

(a) We grant to you, and you hereby accept, the non-exclusive limited right to operate a retail pet store using Our System and Licensed Marks at the Franchised Location (as defined below), under one of the following trade names and marks (or such other trade name and marks as we may subsequently designate):

(check and initial one as appropriate)

 X the Petland trade name and marks (hereinafter "Petland")

 the Safari Stan's Pet Center trade name and marks (hereinafter "Safari Stan")

(b) As used herein, "you" shall be deemed to include not only Lamar Parker, but shall also include all partners of the entity that may execute (or receive an assignment of) this Agreement (if the entity is a partnership); all shareholders, directors, and officers of the entity that executes this Agreement (if the entity is a corporation); and all members and managers of the entity that executes this Agreement (if the entity is a limited liability company) as set forth on Exhibit A. By their signatures, all partners, shareholders, directors, officers, members, and managers of the entity that signs this Agreement acknowledge and accept the duties and obligations imposed upon each of them, individually, by the terms of this Agreement and Exhibit A.

(c) You shall use Our System and the Licensed Marks as they may be improved, changed, or further developed from time to time strictly according to this Agreement and our standards. You shall devote full time and to use your best efforts to operate the Franchise, and to recommend, promote, and encourage patronage of all of retail stores in Our System.

(d) Franchisee's Acknowledgement.

AQUARIUM ADVENTURE. We have developed a store concept featuring the sale of fish, aquatic animals, aquariums, and aquatic, aquarium, and fish supplies under the "AQUARIUM ADVENTURE" trademark. We agree that while this Agreement is in full force and effect and you are not in default under any of its terms, we shall not operate or grant a franchise to any other party to operate an Aquarium Adventure® store within the Territory (as defined below) without first obtaining your consent or participation.

2. TERRITORY/FRANCHISED LOCATION

You are entitled to an exclusive designated territory with a population of not less than 25,000 people as shown on Exhibit B. Following the procedures set out in this Agreement, your specific site shall be selected and once selected shall be designated as your Franchised Location and set forth on Exhibit B. You agree to use the Franchised Location solely for the operation of the Franchise as provided herein, and to refrain from using, or permitting the use of the Franchised Location for any other purpose or activity at any time. After the Effective Date and so long as you are not in default, we will not reduce your territory and we shall not operate or grant a franchise to any other party to operate a retail pet store within your Territory. We specifically retain the right to sell products and services through other channels of distribution, including the Internet, social

networking websites, catalogs, telemarketing and other direct marketing sales within and outside of your Territory.

3. PAYMENTS TO FRANCHISOR

(a) Initial Franchise Fee – New Store. The initial franchise fee is Thirty Thousand Dollars (\$30,000.00) which is to be paid upon execution of this Agreement (“Initial Franchise Fee”). If you previously entered into an Area Development Agreement then the Initial Franchise Fee required herein shall be governed by the terms of the Area Development Agreement but shall be paid in full upon execution of this Agreement. For thirty (30) days after our receipt of your payment of the Initial Franchise Fee, you shall have a one-time limited right to terminate this Agreement. If you exercise this option, however, all monies paid to us are non-refundable, and any other debts incurred to or by us in connection with the store development process must be paid as a condition of exercising this option.

(b) Franchise Fees Non-Refundable. Our efforts in developing Our System, our grant of this Franchise, and our execution of this Agreement constitute the sole consideration for the franchise fees and such fees shall be fully earned by us upon execution and delivery of this Agreement and are non-refundable.

(c) Royalty Fee. You shall pay to us a weekly royalty equal four and one-half percent (4½ %) of Gross Revenues from the Franchise (“Royalty Fee”). The term “Gross Revenues” is defined below.

(d) Fees Related to Build-out and Opening. To prepare for the build-out and opening of your store location, you must pay us some or all of the following additional fees: store merchandising and setup assistance, fixture coordination and construction services fee, construction plans and specifications fee (optional upon your request) and an on-site training team and grand opening assistance fee. The amount of these fees and your obligation to pay these fees will be set forth on the Purchase Agreement which is attached as Exhibit F to the Franchise Disclosure Document. *

(e) Delinquent Report Fee. If you are late in submitting any Required Report (as defined below), you shall pay a “Delinquent Report Fee” to us of Twenty Five Dollars (\$25.00) per day for each day that such report is past due. The fee shall be separately imposed for each Required Report that you fail to submit by the due date of such report.

(f) Late Fees and Interest. If we do not receive any payments due from you by the applicable due dates, we will charge you a late fee of ten percent (10%) of the then outstanding balance on each past due amount. All payments due from you, including but not limited to franchise fees, royalty fees, advertising fees, late fees, purchases, and other amounts that are not timely received by us, shall bear interest at the rate of eighteen percent (18%) per annum or any lesser rate required by law, from the date payment is first due to the date payment is received by us. You acknowledge that this does not obligate us to accept any payments after the due date or require us to extend you credit.

(g) Other Fees. All merchandise, goods, fixtures, equipment, services, or other purchases by you from us shall be paid according to credit terms established by us at the time of purchase. We reserve the right to modify credit terms from time to time.

(h) Application of Payments. In the event you fail to make any payment when due, we have the right to apply payment(s) made by you to any past due or current account as we, in our sole discretion, deem appropriate.

(i) Bank Draft Plan. You shall make payments of the Royalty Fee, and all other amounts due to us through a bank draft plan on a bank account you are required to establish and maintain for the purpose of making payments to us according to the terms of the Confidential Operations Manual or as we otherwise direct. You shall execute such documents as may be required from time to time by us to permit us to withdraw from your general operating account the amounts due to us. A form similar to Exhibit H may be required by your financial institution authorizing the bank draft.

- (i) In the event you fail to timely submit any Required Reports (as defined below), we will withdraw an estimated amount for the Royalty Fee based on the average sales for the last two (2) reported months or any other reasonable estimate we determine.
- (ii) You may not make any change in your banking relationships, including any change in the account number of your general operating account, or any change in banks, without our prior written approval.

4. TERM AND RENEWAL

(a) Initial Term. The initial term shall be twenty (20) years from the date the Franchise initially opens for business; subject to the default and termination provisions ("Initial Term"). The term of this Agreement is not related to or affected by the term of any lease, sublease, purchase, or other agreement related to the real property upon which the Franchise is located.

(b) Renewal Term You may renew this Franchise for one additional term of twenty (20) years so long as you comply with each of the following conditions:

- (i) You have given us written notice of your election to renew between six months and one year prior to the end of the Initial Term;
- (ii) You are not in default under any provision or amendment of this Agreement, or any other agreement between us, and have been in full compliance with all material terms and conditions of such agreements during their terms;
- (iii) You have access to the Franchised Location, or a suitable substitute location, which is in compliance with our then-current specifications and standards;
- (iv) We determine that you have the financial capacity to operate the Franchise and to occupy the premises of the Franchise throughout the renewal term;
- (v) You execute our then current form of franchise agreement, which agreement shall supersede in all respects this Agreement, and the terms of which may differ from the terms of this Agreement;
- (vi) You execute a general release, in a form prescribed by us, of any and all claims or potential claims against us and our subsidiaries and affiliates, and any respective

officers, directors, agents, and employees in their corporate and individual capacities through the date of renewal;

(vii) You comply with our then-current qualifications and training requirements, including, without limitation, training requirements specifically designed for renewing franchisees; and

(viii) If required by us, you remodel the Franchise to conform to the then-current standards as outlined by us in writing.

5. LICENSED MARKS

(a) Ownership. You expressly acknowledge our rights in and to the Licensed Marks and agree not to represent in any manner that you have acquired any ownership rights in the Licensed Marks. You further acknowledge and agree that any and all goodwill associated with Our System and identified by the Licensed Marks (including all future distinguishing characteristics, improvements and additions to or associated with Our System) is our property and shall inure directly and exclusively to our benefit. Upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Licensed Marks or Our System.

(b) Limited Use and Infringement of the Licensed Marks. You agree to display and use only the Licensed Marks and Our System as required in the Franchise. You agree not to use any other marks except with our prior written consent. You understand and agree that any use of the Licensed Marks or Our System other than as expressly authorized by this Agreement without our prior written consent may constitute an infringement of our rights. You must sign an "Assignment of Telephone Numbers, Facsimile Numbers, Email Addresses, and URLs" in the form attached hereto as Exhibit I. You further agree that your right to use the Licensed Marks and Our System does not extend beyond the termination or expiration of this Agreement. You expressly covenant that, during the term of this Agreement and thereafter, you shall not, directly or indirectly, infringe our rights, or contest or aid others in contesting, anywhere in the world, the validity of our right to use the Licensed Marks or Our System, or take any other action against our interests anywhere in the world.

(c) Third Parties. You shall promptly notify us in writing of any possible infringement of the Licensed Marks or Our System or any use by others of a trademark, service mark, or other property that may be similar to the Licensed Marks that comes to your attention. We have the sole right to determine whether to take any action in response to any possible infringement or other illegal use, and that we shall control any such action taken. You agree to fully cooperate with us and our affiliates in any enforcement action.

(d) Different Licensed Marks. We reserve the right to designate one or more new, modified, or replacement Licensed Marks for use by franchisees and to require you to use any such new, modified, or replacement Licensed Marks in addition to or in lieu of any previously designated Licensed Marks. Any expenses or costs associated with such new, modified, or replacement Licensed Marks shall be your sole responsibility.

6. BUSINESS CONSULTING

Prior to your opening the Franchise, we will provide you with the following business counseling and advisory services on the same basis as we make available to other similarly situated franchise owners: assistance in planning and developing your business; assistance with developing your business plan, budget, and loan request; provided however, that we make no representation, warranty, or guarantee relating to the projections or objectives set forth in any such business plans, development budgets, or loan requests; and you agree to exercise due diligence and independent judgment prior to relying upon any such business plans, development budgets, or loan requests.

7. STORE DEVELOPMENT PROCESS

(a) Support. We provide extensive assistance with the selection, construction, and opening of franchises as described below.

(b) Site.

(i) At no cost to you, we provide assistance with the following:

- a. Selecting a site for your Franchise, which shall comply with such site criteria as we may prescribe from time to time; and
- b. Market evaluation, site evaluation, preliminary floor plans and layouts for the Franchise Location (not architectural plans).

(ii) At your cost, we will provide all preliminary plans, final plans, and specifications (including all changes and modifications). Material modifications may not be made to such plans without our prior written consent.

(c) Construction by Us. So long as we are constructing the store (which is at your expense), we will arrange for all permits and certifications as may be required for the lawful construction of the Franchise, together with copies of any building inspection reports and certifications from all governmental authorities having jurisdiction over the Franchised Location and the Franchise.

(d) Construction by You.

(i) You are entitled to take full responsibility for construction of your store. In that event, you will comply with our Store Development Process which contains specifications for the design and layout of the Franchise including required computers, fixtures, equipment, furnishings, décor, and signs. You shall be solely responsible for strictly complying with our standards for design and construction, compliance, certification, and scheduling grand opening activities. You will be liable for any fees, costs, and expenses we incur due to delays or your failure to comply with our standards (for instance, fees, costs and expenses for travel and time for trainers if the grand opening is delayed).

(ii) You shall complete or arrange for the completion of the construction of the Franchise in accordance with the approved site and building plans and open the Franchise to the public not later than the first of the following events: (a) the date

on which your lease requires you to commence business; or (b) eighteen (18) months after the Effective Date. You shall secure to us and our agents the right to inspect the construction at any reasonable time. You shall correct, upon our request and at your expense, any deviation from the approved site layout and plan, and shall furnish to us a copy of the certificate of completion from your architect that the Franchise was built in accordance with the approved final plans and specifications, and in compliance with the Americans With Disabilities Act. You shall provide us with certification that all required utility, sign, health, sanitation, business and other permits and licenses have been obtained from any applicable governmental authority, including any certificate of occupancy and approvals necessary to operate the Franchise. You will provide us with copies of all required insurance policies or such other evidence of insurance coverage and payment of premiums as we may request. You will obtain our approval of the completed construction prior to opening all or any part of the Franchise.

(e) Franchised Location.

- (i) Purchase Agreement or Lease. You may own, purchase, or lease real property from third parties for the establishment of the Franchise. We assist with lease negotiations. You shall submit to us for approval a copy of the proposed purchase or lease agreement thirty (30) days prior to the proposed execution of the purchase agreement or lease. You shall not execute any such lease prior to obtaining our approval; provided, however, that our failure to provide you with written approval or disapproval of the proposed lease within thirty (30) days after we receive it shall constitute our approval. Even if you own the real estate, you must still enter into a lease for the premises and give us a collateral assignment.
- (ii) Specific Provisions. Any purchase or lease agreement must provide that we will be furnished copies of all sales information submitted by you to the owner or lessor. Any lease shall provide:
 - a. That we may enter the Franchise to make any modification necessary to protect the health and safety of the pets or to protect the Licensed Marks;
 - b. A "Collateral Assignment of Lease" in the form substantially the same as that attached hereto as Exhibit D, executed by you and the lessor of the Franchised Location, providing us notice of your default of the lease, a right to cure such default and the right to assume the lease, as well as the further right to sublease or assign to another franchise owner (and if we exercise our rights under the Collateral Assignment of Lease, we shall have the option to acquire all fixtures, equipment and other leasehold improvements on the Franchised Location at fair market value);
 - c. That we may act as prime lessee under the lease and to sub-lease such site to you;
 - d. That each lease for the Franchised Location shall state that the premises shall be used only for Petland® (or Safari Stan®) store and contain substantially the provisions listed below. Absence of such provisions

from the terms of any proposed lease shall be reasonable grounds for us to disapprove such lease;

- e. An acknowledgment by the lessor that: (i) the tenant is a franchisee of Petland, Inc., an international Franchisee involved in the franchising of full line, retail pet stores, (ii) the tenant must ensure that the operation of the store in the leased premises shall be in compliance with the standards that the public has come to recognize and expect of Petland, Inc. stores, and (iii) the store must be operated in compliance with the standards established by Petland, Inc., as they may be from time to time revised;
- f. An acknowledgment by the lessor that: (i) it has reviewed and accepts the standard Petland, Inc. franchise development package for construction of the premises, including, but not limited to, signage, logos, color schemes, graphics, ceiling tile, and floor coverings, and (ii) it understands that Petland, Inc. may, from time to time during the term of the lease, revise and alter the standard franchise development package, and it agrees that the tenant franchisee may make alterations and improvements to the leased premises in keeping with the revised standards established by Petland, Inc.;
- g. Petland, Inc.'s address for notice purposes:

Petland, Inc.
250 Riverside Street
Chillicothe, Ohio 45601-5606
Attn: Director of Real Estate
- h. The following language: "[A]nything contained in this lease to the contrary notwithstanding, Lessor agrees that, without its consent, this lease and the right, title, and interest of the tenant hereunder, may be assigned by the tenant to Petland, Inc., an Ohio Corporation, or its designee, provided that said Petland, Inc. or its designee shall execute such documents evidencing its agreement to thereafter keep and perform, or cause to be kept or performed, all of the obligations of the tenant arising under this lease from and after the time of such assignment.";
- i. The following language: "Lessor agrees that Lessor shall, upon written request of Petland, Inc., disclose to Petland Inc., all reports, information, or data in Lessor's possession with respect to sales made in, upon or from the leased premises.";
- j. The following language: "Lessor shall give written notice to Petland, Inc., (concurrent with the notice to tenant), of any default by tenant under the lease and Petland, Inc. shall have, after the expiration of the period during which the tenant may cure such default, an additional thirty (30) days to cure, at its sole option, any such default.";

- (iii) Any lease of the Premises shall be for a term that, with renewal options exercisable by you, is not less than the Initial Term of this Agreement unless we otherwise approve. You shall take all actions necessary to maintain the lease of the Franchised Location during the term of this Agreement. Any default by which your lease may be terminated shall also be deemed a default of this Agreement; and
- (iv) You shall deliver a copy of the fully executed lease to us within fifteen (15) days of its execution.

