

ENTIRE FDD
MAIN TEXT
FRANCHISE DISCLOSURE DOCUMENT



Bahama Buck's Franchise Corporation
an Arizona corporation
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RECEIVED LOS ANGELES OFFICE

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You will operate a business under the name BAHAMA BUCK'S ORIGINAL SHAVED ICE COMPANY for preparing and selling gourmet shaved ice products, tropical drinks and frozen dessert confections. The total investment necessary to begin operation of a Bahama Buck's franchised business ranges from \$205,746 to \$623,980 for a start-up business. This includes an initial franchise fee of \$29,500, and pre-opening purchases that range from \$108,125 to \$210,880 that must be paid to us or our affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **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 administrator in our home office at the address and telephone number listed above.

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

ISSUANCE DATE April 7, 2014

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 ARBITRATION OR LITIGATION ONLY IN TEXAS OUT-OF-STATE MEDIATION, ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN TEXAS THAN IN YOUR OWN STATE**
- 2 **THE FRANCHISE AGREEMENT STATES THAT TEXAS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS**
- 3 **UPON EXPIRATION OR TERMINATION OF YOUR FRANCHISE, THE FRANCHISOR HAS THE OPTION TO ASSUME YOUR LEASES, AND TO ACQUIRE YOUR ASSETS FOR THEIR FAIR MARKET VALUE LESS AMOUNTS OWED TO THE FRANCHISOR**
- 4 **AS OF DECEMBER 31, 2013, THE FRANCHISOR HAS CURRENT ASSETS OF \$2,007,873 AND ITS CURRENT LIABILITIES ARE \$3,233,383, WITH A (1,225,510) WORKING CAPITAL THIS IS DUE TO A \$3,101,250 LINE OF CREDIT FOR CAPITAL IMPROVEMENTS THAT WAS RECORDED AS A CURRENT LIABILITY FOR 2013 DUE TO THE FEDERAL SBA TEMPORARY SHUTDOWN IN NOVEMBER 2014, THE FRANCHISOR WILL CONVERT THE LINE OF CREDIT TO A 20 YEAR LOAN WITH THE CURRENT PORTION OF THE LONG TERM NOTE BEING \$143,125 AND THE LONG TERM LIABILITY OF THE NOTE BEING APPROXIMATELY \$2,958,125 THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT HAS EXPRESS CONCERNS REGARDING THE NEGATIVE WORKING CAPITAL DUE TO THIS FINANCIAL APPROACH**
- 5 **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE**

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 See the next page for the state effective dates

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

For Use In The Following Non-Registration States

Alabama, Alaska, Arizona, Arkansas, Colorado, Delaware, District of Columbia, Georgia, Idaho, Iowa, Kansas, Louisiana, Maine, Massachusetts, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Vermont, West Virginia, Wyoming, Puerto Rico and U S Virgin Islands

Registered In

Florida (06/25/13), Texas (10/30/92), Utah (11/13/13)

Pending In

California (_____)

Not For Use In

Connecticut, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin

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