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**FRANCHISE DISCLOSURE DOCUMENT**



Massimo Zanetti Beverage Cafes USA, Inc

a Delaware corporation

1200 Court Street, Portsmouth, VA 23704

(757) 215-7300

[www.mzb-usa.com](http://www.mzb-usa.com)

[www.chockfullonuts.com](http://www.chockfullonuts.com)

[www.segafredocafe.com](http://www.segafredocafe.com)

Email [info@segafredocafe.com](mailto:info@segafredocafe.com)

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DEPARTMENT OF  
BUSINESS OVERSIGHT  
SAN FRANCISCO

We offer to enter into a license agreement with prospective licensees for our two brands a "Chock Full o'Nuts" "Chock Cafe" and a "Segafredo Zanetti Espresso" "SZE Cafe," each of which are offered as a full-service cafe or in a smaller kiosk-sized format

The total investment necessary to begin operation of a Chock Cafe franchised business ranges from \$101,850 to \$378,000 This includes \$34,000 to \$44,500 that must be paid to the franchisor or its affiliate(s) The total investment necessary to begin operation of a Chock or SZE Kiosk franchised business ranges from \$28,600 to \$106,250 This includes \$19,000 to \$53,000 that must be paid to the franchisor or its affiliate(s) The total investment necessary to begin operation of a SZE Cafe franchised business ranges from \$335,850 to \$1,699,500 This includes \$43,000 to \$68,000 that must be paid to the franchisor or its affiliate(s)

We also offer to enter into area development agreements with qualified parties who wish to establish an agreed-upon number of Chock Cafes (or kiosks) or SZE Cafes in an agreed-upon area The development fee will be \$10,000 for each cafe (or kiosk) to be developed, and the fee will be credited toward the initial license fee for each Cafe (or kiosk)

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 or grant **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, please contact Mr Julio Ferreira at 1200 Court Street, Portsmouth, VA 23704, telephone (757) 215-7300

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](http://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 issuance date of this Franchise Disclosure Document is May 29, 2015

## **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 RISK FACTORS before you buy this franchise

- 1 \* THE LICENSE AGREEMENT REQUIRES THE LICENSEE TO LITIGATE ONLY IN THE STATE AND JUDICIAL DISTRICT IN WHICH THE LICENSOR MAINTAINS ITS PRINCIPAL PLACE OF BUSINESS (PRESENTLY, PORTSMOUTH, VA). OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE WITH THE LICENSOR IN ITS HOME STATE (PRESENTLY, VA) THAN IN YOUR HOME STATE.
  - 2 \* THE LICENSE AGREEMENT STATES THAT THE LAW OF VIRGINIA 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 THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$28,600 TO \$1,699,500. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDER'S EQUITY AS OF MAY 2, 2015, WHICH IS REPORTED TO BE A DEFICIT OF \$6,631,047.
  - 4 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.
- \* Local law may supersede these license agreement provisions. Certain states may require the superseding provisions to appear in an addendum in this disclosure document. See exhibits K and L for details.

Effective Date See the next page for state effective dates

### 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

States	Effective Date
California	

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