(f) Purchase of Fixtures, Equipment. We will sell you fixtures, furnishings, signs, improvements, equipment, and other related facilities, products, and services required for the operation of the Franchise. Any other items that you select must meet the then-current quality standards set forth in our Confidential Operations Manual or otherwise in writing, subject to compliance with applicable laws and regulations. If you purchased any initial items of fixtures, equipment, supplies, and or services from approved sources other than us (e.g. non-Petland provided materials, such as an office desk, chairs, refrigerator, and the like), you shall pay for such items in full, and provide us with documentation of such payment prior to taking occupancy of the Franchised Location.

(g) Signs. You shall acquire from us all required signs for use at or in connection with the Franchise, unless we provide prior written authorization for alternative arrangements. All signage must conform to Our System exterior signage specifications and all signage must be submitted to us for approval prior to purchase and installation.

8. INITIAL TRAINING

Prior to your opening a new store, we will provide you with an initial training program which shall include, but not be limited to, attendance at approximately forty-five (45) hours of training academy sessions at a location to be specified by us for you and an unlimited number of individuals you designate. In addition to these training sessions, you and an unlimited number of individuals you designate shall train in an existing store location that we select. This on-the-job training, without compensation, will be for a period of up to two (2) weeks. If we determine that a longer period of on the job training is required, we may then require that you spend up to two (2) additional weeks in on the job training. All travel, lodging, meals, salary, benefits, and incidental expenses for the training sessions and on the job training for both you and your designees shall be your responsibility. We will not charge you a fee in connection with your attendance at the training described in this section. You must complete the training program to our satisfaction. If we determine that you are unable to satisfactorily complete the training program described above, we shall have the right to terminate this Agreement. For the transfer of an existing store, training may be modified depending on your experience, the experience of your staff and other factors. The amount of training and the fees for such services will be addressed in a separate agreement with Petland.

9. STORE OPENING

(a) Grand Opening. For new stores, after you complete the initial training, we will assist you with the grand opening of your store. This required assistance includes the full time assistance of one (1) of our qualified representatives at your store for five (5) days prior to the grand

opening. One of our representatives shall also provide you with assistance at your store for up to one (1) week following the grand opening. We charge an additional fee for the mandatory assistance described in this section.

(b) Loaned Materials. We provide you on a loan basis one (1) set of any written materials that we make available to other franchisees, including the Confidential Operations Manual and supporting electronic and written materials as we may develop and/or amend from time to time (either on our website(s) or, when we deem appropriate, by hard copy).

(c) Items for Retail Sale. We provide you the required pet and merchandise inventory listing and the merchandising plan.

(d) Initial Stocking Order. We provide you a product listing, required inventory, and merchandise plan.

(e) Forms. We provide you access to operations and accounting forms for store operations and reporting transactions to us. These are available electronically.

10. OPERATIONS

We have established and you shall maintain standards of quality, appearance, and operation for the Franchise. For the purpose of giving distinctiveness to the Licensed Marks, enhancing the public image and reputation of businesses operating under Our System, and for the purpose of increasing the demand for services and products provided by franchise owners and us, you shall operate the Franchise in strict conformity with our standards. All of our rules, regulations, and policies are by their terms mandatory, including, without limitation, those contained in the Confidential Operations Manual. Without limiting the foregoing, you agree as follows.

(a) Maintain Franchise. You shall maintain the Franchise, and all fixtures, furnishings, signs and equipment thereon, in conformity with our then-current standards at all times during the term of this Agreement, and shall make such repairs and replacements thereto as we may require. Without limiting the generality of the foregoing, you specifically agree:

- (i) To keep the Franchise at all times in a high degree of sanitation, repair, order, and condition, including, without limitation, such periodic repainting of the exterior and interior of the Franchise and to perform such maintenance and repairs to all fixtures, furnishings, uniforms, signs and equipment as we may from time to time reasonably direct;
- (ii) To meet and maintain at all times all governmental standards and ratings applicable to the operation of the Franchise or such higher minimum standards and ratings as set forth by us from time to time in the Confidential Operations Manual or otherwise in writing;
- (iii) To make no structural improvements to the Franchise or the Franchised Location without our prior approval; and
- (iv) To cause your employees to wear apparel that strictly conforms to the specifications, design, color, and style approved by us from time to time.

(b) Repairs. You shall make such repairs and replacements to the Franchise as we may require in order to maintain Our System standards.

(c) Remodeling. You agree that, in order to maintain a modern, progressive, sanitary, and uniform image, we shall have the right, at any time and from time to time after the expiration of five (5) years from the Effective Date, to require you to perform such remodeling, repairs, replacements, and redecoration in and of the Franchise, equipment, and furnishings as we deem necessary and practical to bring the Franchise, including equipment and fixtures, up to the then-current standards of newly developed stores. Notwithstanding the foregoing, we may require that you replace, at your expense, carpeting, tile, or other floor coverings, and recover interior wall surfaces every two (2) years.

(d) Key Positions. You agree to hire and train a sufficient number of employees to staff your store according to our specifications. You may use your sound discretion to hire these employees but we have the right to disapprove any employee. Training for the employees shall occur one week prior to merchandising week, at either a Franchisee owned or mentor franchisee's store. Franchisee agrees not to solicit, hire, retain, or recruit any employee of another franchisee or of Franchisor without the prior written consent of Franchisor.

(e) Standards. In order to satisfy our customers' expectations of reasonable product selection and to effectively advertise pets and products system wide, it is necessary for us to control specific inventory selections and manage the mix of SKUs in the stores. In this way, the overall system presents to our customers a uniform image, appropriate pet selections, and suitable merchandise inventory. You shall be responsible for the day-to-day operations of your franchise in strict conformity with our standards as described in our Confidential Operations Manual. Therefore, you specifically agree:

- (i) Fixtures. To purchase and install, at your expense, all such fixtures, furnishings, signs, and equipment, as we may require, and meet the specifications of the approved site layout and plan, and all other such items as we may prescribe from time to time; and to refrain from installing, or permitting to be installed, on or about or in connection with the Franchise, any such item not meeting our standards and specifications.
- (ii) Pets, Containers. You agree that you will not acquire pets from specific unapproved suppliers and/or breeders that we have identified; we may modify that listing at any time. You are responsible for verifying that animal suppliers meet the standards set forth by the Franchisor, which standards may be changed from time to time in the sole discretion of the Franchisor. Franchisor also maintains the right to require that you periodically certify your compliance with the Franchisor's standards. We reserve the right to decide the types of pets you carry. Upon your request, we will provide information regarding the quality levels of the products, pets, or services that we require. All sales and deliveries of pets, pet supplies, and pet related items by you shall be packed in containers suitably inscribed with the appropriate trademarks. You may purchase containers from us or from another source provided the containers meet our specifications. Upon your request, we will provide you with these specifications. You shall maintain at least ninety five percent (95%), based on cost value, of the initial pet selection according to the departmental pet categories when the Franchise store opened for

business. We have the right to conduct audits to confirm your compliance with this obligation.

- (iii) Inventory. To maintain in sufficient supply, and use at all times, only operating products, materials, supplies, and expendables, including paper goods, as conform with our then-current standards and specifications, and to refrain from using non-conforming items without our prior consent. Subject to the Confidential Operations Manual, the current minimum representation is one hundred percent (100%) of the total number of Franchisor's private label stock keeping units (SKU's). You shall at all times maintain your inventory stock equal to at least ninety-five percent (95%), based on cost value, of the then-current inventory level required by us in our initial stocking order to new franchisees operating a franchise of similar size and format to your Franchise. You agree not to add or subtract merchandise items to your inventory mix without our prior written approval. We regularly add or subtract merchandise items to/from your inventory mix based upon our analysis of your sales. We have the right to conduct audits to confirm your compliance with this obligation.
- (iv) Product Selection. To sell and to offer for sale all such products, goods and services as we may require, and those that we approve, which are not subsequently disapproved, as meeting our quality standards and specifications. In addition to any required remodeling, repairs, replacement, and redecoration, in order to introduce new products or services through all Our System units, you may be required to expend additional amounts on new, different, or modified equipment or fixtures necessary to offer such new services or products. In such event, you shall have up to thirty (30) days to complete any modifications necessitated by the introduction of such new products and/or services.

(f) Quality Control. At any reasonable time, you shall permit us or our agents to remove from the Franchise, at our option, certain samples of any products, materials, supplies, and expendables without payment therefore, in amounts reasonably necessary for testing by us or any independent laboratory, to determine whether such samples meet our then-current standards and specifications, with no liability to you for any damage to such samples as a result of such testing.

(g) Inhumane Conditions. In our sole discretion, we may enter your store and take immediate possession of and/or remove from the store any and all pets which, in our opinion, are exposed to inhumane or life threatening treatment or conditions while under your charge. In this event, we will assume the care and treatment of such pets, or assume the overall direction for the care and treatment of the pets within the store (which may include placing our personnel within the store). You shall at all times while we are in possession and/or control of the pets be subject to our direction with regard to the care of the pets. Our right to maintain possession of the pets or provide direction shall extend for the period required to establish your competency to resume possession and direction of care. The determination as to your competency shall be made exclusively by us as we deem appropriate. Unless we direct you otherwise, you shall not place orders for or take possession of any additional pets during this period. Our actions during this time shall not be a waiver of, nor stop us from pursuing any other remedy which may be available to us. You shall bear all costs associated with our actions in this matter and shall pay such costs to us upon demand.

(h) Approved Suppliers. You shall purchase all fixtures, furnishings, signs, equipment, inventory, uniforms, advertising materials, services, and other supplies, products, and materials required for the operation of the Franchise solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our reasonable standards, specifications, and requirements for such items regarding quality, variety, service, safety, and health; who possess adequate quality controls and capacity to supply your needs promptly and reliably; who have a sound financial condition and business reputation; who will supply such items to a sufficient number of franchise owners to enable us to economically monitor compliance by the supplier with our standards, specifications, and requirements; and who have been approved for such items in writing by us and not thereafter disapproved. If you desire to purchase any items from an unapproved supplier, you shall submit to us a written request for such approval in accordance with procedures we prescribe from time to time. We reserve the right to increase or decrease the number of approved suppliers and to designate ourselves an approved supplier and to make a profit or otherwise receive value in kind or rebates from the designation of approved suppliers and/or from the sale of supplies to you.

(i) Store Open. Unless otherwise specifically approved by us, your Franchise shall be open for the conduct of business at such times and for the minimum number of hours specified by us in the Confidential Operations Manual, or, if different, for such hours as may be required by the terms of any lease of the Franchised Location; and you shall at all times staff the Franchise with such number of employees and operate the Franchise diligently so as to maximize the revenues and profits therefrom.

(j) Materials. You shall use only business stationery, business cards, marketing materials, advertising materials, printed materials, or forms which we have approved in advance. You shall not employ any person to act as your representative in connection with local promotion of your Franchise in any public media without our prior written approval. Any and all supplies or materials you purchase, lease, or license shall always meet those standards we specify in the Confidential Operations Manual or otherwise in writing.

(k) Customer Service. You shall respond promptly to customer complaints and shall take such other steps as may be required to ensure positive customer relations. This includes promptly responding to phone calls, letters, e-mails, and other customer communications. If such complaints are not resolved swiftly and in the spirit of fairness, we reserve the right to resolve such complaints as we deem appropriate. You shall be responsible for any costs we incur in having to provide such customer service for you.

(l) Inspections. You hereby grant to us and our agents the right to enter the Franchise, without notice, at any during store hours for the purpose of conducting inspections of the Franchise, your books, records, computer system and reports, and you agree to render such assistance as we may reasonably request and to take such steps as may be necessary immediately to correct any deficiencies detected during such an inspection upon our request or that of our agents.

(m) Business Practices. Because complete and detailed uniformity under many varying conditions may not be possible or practical, and in order to remain competitive and respond to new technology, customer needs, and market conditions, we specifically reserve the right to vary standards for any franchise owner based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing

business practices, or any other conditions that we deem to be of importance to the successful operation of such business. You shall have no recourse against us on account of any variation from standard specifications and practices granted to any franchise owner and shall not be entitled to require us to grant you a like or similar variation.

(n) Equipment Updates. Upon our request, you shall install, update, or replace any equipment, including cash registers, and/or computers, or software including, without limitation, software designed to facilitate or enhance communications and software designed for the purpose of recording receipts at point of sale, and to utilize equipment including locked totaling devices and software of such kind and in such manner as we may require.

(o) Franchisee's Inability to Manage Franchise. You hereby grant to us the right to take such steps as are necessary to manage the Franchise for you in the event of your death or in the event that an independent third party (such as a medical doctor) reasonably determines that you are incapacitated or incapable of running the Franchise, and to receive a reasonable fee for such services.

