



AMCHECK®
FRANCHISE OFFERING CIRCULAR

AMCHECK NATIONAL FRANCHISE CORPORATION
10201 South 51st Street, Suite 100
Phoenix, AZ 85044
1-888- AMCHECK
www.amcheck.com

The franchise offered is for the operation of an AMCHECK® business within a particular geographic territory. The AMCHECK business provides a variety of payroll, human resource and employee benefit and administration services to employers.

The Initial Franchise Fee is \$50,000 for a territory of up to 40,000 businesses. For an additional 20,000 businesses in your territory, the Initial Franchise Fee is increased by \$15,000, and for an additional 40,000 businesses, the Initial Fee is increased by \$25,000. You also must pay us \$3,000 for a Grand Opening Business Development Package. The estimated initial investment required for the AMCHECK business generally ranges from \$68,700 to \$162,100.

Risk Factors:

1. THE FRANCHISE AGREEMENT PERMITS YOU TO MEDIATE, ARBITRATE AND LITIGATE DISPUTES ONLY IN PHOENIX, ARIZONA, OR AT SUCH OTHER PLACE AS MAY BE MUTUALLY AGREEABLE TO THE PARTIES. OUT OF STATE DISPUTE RESOLUTION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT ALSO MAY COST MORE TO MEDIATE, ARBITRATE OR LITIGATE WITH US IN PHOENIX, ARIZONA THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT THE LAWS OF THE STATE OF ARIZONA GOVERN THE AGREEMENT. TO THE EXTENT NOT SUBJECT TO ARBITRATION, ANY CAUSE OF ACTION, CLAIM, SUIT OR DEMAND MUST BE BROUGHT IN THE FEDERAL DISTRICT COURT FOR THE DISTRICT OF ARIZONA OR IN MARICOPA COUNTY DISTRICT COURT, PHOENIX, ARIZONA, ALTHOUGH THE GOVERNING LAW MAY PROVIDE THAT ANY PROVISIONS OF THE FRANCHISE AGREEMENT DESIGNATING JURISDICTION OUTSIDE OF THE STATE ARE VOID. IT MAY COST MORE TO LITIGATE WITH US IN PHOENIX, ARIZONA, THAN IN YOUR HOME STATE.

3. EVEN THOUGH THE FRANCHISE AGREEMENT STATES THAT THE LAWS OF THE STATE OF ARIZONA GOVERN THE AGREEMENT, LOCAL LAW MAY

SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO ANY STATE-SPECIFIC ADDENDUM THAT IS ATTACHED TO THE OFFERING CIRCULAR FOR DETAILS.

4. AS NOTED IN ITEM 1, WE HAVE A LIMITED OPERATING HISTORY, ALTHOUGH OUR AFFILIATES HAVE BEEN OPERATING A BUSINESS SIMILAR TO THE ONE YOU WILL OPERATE SINCE 1996.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Information comparing franchisors is available. Call the state administrators listed in Exhibit 1 or your public library for sources of information.

Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this Offering Circular. If you learn that anything in the Offering Circular is untrue, contact the Federal Trade Commission and the state authority listed in Exhibit 1.

Effective Date: See Exhibit 1

**AMCHECK
FRANCHISE OFFERING CIRCULAR**

EFFECTIVE DATE: SEE EXHIBIT 1

**INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY FEDERAL TRADE COMMISSION**

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TO PROTECT YOU WE'VE REQUIRED YOUR FRANCHISOR TO GIVE YOU THIS INFORMATION. WE HAVEN'T CHECKED IT, AND DON'T KNOW IF IT'S CORRECT. IT SHOULD HELP YOU MAKE UP YOUR MIND. STUDY IT CAREFULLY. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACT, DON'T RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACT. READ ALL OF YOUR CONTRACT CAREFULLY. BUYING A FRANCHISE IS A COMPLICATED INVESTMENT. TAKE YOUR TIME TO DECIDE. IF POSSIBLE, SHOW YOUR CONTRACT AND THIS INFORMATION TO AN ADVISOR, LIKE A LAWYER OR AN ACCOUNTANT. IF YOU FIND ANYTHING YOU THINK MAY BE WRONG OR ANYTHING IMPORTANT THAT'S BEEN LEFT OUT, YOU SHOULD LET US KNOW ABOUT IT. IT MAY BE AGAINST THE LAW.

THERE MAY ALSO BE LAWS ON FRANCHISING IN YOUR STATE. ASK YOUR STATE AGENCIES ABOUT THEM.

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20508

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

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

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

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

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

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

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EXHIBITS

1. List of State Authorities and Agents to Receive Service of Process
2. Franchise Agreement with Appendices A (Trademarks), B (Designated Territory), C (Addendum to Lease Agreement) and D (Personal Guaranty), E (Telephone Assignment Agreement), F (Minimum Performance Standards), G (Undertakings of General Manager), H (Electronic Transfer of Funds Authorization), I (Ownership and Management Addendum), J (Financing Documents), K (Acknowledgement Addendum to Franchise Agreement), L (Equipment and Office Package) and M (Tax and ACH Service Fee Schedule)
3. Financial Statements
4. State Specific Addenda
5. Confidentiality Agreement
6. Receipt

Item 1

THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

To simplify the language in this Offering Circular, “we” or “us” means AmCheck National Franchise Corporation, the franchisor. “You” means the person who buys the franchise. If the franchisee is a corporation, partnership or other entity, “you” also may mean its owners. Certain provisions of the franchise agreement will apply to your owners and will be noted in this Offering Circular.

AmCheck and Our Affiliates

We are an Arizona corporation incorporated on December 1, 2005. Our business address is 10201 S. 51st Street, Suite 100, Phoenix, Arizona 85044, telephone: 1-888-262-4325; website: www.amcheck.com. We do not do business under any name other than AMCHECK. Our agents for service of process are disclosed in Exhibit 1. We have no predecessors, but we have several affiliates as follows:

<u>Affiliate</u>	<u>Principal Business Address</u>	<u>In Business Since</u>	<u>Description of Business</u>
Simplified Business Solutions (an Arizona corporation)	10201 S. 51 st St Suite 100 Phoenix, AZ 85044.	November 1996	Operates an AMCHECK Business in Tucson, Arizona and owns the Marks
Founders Business Services, LLC (an Arizona limited liability company)	1799 Pennsylvania St. Suite 400 Denver, CO 80203	April 17, 2000	Operates an AMCHECK Business in Denver, Colorado which offers professional employer organization services
APS Denver, LLC (a Colorado limited liability company)	1799 Pennsylvania St. Suite 400 Denver, CO 80203	April 2005	Operates an AMCHECK Business in Denver, Colorado which offers administrative service organization services and payroll services
APS Solutions San Diego, LLC (a California limited liability company)	1111 6 th Ave Suite 530 San Diego, CA 92101	October 2005	Operates a full-service AMCHECK Business in San Diego, California
CheckMate HR, Inc. (an Arizona corporation)	10201 S. 51 st St Suite 100 Phoenix, AZ 85044	October 2002	Provides payroll services to AMCHECK customers

<u>Affiliate</u>	<u>Principal Business Address</u>	<u>In Business Since</u>	<u>Description of Business</u>
AmCheck National Broker Corp. (an Arizona corporation)	10201 S. 51 st St Suite 100 Phoenix, AZ 85044	October 2005	Provides health, dental, life, worker's compensation and other types of insurance to AMCHECK customers

We have granted AMCHECK franchises since March 2006. We have not offered franchises in any other line of business. None of our affiliates have offered franchises in any line of business. We do not operate businesses of the type being franchised, but four of our affiliates do as noted in the chart above. See Item 20 for more information on our affiliate-owned AMCHECK businesses.

