

FRANCHISE DISCLOSURE DOCUMENT



Department of
Business Oversight

MAR 09 2015

San Francisco Office

Brain-O-Magic Group, LLC
a Delaware Limited Liability Company
39648 Mission Blvd
Fremont, California 94539
(510) 692-7246
www.brainomagic.com
info@brainomagic.com
www.brainomagicfranchise.com
franchise@brainomagic.com
puja@brainomagic.com
facebook.com/brainomagic
youtube.com/brainomagic

You will operate a facility (“Education Center”) that offers a proprietary curriculum designed to enhance mathematical skills and stimulate right-brain development, and other courses of study that we may develop, for children ages five to 13 under the trade name and service mark “BRAIN-O-MAGIC®”

The total investment necessary to begin operation of a BRAIN-O-MAGIC® Education Center franchise ranges from \$43,901 to \$116,701. This includes the \$17,500 initial franchise fee that must be paid to the franchisor or affiliate. If you are acquiring multi-unit development rights under an area development agreement, the initial franchise fee is \$17,500 for the first Education Center and \$10,500 for the second and each additional Education Center that you commit to develop. When signing the area development agreement, you will pay us a nonrefundable development fee equal to 100% of the initial franchise fee for the first Education Center, plus 50% of the initial franchise fee for the second and each additional Education Center. For example, if you acquire development rights for three Education Centers, you will pay us a development fee of \$28,000 (\$17,500 plus [\$10,500 x 50% x 2]).

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 Puja Kasliwal at 39648 Mission Blvd, Fremont, California 94539, telephone (510) 692-7246, or email puja@brainomagic.com

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, 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.

Issued on March 5, 2015

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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 B 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 AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN THE STATE IN WHICH WE MAINTAIN OUR PRINCIPAL HEADQUARTERS, WHICH PRESENTLY IS CALIFORNIA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
- 2 THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATES THAT DELAWARE LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3 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 State Effective Dates Page

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	

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of March 5, 2015

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