(p) Field Service. Whether a new or existing operation, we will provide field service assistance by our representatives on a periodic basis subject to our scheduling and staff availability. Field service assistance includes the preparation by our representatives of written evaluations of store operations, animal care, merchandising, management skills, and marketing, as well as telephone consultations regarding such matters.

(q) Periodic Training. We will provide periodic training sessions and seminars for your management and employees at locations we designate. We reserve the right to require that you and/or certain of your managers or employees attend the training or seminars. You are required to attend one training session every year as we determine and to attend the annual scheduled Petland, Inc. trade show. You are responsible for all travel, lodging, meals, salary, benefits, and incidental expenses for you and your employees associated with attendance at such programs. We reserve the right to charge an additional fee for each person attending such programs.

11. ADDITIONAL OPERATING ASSISTANCE

(a) In order to maintain standards of quality, appearance, and operation for Our System, we may provide you with such of the following ongoing assistance as we deem appropriate:

- (i) Periodic assistance in local advertising, marketing, press releases, public information, community service, and children's educational programs;
- (ii) Periodic individual or group counseling in the operation of the Franchise rendered in person, by seminar, or by newsletters, bulletins, electronic, or other means made available from time to time to all of Our System's franchise owners;
- (iii) Intra-system communications and employee recognition programs;
- (iv) Advice concerning operating problems, new techniques, or operating methods disclosed by reports submitted to or inspections made by us;

- (v) Advice and guidance with respect to new and improved methods of operation or business procedures we develop, use of the Confidential Operations Manual, management materials, promotional materials, advertising formats, and the Licensed Marks;
 - (vi) Periodic product selection information, pricing strategies, and merchandising "planograms," provided, however, that any information regarding pricing is suggested only and you shall determine the prices at which you sell your products and services;
 - (vii) Provide the then-current services included in the loyalty program;
 - (viii) The opportunity to participate in group purchasing programs for inventory, supplies, insurance, and equipment that we may, from time to time, use, develop, sponsor, or provide and upon such terms and conditions as we may determine;
 - (ix) Periodic advisory services and preliminary floor fixture drawings (not architectural plans) for store updates and remodeling; and
 - (x) Periodic inspections of the Franchise and our other franchises and of the products and services they offer.
- (b) Upon your reasonable request and for an additional fee, we may:
- (i) Assist you in determining leasehold improvements that should be made and provide a complete set of drawings and specifications for leasehold construction; provide materials, engage qualified contractors, and/or supervise the improvements, including plumbing, electrical, service heating system, air conditioning, exhaust and ventilation, wall and ceiling improvements, store front changes, and floor preparation;
 - (ii) Supply, supervise and/or install equipment, fixtures, and/or signage;
 - (iii) Supply, deliver and/or supervise the merchandising and display of inventory. We will provide an ordering list which you may alter as you see fit; and
 - (iv) Provide, at competitive prices, standardized paper goods and supplies with imprinted name and artwork.

12. FRANCHISEE'S RESPONSIBILITY / CHANGES TO ASSISTANCE

Notwithstanding any assistance that we may provide from time to time, you are responsible for all compliance and operations matters relating to your Franchise, including determining that all necessary permits have been obtained and that all requirements for construction and operation have been met. We reserve the right to alter our training and assistance programs at any time without notice.

13. CONFIDENTIAL OPERATIONS MANUAL

(a) To protect the reputation and goodwill of the businesses operating under Our System and to maintain standards of operation under the Licensed Marks, you shall conduct the Franchise in accordance with various written instructions and confidential manuals known as the Confidential Operations Manual, including any amendments. You agree that the Confidential Operations Manual is among our confidential and proprietary information, belongs solely to us, and is only on loan from us during the term of this Agreement. When any provision in this Agreement requires that you comply with any of our standards, specifications, or requirements, such standard, specification, or requirement shall be such as is set forth in this Agreement or in the Confidential Operations Manual.

(b) You must keep the Confidential Operations Manual confidential and limit access to your employees on a need-to-know basis.

(c) We may revise the contents of the Confidential Operations Manual and supporting electronic and written materials to implement new or different requirements for the operation of the Franchise, and you expressly agree to comply with all such changed requirements which are by their terms mandatory. There may be additional expenses to implement such requirements.

(d) You shall at all times ensure that your copy of the Confidential Operations Manual is kept current and up to date. In the event of any disagreement as to the contents thereof, the terms and dates of the master copy maintained by us at our principal place of business shall be controlling.

14. ADVERTISING AND MARKETING

Recognizing the value of advertising and the importance of standardized promotion to further the goodwill and public image of Our System, you agree as follows:

(a) Local Advertising and Promotion.

(i) Each month, you shall spend on local advertising a minimum of three and one-half percent (3.5%) of Gross Revenues. Such expenditures shall be made directly by you, subject to our approval.

(ii) You must send us samples of all local advertising and promotional materials (not prepared or previously approved by us) for approval before you use them. If we do not deny your request in writing within fifteen (15) days from when we receive your proposed materials, your materials are approved. You shall not use any advertising or promotional materials that we have denied.

(b) System-wide Advertising and Promotion. You shall participate in advertising and other promotional program(s) we conduct with other franchised and Franchisee-owned stores. Our programs may include prize contests, club memberships, direct mailing, newspaper, electronic media and other similar programs. We shall, from time to time, provide you ads, ad mats, and other types of advertising materials. If we provide you such programs and materials, we shall determine the fees and terms to be charged for them.

(c) Cooperative Advertising and Promotion. We may establish cooperative advertising programs among franchisees located in the same market area. We will determine the market area based upon research conducted by market research and rating organizations. You shall participate in any such cooperative advertising program which may include, but not be limited to, advertising in the classified Yellow Pages of the local telephone directory under the listing of pets, pet stores, and pet shops, and using ad mats approved by us. Upon the establishment of a cooperative advertising program, you shall remit to us, or our designee, two percent (2%) of Gross Revenues for each period of seven (7) days following the establishment of the cooperative advertising program. The payment shall be made via bank draft on the corresponding dates of the Royalty Fee payments. Your participation in the cooperative advertising program is mandatory. Payments paid to a cooperative advertising program will be credited towards your required minimum 3½% monthly advertising expenditure, thus reducing the same by an amount equal to your actual payment to a cooperative advertising program.

(d) Grand Opening Advertising. You agree to spend no less than \$5,000 and up to \$20,000 (depending on the size of store and market and as specified by Petland) for grand opening advertising and promotion between the seven (7) days prior to opening and seven (7) days following opening of operations. You may include within this grand opening advertising amount any grand opening or similar one-time promotional payments required by the lessor of the Franchised Location (if any) during the initial 30 day period after opening.

(e) Signage, Franchise Notice. You shall install and maintain in complete operating condition, at your cost and in a prominent location, an outdoor sign and interior graphics, according to our standard specifications. All signs, graphics, and other identification, painting, colors, and layout of the premises and changes thereto, require our written approval before you can implement them. You shall display three (3) signs, which we will provide, as directed by us in a prominent location within the Franchise containing information for interested potential franchisees and including the following notice: "This store is operated under a license from Petland, Inc."

(f) National Program. You shall participate in a national advertising program if we establish one. Upon our written notice of the start of the program, you shall participate in and pay an additional weekly advertising fee to us of one percent (1%) to two percent (2%) of Gross Revenues for the preceding period of seven days. The fee shall be payable on the payment due dates of the corresponding Royalty Fee payments.

(g) ClubPet, Other Programs. You shall participate in a national ClubPet program and other similar national programs developed by us. We may modify the ClubPet program or any other program at any time. You shall not develop, on your own, substantially similar programs, or any other program without our prior permission.

(h) Internet. We have established and maintain internet websites at www.petland.com and www.safaristan.com that provide information about Our System and the services that we and our franchisees provide. We may (but are not required to) include at the applicable website an interior page containing information about your Franchise. If we include such information on the applicable website, we may require that you prepare all or a portion of the page, at your expense, using a template that we provide. All proposed information is subject to our prior approval. We may collect data via the website from prospective customers residing within your Territory. If we collect such information, we will provide such data to you. You shall contact

each prospective customer and shall be responsible for servicing any account which results from this contact. You are expressly prohibited from creating or maintaining your own independent website and agree not to do so.

(i) Miscellaneous. You shall participate in all other advertising and marketing programs we designate as mandatory. We reserve the right to require you to contribute to the advertising programs at a larger percentage of Gross Revenues than is specified if the operators of sixty six percent (66%) or more of all units in operation (including those operated by us) within the area affected by the scope of the program (as we determine) have agreed to make such increased contribution. Amounts paid into the advertising programs pursuant to this Section shall not be allocated on a pro rata basis among franchisees, nor shall we undertake any obligation to administer such programs to ensure that any particular franchise benefits directly or pro rata from such advertising or promotion. Funds remitted for purposes of a local cooperative advertising program shall, however, be allocated exclusively to the cooperative in which you participate. You shall expend additional sums on advertising, but no additional sums expended shall be in lieu of your required payments to us. All additional advertising programs you employ shall be in keeping with the standards set forth in the Confidential Operations Manual.

15. REPORTS REQUIRED BY FRANCHISOR/AUDIT/ACCOUNTING

(a) Monthly and Annual Reports.

- (i) You shall submit monthly and year-to-date reports in formats we require, including Monthly Sales Transmittal, Monthly Sales Analysis, Cash Paid Out Summary, and Cash Reconciliation, as well as other relevant data of the Franchise. The monthly reports must be actually received by us on or before the twelfth (12th) calendar day of the month following the close of the reporting month (e.g. January's report must be received by February 12th).
- (ii) In addition, you must submit a monthly balance sheet, income statement, and detailed general ledger, in the format we supply. These financial statements must be received by us on or before the last business day of the month following the close of the reporting month. Upon our request, you shall provide monthly sales tax returns, as well as annual federal income tax returns for the Franchise which may include personal tax returns if you act as a sole proprietor. The balance sheet and income statement shall be prepared in accordance with generally accepted accounting principles.
- (iii) If you are a corporation, partnership, limited liability Franchisee, or other business association, you shall complete an annual report in the required format. The report shall be delivered annually within thirty (30) days after the close of your fiscal year. In addition, you shall submit interim reports at any time the information required for the report shall change.

(b) Delinquent Reports.

- (i) If any required report is received late for any reason, you shall be liable for the Delinquent Report Fee. Payment of such fee does not relieve you of your

obligation to submit the report. The Delinquent Report Fee shall be separately imposed for each report that you fail to timely submit.

- (ii) If any required report is not timely received, we have the right to engage independent accountants to prepare the reports on your behalf and you agree to cooperate fully with the independent accountants. You shall bear all fees, costs, and any other expenses we incur in connection with the missing report preparation.

(c) Franchisor's Right to Audit and Inspect.

- (i) We (or our agents) have the right to enter your Franchise and to examine, among other things, your facilities, operations, books, records, and tax returns during reasonable business hours and at your expense. You shall keep complete and accurate books and records at your principal place of business for at least ten (10) years, in such detail as is required by the franchisee's accounting system.
- (ii) We have the right to inspect the Franchise at any reasonable time and without prior notice to determine whether you are complying with this Agreement and with System standards. We have the right, among other things, to: (1) conduct or observe a physical inventory of the store; (2) remove samples of any products, materials and supplies for testing and analysis; (3) interview personnel of the store; (4) interview customers of the store; (5) photograph and videotape the premises of the store; (6) inspect and copy any books, records, and documents relating to the operation of the Franchise; and (7) inspect and record sales activity. You agree to fully cooperate with any inspections. You shall provide your customers with evaluation forms that we may periodically prescribe and shall participate and/or request that your customers participate in any surveys we or our agents conduct.
- (iii) In the event any inspection or audit reveals an understatement of your Gross Revenues, you shall remit the Royalty Fee due on the amount of the understatement plus late fees plus interest within ten (10) days after receipt of the inspection or audit report. If the inspection or audit is necessary because you failed to timely furnish reports, supporting records, or other required information, or if an understatement of Gross Revenues for the period of any audit is greater than three percent (3%), then you shall reimburse us for the cost of the audit or inspection including, without limitation, the charges of any independent accountants and the travel expenses, room and board, and compensation of any and all of our personnel. These amounts shall be in addition to any other remedies we may have.

- (d) Computer System and Access. You shall maintain an active e-mail account issued by us and shall maintain at least broadband access to the Internet for receiving bulletins, updates, and other information. Unless you have another method of accessing the Internet and e-mail, you must purchase computer hardware and software, as well as the services of an Internet provider to enable you to access our intranet system. We may require you to lease proprietary software from us or a designated third party and to enter into a software license agreement with us or such third

party. We reserve the right to access information and data produced by your computer system. In addition:

- (i) You shall purchase and use the computer hardware and software specified in the Confidential Operations Manual, including, but not limited to, the point of sale software system;
- (ii) We may contract with third parties to update the point of sale and/or inventory control systems software programs from time to time. We will provide you with any updated programs, and you shall be responsible for properly loading the updated program onto your computer in a timely manner. Thereafter, you shall use the updated point of sale and inventory control systems software programs; and
- (iii) We may require you to replace any of the components of your computer system (hardware or software) if, in the future, we deem the component to be (1) undersized or otherwise insufficient for the efficient operation and management of the Franchise, or (2) incompatible with our computer hardware or software or the computer hardware or software that we designate for franchise network use.

(e) First Year Requirement of Having Franchisor Provide Services. During the first twelve (12) months of operating your Franchise, you shall have your financial reports prepared by us at a monthly fee of four hundred fifty dollars (\$450) due the first Wednesday of the month for that reporting month by bank draft. If you wish to have us continue to prepare your financial statements after the first twelve (12) months, you will pay us our then current fee for such services. The services and financial statements provided include preparation of a Balance Sheet; Income Statement and General Ledger; sales tax worksheet (not the actual sales tax returns); bank statement reconciliations, and various other reports. You shall furnish us the data required for us to prepare the financial statements, including but not limited to daily sales and deposit activity, daily check disbursement activity, payroll reports, monthly bank statements, month end outstanding trade payables, month end receivable balances, and month end physical inventory counts. Should you elect to terminate this service, you will provide thirty (30) days prior written notice to us. All amounts previously incurred shall be deemed to be fully earned by us and non-refundable. Notwithstanding the foregoing, if we provided any financing with respect to the Franchise, you are obligated to use the foregoing services until such time as the financing has been fully satisfied.