The Business

We grant franchises to qualified persons for the right to own and operate an AMCHECK Business (the "Business"). We also are in the business of the administration of our franchise system. The franchise granted to you is for the right to own and operate an AMCHECK Business according to the terms of the standard AMCHECK Franchise Agreement (the "Franchise Agreement"). A copy of the Franchise Agreement is included in this Offering Circular as Exhibit 2. You will operate your AMCHECK franchise within a particular geographic territory (the "Territory"). The Territory is described in Appendix B to the Franchise Agreement. During the operation of your Business, you will use our Marks (as defined in Item 13), as well as our distinctive methods in the operation, management and promotion of the Business which include unique sales and marketing programs, customized data base management and other standards, procedures and techniques and procedures (the "System"). Your Business will provide a variety of payroll, human resource and employee benefit and administration services to employers. The range of these services may vary from client to client but will generally include the following: 1) payroll management; 2) design and administration of employee benefit plans; 3) compliance with state and federal work place laws; and 4) other employee benefit and human resources services. You will be required to offer various insurance programs to your customers. In order to offer insurance, you may: 1) become a licensed insurance broker, 2) arrange the insurance through a third-party broker, or 3) arrange the insurance through AmCheck National Broker Corp.

The Market and Competition

There is a nationwide, competitive and developing market for payroll processing, employee benefit, and human resources and services offered by businesses generally referred to as Administrative Service Organizations ("ASOs") and Professional Employer Organizations ("PEOs") within the industry. The competition in the market includes both small independent businesses and well-established national chains. You will compete with other businesses performing similar services, including other national or regional franchise systems, smaller independent businesses and non-franchised companies. The services offered by AMCHECK businesses are not seasonal. The customer target market consists of businesses of all types with 5,000 or fewer employees.

Regulations Affecting Your Business

There are no laws or regulations specific to the operation of a payroll, human resources and employee benefit and administration services business; however, there are laws of a general nature affecting the establishment and operation of your Business. Some of the laws with which you will need to comply are ERISA and HIPPA laws which deal with employee benefit plans and privacy rights respectively. You must comply with employment, workers' compensation, corporate, taxing and similar laws and regulations. You are solely responsible to determine what local, city, county or state regulations, permits and licenses you will need. You should also familiarize yourself with federal, state and local laws of a general nature which may affect the operation of your Business.

Item 2

BUSINESS EXPERIENCE

The following list discloses our officers, directors and other employees with management responsibilities related to franchisees and the principal occupation of each of them during the past 5 years.

President and Director: Dean Lucente.

Mr. Lucente has been our President and a Director since our inception. He has also served as President of SBS since 1996. Mr. Lucente has also been a Managing Member of FBS since 2001. He has served as a Managing Member of APS Solutions San Diego, LLC since October 2005. Mr. Lucente has also been President of CheckMate HR, Inc. since March 2002.

Vice President and Director: Brad R. Johnston.

Mr. Johnston has been our Vice President and a Director since our inception. He has also served as Vice President for CheckMate HR, Inc. since March, 2002, as a Managing Member of FBS, since 2001, as a Managing Member of APS Denver, LLC since, 2005, and as Managing Member of APS Solutions San Diego, LLC since October, 2005. Mr. Johnston also has served as Vice President of AmCheck National Broker Services since October 2005.

Vice President and Director: Michael Lockard.

Mr. Lockard has been our Vice President and a Director since our inception. He has also been President of Dynamic Employment Solutions, Inc., in Chicago, Illinois since May 1998. Mr. Lockard has also served as President of CheckMate HR, Inc. since 2002. He has also been a Managing Member of APS Solutions San Diego LLC since October 2005 and Managing Member of APS Denver, LLC since 2005.

Item 3

LITIGATION

No litigation is required to be disclosed in this Offering Circular regarding us, our personnel disclosed in Item 2 or any predecessor or affiliate of ours.

Item 4

BANKRUPTCY

No person previously identified in Items 1 or 2 of this Offering Circular as the franchisor, its affiliate, its officers or general partner has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item.

Item 5

INITIAL FRANCHISE FEE

You are required to pay us a non-refundable Initial Franchise Fee of \$50,000 at the time you sign the Franchise Agreement. If your territory will have more than 40,000 businesses, you will pay an additional \$15,000 (for a total of \$65,000) for an additional 20,000 businesses or portion thereof and an additional \$25,000 (for a total of \$75,000) for an additional 40,000 businesses or portion thereof. We do not offer installment terms, but we may finance up to one-half of the Initial Franchise Fee as described in Item 10.

In addition to the Initial Franchise Fee, you also must pay to us a one-time Grand Opening Business Development Package Fee of \$3,000 for your corporate business development and marketing activities during your grand opening and your initial ramp-up period (defined as weeks 1-13 after you open for business) as further described in the Operations Manual. The Grand Opening Business Development Package Fee is nonrefundable and paid to us before the opening of the Business.

These are the only payments you make to us or any affiliate for services or goods provided before your AMCHECK business begins operating.

Item 6

OTHER FEES

NAME OF FEE	AMOUNT (See Notes 1 and 13)	DUE DATE	REMARKS
Royalty	8.5% of Gross Sales with a monthly minimum of \$500	15 th day of each month for the preceding month	See Notes 2, 3 and 4.

NAME OF FEE	AMOUNT (See Notes 1 and 13)	DUE DATE	REMARKS
Marketing Fee	2.5% of Gross Sales.	15 th day of each month for the preceding month	See Note 5.
Local Advertising	5%	Monthly	See Note 6.
Transfer Fee	\$20,000	At time of transfer	See Item 17 for additional information on transfer requirements.
Renewal Fee	One-half of the then-current Initial Franchise Fee	30 days before renewal	See Item 17 for additional information on renewal requirements.
Additional Training, Account and Technical Support	\$500 per day plus travel expenses.	30 days after billing	See Note 7.
Audit Fee	Actual cost of audit	15 days after billing	See Note 8.
Interest Expenses; Late Fee	Interest may not exceed 18% per annum; \$50 late fee minimum.	15 days after billing	See Note 9.
Insurance Premiums	\$500 to \$3,000 annual premium for liability insurance. Workers compensation and liability insurance varies from state to state.	When premiums are due	See Note 10.
Technology Fee and Transaction Charges	Approximately \$400 to \$500 per month	15 th day of each month for the preceding month	See Note 11.
Tax & ACH Service Fee	Variable	Variable	See Note 12

Notes:

- (1) Except where otherwise noted, all fees are payable to us and are not refundable.
- (2) "Gross Sales" means all revenues and income from any source derived or received by you from, through, by or on account of the operation of your business whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise less the amount of any documented refunds, charge-backs, credit and allowances given in good faith to customers by you and sales tax receipts or similar tax receipts if separately stated when the customer is charged and actually paid to the appropriate taxing authority.

