

MESSAGE TO MASTER FRANCHISEES

This document is NOT an offer of a franchise. Cartridge World Master Franchisees will market and award Retail/ Executive Office Unit Franchises in their own Master Franchise Territories.

This document is intended only to be a ‘model’ Retail/Executive Unit Franchise Disclosure Document (“Unit FDD”) and is being delivered to Master Franchisees for the purpose of enabling them to develop their own Unit FDDs.

MASTER FRANCHISEES ARE NOT PERMITTED TO MODIFY THE TEXT OF THIS MODEL Retail/Executive Office UNIT FDD WITHOUT Cartridge World USA, LLC PRIOR WRITTEN CONSENT. COMPLETE ONLY THE TEXT SPECIFIC TO YOUR MASTER OPERATION, UNLESS YOU HAVE OBTAINED OUR AUTHORIZATION FOR OTHER MODIFICATIONS. ALSO, YOUR FINAL UNIT FDD SHOULD BE SENT TO CW USA FOR OUR APPROVAL AND FILING PRIOR TO ITS USE. The CW USA Retail/Executive Office FDD includes as an exhibit, the current form Retail/Executive Office Unit Franchise Agreement. This model Retail/Executive Office Unit FDD is based upon this current form Retail/Executive Office Unit Franchise Agreement.

WE HAVE HIGHLIGHTED AND NOTED IN VARIOUS PLACES THROUGHOUT THIS DOCUMENT INFORMATION THAT REQUIRES YOUR PARTICULAR CONSIDERATION. HOWEVER, YOU SHOULD CAREFULLY REVIEW ALL THE INFORMATION PRESENTED, AS YOU ARE RESPONSIBLE FOR THE ACCURACY AND COMPLETENESS OF THE DISCLOSURE DOCUMENTS TO BE USED IN YOUR TERRITORY. IT IS YOUR SOLE RESPONSIBILITY TO ENSURE THAT ALL FRANCHISE REGISTRATION, DISCLOSURE AND OTHER LEGAL OBLIGATIONS ARE COMPLIED WITH IN CONNECTION WITH THE OFFER AND AWARD OF RETAIL/EXECUTIVE OFFICE UNIT FRANCHISES IN YOUR TERRITORY. THIS MODEL RETAIL/EXECUTIVE OFFICE UNIT FDD IS NOT TO BE DELIVERED BY YOU TO ANY PERSONS/ENTITIES, AND YOU ARE EXPRESSLY PRECLUDED FROM DOING SO. YOU ARE AUTHORIZED TO USE THIS DOCUMENT ONLY IN CONNECTION WITH YOUR DEVELOPMENT OF THE RETAIL/EXECUTIVE OFFICE UNIT FDD FOR USE IN YOUR TERRITORY.

FRANCHISE DISCLOSURE DOCUMENT



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You will operate a franchised Cartridge World® business (a “Unit Franchise”), either Retail or Executive Office Model, which will provide products and services related to printer (and other) cartridges, inkjet cartridges, laser cartridges, toner, computer hardware (including printers) and software, ancillary products and services, and such additional products and services as we may specify. For all purposes disclosed in this document a (“Unit Franchise”) by definition shall refer to Retail and Executive Office Model unless stated otherwise.

The total investment necessary to begin operation of a traditional business (“Retail Store and Executive Office Model”) Unit Franchise is from \$58,900 to \$ 175,800. This includes an Initial Franchise Fee of \$40,000 and a Training Fee of \$8,000 that must be paid to us. If you sign a Multi-Retail Unit Agreement, the total investment to begin the operation of your second and, if applicable, your third Unit Franchise is from \$117,800 to \$351,600. This includes an Initial Franchise Fee of \$40,000 that must be paid to us.

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 Disclosure 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 Tina Ricchio at tricchio@cartridgeworld.com or (815) 321-4406.

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.

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2020 CW USA Retail/Executive Office
FDD

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 C 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.

Risk Factors:

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION OR LITIGATION ONLY IN ILLINOIS. OUT-OF-STATE MEDIATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR LITIGATE WITH US IN ILLINOIS THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT ILLINOIS 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. YOUR SPOUSE OR DOMESTIC PARTNER **MUST** SIGN A SPOUSAL CONSENT WHICH PLACES YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may 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 is our agent and 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 state effective dates.

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