(f) Accounting System. You shall use an accounting system which is consistent with generally accepted accounting principles and a point of sale system which shall have capabilities to assist in the preparation of, but not be limited to, the following:

- (i) Monthly check disbursement summary;
- (ii) Monthly accounts payable summary;
- (iii) Daily cash receipts and paid out detail reconciled to cash deposit;
- (iv) Monthly cash receipts and paid out summary;

- (v) Monthly physical inventory detail by department for pets;
- (vi) Quarterly physical inventory detail for merchandise; and
- (vii) Standard chart of accounts we supply and which you must use.

16. CONFIDENTIALITY, NON DISCLOSURE, NON-COMPETITION

(a) Requirement of Confidentiality. We will disclose Confidential Information to you during the course of this franchise relationship. You shall not acquire any interest in the Confidential Information, other than the right to use it to operate the Franchise. You agree that the Confidential Information is proprietary, includes our trade secrets, and that you:

- (i) shall not use the Confidential Information in any other business or capacity;
- (ii) shall maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;
- (iii) shall not make or permit the making of any unauthorized copies of any portion of the Confidential Information disclosed in any form;
- (iv) shall limit exposure to the Confidential Information solely to those in a confidential relationship to us;
- (v) shall prevent disassembly or the removal of pages from the Confidential Operations Manual; and
- (vi) shall adopt and implement all reasonable procedures prescribed by us to prevent unauthorized use or disclosure of the Confidential Information.

You shall not contest our right to exclusively use the Confidential Information. You shall immediately report to us any use of the Confidential Information by any party that you know or suspect to be unauthorized. You agree to indemnify, defend, and hold us harmless for our losses due to your negligent or intentional disclosure and/or misuse of any Confidential Information. Immediately upon the termination of this Agreement for any reason, you agree to cease and forever abstain from using any Confidential Information and otherwise comply with the terms of this Agreement; you further agree to return to us at your expense all documents or other tangible evidence of any Confidential Information, both original and any reproductions. You shall enforce these provisions as to the "Bound Parties" as listed on Exhibit A.

(b) In Term Non-Competition. During the Term of this Agreement, you and the Bound Parties agree that except for the Franchise, you shall not:

- (i) have any direct or indirect interest as a disclosed or beneficial owner in any Competitive Business (as defined below); provided, however, that you shall not be prohibited from owning equity securities of any business whose shares are traded on a stock exchange or on the over-the-counter market so long as the ownership interest shall represent two percent (2%) or less of the total number of outstanding shares of such business;

- (ii) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business anywhere;
- (iii) divert or attempt to divert any business related to the Franchise or Our System directly or indirectly to a Competitive Business;
- (iv) divert or attempt to divert the employment of any of our employees, those of our affiliates, or of another of our franchisees to any Competitive Business; or
- (v) directly or indirectly solicit or employ any of our employees, those of our affiliates, or of another of our franchisees without first obtaining the employer's prior written consent.

(c) Post-Term Non-Competition. Upon expiration, termination, assignment, or transfer of this Agreement for any reason (other than as an approved affiliated transfer), you and the Bound Parties covenant that for a period of three (3) years thereafter that you shall not engage, directly or indirectly, as an owner, operator, or in any managerial capacity, in any Competitive Business, at or within a twenty-five (25) mile radius of the exclusive designated territory of your former Franchised Location, or any other Petland® or Safari Stan® or Aquarium Adventure® Store or within a twenty-five (25) mile radius of any Petland® developer's Territory (as that Territory may be defined in a separate Area Development Agreement granted by Petland), other than as an authorized franchise owner of another of our franchises. You agree that the purpose of this covenant is not to deprive you of your livelihood and will not do so, but is rather to protect the goodwill and interest of Our System and our Licensed Marks. You further agree that if you are engaged in any capacity (whether as an owner, operator, consultant, in any managerial capacity, employee or contractor), with any Competitive Business, wherever located, you assume the burden of proving that you have not used any Confidential Information, trade secrets, methods of operation, or any proprietary components of Our System. This protection shall be in addition to and not in lieu of all other protections for such trade secrets and confidential information available in law or in equity.

(d) Enforcement, Injunction. Each of the covenants shall be construed as independent of any other covenant or provision of this Agreement. Should any part of one or more of these restrictions be unenforceable, we agree that it shall be conformed to be enforced to the fullest extent permissible under the law. The running of any period of time specified in this Section shall be tolled and suspended for any period of time in which you are in violation of any restrictive covenant. You further expressly agree that the existence of any claim you may have against us whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section. Your obligations under this Section shall survive the termination or expiration of this Agreement. Any violation of this Section shall be deemed to be a material breach of this Agreement. You acknowledge that these prohibitions are necessary and reasonable due to the nature of our Confidential Information and that disclosure would irreparably harm us, other franchisees, and Our System. Accordingly, you agree that in addition to all other remedies at law or equity, we are entitled to seek injunctive relief against any actual or contemplated breach without posting a bond. Further, you agree that you will be liable for our costs and attorney fees to enforce this Section.

(e) Improvements Developed by Franchisee. You shall disclose to us prior to executing this Agreement all copyrighted or other pre-existing materials to which you claim ownership or any

other rights. You shall fully and promptly disclose to us all ideas, concepts, methods, and techniques relating to the development and/or operation of the Franchise conceived or developed by you and/or your affiliates or employees during the term of this Agreement. All such materials created or conceived by you or in collaboration with others during the term of this Agreement shall be our sole and exclusive property without further consideration to you. You hereby assign all right, title, and interest in and to any copyrights, trademarks, service marks, trade dress, and any good will associated therewith, inventions, patents, patent applications, extensions, and any other intellectual property or other matters. You further agree to execute any additional documentation necessary to perfect our ownership rights, including, without limitation, copyright, trademark, and patent applications, assignments, and/or recordings as we may request.

(f) Third Party Nondisclosure. You shall execute non-disclosure and non-competition agreements (in the form of Exhibit E) with your spouse, employees, managers, partners, shareholders, directors, and officers (and if you are an individual franchisee, your immediate family members) which contain the restrictions of this Section. We shall be a third party beneficiary of such agreements and you shall not amend, modify, or terminate any such agreement without our prior written consent. You shall provide us with the contact information for each of these people, and shall update such information as necessary.

17. TRANSFER AND ASSIGNMENT

(a) Transfer by Franchisee. The rights and duties created by this Agreement are personal to you and we have entered into this Agreement in reliance upon our perception of your individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, you shall not directly or indirectly transfer in any way this Agreement (nor any interest in this Agreement), any part or all of the ownership of Franchisee, or the Franchise, or all or a substantial portion of its assets. Any unauthorized transfer is a breach of this Agreement, void, and of no effect. The term "transfer" includes your (or an owner's) voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition of any interest in: (i) this Agreement; (ii) the Franchisee entity; (iii) the Franchise governed by this Agreement; or (iv) all or a substantial portion of the assets of the Franchise. A transfer of the Franchisee's ownership, possession, or control, or all or a substantial portion of its assets, may be made only with a transfer of this Agreement.

(b) Conditions to Franchisee's Transfer. You agree that there may be no transfers before the Franchise has opened for business. We shall not approve a proposed transfer unless you (and your owners) are in full compliance with this Agreement. We shall not unreasonably withhold our approval of a proposed transfer that meets all the applicable requirements of this Section. The proposed transferee and its owners must be individuals of good moral character and otherwise meet our then applicable standards for franchisees. All of the following conditions must be met before or concurrently with the effective date of the transfer:

- (i) All amounts due and owing to us, our affiliates, or third parties whose debts or obligations we have guaranteed on your behalf, if any, are paid in full;
- (ii) You have submitted all Required Reports and statements;
- (iii) You have not violated any provision of this Agreement, the Franchise's lease, or any other agreement with us during both the sixty (60) day period before you

requested our consent to the transfer and the period between your request and the effective date of the transfer;

- (iv) The proposed transferee agrees to operate the Franchise as a Petland® or Safari Stan® Franchise, to sign the then-current form of franchise agreement, the provisions of which may differ materially from any and all of those contained in this Agreement, and to satisfactorily complete the initial or other required training program (unless the proposed transferee or its store manager has been in the continuous employ of a Petland® or Safari Stan® store and completed the initial training within two years from the proposed transfer date);
- (v) The transferee pays us an initial franchise fee of fifty percent (50%) of the then-current Initial Franchise Fee for franchisees opening their first store. The transfer fee shall be paid upon execution of the franchise agreement;
- (vi) You provide written notice to us at least thirty (30) days prior to the proposed effective date of the transfer and include information reasonably detailed to enable us to evaluate the terms and conditions of the proposed transfer, which at a minimum includes a written offer from the proposed transferee;
- (vii) The proposed transferee provides information to us sufficient for us to assess the proposed transferee's business experience, aptitude, and financial qualification, and we approve the proposed transferee as a franchisee;
- (viii) Neither the transferee nor its owners or affiliates have an ownership interest in, or perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business;
- (ix) The proposed transferee agrees to renovate, refurbish, remodel, or replace, at its own cost, the real and personal property and equipment used in the Franchise within the time frame we specify in order to comply with our then current image, standards of operation, and performance capability;
- (x) Your landlord allows you to transfer the Franchise's lease to the transferee;
- (xi) If you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the Franchise are subordinate to the transferee's obligation to pay fees and other amounts due to us and otherwise to comply with this Agreement;
- (xii) You pay us a transfer fee of fifty percent (50%) of the then-current Initial Franchise Fee for franchisees opening their first store, which fee is required to cover our reasonable expenses related to the transfer, including training; provided, however, that no transfer fee will be charged (and our right of first refusal will not apply) for a transfer by you to an entity wholly-owned by you, between owners of a Franchisee entity, or to a spouse of Franchisee (or owner of the Franchisee) upon the death or disability of Franchisee (or the owner) so long as the transfer does not result in a change of control of the Franchisee. The transfer fee shall be

paid upon the earlier of: a) transferee's attendance at the initial training program; b) our providing transferee access to any Confidential Information; or c) execution of a new franchise agreement with transferee;

- (xiii) You execute a general release, in a form satisfactory to us, of any and all claims against us, our affiliates, and their respective shareholders, officers, directors, employees, and agents;
- (xiv) You abide by all post-termination covenants, including, without limitation, the covenant not to compete; and
- (xv) If Franchisee is an individual transferring this Agreement and the Franchise to an entity wholly-owned by you, you agree both to remain personally responsible for the entity's performance of its obligations under this Agreement and to continue to comply personally with all obligations under this Agreement.

(c) Controlling Interest. A person will be deemed to have a controlling interest in Franchisee if that person has the right to vote twenty-five percent (25%) or more of the voting securities or other forms of ownership interest of a corporation, partnership, or other form of entity, or is entitled to receive twenty-five percent (25%) or more of the net profits of any such entity, or is otherwise able to direct or cause the direction of that entity's management or policies.

(d) Franchisor's Approval of Transfer. We have thirty (30) days from the date of the written notice to approve or disapprove, in writing, your proposed transfer (assuming the conditions specified above have been satisfied). You acknowledge that the proposed transferee shall be evaluated by us based on the same criteria as those currently being used to assess new franchisees and that the proposed transferee shall be provided with such disclosures required by state or federal law. We may review all information regarding the Franchise that you give the transferee, and we may give the transferee copies of any reports that you have given us or we have made regarding the Franchise.

(e) Right of First Refusal. You grant to us a thirty (30) day right of first refusal to purchase such rights, interest, or assets on the same terms and conditions as are contained in the written notice of the proposed transfer; provided, however, the following additional terms and conditions shall apply:

- (i) The right of first refusal will be effective for each proposed transfer, and any material change in the terms or conditions of the proposed transfer shall be deemed a separate offer for which we shall have a new thirty (30) day right of first refusal;
- (ii) The thirty (30) day right of first refusal period will run concurrently with the period in which the we have to approve or disapprove the proposed transferee;
- (iii) If the consideration or manner of payment offered by a proposed transferee is such that we cannot reasonably be expected to furnish the same, then we may purchase the interest proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the cash consideration, an independent appraiser shall be designated by us, whose determination will be

binding upon the parties; all expenses of the appraiser shall be paid for equally by us and you; and, we will have an additional fifteen (15) days after the determination of the cash consideration to exercise our right of first refusal; and

- (iv) If we choose not to exercise our right of first refusal, you shall be free to complete the transfer subject to compliance with this Section. If you do not complete the approved transfer within ninety (90) days after delivery of the initial written offer to us, or if there is a material change in the terms of the sale, we shall have an additional thirty (30) days' right of refusal on the same terms as were applicable to the initial offer. We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section.

(f) Transfer by Franchisor. You acknowledge that we maintain a staff to manage and operate Our System and that staff members can change from time to time. You represent that you have not signed this Agreement in reliance on any shareholder, member, director, officer, or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement and any other agreement without restriction. After we assign this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

(g) Franchisee's Death or Disability. Upon your death or permanent disability (or an individual controlling a Franchisee entity), the personal representative of such person shall transfer your interest in this Agreement or such interest in the Franchisee entity to an approved third party. Such disposition of this Agreement or such interest (including, without limitation, transfer by bequest or inheritance) shall be completed within a reasonable time, not to exceed one hundred eighty (180) days from the date of death or permanent disability (unless extended by probate proceedings), and shall be subject to all terms and conditions applicable to transfers contained in this Section; provided, however, that for purposes of this Section, we shall not charge a transfer fee. Failure to transfer the interest within said period of time shall constitute a breach of this Agreement. The term "permanent disability" shall mean a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent you (or an owner controlling your Franchisee entity) from supervising the management and operation of the Franchise for a period of one hundred eighty (180) days from the onset of such disability, impairment, or condition. In any event, the Franchise shall at all times be managed by a designated manager who has complied with all of our training requirements, regardless of any death or permanent disability covered by this Section.