- (3) The Royalty Fee is due monthly and it begins accruing on your first day of business. The Royalty Fee is calculated from a monthly report that you must prepare and fax or electronically submit to us by the 15th day of the following month, at which time the payment is due to us.
- (4) You will have Minimum Performance Standards, as set forth in Appendix B to the Franchise Agreement and further described in Item 12. If you do not meet your Minimum Performance Standards, then you must pay us an additional Royalty Fee for that performance period. The additional Royalty Fee is 8.5% of the difference between the Minimum Performance Standard and your actual Gross Sales for the performance period (the "Shortfall"). The Shortfall Royalty Fee is due within 30 days of the end of the performance period.
- (5) You must pay to us a monthly Marketing Fee in an amount equal to 2.5% of your Gross Sales. The monthly Marketing Fee is due at the same time and in the same manner as the Royalty Fee. See Item 11 for more information on advertising and marketing.
- (6) In addition to the Marketing Fee, commencing the fourth month of operation, you must spend 5% on approved local advertising.
- (7) We may provide additional training and assistance at your site for a fee of \$500 per day plus our travel expenses.
- (8) Audits and inspections generally will be at our expense. However, if an audit is made necessary by your failure to furnish reports, financial statements, tax returns or schedules as required under the Franchise Agreement, or if any audit or inspection reveals that you have understated or underreported Gross Sales, Royalty Fees, Marketing Fees or other amounts owed to us by an amount greater than 2%, in addition to the amounts owed to us, you must reimburse us the cost and out-of-pocket expenses of the inspection or audit.
- (9) All amounts owed to us will bear interest at the highest legal rate for open account business credit in the state in which your Territory is located, which may not exceed 18% per annum. In addition to interest charges on late Royalties and Marketing Fee payments, you must pay us a late fee of \$50 for each delinquent report or payment that we receive 5 days after its due date. An additional \$5 shall be added to the \$50 late fee for each additional day beyond the 5 day period. You also must pay a fee of \$50 for any returned resolution when you have insufficient funds for Royalty Fee or Advertising Fee payments.
- (10) You must maintain in force at all times during the term of your Franchise Agreement comprehensive general liability insurance, including products and completed operations, the limits of which may not be less than \$1,000,000 single limit for bodily injury, personal injury, and property damage combined, or any other amount we may specify if we deem it necessary. You must also carry motor vehicle liability insurance, an umbrella policy, errors and omissions insurance, business interruption insurance and other insurance we designate from time to time. We must be named as an additional named insured on all policies of insurance, and such policies must provide that we be notified in writing at least 30 days prior to the cancellation or other material change of such policies. You must furnish to us, immediately upon receipt, duly executed copies of all insurance

policies and renewal notices and notices of changes in coverage, and must be solely responsible for the entire cost of such insurance. If you fail to obtain the specified insurance, we may obtain such insurance and charge the premiums and any other related expenses to you, which you must promptly pay. The cost of liability insurance varies greatly depending on your locale, insurance company used and accident record. The cost may vary depending on your insurance carrier, Gross Sales and/or workers' salaries. Worker's Compensation & Liability insurance is calculated as a percentage of worker's salaries or gross sales, depending on the insurance carrier and it varies from state to state.

- (11) You pay technology fees and transaction charges equal to the greater of: 1) \$250 per month or 2) \$.50 per payroll processing processed using the payroll program in the month plus \$0.80 per payroll payment transaction processed using the payroll program in the month, plus; \$.05 per W-2 & 1099 items processed, plus; \$1.00 per company processing of W-2/1099's.

In addition you pay maintenance fees for the following online services:

- a. Web Payroll-\$225.00/month plus \$1.00 per payroll processed
- b. Employee Self Service-\$100.00/month plus \$.35 per employee per month
- c. Online timesheets-\$.25 per employee activated per month
- d. Online ViewChoice reports-\$75.00 per GB of storage/year
- e. QuickBooks Web G/L-\$1.00 per payroll upload

We have the right to increase the pricing of the transaction charges and maintenance fees on 30 days' notice.

- (12) You will pay us a tax and ACH service fee in an amount determined by our then-current fee schedule. The tax and ACH service fees will vary depending upon the number of employees your customers have, the frequency of their payrolls and other factors. For example, the tax filing fee for an employer of 250 employees with a bi-weekly payroll would be \$14 per payroll period. There are also other miscellaneous tax service fees payable. See Appendix M to the Franchise Agreement which lists all of the tax and ACH service fees payable as of the date of this offering Circular. These fees are paid to us and we, in turn, pay Ceridian to provide these services. See Item 8 for more information.
- (13) You must sign a draft authorization for your business bank account. A current copy of the draft authorization is included as Appendix H to the Franchise Agreement. The draft authorization permits us to draw from your account amounts due and payable to us.

Item 7

INITIAL INVESTMENT

Expense	Estimated Amount or Estimated Low-High Range (Note 1)	Method of Payment	When Payable	To Whom Payment is to be Made
Initial Franchise Fee	\$50,000-\$75,000 See Note 2	Lump sum	Upon execution of Franchise Agreement	Us
Training Expenses	\$2,000 to \$4,000 for travel and living expenses during training See Note 3	As incurred	During training	Third parties for travel and living expenses
Office Furnishings	\$2,000 to \$8,000 See Note 4	Varies under the circumstances	Varies under the circumstances	Us and Third-party suppliers
Initial Business Development and Marketing	\$3,000 See Note 5	Lump sum	Before opening	Us and Third-party suppliers
Wages for Employees (3 Months)	0-\$12,000 See Note 6	As incurred	As incurred	Employees
Attorneys' Fees	\$300 to \$2,000	Lump sum	Varies under the circumstances	Attorney
Office Space (3 Months)	\$900 to \$6,000 See Note 7	Varies under the circumstances	Varies under the circumstances	Third-party suppliers
Insurance Premiums, Business Licenses	\$500 to \$2,100 See Note 8	Varies under the circumstances	Varies under the circumstances	Third-party suppliers
Additional Funds (3 Months)	\$10,000 to \$50,000 See Note 9	As incurred	Before opening and as incurred	Employees, third-party suppliers, etc.
TOTAL See Note 9	\$68,700 to \$162,100			

Notes:

- (1) The figures in the above chart are the *estimated minimum* requirements for beginning operations for a AMCHECK Business. The estimated minimum requirements may vary depending on factors like your financial condition, your financing arrangement, and the business decisions you make. Except where otherwise noted, all fees that you pay to us are nonrefundable. Third-party lessors and suppliers will decide if payments to them are refundable.

- (2) If you receive a territory with more than 40,000 businesses, you will pay a higher Initial Franchise Fee (\$65,000 for 60,000 businesses and \$75,000 for 80,000 businesses). See Item 5 for more information on Initial Franchise Fee.

