

FRANCHISE DISCLOSURE DOCUMENT



TBM Franchise Co., LLC
1821 Walden Office Square, Suite 400
Schaumburg, Illinois 60173
Tel: (847) 925-5112
www.thebeerheadbar.com
info@thebeerheadbar.com

The franchise offered is for the right to operate a “Beerhead Bar & Eatery” franchised business offering microbrews, craft, flavored, organic, gluten-free, seasonal, and other specialty beers, wines, and other alcoholic beverage products and services, along with certain food items utilizing the proprietary system for Beerhead Bar & Eateries.

The total investment necessary to begin operation of a Beerhead Bar & Eatery franchise ranges from \$595,000 to \$1,053,000. This amount includes between \$30,000 and \$40,000 that must be paid to the franchisor or its affiliate. If you want development rights, you must pay the franchisor or its affiliate a development fee equal to \$40,000 or \$35,000 (the initial franchise fee for the first Beerhead Bar & Eatery) plus a deposit of \$20,000 for the second Beerhead Bar & Eatery you will develop and \$15,000 for the third Beerhead Bar & Eatery and each additional Beerhead Bar & Eatery you will develop. (See Item 5 and Item 7 for more detailed information.)

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 Greg Goodrich, Director of Business Development, at 1821 Walden Office Square, Suite 400, Schaumburg, Illinois, and (847) 925-5112.

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](#),” 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 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 of this Franchise Disclosure Document: March 9, 2015.

TBM Franchise Co., LLC
Beerhead Bar & Eatery – 2015 FDD
CHI 65284056v8

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 CERTAIN DISPUTES WITH US BY ARBITRATION IN THE METROPOLITAN AREA OF WEST PALM BEACH, FLORIDA OR LITIGATION IN THE STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN WEST PALM BEACH, FLORIDA. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN THE STATE OF FLORIDA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT REQUIRES THAT FLORIDA 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. WE WERE FORMED IN AUGUST 2014. AS A RESULT, WE ONLY HAVE A BRIEF OPERATING HISTORY TO ASSIST YOU IN DETERMINING WHETHER OR NOT TO MAKE THIS INVESTMENT.
4. YOU WILL NOT RECEIVE AN EXCLUSIVE FRANCHISE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM OUTLETS WE OR OUR AFFILIATES OWN, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS WE OR OUR AFFILIATES CONTROL.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We do not use the services of any franchise brokers or referral sources to assist us in selling our franchise.

Effective Date: See the next page for state effective dates.

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**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED
BY THE MICHIGAN FRANCHISE INVESTMENT LAW**

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.

- (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 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 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 of 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.
- (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 or 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:

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