

Franchise Disclosure Document



COVER PAGE INSTRUCTIONS:

The state cover page of the Franchise Disclosure Document must state:

1. The title in capitalized boldface type: **FRANCHISE DISCLOSURE DOCUMENT**
2. The franchisor's name, type of business organization, principal business address, telephone number, and if applicable, e-mail address and primary home page address.
3. A sample of the primary business trademark which the franchisee will conduct its business. (Generally place in upper left-hand corner of the cover page).
4. A brief description of the franchised business.
5. The following statements:
 - a) The total investment necessary to begin operation of the franchise [the total amount of Item 7]. This includes [the total amount in Item 5] that must be paid to the franchisor or affiliate.
 - b) This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. [The following sentence in body type] Note, however, that no governmental agency has verified the information contained in this document.
 - c) The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.
 - d) Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your local library for other sources of information on franchising.
 - e) There may also be laws on franchising in your state. Ask your state agencies about them.
 - f) [The issuance date].
6. The following statements:

You may include the following between the statements set out at paragraphs (b) and (c):

"You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact [name or office] at [address] and [telephone number]."
7. You may include additional disclosures on the cover page, on a separate cover page, or addendum to comply with state pre-sale disclosure laws.

FRANCHISE DISCLOSURE DOCUMENT

COMPANY ABC
A **Your State** Corporation
DBA

CompanyABC
"your company slogan"

Your Address
Your City, Your State, Zip
888-888-8888
www.CompanyABC.com

You will operate a business selling **event catering services**. You will provide these services to both individuals and businesses, operating under the Marks and using the System.

The Initial Franchise Fee is **\$25,000.00**. The estimated required initial investment ranges from **\$71,700.00** to **\$124,100.00**.

This disclosure document summarizes certain provisions of Your franchise agreement and other information in plain English. Read this document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before You can sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Administration Department at [your address, your city, your zip].

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

ISSUING DATE: _____

STATE COVER PAGE

Your state may have franchise laws that require a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT

THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit "F" for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW OUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO ARBITRATE DISPUTES WITH US AND CONDUCT THE ARBITRATION IN [YOUR STATE]. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN [YOUR COMPANY'S STATE] THAN IN YOUR OWN STATE.

THE FRANCHISE AGREEMENT STATES THAT [YOUR STATE] GOVERNS THE AGREEMENT; AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

2. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

NOTE: THE AGREEMENT PROVISIONS REFERRED TO IN THE RISK FACTORS MAY BE VOID UNDER SOME STATE FRANCHISE LAWS AND SOME STATE FRANCHISE LAWS MAY REQUIRE DISCLOSURE OF ADDITIONAL RISK FACTORS. SEE EXHIBIT "G".

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

EFFECTIVE DATE: _____

TABLE OF CONTENTS INSTRUCTIONS:

The table of contents should include the items listed in the sample on the following pages. Directly following the item should be the corresponding page number.

Table of Contents

ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES	8
ITEM 2. BUSINESS EXPERIENCE	11
ITEM 3. LITIGATION	13
ITEM 4. BANKRUPTCY	15
ITEM 5. INITIAL FEES	17
ITEM 7. ESTIMATED INITIAL INVESTMENT	23
ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	28
ITEM 9. FRANCHISEE'S OBLIGATIONS	32
ITEM 10. FINANCING	36
ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	41
ITEM 12. TERRITORY	47
ITEM 13. TRADEMARKS	50
ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	52
ITEM 15. OBLIGATION TO PARTICIPATE IN THE OPERATION OF THE FRANCHISED BUSINESS	54
ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	56
ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	60
ITEM 18. PUBLIC FIGURES	65
ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS	67
ITEM 20. OUTLETS AND FRANCHISEE INFORMATION	73
ITEM 21. FINANCIAL STATEMENTS	76
ITEM 22. CONTRACTS	77
ITEM 23. RECEIPT	79

Attachments:

A. Financial Statements	A-1
B. Franchise Agreement	B-1
C. List of Current and Former Franchisees	C-1
D. Manual Table of Contents	D-1
E. Our Agents for Service of Process	E-1
F. State Agencies	F-1
G. State Law Addendum	G-1
H. Effective Dates	H-1
I. Franchise Application	I-1

ITEM 1 INSTRUCTIONS:

- 1) The name and principal business address of Your Company; any parents; and any affiliates that offer franchises in any line of business or provide products or services to the franchisees of Your Company. Parent means an entity that controls another entity directly or indirectly through one or more subsidiaries.
- 2) The name and principal business address of any predecessors during the 10-year period immediately before the close of Your Company's most recent fiscal year. Predecessor means a person from whom Your Company acquired directly or indirectly the major portion of Your Company's assets.
- 3) The name Your Company uses and any names it intends to use to conduct business.
- 4) The identity and principal business address of Your Company's agent for service of process.
- 5) The type of business organization used by Your Company (for example, corporation, partnership) and the state in which it was organized.
- 6) The following information about Your Company's business and the franchises offered:
 - i. Whether Your Company operates businesses of the type being franchised.
 - ii. Your Company's other business activities.
 - iii. The business the franchisee will conduct.
 - iv. The general market for the product or service the franchisee will offer. In describing the general market, consider factors such as whether the market is developed or developing, whether the goods will be sold primarily to a certain group, and whether sales are seasonal.
 - v. In general terms, any laws or regulations specific to the industry in which the franchise business operates.
 - vi. A general description of the competition.
- 7) The prior business experience of Your Company; any predecessors listed in Item 1; and any affiliates [an entity controlled by, controlling, or under common control with, another entity] that offer franchises in any line of business or provide products or services to the franchisees of Your Company, including:
 - i. The length of time each has conducted the type of business the franchisee will operate.
 - ii. The length of time each has offered franchises providing the type of business the franchisee will operate.
 - iii. Whether each has offered franchises in other lines of business. If so, include:
 - A) A description of each other line of business.
 - B) The number of franchises sold in each other line of business.
 - C) The length of time each has offered franchises in each other lines of business.

Item 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Definitions.

To simplify this Franchise Disclosure Document, "We" means **Company ABC**, d.b.a. **Company ABC**, the franchisor. Sometimes "Our" or "Us" refers to **Company ABC**, when appropriate. "You" means the person who buys the franchise. If You are a legal entity, "You" includes all owners of any equity interest in the entity. "Licensed Business" means the business You will operate under the Franchise Agreement, offering and selling **event catering services** operating under Our Marks and following Our System.

Our Predecessors and Affiliates

Company ABC Services, Inc. is our predecessor and is an affiliate.

Our Names.

We do business under our corporate name, **Company ABC**, the name "**Company ABC**" and the words "**Your Company Slogan**". We do not do business under any other name.

Our Address and Agent for Service.

Our principal business address is **Your Address, Your City, Your State Your Zip**. Our agents for service of process are disclosed in Attachment E. The principal business address of our affiliate and of our predecessor is **Your Address, Your City, Your State Your Zip**.

Our Business Form.

We are a **Your State** corporation, organized June 30, 2004.

Our Business and Franchises Offered.

Under the franchise we offer, You will operate a business doing **event catering**. This service is typically provided at banquets, conventions, and weddings. Any event where all who attend are provided with food and drinks. Many events require working with an entire theme or color scheme. Your catering company or specialist is expected to know how to prepare food and to make it attractive. Depending on your client's preference, You may be in charge of not only food preparation but also decorations, such as table settings and lighting.

You will provide these services to both individuals and businesses, operating under the Marks and using the System.

The market for Your products is primarily the general public and specifically that segment that seeks to purchase **event catering services**. You will compete with other national, regional and local **event catering service** businesses, generally in well-developed markets. Your Licensed Business may operate in close proximity to major competitors. Some competitors will offer many goods and services that are the same as or similar to those You offer.

Prior Business Experience

We do not operate any businesses of the type being offered. We have no other business activities.

Our affiliate (and predecessor), **Company ABC Unlimited, Inc.**, has operated a business similar to the business you will be operating since **Month, Day, Year**. Until **Month, Day, Year** our affiliate was located in **Your City, Your State**.

We have not operated a business of the type you will be operating. This is Our first offering of franchises in any line of business.

Laws Affecting Your Licensed Business

In most states you will have to obtain and maintain a health permit and a liquor license. Some may require a specialty **permit or license**. Although qualifications for such licenses vary from state to state, you may have to pass a knowledge test and background test and obtain insurance and a bond.

There are many federal, state and local regulations specific to the operation of an **event catering service** business. You will also be subject to state and local licensing laws, codes and regulations, particularly as they relate to the operation of a **event catering service** business. For certain services within **event catering**, you are subject to federal, state, and local **catering** laws and requirements. There may be other laws applicable to the business and we urge you to make further inquiries about these laws. The nature and amount of regulation could change rapidly relating to this business. You should consult a lawyer with experience dealing with **event catering** issues to be sure you are familiar with the current statutes and regulations that might apply within your territory.

There are, of course, statutes and regulations that are common to all businesses, including those governing health and labor issues, zoning and safety. You should obtain a complete copy of the relevant statutes and regulations of the Federal government and of Your state and discuss them with Your attorney. You should also investigate applicable county and city ordinances and regulations.

ITEM 2 INSTRUCTIONS:

LIST BY NAME AND POSITION THE DIRECTORS, TRUSTEES AND/OR GENERAL PARTNERS, THE PRINCIPAL OFFICERS AND OTHER INDIVIDUALS WHO WILL HAVE MANAGEMENT RESPONSIBILITY RELATING TO THE SALE OR OPERATION OF FRANCHISES OFFERED BY THIS DOCUMENT. FOR EACH PERSON LISTED STATE HIS OR HER PRINCIPAL POSITION AND EMPLOYERS DURING THE PAST FIVE YEARS.

Item 2 Instructions:

- i. Principal officers include the chief executive and chief operating officer, the president, financial, franchise marketing, training and franchise operations officers.
- ii. First disclose the position and the name of the person holding it. Underline this information; then skip one line.
- iii. Disclose the beginning date and departure date for each job held in the five year period whether or not this date is within the past five years. Disclose the location of the job.
- iv. Do not disclose home addresses, home telephones, social security numbers or birth dates in this Item.
- v. No disclosure of franchise brokers is required under the revised rule but you should check your state law to ascertain if broker disclosure is required by state law.