- (3) See Items 6 and 11 for additional information on training. Although there is no charge for the initial training, you are responsible for the travel costs and living expense of all persons you send to training.
- (4) As part of your Initial Franchise Fee, we provide you with an equipment package and an office package as further described in Items 8 and 11. The table estimates the cost of your office furnishings not included in the equipment package and office package.
- (5) The Initial Business Development and Marketing expense includes your Grand Opening Business Development Package fee of \$3,000, as described in Item 5. It also includes three grand opening targeted marketing blitz campaigns as further described in Item 11 and in the Manual.
- (6) Your cost for wages will depend upon whether you pay yourself initially and whether you hire additional employees.
- (7) We require you to have an office outside the home. Depending on locale, office rent may cost from \$500 to \$2,000 per month.
- (8) Insurance premium estimates are for comprehensive liability insurance only. See Item 6 for additional information on insurance. Licenses and permits may cost between zero to \$1,500 annually depending on your locale and your choice of business entity.
- (9) This amount estimates your initial pre-opening and start-up expenses not otherwise mentioned in the table, including taxes, telephone and fax requirements, as described in Item 11. It does not include any amount for your individual salary. The amounts are estimates based on our estimate of average costs and market conditions prevailing as of the date of this Offering Circular and SBS's 9 years of experience in the Business. We cannot guarantee that you will not have additional expenses starting your Business. Your costs will depend on factors such as how much you follow our systems and procedures, your management skills and experience, your business skills, local economic conditions, the local market for the AMCHECK Business, the prevailing wage rate, competition and the sales level reached during the initial period.
- (10) This total is an estimate of your initial investment and is based upon our estimate of average costs and market conditions prevailing as of the date of this Offering Circular and SBS's 9 years of experience in the Business. You should review this amount carefully with a business advisor before making any decision to purchase the franchise. You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs. You must bear any deviation or escalation in costs from the estimates in this Item 7 or estimates that we give during any phase of the development process.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To help ensure a uniform image and uniform quality of products, supplies and services in all AMCHECK businesses, you must maintain and comply with our quality standards. Although you are not required to purchase or lease real estate from us, you must improve and equip your office space in accordance with our then current specifications and standards. In addition, it is your responsibility to ensure that you comply with the Americans with Disabilities Act and all other federal, state and local laws. You also must use equipment (including computer hardware and software), signage, supplies and advertising and sales promotion materials that meet our specifications and standards.

The Franchise Agreement requires you to sell or use only those products, supplies and services that we have approved in writing. The purpose of this requirement is to ensure that all franchisees adhere to the uniformity and quality standards associated with AMCHECK businesses. From time to time, we, an affiliate, or a third-party vendor or supplier may be the only approved supplier for certain products and supplies described above. As of the date of this Offering Circular, our affiliate, AmCheck National Broker Corp., is an approved supplier of insurance products and insurance brokerage services. We are the only approved supplier of certain computer software, printing supplies, signage, marketing materials and certain subscriptions. As of the date of this Offering Circular, there is only one approved supplier for the tax and ACH services; you must purchase these services through us and we, in turn, purchase them from Ceridian. Upon request, we will periodically provide you with the names of approved vendors and suppliers for other services, products, supplies and equipment. We or an affiliate also may offer for sale additional products and supplies that you will need to operate your Business. We and our affiliates have the right to derive revenue from the sale of products to you by us or by approved suppliers. Since we did not begin offering franchises until 2006, during 2005 we did not receive any revenues as a result of franchisee purchases. We will derive revenue from the sale of products and supplies by selling some of these items at a price higher than our purchase price. Other items we will sell to you at our own cost. Third party suppliers may pay us commissions (generally 1% to 10%) or other payments based on franchisee purchases. We may receive consideration from vendors and suppliers which may or may not be related to services we perform.

You may make written request for approval of a specific product of an additional qualified vendor or supplier except for items that contain the AMCHECK trademark and other items that you must purchase from us. Each vendor/supplier of a product/service must meet the following requirements: its product/service must comply with the applicable specifications and standards; the vendor/supplier's facilities must be adequate to meet the needs of franchisees; and the vendor/supplier and its facilities must be accessible to our periodic evaluation. We may charge the cost of evaluating a proposed new vendor/supplier and/or its product/service to you or the vendor/supplier. We do not make these specifications and/or standards generally available to franchisees or vendors/suppliers. We also may modify the standards and specifications for products, supplies and services from time to time and add or delete from the list of approved vendors and suppliers. Standards may include minimum standards for delivery, performance, warranties, appearance and other restrictions.

We reserve the right to limit the number of vendors and suppliers to generally not more than 2 or 3 of a particular product or service. You must initiate the formal approval process to have specific products, supplies or services of an additional vendor/supplier approved. As part of this approval process, we may request that the vendor/supplier submit samples of its specific product or service to us. We then conduct an evaluation of the samples to determine whether the product/service conforms with the specifications and standards. We will notify the vendor/supplier of our evaluation results by mail usually within 30 days after our receipt of the sample.

We also reserve the right to designate a primary source of supply for certain products. We or an affiliate may be that source. As part of the approval process for a specific product or service, the vendor/supplier may be required to sign an applicable supplier agreement. We may revoke our appointment if the vendor/supplier is in violation of any of the terms of the applicable supplier agreement or if we determine in our good faith but exclusive judgment that the vendor/supplier is not meeting the standards and specifications that we have established for that product or service.

In addition to approved products, the Franchise Agreement requires you to purchase and maintain liability insurance in an aggregate amount that we designate periodically, as described in Item 6. You also must purchase and maintain any other insurance required by any agreement related to the Business or by law. You must furnish to us copies of all insurance policies. You may use only marketing and promotional materials that meet our standards (see Items 6 and 11 for more information on advertising and marketing).

We estimate that your purchase of products, supplies, and marketing materials from us or that meet our specifications and standards will represent approximately 80% to 90% or more of the cost to establish the franchise business and 25% to 40% or more of the cost to operate the franchise business on an ongoing basis.

When your franchise is up for renewal or you apply for an additional franchise, among the factors we consider are your compliance with your Franchise Agreement and support of our programs and policies, which would include compliance with the requirements described in this Item 8. There are no purchasing or distribution cooperatives in the AMCHECK system that offer to you certain products used in the franchise business.

Item 9

FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS OFFERING CIRCULAR.

