

10-4 TOW ®

FRANCHISE DISCLOSURE DOCUMENT

10-4 TOW LLC
a California Limited Liability Company
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This Disclosure Document describes a franchise for a vehicle towing and roadside assistance business. The franchise will be offered only to prospective franchises who are currently operators of an independent towing and roadside assistance business. The franchised business will operate under the 10-4 TOW name.

The total investment necessary to begin operation of the business is from \$4,250 to \$17,400 including a \$2,500 franchise fee that must be paid to the franchisor.

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. Note, however, that no governmental 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 Gavriel Taub at the above address.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise", that 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 also may be laws on franchising in your state. Ask your state agencies about them.

Issuance date: March 4, 2019



STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A 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 YOUR 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 RESOLVE DISPUTES WITH US BY MEDIATION AND LITIGATION ONLY IN CALIFORNIA. OUT-OF-STATE MEDIATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE AND ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
- 2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.
- 4. THE FRANCHISEE-WILL BE SUBJECT TO A REFERRAL FEE OF 50% OF THE GROSS REVENUE RECEIVED AS A RESULT OF THE FRANCHISOR'S REFERRAL OF BUSINESS TO THE FRANCHISEE.
- 5. THE PRIMARY TRADEMARK THAT YOU WILL USE IN YOUR BUSINESS IS NOT FEDERALLY REGISTERED. IF THE FRANCHISOR'S RIGHT TO USE THIS TRADEMARK IN YOUR AREA IS CHALLENGED, YOU MAY HAVE TO IDENTIFY YOUR BUSINESS AND ITS PRODUCTS OR SERVICES WITH A NAME THAT DIFFERS FROM THAT USED BY OTHER FRANCHISEES OR THE FRANCHISOR. THIS CHANGE CAN BE EXPENSIVE AND MAY REDUCE BRAND RECOGNITION OF THE PRODUCTS OR SERVICES THAT YOU OFFER.
- 6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.



STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State

Effective Date

California

Pending

In all other states, except those requiring registration or filing of the franchising documents, the effective date of this Franchise Disclosure Document is the issuance date of March 4, 2019.

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