18. DEFAULT AND TERMINATION

(a) Franchisor's Immediate Termination (Incurable Defaults). We have the right to immediately upon written notice terminate this Agreement and all rights granted to you, without giving you the opportunity to cure such default (subject to any state laws to the contrary) in any one or more of the following events:

- (i) Unsafe or Unsanitary Conditions, or Inhumane Treatment of Animals. If you create or allow to exist any condition in or about the Franchise which we reasonably believe presents health or safety concerns to the Franchise's customers, employees, or animals, or if you otherwise engage in the inhumane treatment of any animals;

- (ii) False Statements. If you make, or if we learn that you have made, any materially false statement to us, whether oral or written, in connection with this Agreement, or your application to become a Franchisee, or your operation of the Franchise;
- (iii) Conviction of Felony or Other Crime or Other Conduct Impairing Our Licensed Marks. If you are convicted of a felony or other crime, or if you otherwise engage in conduct that substantially impairs the goodwill associated with our Licensed Marks;
- (iv) Illegal Activity. If you fail to comply with any law or regulation applicable to the operation of the Franchise, and if you fail to cure such non-compliance within ten (10) days after receiving notification of your non-compliance by an appropriate authority or civil complaint;
- (v) Failure to Complete Training or to Open. If you (or your manager) fails to complete the initial training program to our satisfaction or to commence operations of the Franchise within the specified time period;
- (vi) Unauthorized Opening. If you begin operating the Franchise without having obtained our required prior written consent;
- (vii) Financial Reporting. If you under report your sales by five percent (5%) or more during any reporting period;
- (viii) Loan Default. If you default under any loan or equipment lease from us, our affiliates, or a third party and fail to cure that default according to the terms of such agreement;
- (ix) Insolvency, Assignments. If you (or your entity) becomes insolvent or is adjudicated bankrupt, or any action is taken by you, or by others against you under any insolvency, bankruptcy, or reorganization act (subject to federal bankruptcy law); or if you make an assignment for the benefit of creditors or a receiver is appointed for you;
- (x) Unsatisfied Judgments, Levy, Foreclosure. If any material judgment (or multiple judgments that in the aggregate are material) is obtained against you and remains unsatisfied or of record for thirty (30) days, (unless an appeal has been filed) or if execution is levied against your business or any property used in the Franchise and not discharged within five (5) days, or if the real or personal property of the Franchise shall be sold after levy by any sheriff or other such government official;
- (xi) Unauthorized Disclosure. If you or any person under your control intentionally or negligently discloses to any unauthorized person, or copies or reproduces the contents of the Confidential Operations Manual or any other trade secrets or Confidential Information of ours or our affiliates;
- (xii) Unauthorized Transfer. If you sell, transfer, or otherwise assign the Franchise, an interest in the Franchise (or Franchisee entity), this Agreement, or a substantial

portion of the assets of the Franchise without complying with the transfer provisions of this Agreement;

- (xiii) Right to Possess Franchised Location. If you lose the right to occupy the Franchised Location for any reason;
- (xiv) Abandonment, Force Majeure. If you cease to operate the Franchise or otherwise abandon the store for twenty four (24) hours or any period that indicates an intent by you to discontinue operation of the Franchise, unless and only to the extent that full operation of the Franchise is suspended due to a force majeure like fire, flood, earthquake, or similar circumstance beyond your control and not related to your financial condition;
- (xv) Repeated Non-Compliance. If you receive three (3) notices of default within a twelve (12) month period, regardless of whether such defaults were timely cured; and
- (xvi) Uncured Default. If you fail to cure any other default under this Agreement within ten (10) days after receiving written notice from us.

(b) Franchisor's Termination (Curable Defaults). We may immediately upon written notice terminate this Agreement if you fail to cure any of the following defaults after ten (10) days following your receipt of our default notice:

- (i) Failure to Make Payments. If you fail to pay any amounts due to us or our affiliates when due;
- (ii) Misuse of Licensed Marks. If you misuse or fail to follow our directions and guidelines concerning use of the Licensed Marks and fail to correct such misuse or failure within ten (10) days after delivery of notice from us;
- (iii) Failure to Timely Pay Vendors. If you fail to timely pay any vendors or suppliers (including your landlord) more than three (3) times within a twelve (12) consecutive month period during the term of this Agreement;
- (iv) Failure to Submit Required Reports. If you fail to submit any Required Report when due;
- (v) Inaccurate Reports. If you understate your Gross Revenues in any Required Report or any submissions to your landlord or any governmental agency, and you fail to amend such report and pay any delinquencies or other amounts due;
- (vi) Illegal Activity. If you fail to comply with any law or regulation applicable to the operation of the Franchise;
- (vii) Failure to Maintain Standards. If you fail to maintain our standards of operation for the Franchise as provided in this Agreement or the Confidential Operations Manual; and

(viii) Other Defaults. If you are otherwise in default of this Agreement or any other agreement between us, our affiliates, or your guarantor(s).

(c) Termination by Franchisee. Except for the limited right to terminate pursuant to Section 3(a), you have no right to voluntarily terminate this Agreement.

19. POST TERM OBLIGATIONS

(a) Upon the expiration or termination of this Agreement for any reason, you shall immediately be subject to the following:

- (i) Franchise. Cease to be a Petland® or Safari Stan® franchise owner and cease to operate the former franchised business under Our System. You shall not thereafter, directly or indirectly, represent to the public that the former franchised business is or was operated or in any way connected with Our System or hold yourself out as a present or former Petland® or Safari Stan® franchise owner at or with respect to the Franchised Location;
- (ii) Reports. Submit all outstanding Reports and pay all sums owing to us, including those invoiced to you after this Agreement expires or is terminated. Such sums shall include, but not be limited to, actual and consequential damages, costs and expenses (including reasonable attorneys' fees) incurred by us as a result of your default or breach;
- (iii) Confidential Information. Return to us the Confidential Operations Manual, all trade secrets, Confidential Information and materials, and such other materials as we may request, including without limitation, documents, forms, any customer or client lists, equipment, and other property of ours, together with all copies in whatever format they exist. You shall retain no copy or record of any of the foregoing; provided you may retain its copy of this Agreement, any correspondence between the parties, and any other document that you reasonably need for compliance with any law;
- (iv) Inventory, Equipment, Fixtures. Return to us existing Petland® or Safari Stan® brand inventory and other materials bearing the Licensed Marks or other indicia of Petland, Inc. We may, in our sole discretion, repurchase equipment and fixtures at net book value subject to adjustment for the condition of the items and less restocking and handling charges. If we are not satisfied with the accuracy or fairness of your financial statements, or they are not available, we may have our accountants conduct an audit of your records and such results will be binding. Any cost for such audit will be paid by you;
- (v) Advertising. Take such action as we may require to transfer and assign to us or our designee or to disconnect and forward all telephone numbers, facsimile numbers, white and yellow page telephone references and advertisements, all trade and similar name registrations, and business licenses and to cancel any interest that Franchisee may have in the same, including, without limitation, any action necessary to perform your obligations under the Assignment of Telephone


Numbers, Facsimile Numbers, E-mail Addresses, and URLs attached hereto as Exhibit I; and


- (vi) Licensed Marks. Cease to use in advertising, or in any manner whatsoever, any methods, procedures, or techniques associated with Our System in which we have a proprietary right, title, or interest; cease to use the Licensed Marks and any other marks and indicia of operation associated with Our System and remove all trade dress, physical characteristics, color combinations and other indications of operation under Our System from the Franchised Location. Without limiting the generality of the foregoing, you agree that you will remove all signage bearing the Licensed Marks, and, upon our request, deliver the fascia for such signs to us, and will remove any items that are characteristic of Our System trade dress from the Franchised Location including repainting the Franchised Location in color schemes that are not confusingly similar to our standardized and recognizable colors. You acknowledge that our custom pet and aquarium units constitute our trade dress and at our option such units shall be surrendered to us. You agree that we or our designated agent may enter upon the Franchised Location at any time to make such changes at your sole risk and expense and without liability for trespass.

(b) Obligations. Nothing in this section shall limit your obligations to us and other parties, such as your landlord, suppliers, utility providers, and third party creditors.

(c) Liquidated Damages Upon Termination. We have relied on your promise to fulfill your obligations for the full term of this Agreement. If you terminate this Agreement before its expiration (or as otherwise permitted) we will suffer damages that will be impossible to calculate. Therefore, in addition to any other damages or remedies that we may have at law or equity, you agree to pay us the following damages amount, not as a penalty, but as a reasonable approximation of our damages given the circumstances and our mutual expectations. "Damages" means the sum of the amounts of the Average Monthly Royalty (as defined below) for each month in the Adjusted Remaining Term (as defined below), calculated for present value using an interest rate of five percent (5%) per annum. "Average Monthly Royalty" means the average monthly royalty required to be paid by you to us during the twenty-four (24) months prior to the effective date of termination (or during the number of months between the date when the Franchise opened for business and the effective date of termination, if less than twenty-four months). "Adjusted Remaining Term" means the lesser of: (a) one-half (1/2) of the term remaining under this Agreement, or (b) five (5) years. You shall pay us the Liquidated Damages within thirty (30) days following the effective date of the termination of this Agreement.

The parties have expressly bargained for this Subsection as an essential part of the consideration for this Agreement and agree that the calculation of Liquidated Damages as provided above is compensatory and not a penalty.


Franchisor's initials


Franchisee's initials

20. CORPORATE RECORDS

If you are a corporation, limited liability Franchisee, partnership, or other entity:

(a) Upon execution (or transfer) of this Agreement, you shall furnish to us a copy of your Articles of Incorporation, Certificate of Incorporation, Bylaws, a list of shareholders showing the percentage interest of each. You shall promptly provide us copies of any amendments or changes to these documents. If your entity is other than a corporation, you shall furnish the corresponding documents that apply to your entity (e.g. Limited Liability Franchisee Articles of Organization and Operations Agreement);

(b) You shall provide copies of such corporate records material to the Franchise as we may request from time to time or as required by the Confidential Operations Manual; and

(c) You shall maintain stop-transfer instructions on your corporate records against the transfer of any securities with voting rights, subject to the restrictions of this Agreement, and each stock certificate (or ownership interest) shall have conspicuously endorsed upon it a legend in substantially the following form:

"The sale, transfer, pledge, or hypothecation of this stock is subject to the terms and conditions of the Petland, Inc. Franchise Agreement dated _____ between Petland, Inc. and the issuer of these shares. Reference is made to the provisions of said Franchise Agreement and to the Articles and Bylaws of this corporation."

21. OTHER FRANCHISE AGREEMENTS

You acknowledge that you are aware that we have in the past entered into and may in the future enter into franchise agreements with you or other franchisees at other locations containing terms and provisions different from those contained in this Agreement, even though the other franchise agreements are for the same general purpose as this Agreement. You are also aware that our obligations and rights in respect to our various franchisees may differ materially in certain circumstances. You further acknowledge that if you enter into any other franchise agreements with us for locations other than the location franchised under this Agreement, the other franchise agreements may contain terms different from the terms of this Agreement. You acknowledge and agree that you are not entitled to require us to grant you any rights, terms, or conditions as may be contained in any other franchise agreements we execute.

22. GRANT OF SECURITY INTEREST

In consideration of our grant of the license to you, and to ensure your faithful performance of all of the terms and obligations of this Agreement, you hereby grant to us a security interest in the Franchise and all assets associated therewith, including, without limitation, all furniture, fixtures, equipment, leasehold improvements, inventory and goodwill. We both agree that this Agreement shall constitute a "security agreement" as defined by Ohio Revised Code Section 1309.01(A)(12) and Article 9 of the Uniform Commercial Code ("UCC"). You agree to perform all acts and to execute and deliver to us all instruments (including UCC financing statements) which we may require to perfect such security interest and to assure that it continues until all of your obligations to us under this Agreement have been completely fulfilled. We agree to subordinate our claims to those of your commercial lenders solely for the purpose of your obtaining initial business funds.

23. LIEN ON SIGNAGE

You agree that this Agreement shall constitute a lien upon all exterior sign fascia bearing any Licensed Marks which are to be displayed on the exterior of the Franchise and in the event of any termination or expiration of this Agreement, you agree to remove immediately such fascia bearing any of the Licensed Marks from Franchise. If you fail to make such alterations within 15 days after termination or expiration of this Agreement, you agree that we or our designated agents may enter upon the Franchise at any time to make such alterations, at your sole risk and expense, without liability for trespass. We shall be entitled to acquire all such sign fascia not removed by you in a timely manner for the sum of Ten Dollars (\$10).

24. INSURANCE

(a) You shall, at your expense and no later than the earliest date on which you use any of the Licensed Marks, procure and maintain in full force and effect throughout the term of this Agreement the types of insurance enumerated in the Confidential Operations Manual or otherwise in writing which shall be in such amounts as we require and which shall designate us as an additional named insured, including: i) Employer's liability and workers' compensation insurance; and ii) Comprehensive general liability and casualty insurance including products liability and bodily injury insurance; and iii) Business interruption. The current minimum levels for such insurance are two million dollars (\$2,000,000) for personal injury and one million dollars (\$1,000,000) for property damage provided by a carrier with an AM Best rating of A-.

(b) You shall make timely delivery of certificates of all required insurance to us, each of which shall contain a statement by the insurer that the policy will not be cancelled or materially altered without at least 30 days' prior written notice to us.

(c) In the event you fail to comply with these provisions, we may, but are not required to, purchase appropriate coverage to protect our interests. You shall bear the costs of such coverage, plus an additional administration fee of Ten Dollars \$10.00 for each day you are not in compliance.

(d) The procurement and maintenance of such insurance shall not relieve you of any liability to us under any indemnity requirement of this Agreement.

25. TAXES, PERMITS, INDEBTEDNESS, COMPLIANCE WITH LAWS

(a) You shall promptly pay when due any and all federal, state, and local taxes including without limitation unemployment and sales taxes, levied or assessed with respect to any services or products furnished, used, or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by you in the operation of the Franchise.

(b) You shall comply with all applicable federal, state, and local laws, rules, and regulations; you shall also timely obtain any and all permits, certificates and licenses for the full and proper conduct of the Franchise.

(c) You hereby expressly covenant and agree to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchise.

26. INDEMNIFICATION AND INDEPENDENT CONTRACTOR

(a) You agree to protect, defend, indemnify, and hold us, and our respective directors, officers, agents, attorneys, and shareholders (jointly and severally, "Indemnitees") harmless and promptly to reimburse Indemnitees for, from, and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, consequently, directly or indirectly incurred (including without limitation attorneys' and accountants' fees) as a result of, arising out of, or connected with the operation of the Franchise.

(b) In all dealings with third parties including, without limitation, employees, suppliers, and customers, you shall disclose in an appropriate manner acceptable to us that you are an independent entity licensed by us. Nothing in this Agreement is intended by the parties to create a fiduciary relationship, nor to make you an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of us for any purpose whatsoever. It is understood and agreed that you are an independent contractor and are in no way authorized to make any contract, warranty, or representation or to create any obligation on behalf of us.