Obligation		Section in Agreement (1)	Item in Offering Circular
a.	Site selection and acquisition/lease	Section 6A; Appendix C (Lease Addendum)	Items 7, 11, and 12
b.	Pre-opening purchases/lease	Sections 6A-6B, 6D-6E and 7B-E	Items 5, 7, and 8
c.	Site development and other pre-opening requirements	Sections 3A, 6A-B and 6E	Items 7 and 11
d.	Initial and ongoing training	Sections 6E, and 8B	Items 6, 7 and 11
e.	Opening	Sections 3A and 6A	Items 5 and 11
f.	Fees	Sections 5B(7), 9, 10A-G, 12C	Items 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	Sections 2D, 2G, 4, 6, 7, and 8X; Appendix F (Minimum Annual Performance Standards)	Items 8, 11 and 16
h.	Trademarks and proprietary information	Sections 2D and 2I, 4, 7A and 7H; Appendix A (Trademarks)	Items 13 and 14
i.	Restrictions on products/services offered	Sections 4B and 7C; Appendix C (Lease Addendum, at Section 1)	Items 8, 11 and 16
j.	Warranty and customer service requirements	Sections 7-LM, 8C	Item 16
k.	Territorial development and sales quotas	Section 3; Appendices B (Designated Territory) and F (Minimum Annual Performance Standards)	Item 12
l.	Ongoing product/service purchases	Sections 6B, 7B-C, 9B and 11C	Items 8 and 11
m.	Maintenance, appearance and remodeling requirements	Sections 6B	Items 6 and 11
n.	Insurance	Section 11C,	Items 6, 7 and 8
o.	Advertising	Section 9	Items 6, 7 and 11
p.	Indemnification	Sections 7O, 11B, and 12D(7)	Item 6
q.	Owner's participation/management/staffing	Sections 2B, 2E, 2F, 7O, and 8; Appendices G (Undertakings of General Manager) and K (Ownership and Management Addendum)	Items 11 and 15
r.	Records/reports	Sections 10H-I, 12D(9)	Item 6
s.	Inspections/audits	Section 7F and 10H	Item 6
t.	Transfer	Section 12	Items 6 and 17
u.	Renewal	Section 5B	Items 6 and 17
v.	Post-termination obligations	Section 15; Appendices C (Lease Addendum), and E (Telephone Assignment Agreement)	Item 17
w.	Non-competition covenants	Section 11D	Item 17
x.	Dispute resolution	Sections 13, and 16H-K	Item 17

(1) Unless stated otherwise, references are to the Franchise Agreement.

Item 10

FINANCING

Either we or an affiliate may provide direct financing to you as follows:

Item Financed (Source)	Amount Financed	Term (Years)	APR %	Monthly Payment	Prepayment Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Initial Fee (Us)	\$25,000	3	12	\$830.36	None	Personal Guarantee	Loss of Franchise and Repayment of Outstanding Loan Balance	Waive Notice
Other Financing	None							

(1) If you meet our credit standards, we will finance up to the \$25,000 of the Initial Franchisee Fee over a 3 year period at an APR of 12%, using the standard form of Promissory Note and Guarantee attached as Appendices J-1 and J-2 to the Franchise Agreement. The only security we require is a personal guaranty of the note by you and your spouse or by all the owners, if the franchise is held by a business entity. The note can be prepaid without penalty at any time during its 3 year term. If you do not pay on time, we can call the loan and demand immediate payment of the full outstanding balance and obtain court costs and attorneys' fees if a collection action is necessary. You waive your rights to notice of a collection action and to assert any defenses to collection against us. We reserve the right to discount these notes to a third party who may be immune under the law to any defenses to payment you may have against us.

Except as described above, neither we nor any affiliate of ours offers direct or indirect financing to you. We do not guarantee your note, lease or other obligations. We do not currently place financing with anyone and do not receive payment for placement of financing. We do not have any past or present practice or intention to sell, assign, or discount to any third party, any financing arrangements. If not provided by us, financing is normally arranged by you with the financial institution of your choice. We may, however, choose to assist you or other franchisees in developing a business plan and presenting the business plan on your or their behalf to lenders. We do not receive any payments from any person for the placement of financing with such person.

Item 11

FRANCHISOR'S OBLIGATIONS

Except as listed below, we need not provide any assistance to you.

Pre-opening Assistance. Before you operate your Business, we will

- (1) Grant to you a license to operate the AMCHECK Business in a designated Territory (Section 3 of the Franchise Agreement);

- (2) Provide training as described below in this Item 11 (Section 6E of the Franchise Agreement);
- (3) Loan to you one copy of our Operations Manual for the Business containing mandatory and suggested specifications, standards and operating procedures for the Business (Section 7A of the Franchise Agreement); and
- (4) Provide you with an equipment and office package, which includes PC workstations, printers, computer configuration, interior signage and décor items, phone enhancement package, a processing kit and professional image package starter kit which is further described on Appendix L to the Franchise Agreement (Section 10.A. of the Franchise Agreement).

Ongoing Assistance. During the operation of your Business, we will

- (1) Furnish you from time to time with updated and revised material for the confidential Operations Manual (Section 7A of Franchise Agreement);
- (2) Evaluate your Business as necessary (Section 7F of the Franchise Agreement);
- (3) Establish and conduct various marketing and sales promotion programs (Section 9 of Franchise Agreement), as further described below.

Marketing Programs. You must pay to us an Marketing Fee of 2.5% of your total Gross Sales. The 2.5% Marketing Fee will be part of an Marketing Fund. We will administer the monies we collect. We may use national and regional marketing and advertising agencies from time to time to create and place advertising and other marketing communications. We reserve the right to use the Marketing Fees that we collect to reimburse us for all costs that we incur related to the marketing and promotional programs, including the proportionate compensation of employees who devote time and render service in the formulation, development, and production of the marketing and promotional programs or the administration of the fees collected. We may formulate, develop and conduct marketing and promotional programs out of the Marketing Fees that we collect to promote the AMCHECK system and services in a form and media we determine to be appropriate. Media used for any marketing program may include television, radio, newspapers, magazines, direct mail or other written publications that may be local, regional or national in coverage. Upon request, we will provide you with an unaudited financial report showing receipts and disbursements of the Marketing Fund. Any Marketing Fund contributions not spent in any fiscal year will be carried over for future use. We did not have any franchisees in 2005 and thus we did not collect any advertising fees during the year ended December 31, 2005. The Marketing Fees are not held in trust or escrow, and they create no fiduciary duties or obligations, and are our property. You have no property rights of any kind with respect to the monies collected. The Marketing Fees will not be used for advertising principally directed at the sale of franchises.

You will also need to spend at least \$3,000 on initial marketing and business development activities during your grand opening (weeks 1-13 of operation) to promote your business and the AMCHECK brand in your Territory during this period. This may include

corporate call center activities targeting businesses in your Territory and efforts for the acquisition of corporate accounts.

Beginning in your 4th month of operation, you must spend at least 5% of your Gross Sales for local marketing and business development (“Monthly Marketing Requirement”). The monthly Marketing Requirement may be spent by you on a variety of corporate programs, which we will formulate and make available to you. You also may spend your monthly Marketing Requirement on other local business development activities that you initiate, so long as they are first approved by us. You may develop other marketing materials or programs for your business, but you must submit all marketing materials to us for approval. We will not unreasonably withhold approval of your marketing materials if they are factually accurate and current, dignified, and in good condition and accurately depict the AMCHECK marks. The marketing materials will be deemed approved if we do not disapprove or comment within 10 business days of receipt.

You must also advertise in your local Yellow Pages. We must approve the size and content of your Yellow Pages ad and you must use our approved vendor for design and placement.

Although we currently do not do so, we reserve the right to require advertising or marketing cooperatives to be formed, changed, dissolved or merged.

Computer System. You must provide financial and business records and information to us according to reporting formats, methodologies and time schedules that we establish from time to time. You must use a computer in the operation of your AMCHECK Business. You also must have high speed internet access, participate in the AMCHECK web site and submit customer information through our intranet system. There are no contractual limitations on our independent access to the information and data that is electronically generated.

As part of your Initial Franchise Fee, we will provide you with an AMCHECK-compatible system, two printers and one server, two workstations, one of which will be used for operations and one of which will be used for sales and marketing the standards and specifications for the computer hardware and software (the “Computer System”) (Section 7.E of the Franchise Agreement). You must obtain from us the initial computer hardware software package developed for use in the AMCHECK System (Section 7.E of the Franchise Agreement).

