

AUG 11 2017

Department of
Business Oversight

FRANCHISE DISCLOSURE DOCUMENT



CaliBurger

CALIBURGER FRANCHISOR USA, INC

A Delaware Corporation

6800 Owensmouth Avenue, Suite 350

Canoga Park, California 91303

(818) 703-8300

www.caliburger.com

We offer franchises for the right to operate a unique fast casual restaurant featuring burgers, sandwiches, fries, desserts, and other food and beverages under the “CaliBurger” mark

The total initial investment necessary to begin operation of an in-line Restaurant ranges from \$304,500 to \$792,000, which includes \$30,000 to \$45,000 you must pay to franchisor or its affiliates. The total initial investment necessary to begin operation of a drive-through Restaurant ranges from \$366,500 to \$887,000 for in-line Restaurants, which includes \$30,000 to \$45,000 you must pay to franchisor or its affiliates.

We offer qualified individuals the right to own and operate two or more Restaurants in a designated development area by entering into an Area Development Agreement. The total initial investment necessary to begin operating under an Area Development Agreement will vary depending on the number of Restaurants to be opened in your designated area (an “AD Development Area”). The total estimated initial investment to begin operation of the first Restaurant under an Area Development Agreement where you commit to opening three Restaurants ranges from \$334,500 to \$917,500, which includes \$60,000 to \$75,000 you must pay to franchisor or its affiliates.

This disclosure document summarizes certain provisions of your Franchise Agreement, Area Development 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 John Miller at 6800 Owensmouth Avenue, Suite 350, Canoga Park, California 91303, or at telephone number (818) 703-8300.

The terms of your Franchise Agreement and Area Development Agreement, as applicable, will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contracts. Read all of your contracts carefully. Show your contracts and this disclosure document to an advisor, like a lawyer or an accountant.

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2017 Franchise Disclosure Document

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 Virginia 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.

The Issue Date of this Franchise Disclosure Document ("FDD") is June 20, 2017.

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 to this Franchise Disclosure Document for information about the franchisor, about other franchisors, 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. AT OUR OPTION, THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE ALL DISPUTES WITH US BY MEDIATION ONLY IN CALIFORNIA. OUT OF STATE MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE WITH US IN THE STATE OF CALIFORNIA THAN IN YOUR OWN STATE.
2. ANY DISPUTES WITH US NOT SUBJECT TO MEDIATION MUST BE RESOLVED BY LITIGATION ONLY IN LOS ANGELES COUNTY, CALIFORNIA. IT MAY COST YOU MORE TO LITIGATE WITH US IN THE STATE OF CALIFORNIA THAN IN YOUR OWN STATE.
3. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT THEY ARE GOVERNED BY CALIFORNIA LAW. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
4. YOUR SPOUSE MUST SIGN A DOCUMENT, SUCH AS A GUARANTEE, THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN IF YOUR SPOUSE DOES NOT OWN ANY PART OF THE FRANCHISE BUSINESS. IF YOU LIVE IN A COMMUNITY PROPERTY STATE, YOUR SPOUSE MAY BE LIABLE FOR YOUR FINANCIAL OBLIGATIONS EVEN IF HE OR SHE HASN'T SIGNED ANYTHING. IN EITHER CASE, BOTH YOU AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, INCLUDING YOUR HOUSE, COULD BE LOST IF YOUR FRANCHISE FAILS.
5. YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM OUTLETS THAT WE OWN, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT WE CONTROL.

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