27. WRITTEN APPROVAL, WAIVER, AND MODIFICATION

(a) You shall make a timely written request for any approvals from us. Unless a different time period is specified in this Agreement, we shall respond with our approval or disapproval within 15 days of receipt of such request. If we have not specifically approved a request within such 15-day period, such failure to respond shall be deemed an approval of any such request.

(b) No waiver or modification of any of the terms of this Agreement shall be valid unless in writing, signed by both parties. Failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of such rights, and a waiver by either party of a default in one or more instances shall not be construed as a continuing waiver or as a waiver in other instances.

28. LIABILITY, SUCCESSORS

(a) If Franchisee consists of more than one person, their liability under this Agreement shall be joint and several.

(b) The rights and obligations of this Agreement shall be binding and inure to the benefit of the heirs, personal representatives, and permitted assigns and successors of the parties.

29. NOTICES

Any notice shall be in writing and shall be either mailed by certified mail, return receipt requested, or delivered by a recognized courier service, receipt acknowledged. Notices shall be addressed to the addresses listed in Paragraph 1 of this Agreement. Any notice complying with these provisions shall be deemed to be given three (3) days after mailing, or on the date of receipt, whichever is earlier. Each party shall have the right to designate any other address for such notices by giving notice to the other party in the foregoing manner.

30. LEGAL ACTIONS, MEDIATION, ARBITRATION AND GOVERNING LAW

The parties to this Agreement and any related agreement (including Franchisor,

Franchisee, Bound Parties or any Guarantor) agree that any claim or controversy arising out of or relating to this Agreement or the breach hereof or any other aspect of their relationship, including any period before the execution of this Agreement, shall be resolved as follows:

(a) Enforcement by Judicial Process

(i) Without regard to the provisions below requiring mediation and/or arbitration of disputes, Franchisor shall have the right to enforce by judicial process its right to terminate this Agreement for the causes enumerated in Article 10, to prevent the improper use of or an infringement upon its Proprietary Marks, to stop the opening of a Franchise Unit, to collect any Payment, to prevent or remedy a material breach of this Agreement by Franchisee Bound Parties or any Principal if such breach could materially impair the goodwill associated with Franchisor's Names and Proprietary Marks (including actions with respect to the servicing of wholesale accounts), to enforce the Confidential Information provisions of this Agreement or the Non-Disclosure and Non-Competition Agreement executed by Franchisee, Bound Parties and any Guaranty and Assumption of Obligations Agreement executed by any Principal. Franchisor shall be entitled without bond to the entry of temporary restraining orders and temporary and permanent injunctions enforcing the aforementioned provisions. If a court determines a bond is necessary, Franchisee, Bound Parties or Guarantor agrees that no bond shall be required. If Franchisor is successful in obtaining an injunction or any other relief against Franchisee, Bound Parties or any Guarantor, Franchisee, Bound Parties or any Guarantor shall pay Franchisor an amount equal to the aggregate of Franchisor's costs of commencing and prosecuting the action, including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses.

(ii) Any claim or controversy arising out of or relating to this Agreement or the breach hereof or any other aspect of the parties' relationship, including any period before the execution of this Agreement, that is required to be submitted to mediation or arbitration in accordance with the terms of this Agreement but which is not, shall be brought in a court of competent jurisdiction sitting within the Ross County or Franklin County, State of Ohio. However, mediation and arbitration of any and all disputes, claims or disagreements required to be submitted to mediation or arbitration in accordance with the terms of this Agreement shall be a condition precedent to any other remedy under this Agreement or at law. And nothing herein shall be construed to prevent any court from referring any such claim or controversy to mediation or arbitration.

(b) Mediation. Except for actions initiated by Franchisor by judicial process under the terms of Section 30(a)(i) above, the parties (includes Franchisor, Franchisee, Bound Parties or Guarantor) shall first submit any and all disputes, claims or disagreements to mediation which shall be conducted in Chillicothe or Columbus, Ohio at a mutually agreeable location ("Mediation"). Mediation of any and all such disputes, claims or disagreements shall be a condition precedent to any other remedy under this Agreement or at law. The Mediation shall occur within thirty (30) days of the service of a notice indicating the nature of the dispute by one of the parties. Upon said notice, Franchisor will select a neutral professional mediator located in Ross County, Ohio or Franklin County, Ohio to assist with the resolution of the dispute. The parties shall share the cost and expenses of the selected Mediator and the parties shall pay their own costs, attorney fees and expenses. If the dispute cannot be resolved by mediation, then the parties may proceed to arbitration.

(c) **Arbitration.** Except for actions initiated by Franchisor by judicial process under the terms of Section 30(a)(i) above, if the dispute is not resolved by Mediation as set forth herein, all disputes, claims or disagreements (including, without limitation, any claim that this Agreement, any provision thereof, any specification, standard, operating procedure or any other obligation of Franchisee or Franchisor is illegal, unenforceable or voidable under any law, ordinance or ruling) between the parties (includes Franchisor, Franchisee, Bound Parties or Guarantor) shall be settled by binding arbitration administered by the American Arbitration Association ("AAA") pursuant to its Commercial Arbitration Rules. Arbitration shall be held in accordance with the United States Arbitration Act (9 U.S.C. § 1 et seq.). A single arbitrator shall be selected in accordance with standard AAA procedure, and the proceedings will be conducted in Chillicothe, Ohio or Columbus, Ohio. Any arbitrator appointed must have at least ten (10) years' experience in franchise matters and shall have the right to award or include in any award the specific performance of this Agreement. Both Franchisee and Franchisor agree to use commercially reasonable efforts to expedite the arbitration proceeding. The arbitrator shall meet with representatives of the parties as promptly as possible after his/her appointment to set an arbitration hearing date and outline the arbitration process. The parties agree and acknowledge that judgment upon an arbitration award may be entered in any court of competent jurisdiction. Prior to any decision or award, the parties shall share the cost and expenses of the selected arbitrator and the parties shall pay their own costs, attorney fees and expenses; however, the arbitrator may award reimbursement of all costs, expenses and attorney fees to the prevailing party.

(d) **Individual Actions Only.** Any arbitration proceeding shall be conducted on an individual basis and not on a multi plaintiff, consolidated, collective or class wide basis.

(e) Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the state of Ohio and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the state of Ohio, which laws shall prevail in the event of any conflict of law. Franchisor and Franchisee (and their respective owners, officers, affiliates and agents, if applicable) each agree to submit to the exclusive jurisdiction of the state and federal courts in Franklin County, Ohio or Ross County, Ohio, even if additional persons are named as parties to such litigation (unless the courts of the applicable state would have no jurisdiction over such additional persons). No action or proceeding involving this Agreement or any aspect of the relationship between the parties or their agents or affiliates shall be commenced by any party except in the state or federal courts governing Franklin County, Ohio or Ross County, Ohio, nor shall any such action be transferred to any other venue. FRANCHISEE UNDERSTANDS THAT THIS CLAUSE COMPELS IT TO LITIGATE IN FRANKLIN COUNTY OR ROSS COUNTY IN THE STATE OF OHIO, AND FRANCHISEE KNOWINGLY WAIVES ITS RIGHT TO OTHERWISE OBJECT TO THE EXCLUSIVE VENUES. Notwithstanding the foregoing, if Franchisor is permitted to seek injunctive relief under this Agreement, Franchisor may, at its option, bring such action in the county in which the Franchise Unit is located or the Franchisee's principal place of business is located.

31. SEVERABILITY AND CONSTRUCTION

(a) If any portion of this Agreement is held by any court or other tribunal of competent jurisdiction to be unenforceable in such jurisdiction, the remainder of such provision will not be

affected and will be given full effect, without regard to such unenforceable portion. It is the intention of the parties that if any portion of this Agreement is unenforceable in any jurisdiction, the remainder of such provision will not be affected and will be given full effect without regard to such portion, or conformed to provide us the greatest protection available.

(b) This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute one and the same instrument.

(c) The table of contents, headings, and captions are for convenience and reference only and are not to be construed as separate parts of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each section of this Agreement shall be construed independently of any other section or provision of this Agreement.

32. CUMULATIVE RIGHTS AND REMEDIES

All rights and remedies under this Agreement are cumulative. There are no exclusive rights or remedies that preclude enforcing or obtaining any others.

33. REASONABLE BUSINESS JUDGMENT

Reasonable Business Judgment shall be applied by us in all circumstances involving or requiring our approval or consent, unless another standard is provided for in this Agreement. Reasonable Business Judgment means that our determination or choice shall prevail even in cases where other alternatives are also reasonable so long as we intend to benefit or are acting in a way that could benefit Our System. For example, such a benefit could involve enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing possible customer brand or location confusion, or increasing the financial strength of the Franchisor. You acknowledge that we have a legitimate interest in promoting the long-term goals of a franchised system, and the long-term interests of both the Franchisor and all franchise owners, taken together, require that we have the latitude to exercise our Reasonable Business Judgment.

34. NO PUNITIVE OR EXEMPLARY DAMAGES OR LOST PROFITS

You waive to the fullest extent permitted by law, any right or claim to punitive or exemplary damages against us. You further waive to the fullest extent permitted by law, any right or claim for lost profits or future damages against us. You agree that in any dispute with us, your claims for damages shall be limited to those actual losses or damages that you sustain as of the date on which the alleged claim(s) arose.

35. INJUNCTIVE RELIEF

You acknowledge and agree that in addition to all other remedies at law or equity, we are entitled to seek injunctive relief against any actual or contemplated breach without posting a bond in excess of \$1,000. Further, you agree that you will be liable for our costs and attorney fees to enforce this agreement.

36. WAIVER OF JURY TRIAL

BOTH PARTIES IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING (INCLUDING A COUNTERCLAIM) WHETHER AT LAW OR EQUITY OR BROUGHT BY EITHER PARTY.


Franchisee's initials

37. DEFINITIONS

Whenever used in this Agreement, the following words and terms shall have the respective meanings ascribed to them as follows:

"Agreement" means this entire written agreement, all of its exhibits, each of which is incorporated into this Agreement and is a material term of this Agreement.

"Competitive Business" means the retail sale of pets, pet supplies, and related services and products (including, without limitation, any products or services similar to those offered by Franchisor) or any business which operates or grants franchises or licenses to others to operate a business that provides similar services and/or products as those offered by the Franchisor.

"Confidential Information" means any proprietary and confidential information including trade secrets and any information relating to Our System that is competitively advantageous and not generally known by the public, whether or not in written or tangible form and regardless of the media on which it is created or stored, including without limitation, specifications, methods and techniques, operating systems and techniques, record-keeping and reporting methods, accounting systems, customer lists, management systems and techniques, training techniques, specifications for signs, displays, business forms, and business stationery to be used by franchisees, designs, the Confidential Operations Manual, ideas, research and development, know-how, software, processes, technologies, unpublished lists of franchisees and suppliers, suggested pricing and cost information, business and marketing plans and proposals, and any copies thereof. Confidential Information does not include information which (a) is or becomes publicly known through no fault of yours; (b) is rightfully obtained by you prior to our disclosure to you; (c) is learned by you from a third party whom you reasonably believe has a right to disclose it; (d) is developed by or for you independently from any information received by us.

"Confidential Operations Manual" means and shall include, without limitation, the Confidential Operations Manual, the various departmental operations manuals, the Advertising Manual, the Sales Manual, and other items as may be provided in the future, including administration and managers manual(s), certain pamphlets, memoranda, e-mail, and other publications prepared by Franchisor, whether or not in written, electronic, or tangible form and regardless of the media on which it is stored, and as may be added to, changed, modified, withdrawn, or otherwise revised by Franchisor setting out the standards, methods, procedures, and specifications of Our System.

"Franchise" means the business to be carried on by Franchisee in accordance with Our System and the Licensed Marks at the "Franchised Location" as defined below.

"Franchised Location" means the specific location set forth in Exhibit A.

“Franchisee” shall be deemed to include not only the individual or entity defined as “Franchisee” in the introductory section of this Agreement, but shall also include all partners of the entity that execute this Agreement, (if the entity is a partnership); all shareholders, directors, and officers of the entity that execute this Agreement (if the entity is a corporation); and all members and managers of the entity that execute this Agreement (if the entity is a limited liability Franchisee). By their signatures, all partners, shareholders, directors, officers, members, and managers of the entity that sign this Agreement as Franchisee acknowledge and accept the duties and obligations imposed upon each of them, individually, by the terms of this Agreement.

“Gross Revenues” means and shall include the aggregate of all sales and other revenue of whatever kind and nature in connection with the Franchise, whether sold by you or others, whether on or off the premises, and from all sources whether for check, cash, credit, or otherwise including, without limitation, proceeds from any business interruption insurance. Gross Revenues shall not include the amount of any sales or equivalent tax imposed by any federal, state, provincial, municipal or other governmental authority directly on sales and collected from customers, provided that amount is added to the selling price and actually paid to the governmental authority. Refunds actually issued customers during the period being reported, where an item purchased is returned to inventory, shall be deducted from Gross Revenues. (Amounts deducted from Gross Revenues as refunds shall not exceed the original sales transaction amount for the particular item(s) being returned). Each charge for sale upon installment or credit shall be treated as a sale for the full price in the period of seven days during which the charge or sale shall be made, irrespective of the time when Franchisee shall receive payment, whether full or partial.

“Licensed Mark(s)” means the trademarks and service marks identified on Exhibit C, and such other trade names, trademarks, service marks, designs, graphics, logos, and other commercial symbols, as well as materials in which we claim copyright protection and as we may designate and not thereafter withdraw to be used in connection with the Franchise, whether registered or unregistered in the United States, foreign countries, or foreign registries.

“Our System” means the uniform standards, methods, techniques, and expertise, procedures, and specifications developed by us for establishing, operating, and promoting a retail pet business specializing in the sale of pets, merchandising and sale of pet supplies, pet services, and pet related items. The distinguishing characteristics of Our System include, without limitation, operating methods, procedures, and techniques for the care and sale of pets; distinctive store design, layout, décor and color scheme; specially designed signage, kennels, and aquatic fixtures; operating methods, procedures, and techniques; procedures, methods, and techniques for inventory and cost controls; record keeping and reporting; personnel management and training; marketing, merchandising, advertising, sales, and promotional techniques; the Confidential Operating System, and Confidential Information, all of which may be changed, improved, further developed, or otherwise modified by us from time to time.