As of March 2006, the hardware and software standards are as follows:

Required Hardware (Minimum Standards):

ITEM	REQUIREMENTS
Computer	2 Microsoft compatible workstations
Processor	2.0GHz or higher
Operating System	Windows X Professional or higher

ITEM	REQUIREMENTS
Memory	256MB RAM or higher
Disk Space	40 GB with 10 GB free space
Web Browser	Internet Explorer Version 6.0 or higher
Internet Connection	Broadband access – Cable, DSL, T1, T3
Printer	2 HP Printers 4200 Laserjet or better
Fax Machine	Commercial grade

Required Software (Minimum Standards):

Software	Function
Approved Payroll Engine Software	Stores, calculates and processes payroll data.
Approved Web Interface Product	Allows Web access for clients and employees to their pay data
Approved Web GL Product	Allows clients to integrate pay data to their accounting system.
Approved FTP Communicator	Allows communication from work station to Web portals
Sales Force.com	Tracks Sales and statistical analysis online
Approved Tax Service	Allows for tax filing in all US states
Approved ACH Service	Allows direct deposit for customers
Approved Backup Solutions Provider	Allows complete system backup for disaster recovery
General Office	AMCHECK Software Microsoft Office Professional Suite. Current approved Anti-Virus protection. Microsoft Windows Professional or higher approved email system and signature

You must use the email address that we provide. At the time of this Offering Circular, there is no charge for this service, although we reserve the right to charge a reasonable fee to cover our costs in providing and maintaining the email accounts. You may not use an ISP that requires the use of a proprietary browser to access email and internet content, and it must allow for the use of email accounts we provide.

We do not allow the use of any compatible, equivalent software. You are responsible for maintaining all the above hardware and software in good operating condition. A typical maintenance contract (optional) with a third party can vary from \$100 to \$500 per year depending on level of service. We are not obligated to provide maintenance or general technical support for the Computer System.

We may provide and charge you for updates and upgrades may otherwise modify the computer software. You are contractually required to make periodic upgrades and updates to the Computer System, and there are no contractual limitations on the frequency and cost of this requirement. These costs may include user fees, software licensing fees and/or technical support fees.

Site Selection We do not select the site for your Business, as the franchise is granted for the right to operate an AMCHECK Business within a particular Territory (see Item 12). You are solely responsible, however, for locating a Territory and a business location within the Territory that meets our standards and criteria and that is acceptable to us. We generally will respond within 30 days of your request for approval of a proposed Territory or business location. If we do not approve the Territory you propose, we will permit you to examine alternative search areas for your Territory. The Franchise Agreement does not provide for termination if we do not agree on a Territory within a specific time after you sign the Franchise Agreement, although you can not begin operations until the Territory is designated.

When approving a Territory, we will consider local competition, population and character of the Territory, demographic surveys and customer information, the comparative advantages of a particular market and market penetration. We do not guarantee or warrant the financial success of the an AMCHECK Business or any site from which you conduct the Business.

Development Time The length of time between the signing of the Franchise Agreement and the opening of your Business may be 60 to 90 days. Factors affecting this length of time usually include arranging financing, successfully completing training and other factors.

You should not expend funds or make any other commitment in connection with the franchise and should not resign from existing employment, relocate or take any similar action until our approval of the franchise, which we will specifically communicate to you in writing.

Training You must attend our initial training program. The training program is for approximately two weeks and will be divided up into the sales training component and the operations training component. The training will take place in Phoenix, Arizona. If your Business is run by a general manager, the general manager must attend and successfully complete, to our satisfaction, the training program. We reserve the right to charge a fee for additional attendees.

TRAINING PROGRAM INFORMATION

Course	Instructional Materials	Hours/Days Classroom Training	Hours/Days On-the-Job Training	Instructor
Systems Operation	Operations Manual	2 days	0	See note 1.
“Science Of Selling”	Sales materials for New sales people	½ day	0	See note 1.
“Sales Boot Camp”	Motivational Training Material	1 day	0	See note 1.
Product Knowledge Sales training	Manuals	1 day	0	See note 1.
Sales force.com	Web Based Training	½ day		See note 1.
ASO Client Set Up	Manuals	½ day	0	See note 1.
New Client Set Up and Processing	Software	2 days	0	See note 1.
The Website	Online	½ day	0	See note 1.
ASO Client Management	Software	½ day	0	See note 1.
In House Accounting Set UP	Software	½ day	0	See note 1.

FRANCHISE LOCATION ON SITE TRAINING

Course	Instructional Materials	Hours/Days Classroom Training	Hours/Days On-the-Job Training	Instructor
Equipment setup, installation and maintenance	Manuals, software, hardware		1 day	See note 1.
Operational procedures and protocol	Manuals		1 day	See note 1.
Sales and marketing	Manuals		2 days	See note 1.

(1) Our trainers are Michael Lockard, Barbara Neal, Marie Phau and Jane Whitman. See Item 2 for the experience of Michael Lockard. Barbara Neal is our Executive Payroll Administrator. She is a CPP with 30 years of payroll and human resources experience and has been with us since 2003. Jane Whitman is our Corporate Market Administrator. She has 23 years experience in the industry and has been with us since 2005. Marie Phau is our National Sales Director and has 12 years sales experience. She has been with us since 2003.

You must pay for the salaries, fringe benefits, travel costs and expenses, and related costs for all persons associated with you who attend the training program, but there is no separate fee for two persons to attend the initial training program as it is included in the Initial Franchise Fee. We do, however, reserve the right to charge a daily fee of \$100 plus expenses for any training that you request in addition to the initial training program.

We may require you (and your designated manager if someone other than you) to attend any annual national conference that we organize for our franchisees. In addition, we may require you (and your designated manager if someone other than you) to attend regional seminars that we

may organize from time to time. You are responsible for travel, lodging and related costs and fees for all persons who attend from your Business.

Operations Manual Before you sign the Franchise Agreement or commit to buy the AMCHECK franchise, you will be permitted to review the Operations Manual. You will be required to sign a Confidentiality Agreement in the form attached as Exhibit 5.

Item 12

TERRITORY

We grant you the right to operate an AMCHECK Business within a particular Territory. The method used to describe territorial boundaries of franchises will be one or a combination of the following: county lines, highways or streets, or zip codes. The Territory will generally have up to 40,000 businesses based upon the databases of InfoUSA or Dunn & Bradstreet. In order to receive a larger territory you will pay a higher Initial Franchise Fee as further described in Item 5.