Item 2. Business Experience

Mr. John Don
Director, President and CEO
Company ABC

Mr. John Don's experience last five years

Mrs. Mary Matthews
Director and Vice President
Company ABC

Mrs. Mary Matthews' experience last five years

Mr. Mike Marks
Director of Franchise Development
Company ABC

Mr. Mike Marks experience last five years

Mrs. Ann Franks
Director of Marketing and Sales
Company ABC

Mrs. Ann Franks experience last five years

ITEM 3 INSTRUCTIONS:

DISCLOSE WHETHER YOUR COMPANY; A PREDECESSOR, A PARENT OR AFFILIATE WHO INDUCES FRANCHISE SALES BY PROMISING TO BACK YOUR COMPANY FINANCIALLY OR OTHERWISE GUARANTEES YOUR COMPANY'S PERFORMANCE; AN AFFILIATE WHO OFFERS FRANCHISES UNDER YOUR COMPANY'S PRINCIPAL TRADEMARK; AND ANY PERSON IDENTIFIED IN ITEM 2.

- i. Has pending against that person:
 - A. An administrative, criminal, or material civil action alleging a violation of a franchise, antitrust, or securities law, or alleging fraud, unfair or deceptive practices, or comparable allegations.
 - B. Civil actions, other than ordinary routine litigation incidental to the business, which are material in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.
- ii. Was a party to any material civil action involving the franchise relationship in the last fiscal year. For purposes of this section, "franchise relationship" means contractual obligations between Your Company and franchisee directly relating to the operation of the franchised business (such as royalty payment and training obligations). It does not include actions involving suppliers or other third parties, or indemnification for tort liability.
- iii. Has in the 10-year period immediately before the disclosure document's issuance date:
 - A. Been convicted of or pleaded nolo contendere to a felony charge
 - B. Been held liable in a civil action involving an alleged violation of a franchise, antitrust, or securities law, or involving allegations of fraud, unfair or deceptive practices, or comparable allegations. "Held liable" means that, as a result of claims or counterclaims, the person must pay money or other consideration, must reduce indebtedness by the amount of an award, cannot enforce its rights, or must take action adverse to its interests.

DISCLOSE WHETHER THE FRANCHISOR; A PREDECESSOR; A PARENT OR AFFILIATE WHO GUARANTEES THE FRANCHISOR'S PERFORMANCE; AN AFFILIATE WHO HAS OFFERED OR SOLD FRANCHISES IN ANY LINE OF BUSINESS WITHIN THE LAST 10 YEARS; OR ANY OTHER PERSON IDENTIFIED IN ITEM 2 OF THIS PART IS SUBJECT TO A CURRENTLY EFFECTIVE INJUNCTIVE OR RESTRICTIVE ORDER OR DECREE RESULTING FROM A PENDING OR CONCLUDED ACTION BROUGHT BY A PUBLIC AGENCY AND RELATING TO THE FRANCHISE OR TO A FEDERAL, STATE, OR CANADIAN FRANCHISE, SECURITIES, ANTITRUST, TRADE REGULATION, OR TRADE PRACTICE LAW.

FOR EACH ACTION IDENTIFIED IN THE PARAGRAPHS ABOVE OF THIS ITEM 3, STATE THE TITLE, CASE NUMBER OR CITATION, THE INITIAL FILING DATE, THE NAME OF THE PARTIES, THE FORUM, AND THE RELATIONSHIP OF THE OPPOSING PARTY TO THE FRANCHISOR (FOR EXAMPLE, COMPETITOR, SUPPLIER, LESSOR, FRANCHISEE, FORMER FRANCHISEE, OR CLASS OF FRANCHISEES). EXCEPT AS PROVIDED IN THE PARAGRAPH BELOW OF THIS ITEM 3, SUMMARIZE THE LEGAL AND FACTUAL NATURE OF EACH CLAIM IN THE ACTION, THE RELIEF SOUGHT OR OBTAINED, AND ANY CONCLUSIONS OF LAW OR FACT. IN ADDITION, STATE:

- i. For pending actions, the status of the action.
- ii. For prior actions, the date when the judgment was entered and any damages or settlement terms.
- iii. For injunctive or restrictive orders, the nature, terms and conditions of the order or decree.
- iv. For convictions or pleas, the crime or violation, the date of conviction and the sentence or penalty imposed.

FOR ANY OTHER FRANCHISOR-INITIATED SUIT IDENTIFIED IN i. OF THE FIRST PARAGRAPH OF THIS ITEM 3, YOU MAY COMPLY WITH THE REQUIREMENTS OF THIRD PARAGRAPH (i) - (iv) OF THIS ITEM 3 BY LISTING INDIVIDUAL SUITS UNDER ONE COMMON HEADING THAT WILL SERVE AS THE CASE SUMMARY (FOR EXAMPLE, "ROYALTY COLLECTION SUITS").

Item 3. Litigation

No litigation is required to be disclosed in this Franchise Disclosure Document