“Required Reports” mean those reports as described in the Confidential Operations Manual. The current Required Reports include Monthly Sales Transmittal, Monthly Sales Analysis, Cash Paid Out Summary, Cash Reconciliation, Balance Sheets, Income Statements, a detailed General Ledger, and Corporate governance documents and such others as may be required or changed from time to time.

“Territory” shall mean the area designated on Exhibit B.

38. ACKNOWLEDGMENTS

You hereby acknowledge the following:

(a) Independent Investigation. You have conducted an independent investigation of the Franchise and understand and acknowledge that this Franchise involves business risks that make the success of the venture largely dependent upon your business abilities and participation and your efforts as an independent business operator. You agree that we have made no claims of success or failure prior to your signing this Agreement; and that you freely undertake all the terms and conditions of this Agreement. We expressly disclaim the making of, and you acknowledge that you have not received or relied upon any warranty or guarantee, express or implied, as to the potential volume, costs, expenses, profits, or success of the Franchise, or as to the suitability of the Franchised Location for the Franchise.

(b) True and Accurate Information. You represent and warrant that all the information in any applications, financial statements, and submissions to us is true, complete, and accurate in all respects. You expressly acknowledge that we are relying upon the truthfulness, completeness, and accuracy of such information.

(c) Receipt of Federal Disclosure Document. You acknowledge that we or our agent have provided you with a franchise disclosure document not later than the earlier of the first personal meeting held to discuss the sale of a franchise, fourteen (14) calendar days before the execution of this Agreement, or fourteen (14) calendar days before any payment of any consideration. You further acknowledge that you have read such franchise disclosure document and understand its contents.

Franchisee's Initials: LRP

(d) Receipt of Agreement. You acknowledge that we have provided you with a copy of this Agreement and all related documents, fully completed, at least seven (7) calendar days prior to your execution of this agreement.

Franchisee's Initials: LRP

(e) Independent Counsel. You acknowledge that you have had ample opportunity to consult with your own attorneys, accountants, and other advisors and that our attorneys have not advised or represented you with respect to this Agreement or the relationship hereby created.

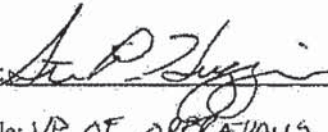
(f) Independent Financial Advisor. You acknowledge that you and your advisers have sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise.

(g) Entire Agreement. This Agreement and all of the attached Exhibits contain all of the terms and conditions agreed upon by the parties concerning the subject matter of this Agreement. No other agreements concerning this subject matter, written or oral, shall be deemed to exist or to bind any of the parties and all prior agreements, understandings and representations, are hereby merged and superseded. Nothing contained in this Agreement and all of the attached Exhibits is intended to disclaim the representations made in the Franchise Disclosure Document. None of our officers, employees or agents has any authority to make any representation, promise,

or warranty not contained in this Agreement or any federal disclosure document for prospective franchisees required by applicable law. You acknowledge, represent and agree that you have executed this Agreement without reliance upon any representation, promise, or warranty that is not set forth in this Agreement, its Exhibits, or our federal disclosure document.


IN WITNESS WHEREOF, the parties have duly executed this Agreement on the date first written above.

FRANCHISOR: Petland Inc.

By: 
Title: VP OF OPERATIONS

(Affix Corporate Seal, if any)

FRANCHISEE: Lamar Parker

By: 
Title: _____

(Affix Corporate Seal, if any)

EXHIBIT A
(to Franchise Agreement)

**ACKNOWLEDGMENT REGARDING OWNERSHIP
OR OTHER INTERESTS/BOUND PARTIES**

Acknowledgment Regarding Controlling Persons / Bound Parties. Franchisee hereby acknowledges that Franchisee is a(n) (check one):

- ☒ individual

 ☐ corporation
☐ partnership

 ☐ limited liability Franchisee
☐ joint venture

 ☐ other business form _____ (describe)

Franchisee hereby warrants and represents that the following persons own, either legally or beneficially, voting control of Franchisee:

NAME, ADDRESS, TELEPHONE NUMBER	TYPE OF OWNERSHIP (LEGAL OR BENEFICIAL)	PERCENTAGE OF INTEREST OWNED

Franchisee hereby represents that each of these bound persons (including Franchisee) has signed the "Form of Non-Disclosure and Non-Competition Agreement" attached to the Franchise Agreement as Exhibit E; and Franchisee acknowledges that Franchisor is relying on all of Franchisee's representations and warranties as a material basis for entering into this Agreement, and that the information set forth above is true and correct.

FRANCHISEE: Lamar Parker

By: Lamar Parker

Date: 12-16-2014

EXHIBIT B
(to Franchise Agreement)

TERRITORY/FRANCHISED LOCATION

The Parties hereby agree as follows:

The Franchisor and Franchisee agree to a Territory as defined herein below:

Bordered on the North by the Sarasota County line

Bordered on the East by the Sarasota County line

Bordered on the South by Clark Road West to Beneva Road, then North to Bee Ridge Road then West to Roberts Bay

Bordered on the West by Sarasota Bay

Franchisor initials here: SPH

Franchisee initials here: LAP

Dated this 16th day of DECEMBER, 2014.

PETLAND, INC.

FRANCHISEE: Lamar Parker

By: A. D. Higgins
Its: VP OF OPERATIONS

By: Lamar Parker
Its: _____

The Franchisor and Franchisee agree to a Franchised Location as defined herein below:

Franchisor initials here: SPH

Franchisee initials here: LAP

Dated this 16th day of DECEMBER, 2014.

PETLAND, INC.

FRANCHISEE: Lamar Parker

By: A. D. Higgins
Its: VP OF OPERATIONS

By: Lamar Parker
Its: _____

EXHIBIT C
(to Franchise Agreement)

LICENSED MARKS

FRANCHISE AGREEMENT DATED 12-16-2014

BETWEEN Petland Inc. AND Lamar Parker

Licensed Marks. Franchisor is the sole and exclusive licensor of the following service marks and trademarks currently used in connection with Our System:

PETLAND

(Word Mark)



SAFARI STAN

(Word Mark)



PISCES PLUS

(Word Mark)

**PETS FOR A
LIFETIME!**

(Word Mark)

**PETS MAKE LIFE
BETTER**

(Word Mark)

**PETLAND
SUPERSTORE**

(Word Mark)

FISH GEAR

(Word Mark)

**AQUARIUM
ADVENTURE**

(Word Mark)

PUPPY BOOST

(Word Mark)

BIG GIMMES!

(Word Mark)

HERE KITTY

(Word Mark)

**PETLAND PETS MAKE
LIFE BETTER**

(Word Mark)

**SAFARI STAN'S PET
CENTER**

(Word Mark)

GOOD DOG

(Word Mark)

BITTER WORKS

(Word Mark)

LIL' GIMMES!

(Word Mark)



Franchisee shall be authorized to utilize only such Licensed Marks as from time to time are authorized hereunder.

EXHIBIT D
(to Franchise Agreement)

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") hereby assigns, transfers and sets over unto Petland, Inc. an Ohio corporation ("Assignee") all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto (the "Lease") respecting premises commonly known as _____

(the "Premises"). This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall expressly agree in writing to assume the obligations of Assignor there-under.

In the event Assignor owns the land and/or building in which the store is located, Assignor does hereby grant an option to Assignee or its designee to lease such premises on a triple-net basis for the remainder of the then-current term of the franchise agreement, at a reasonable commercial rental rate, as determined by a licensed commercial real estate broker selected by Assignee.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Petland store to be operated at the Premises, between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises, expel Assignor there-from, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereof, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that said option must be exercised, unless Assignee otherwise agrees in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension or renewal.

Assignor acknowledges and agrees that Petland, Inc., an Ohio Corporation, is an intended third party beneficiary of this instrument, and as such may enforce its terms, and effect the assignment from Assignor without the requirement of obtaining Assignor's written consent or assent to such assignment.

The parties agree that this Collateral Assignment shall be effective and binding upon Assignor upon Assignor's execution, whether or not Lessor executes its consent below.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals this _____ day of _____, 20__.

Assignor: Lamar Parker

By: _____
Title: _____

Lessor's Consent

The undersigned, _____ ("Lessor"), as Lessor of the above-described Premises, hereby confirms its consent to the Collateral Assignment and releases Assignor from all further obligations under the Lease which accrue after the date of this Assignment. Lessor acknowledges that upon a default by Assignor under the Lease or under the franchise agreement for a Petland® or Safari Stan® store to be operated at the Premises, between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement, Assignee shall have the right to take an assignment of the Lease.

Lessor:

By: _____
Title: _____

EXHIBIT E
(to Franchise Agreement)

FORM OF NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

This Agreement is made as of DECEMBER 16th, 2014. The parties to this Agreement are Petland Inc. (the "Franchisee"), Petland, Inc. ("Franchisor"), and Lamar Parker, an individual ("Affiliate" or "You"). In consideration of the mutual promises and covenants contained herein, the parties hereby agree as follows:

A. Franchisee is in the business of operating a retail pet store selling pets and related products and services under the trade name "Petland" or "Safari Stan" pursuant to a Franchise Agreement with Franchisor. In the operation of its business, Franchisee uses various techniques, systems, procedures, standards, manuals, data, specifications, and other confidential and proprietary materials of Franchisor. In addition, Franchisee may also develop or acquire additional confidential and proprietary information and materials. Such matters may include information relating to the identity of Franchisor's and the Franchisee's customers, the nature and amount of their purchases, pricing practices, receipts, ingredients, the identity of suppliers, sales volumes, costs, expenses, and other information.

B. During the course of your affiliation with the Franchisee, you will have access to proprietary and confidential information of Franchisee and Franchisor. You acknowledge that Franchisee and Franchisor have reasonable, necessary, and legitimate business interests in protecting their proprietary and confidential information, ongoing business, and good will. Further, you acknowledge that the following restrictive covenants are reasonable and necessary to protect such legitimate business interests.

1. Confidential Information.

(a) Requirement of Confidentiality. You will have access to Confidential Information (as defined below) during the course of your affiliation with Franchisee. You shall not acquire any interest in the Confidential Information, other than the right to use it as directed by Franchisee. You agree that the Confidential Information is proprietary, includes trade secrets, and that you:

- (i) shall maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;
- (ii) shall not use the Confidential Information in any other business or capacity;
- (iii) shall not make or permit the making of any unauthorized copies of any portion of the Confidential Information disclosed in any form;
- (iv) shall limit exposure to the Confidential Information solely to those in a confidential relationship to Franchisee and Franchisor;
- (v) shall prevent disassembly or the removal of pages from the Confidential Operations Manual (as defined below); and

- (vi) shall adopt and implement all reasonable procedures prescribed by Franchisee and Franchisor to prevent unauthorized use or disclosure of the Confidential Information.

(b) No Contest/Indemnification. You shall not contest the right of Franchisee and Franchisor to exclusively use the Confidential Information. You shall immediately report to Franchisee any use of the Confidential Information by any party that you know or suspect to be unauthorized. You agree to indemnify, defend, and hold Franchisee and Franchisor harmless for any losses due to your negligent or intentional disclosure and/or misuse of any Confidential Information.

(c) Definitions.

- (i) “Confidential Information” means any proprietary and confidential information including trade secrets and any information relating to Our System that is competitively advantageous and not generally known by the public, whether or not in written or tangible form and regardless of the media on which it is created or stored, including without limitation, specifications, methods and techniques, operating systems and techniques, record-keeping and reporting methods, accounting systems, customer lists, management systems and techniques, training techniques, specifications for signs, displays, business forms, and business stationery to be used by franchisees, designs, the Confidential Operations Manual, ideas, research and development, know-how, software, processes, technologies, unpublished lists of franchisees and suppliers, suggested pricing and cost information, business and marketing plans and proposals, and any copies thereof. Confidential Information does not include information which (a) is or becomes publicly known through no fault of yours; (b) is rightfully obtained by you prior to Franchisee’s or Franchisor’s disclosure to you; (c) is learned by you from a third party whom you reasonably believe has a right to disclose it; (d) is developed by or for you independently from any information received by Franchisee or Franchisor.
- (vii) “Confidential Operations Manual” means and shall include, without limitation, the Confidential Operations Manual, the various departmental operations manuals, the Advertising Manual, the Sales Manual, and other items as may be provided in the future, including administration and managers manual(s), certain pamphlets, memoranda, e-mail, and other publications prepared by Franchisor, whether or not in written, electronic, or tangible form and regardless of the media on which it is created or stored, and as may be added to, changed, modified, withdrawn, or otherwise revised by Franchisor setting out the standards, methods, procedures, and specifications of Our System.
- (viii) “Licensed Mark(s)” means the trademarks and service marks PETLAND, SAFARI STAN, and such other trade names, trademarks, service marks, designs, graphics, logos, and other commercial symbols, as well as materials in which Franchisor claims copyright protection as Franchisor may designate, and not thereafter withdraw, to be used in connection with the Franchise, whether

registered or unregistered in the United States, foreign countries, or foreign registries.

- (ix) "Our System" means the uniform standards, methods, techniques, and expertise, procedures, and specifications developed by us for establishing, operating, and promoting a retail pet business specializing in the sale of pets, merchandising and sale of pet supplies, pet services, and pet related items. The distinguishing characteristics of Our System include, without limitation, operating methods, procedures, and techniques for the care and sale of pets; distinctive store design, layout, décor and color scheme; specially designed signage, kennels, and aquatic fixtures; operating methods, procedures, and techniques; procedures, methods, and techniques for inventory and cost controls; record keeping and reporting; personnel management and training; marketing, merchandising, advertising, sales, and promotional techniques; the Confidential Operating System, and Confidential Information, all of which may be changed, improved, further developed, or otherwise modified by us from time to time.

2. **Improvements.** You shall disclose to Franchisee prior to executing this Agreement all copyrighted or other pre-existing materials to which you claim ownership or any other rights. You shall fully and promptly disclose to Franchisee all ideas, concepts, methods, and techniques relating to the development and/or operation of the Franchise conceived or developed by you and/or your affiliates or employees during the term of this Agreement. All such materials created or conceived by you or in collaboration with others during the term of this Agreement shall be the sole and exclusive property of Franchisor without further consideration to you. You hereby assign to Franchisor all right, title, and interest in and to any copyrights, trademarks, service marks, trade dress, and any good will associated therewith, inventions, patents, patent applications, extensions, any other intellectual property, or other matters. You further agree to execute any additional documentation necessary to perfect Franchisor's ownership rights, including, without limitation, copyright, trademark, and patent applications, assignments, and/or recordings as Franchisor may request.