We require you to meet Minimum Performance Standards as set forth in Appendix B to the Franchise Agreement. Meeting the minimum amounts does not guarantee that you are sufficiently penetrating the market in the Territory or that the Business will be successful. In the event that you do not meet your Minimum Performance Standards, you must pay Royalty Fees on the "Shortfall" as set forth in the Franchise Agreement. Furthermore, your failure to meet your Minimum Performance Standards as set forth in Appendix B for two consecutive periods is grounds for termination. As of the date of this Offering Circular, the Minimum Performance Standards for a Territory with approximately 40,000 businesses are as follows:

<u>Time Period</u>	<u>Minimum Gross Sales</u>
Year 1 Period	\$ 70,500
Year 2 Period	200,000
Year 3 Period	400,000
Year 4 Period and each year thereafter through Year 10 Period	500,000

We have not established and will not establish any other franchise or company owned business offering payroll, human resources and employee benefit services under the name AMCHECK within your Territory during the term of your Franchise Agreement. Although we do not do any of the following, as of the date of this Offering Circular, we reserve the right in your Territory to establish franchises or company-owned businesses or distribute products or services through alternative channels of distribution selling products or services other than the payroll, human resources and employee benefits business under any name other than the AMCHECK trademark. We also reserve (i) the right to put some limitations on national or regional accounts that we may develop for an AMCHECK System and (ii) the right to develop and operate and to franchise or license others to develop and operate an AMCHECK Business at any location outside your Territory.

We will not market the AMCHECK business within your Territory, except in the case where

such marketing is part of the Marketing Fund program described in Item 11 or is contained in a general publication (or media) with general distribution (or broadcast) within and outside your Territory, or involves a national account. You may not service customers outside your Territory, except under the circumstances described in the Franchise Agreement. See Item 16 for more information on these circumstances. It is a violation of another AMCHECK franchisee's franchise agreement if that franchisee makes sales in your Territory, although we or another franchisee may from time to time service particular customers in your Territory in the event you are unable or unwilling for whatever reason to meet the service needs of those customers, all as set forth in the Operations Manual. Also, a franchisee's marketing in its territory may reach your Territory if contained in a general publication (or media) like a regional newspaper with general distribution (or broadcast) within its territory and your Territory.

We reserve the right to acquire, be acquired by or merge with franchisors or non-franchisors that operate in competitive or similar lines of business to the AMCHECK Business. However, we may not grant them the right to use the Marks, and we shall not share the fees you charge or any other AMCHECK confidential information we acquire as a result of our franchise relationship with you.

We and our affiliates also reserve the right in the Territory to establish other company-owned or franchised businesses other than a payroll, human resources and employee benefits and administration service business or to distribute products or services through alternative channels of distribution using trademarks other than the AMCHECK Marks.

You do not have any options, rights of first refusal or similar rights to acquire additional franchises within any particular territory.

Item 13

TRADEMARKS

The Franchise Agreement licenses you to use the service mark AMCHECK, as well as other trademarks, service marks, trade names and commercial symbols (collectively, the "Marks"). We also claim common law trademark rights for all of the Marks. SBS is the owner of the Marks, including the following Mark registered with the U.S. Patent and Trademark Office:

Principal Trademarks	Principal/Supplemental Register	Registration Number	Registration Date
AMCHECK	Principal	3,039,318	January 10, 2006

SBS has filed or intends to file all required affidavits and renewals for the Mark listed above. SBS has licensed us the right to use the Marks and to sublicense the use of the Marks for the franchising of AMCHECK businesses under a license agreement dated January 1, 2006. SBS may terminate the license agreement if either we or any franchisee misuses the Marks in a way as to materially impair the goodwill associated with the Marks or if we are dissolved, become insolvent or (except for our right to sublicense the Marks to franchisees) assign the rights under

the license agreement without SBS's consent. The license agreement contains no other limitations.

Appendix A to your Franchise Agreement identifies the Marks that you are licensed to use. Appendix A will include the AMCHECK service mark and our other Marks. We have the right to change Appendix A from time to time. Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing.

There are currently no effective material determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks. Except for the License Agreement with SBS, there are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the Marks.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to the Marks and we have the sole right to decide to pursue or settle any infringement actions related to the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you must make such changes or substitutions, although we will reimburse you for the tangible costs of compliance.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered that are material to the franchise, although we do claim copyright ownership and protection for our AMCHECK Franchise Agreement, Operations Manual, web site, software and for various training, sales, promotional and other materials published from time to time.

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

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions

related to the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware.

You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including the Operations Manual. Upon termination of your Franchise Agreement, you must return to us all proprietary information, including but not limited to the Operations Manual and all other copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information. You must comply with all changes to the Operations Manual at your cost.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

Your Business must at all times be under your direct supervision or the direct supervision of a designated principal owner or general manager in the event you are a corporation, partnership, or other business entity. Your principal owner must be an individual who is actively involved in the Business and owns at least 51% of the Business's ownership interests. In either instance, the individual who will directly supervise and manage the operation of the Business in the Territory must complete our training program.

Each individual who owns an interest in the franchisee entity must sign the personal undertaking and guarantee attached to the Franchise Agreement. These people agree to discharge all obligations of the franchisee under the Franchise Agreement and are bound by all its terms and conditions, including maintaining confidentiality of proprietary information described in Item 14 and abiding by the noncompete covenants described in Item 17.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those services that we have approved (see Item 8). These required services include, but are not limited to, payroll management, employee benefit design and administration, compliance with state and federal workplace legislation and other employee benefit and human resource services. There are no limits on our right to make modifications to the approved products and services from time to time as set forth in the Operations Manual or otherwise in writing. Any failure to comply with these standards may result in termination of your Franchise Agreement (see Item 17).

You may not use your place of business for any business purpose other than the operation of a AMCHECK business. You may use only marketing and promotional materials that we have approved.

You are not limited in the customers to whom you may sell approved products and services in the Territory; however, we reserve the right to put some limitations on national or

regional accounts that we may develop for the AMCHECK System. Our policies and procedures for National/Regional Accounts will be included in our Operations Manual. Your customers must be located within your Territory. However, we may permit you to service customers located outside your Territory other than those who are assigned to another AMCHECK franchisee. If we do permit you to service clients outside the Territory, we reserve the right to require you to cease servicing those clients, and you agree to assist in transferring the service needs of those clients immediately to the entity that will continue to service those clients, all without compensation to you. Except for media such as radio, print, yellow pages etc. that may extend beyond your Territory boundaries, you are not allowed to specifically solicit or market outside of your Territory. In addition, you may service customers located within another franchisee's assigned Territory with the prior written approval of the other franchisee and by providing a copy of that approval to us before commencing service.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

Provision		Section in Franchise Agreement	Summary
a.	Term of the franchise	Section 5	10 years
b.	Renewal or extension of the term	Section 5	If you satisfy renewal requirements, you may renew two 10 year renewal terms.
c.	Requirements for you to renew or extend	Section 5	You must be in compliance with your Franchise Agreement, be current with all monetary obligations, attend any necessary training and have continuously operated the Business (including generating a minimum level of Gross Sales). You also must give us notice, maintain or obtain suitable premises for the Business, sign a then current Franchise Agreement and pay a renewal fee equal to ½ of the then-current Initial Franchise Fee.
d.	Termination by you	Section 14 C	Subject to certain conditions, you may terminate the Franchise Agreement only for good cause with 30 days notice to us and 30 days opportunity to cure.
e.	Termination by us without cause	None	
f.	Termination by us with cause	Section 14A & B	We can terminate only if you default.

