

FRANCHISE DISCLOSURE DOCUMENT



Blackball Franchising, LLC
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The franchises described in this disclosure document are for the operation of **BLACKBALL®** Outlets offering high quality and unique Taiwanese desserts and beverages. The estimated total investment necessary to begin operation of each franchise is \$327,000 to \$554,000. This includes \$150,000 initial franchise fee that must be paid to the franchisor and \$40,000 to \$50,000 for the initial order of proprietary items.

If You are an Area Developer, You are required to pay Us a nonrefundable Development Fee equal to the Initial Franchise Fee for the first Required Outlet plus \$50,000 for each additional Required Outlet.

* * * * *

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 disclosure in different formats, please contact Nathan Van, at the above address and telephone number.

The terms of your contract will govern your franchise relationship. Do not 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, 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.

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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 E** 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 RISKS FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISAGREEMENTS MAY BE SETTLED BY ARBITRATION IN LOS ANGELES, CALIFORNIA. OUT OF STATE ARBITRATION MAY FORCE A FRANCHISEE TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST A FRANCHISEE MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN A FRANCHISEE'S HOME STATE.
2. ARBITRATION WILL NOT BE USED FOR ANY DISPUTE WHICH INVOLVES A FRANCHISEE'S CONTINUED USAGE OF ANY OF THE MARKS OR ANY ISSUE INVOLVING INJUNCTIVE RELIEF AGAINST FRANCHISEE, ALL OF THESE ISSUES WILL BE SUBMITTED INITIALLY TO A COURT IN LOS ANGELES, CALIFORNIA. THE PARTIES CONSENT TO PERSONAL JURISDICTION IN CALIFORNIA OVER ANY SUCH ISSUES NOT SUBJECT TO ARBITRATION.
3. THE FRANCHISOR IS AT AN EARLY STAGE DEVELOPMENT AND HAS LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.
4. IF YOU ARE A LEGAL ENTITY, ALL OF YOUR OWNER(S) MUST PERSONALLY GUARANTEE THE FRANCHISE AGREEMENT, THEREBY PLACING HIS/HER PERSONAL ASSETS AT RISK.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Washington Effective Date: _____

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EXHIBITS:

- A. Preliminary Agreement
- B. Franchise Agreement with Personal Guaranty and State Addenda
- C. Area Development Agreement
- D. Confidentially Agreement
- E. State Agents and State Administrators
- F. Financial Statements
- G. Current Franchisee List
- H. Receipts

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