3. **Non-Competition Restrictive Covenant.**

(a) **Non-Competition.** During the term of this Agreement and for a period of three (3) years following the termination of your affiliation with Franchisee, you agree that except for your affiliation with the Franchise, you shall not:

- (x) have any direct or indirect interest as a disclosed or beneficial owner in any Competitive Business (as defined below); within a twenty-five (25) mile radius of your former Franchise or any other Petland®, Aquarium Adventure® or Safari Stan® store; provided, however, that you shall not be prohibited from owning equity securities of any business whose shares are traded on a stock exchange or on the over-the-counter market so long as the ownership interest shall represent two percent (2%) or less of the total number of outstanding shares of such business;

- (xi) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business anywhere;
 - (xii) divert or attempt to divert any business related to the Franchise or Our System directly or indirectly to a Competitive Business;
 - (xiii) divert or attempt to divert the employment of any employees of Franchisee or Franchisor, those of their affiliates, or of another of Franchisor's franchisees to any Competitive Business; or
 - (xiv) directly or indirectly solicit or employ any employees of Franchisee or Franchisor, those of their affiliates, or of another of Franchisor's franchisees without first obtaining the employer's prior written consent.
- (h) Additional Definitions.
- (i) "Competitive Business" means the retail sale of pets, pet supplies, and related services and products (including, without limitation, any products or services offered by the Franchisor) or any business which operates or grants franchises or licenses to others to operate a business that provides similar services and/or products as those offered by the Franchisor.
- (i) Purpose. You agree that the purpose of this covenant is not to deprive you of your livelihood and will not do so, but is rather to protect the goodwill and interest of Our System and the Licensed Marks. You agree that if you are engaged as an owner, operator, consultant, or in any managerial capacity in any such business, you assume the burden of proving that you have not used any Confidential Information, trade secrets, methods of operation, or any proprietary components of Our System. This protection shall be in addition to and not in lieu of all other protections for such trade secrets and confidential information available in law or in equity.
4. Effect of Termination. Immediately upon the termination of this Agreement for any reason, you agree to cease and forever abstain from using any Confidential Information and otherwise comply with the terms of this Agreement. You further agree to return to Franchisee at your expense all documents or other evidence of any Confidential Information, whether in written or electronic form, both original and any reproductions.
5. Third Party Beneficiary. Franchisor shall be a third party beneficiary of this Agreement and you shall not amend, modify, or terminate this agreement without the prior written consent of Franchisee and Franchisor. You shall provide Franchisee with your contact information and shall update such information as necessary.
6. Severability and Construction. Each of the covenants shall be construed as independent of any other covenant or provision of this Agreement. Should any part of one or more of these restrictions be unenforceable, all parties agree that it shall be conformed to be enforced to the fullest extent permissible under the law. The running of any period of time specified in this section shall be tolled and suspended for any period of time in which you are in violation of any restrictive covenant. You further expressly agree that the existence of any claim you may have against Franchisee or Franchisor whether or not arising from this Agreement, shall

not constitute a defense to the enforcement of the covenants in this section. Your obligations under this section shall survive the termination or expiration of this Agreement. Any violation of this section shall be deemed to be a material breach of this Agreement.

7. **Waiver/Modification.** No waiver or modification of any of the terms of this Agreement shall be valid unless in writing, signed by both parties. Failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of such rights, and a waiver by either party of a default in one or more instances shall not be construed as a continuing waiver or as a waiver in other instances.

8. **Governing Law.** This Agreement shall be governed in all respects, whether as to validity, construction, capacity, performance or otherwise by the laws of the state of Ohio and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the state of Ohio, which laws shall prevail in the event of any conflict of law. The parties to this Agreement agree to submit to the exclusive jurisdiction of the state and federal courts in Franklin County or Ross County, Ohio, even if additional persons are named as parties to such litigation (unless the courts of the applicable state would have no jurisdiction over such additional persons). No action or proceeding involving this Agreement or any aspect of the relationship between the parties or their agents or affiliates shall be commenced by any party except in the state or federal courts governing Franklin County or Ross County, Ohio, nor shall any such action be transferred to any other venue.

9. **Injunction/Remedies.** You agree that in order to protect the Franchisee's and Franchisor's interests if there is a breach or threatened breach of this Agreement, the Franchisee or Franchisor will be entitled to obtain, in addition to any other remedy, a temporary or permanent injunction and consent order for specific performance of this Agreement, without being required to furnish a bond or other security. If an injunction is issued, but is later vacated, you agree to waive any claim for damages as a result of the issuance of the injunction. You agree that if you have any claims or causes of action against Franchisee or Franchisor arising out of your affiliation with the Franchisee, such claims or causes of action will not constitute defenses to the Franchisee's or Franchisor's enforcement of this Agreement. You further agree to indemnify and hold the Franchisee and Franchisor harmless from any loss or expenses (including attorney's fees) that the Franchisee or Franchisor incurs as a result of your breach of this Agreement.

FRANCHISEE: Lamar Parker

AFFILIATE:

By: Lamar Parker
Title: _____

EXHIBIT F
(to Franchise Agreement)

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this 16th day of DECEMBER, 2014, by LAMAR PARKER, an individual.

1. In consideration of, and to induce Petland, Inc. (the "Franchisor") to enter into a franchise agreement dated 12-16, 2014 (the "Agreement"), with Lamar Parker ("Franchisee"), each of the undersigned hereby personally and unconditionally (a) guarantees to the Franchisee, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that the Assignee (hereinafter referred to as "Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) 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, including without limitation the provisions of Section 18 (all of which shall be referred to as the "Obligations").

2. Each of the undersigned waives: (1) acceptance and notice of acceptance of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of obligations hereby guaranteed; (4) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; (5) any and all other notices and legal or equitable defenses to which he may be entitled; and (6) any right to disclosures from the Franchisee regarding the financial condition of Franchisee or any guarantor of Franchisee.

3. Each of the undersigned consents and agrees that: (1) his direct and immediate liability under this guaranty shall be joint and several; (2) he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by the Franchisor of any remedies against Franchisee or any other person; (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Franchisor 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 shall in any way modify or amend his guaranty, which shall be continuing and irrevocable during the term of the Agreement; and (5) no claim, including a claim for contribution or subrogation, which any of the undersigned may have against a co-guarantor of any of the Obligations or Franchisee shall be enforced nor any payment accepted until the Obligations are paid in full and the payments are not subject to any right of recovery.

In witness whereof, each of the undersigned has executed this Guaranty and Assumption of Obligations on the date set across from his or her respective signature.

12-16-14 X Lamar Parker
Date Guarantor: Lamar Parker

X
Date Guarantor:

EXHIBIT G
(to Franchise Agreement)

ACKNOWLEDGMENTS AT CLOSING

The execution of documents for the transfer of a Petland® or Safari Stan® Franchise finalizes a process in which you review a great deal of information provided by us, financial institutions, governmental agencies, and other franchisees. Much of this information has a significant impact upon the transaction and is considered by you in making a decision to invest in the franchise. It is important that you understand the value of the information reviewed. Accordingly, you acknowledge the following statements with regard to the transfer of documents, data, and other materials are true and an accurate reflection of the transaction with us.

(1) That you received an FTC and/or state disclosure document as required by federal or state law prior to the execution of any documents, the transfer of any funds, or at your first meeting with us.

(2) That you received and reviewed all contract documents for signature as required by federal or state law prior to the execution of those documents or the transfer of any funds.

(3) That, as of the date of this acknowledgment, all funds transferred from you to us have been paid to us in exchange for services provided to you in full value of the sum paid.

(4) That the success or failure of your business venture under the Petland® or Safari Stan® trade name depends primarily upon the quantity and the quality of the effort put forth by you and upon your use of services we provide as well as competition in the marketplace, national and regional economic factors, labor and supply costs, and other business factors.

(5) That you have visited Petland® or Safari Stan® stores and have met with the franchisee/operator of those stores to discuss the operation of that particular unit and Our System.

(6) That you have had conversations with franchisee/operators, whose stores were not visited, to gather additional information with regard to the operation of Petland® or Safari Stan® units and Our System.

(7) That at no time prior to the execution of the Franchise Agreement were any claims made to you by any Petland, Inc. representative with regard to projected or potential profits, sales, costs, expenses, or earnings in the operation of the franchise.

(8) You acknowledge that approval of the lease or sublease does not constitute a warranty or representation of any kind, express or implied, as to its fairness, suitability or profitability or as to your ability to comply with its terms.

(9) You acknowledge that we will assist in the preparation of a business plan and bank package for the franchise once the Franchise Agreement has been executed.

(10) We do not guarantee that the financial projections contained in the business plan and bank package will be met.

(11) You acknowledge that we may recommend qualified licensed building contractors to build the franchise store. However, if you choose to use said recommended contractor, you release us from any liability with respect to construction matters.

(12) You acknowledge that you may utilize your own contractor in lieu of our recommended contractor.

(13) That you have read and understand the contents of our Franchise Disclosure Document, Franchise Agreement, and related exhibits.

(14) That you have been advised by us to seek independent competent legal, accounting, and other counsel in the review of all documents and information pertinent to the investment decision.

Date: 12/16/2014

FRANCHISEE: Lamar Parker

Lamar Parker

Witness:

EXHIBIT H
(to Franchise Agreement)

FORM OF BANK AUTHORIZATION

AUTHORIZATION TO HONOR CHECKS OR ELECTRONIC FUNDS TRANSFER DRAWN
BY AND PAYABLE TO PETLAND, INC.

1.	STORE # 2.	BANK ACCOUNT NUMBER 3.
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To the Bank Designated:

You are hereby requested and authorized to honor and to charge to the account described, checks or electronic funds transfer ("EFT") drawn on such account which are payable to the above named Payee. The name(s) of the depositor(s) on such checks will be printed by standard business machines. It is agreed that your rights with respect to each such check or EFT shall be the same as if it bore a signature authorized for such account. It is further agreed that if any such check or EFT is not honored, whether with or without cause you shall be under no liability whatsoever. This authorization shall continue in force until revocation in writing is received by you.

Name of Franchisee (please print)

Date: _____

Signature of Franchisee

FULL NAME OF BANK 6.
STREET ADDRESS 7.
CITY, STATE, ZIP CODE 8.

Drawee Bank Please Note: There is an Indemnification Agreement below.

Indemnification Agreement
To the Bank Designated:

In consideration of your compliance with the request and authorization printed on the Authorization Form hereof, the Payee agrees with respect to any such action:

(1) To Indemnify you and hold you harmless from any loss you may suffer as a consequence of your actions resulting from or in connection with the execution and issuance of any check, EFT, draft or order, whether or not genuine, purporting to be executed by the Payee and received by you in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection herewith.

(2) To Indemnify you for any loss arising in the event that any such check, EFT, draft or order shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at our own cost any action which might be brought by any depositor or any other persons because of your actions taken pursuant to the foregoing request, or in any manner arising by reason of your participation.

NOTICE TO OPERATOR

1. ATTACH ONE VOIDED CHECK HERE.
2. BE SURE ALL 8 SPACES SHOWN ABOVE ARE COMPLETED.
3. RETURN ALL THREE COPIES IMMEDIATELY.

Petland, Inc.

EXHIBIT I
(to Franchise Agreement)

**ASSIGNMENT OF TELEPHONE NUMBERS, FACSIMILE NUMBERS, EMAIL
ADDRESSES, AND URLS
AND SPECIAL POWER OF ATTORNEY**

1. Lamar Parker, Franchisee, to induce Petland, Inc. ("Franchisor") to grant Franchisee a franchise, assigns to Franchisor all telephone numbers, facsimile numbers, email addresses, and URLs and listings Franchisee advertises, publicizes, or otherwise makes known to customers or the public in the operation of a Petland® or Safari Stan® franchise, both now and in the future.
2. This assignment will automatically become effective immediately upon Termination (meaning "termination, expiration, or nonrenewal") of Franchisee's franchise agreement with Franchisor. When the franchise is terminated, Franchisee agrees to do whatever is necessary to cause the companies providing service to the Petland® or Safari Stan® franchise to promptly transfer its telephone numbers, facsimile numbers, email addresses, and URLs and associated directory listings to Franchisor or its designee.
3. Franchisee agrees to pay these service providers, on or before the date when the franchise is Terminated, all amounts Franchisee owes it in connection with the directory or directories. Franchisee further agrees to indemnify Franchisor for any amounts, obligations, or expenses, including legal fees, Franchisor must pay the service providers before the service providers will carry out this agreement.
4. Franchisee appoints Franchisor as attorney-in-fact to sign any documents and do any things necessary to carry out this agreement if Franchisee fails to sign or to do them within three (3) business days after termination of the franchise agreement with Franchisor. Franchisee further agrees to indemnify Franchisor for any expenses, including legal fees, that Franchisor incurs which would not have been incurred if Franchisee had performed as promised under this agreement.

Dated: _____

FRANCHISEE: Lamar Parker

By: _____
Name: _____
Its: _____

Exhibit J
(to the Franchise Agreement)

Special Stipulations

Franchise Agreement dated 12-16-2014 between Lamar Parker and Petland, Inc.

To the extent of any conflict between the following and the printed provisions of the Franchise Agreement, the Special Stipulations shall control:

- Section 3 (c). The Royalty Fee Structure For Each Calendar Year shall be as such:
- a. Royalty Fee shall be 4.5% for the first \$2,500,000.00 (Two Million, Five-Hundred Thousand Dollars) in sales.
 - b. Royalty Fee shall be 2.25% for sales in excess of \$2,500,000.01 (Two Million, Five-Hundred Thousand Dollars and one cent).

Lamar Parker

12-14-2014

EXHIBIT K
(to Franchise Agreement)

RECEIPT FOR FRANCHISE AGREEMENT

Under federal law, we may not grant you a franchise unless you have had a signature-ready copy of the franchise agreement and all attachments, with all blanks except for the date of the agreement filled in, for at least seven (7) calendar days before you pay us any money in connection with the agreement or sign the agreement.

To show that we have complied with the law, please fill in the date when you received the franchise agreement from us:

Date You Received Franchise Agreement: 11/6/2014

**

Please return this receipt to us as soon as you have filled in the date. We can proceed further only after you return this receipt.

Thank you for your careful attention to this matter.

Signature: Lamar Parker
Print Name: LAMAR PARKER