Provision		Section in Franchise Agreement	Summary
g.	“Cause” defined - defaults that can be cured	Sections 14B 1	You have 30 days to cure non-submission of reports, non-payment of amounts due and owing, failure to abide by our standards and requirements for the Business, failure to meet our requirements and specifications regarding to goods and services, and any other default not listed in Section 14B(2) (subject to state law).
h.	“Cause” defined - defaults that cannot be cured	Sections 14A&B	Non-curable defaults: abandonment, insolvency, failure to generate a minimum level of Gross Sales, assignment for the benefit of creditors, conviction of offenses, deception of customers regarding goods, willful falsification of reports, repeated audits because of underreporting, repeated defaults within 12-month period even if cured, and failure to cure within 24 hours notice of default that materially impairs the goodwill associated with our Marks (subject to state law).
i.	Your obligations on termination/non-renewal	Section 15	Obligations include complete de-identification, payment of amounts due, discontinue or assign business phone number, and return of Operations Manual and proprietary information.
j.	Assignment of contract by us	Section 12G	No restriction on our right to assign. Assignee must fulfill our obligations under the Franchise Agreement.
k.	“Transfer” by you - definition	Section 12A	Includes any transfer of your interest in the Franchise Agreement or Business.
l.	Our approval of transfer by you	Sections 12A-F	We have the right to approve all transfers but will not unreasonably withhold approval, provided all transfer conditions are satisfied.
m.	Conditions for our approval of transfer	Sections 12A-D	New franchisee qualifies, you are not in default under the Franchise Agreement, transfer fee paid, all amounts owed by you are paid, training completed, non-compete agreements signed, new franchise agreement signed, and release signed (subject to state law).
n.	Our right of first refusal to acquire your business	Section 12F	We can match any offer for your Business.
o.	Our option to purchase your business	Section 15B	If the Franchise Agreement is terminated we can buy assets at its adjusted going concern value.

Provision		Section in Franchise Agreement	Summary
p.	Your death or disability	Section 12E	Upon your death, disability or incapacity, franchise can be transferred to third party approved by us. Transfer conditions apply (see m, above).
q.	Non-competition covenants during the term of the franchise	Section 11D	No direct or indirect involvement by you or your personal guarantors in the operation of any business offering payroll services, employee benefit services, human resource services or any other business selling products and services similar to those sold by your Business.
r.	Non-competition covenants after the franchise is terminated or expires	Section 11D	No competing business for one year within (i) the Territory, (ii) a 5-mile radius outside the Territory or (iii) the territory of another AMCHECK business.
s.	Modification of the agreement	Section 16B	No modifications generally, but we may change Operations Manual and list of Marks.
t.	Integration/ merger clause	Section 16B	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 13A	Except for certain claims, all disputes must be mediated and arbitrated in Phoenix, Arizona (subject to state law).
v.	Choice of forum	Section 16I	Litigation must be brought in the Federal District Court for the District of Arizona or in District Court in Phoenix, Arizona (subject to state law).
w.	Choice of law	Section 16H	Arizona law applies (subject to state law).

These states have statutes, which if applicable to the Franchise Agreement, and subject to our right to challenge the validity, applicability or construction of such statutes, may supersede the Franchise Agreement in your relationship with us including the areas of termination, renewal of your franchise, and choice of law: ALASKA [Stat. Sections 45.45.700 – 45.45.790], ARKANSAS [Code Sections 4-72-201 – 4-72-210], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Sections 42-133e-42-133h], DELAWARE [Code Sections 2551 – 2556] HAWAII [Rev. Stat. Section 482E-6], IDAHO [Code Section 29-110], ILLINOIS [815 ILCS Sections 705/1-44], INDIANA [Code Sections 23-2-2.7-1 – 23-2-2.7-7], IOWA [Code Sections 523H.1 - 523H.17 and 537A.10], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Sections 80C.14 and 80C.21], MISSISSIPPI [Code Sections 75-24-51 – 75-24-63], MISSOURI [Rev. Stat. Sections 407.400 – 407.413 and 407.420], NEBRASKA [Rev. Stat. Sections 87-401 – 87-410], NEW JERSEY [Rev. Stat. Sections 56:10-1 – 56:10-12], RHODE ISLAND [Stat. Sections 19-28.1-14 – 19-28.1-16; Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim enforceable under this Act”], SOUTH DAKOTA

[SDCL Sections 37-5A-51 and 37-5A-51.1], VIRGINIA [Code Sections 13.1-557 – 13.1-574], WASHINGTON [Rev. Code Section 19.100.180], WISCONSIN [Stat. Sections 135.01 – 135.07]. These and other states may have court decisions, which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise.

Item 18

PUBLIC FIGURES

We do not use any public figure to promote the franchise. No public figure is involved in our actual management or control.

Item 19

EARNINGS CLAIMS

We do not furnish, or authorize our salespersons (or anyone else) to furnish, and you should not rely on, any oral or written information concerning the actual or potential sales, costs, income or profits of a AMCHECK business. We have not suggested, and we certainly cannot guarantee, that you will succeed in the operation of your Business, since the most important factors in the success of any AMCHECK business, including the one to be operated by you, are your personal business, marketing, management, judgment and other skills and your willingness to work hard and follow the System. Actual results vary from business to business, area to area and market to market, and we cannot estimate or project the results for any particular business.

Item 20

LIST OF FRANCHISED OUTLETS

**FRANCHISE
STATUS SUMMARY
FOR YEARS 2005/2004/2003**

We just began offering franchises in 2006 and thus, did not have any franchises (or terminations, closings or transfers) during 2005, 2004 and 2003.

**STATUS OF OUR AFFILIATE-OWNED BUSINESSES
FOR YEARS 2005/2004/2003**

State	Businesses Closed During Year	Businesses Opened During Year	Total Businesses Operating at Year End
Arizona	0/0/0	0/0/0	1/1/1
California	0/0/0	0/0/0	1/0/0
Colorado	0/0/0	0/0/0	1/1/1
TOTAL	0/0/0	0/0/0	3/2/2

**PROJECTED OPENINGS
AS OF DECEMBER 31, 2005**

State	Franchise Agreements Signed But Business Not Open	Projected Franchises In Next Fiscal Year	Projected Company Owned Businesses In Next Fiscal Year
California	0	1	0
Colorado	0	1	0
Florida	0	1	0
Texas	0	1	0
TOTALS	0	4	0

Item 21

FINANCIAL STATEMENTS

Attached as Exhibit 3 is our audited balance sheet as of February 28, 2006. Our fiscal year end is December 31.

Item 22

CONTRACTS

Exhibit 2 to this Offering Circular includes a sample of the AMCHECK Franchise Agreement with Appendices A (Trademarks), B (Designated Territory), C (Mandatory Addendum to Lease Agreement), D (Personal Guaranty), E (Telephone Assignment Agreement), F (Minimum Performance Standards), G (Undertakings of General Manager), H (Electronic Transfer of Funds Authorization), I (Ownership and Management Addendum), J (Financing Documents: Promissory Note and Personal Guarantee), and K (Acknowledgment Addendum to Franchise Agreement).

As a prospective franchisee, you should obtain such independent legal and financial advice concerning the AMCHECK franchise offering as you deem appropriate before making any commitment.

Item 23

RECEIPT

Exhibit 6 of this Offering Circular contains two copies of a detachable acknowledgment of receipt. One copy is for you and one copy must be signed, dated and returned to us.