

**DRAFT DATED 4-11-17  
SUBMITTED TO CA DEPARTMENT OF BUSINESS OVERSIGHT**

**FRANCHISE DISCLOSURE DOCUMENT**

**COFFEEBAY INTERNATIONAL, INC**  
a California corporation  
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**Department of  
Business Oversight**

**COFFEE BAY**  
COFFEE & BAKERY

The franchisor is Coffeebay International, Inc (“Coffee Bay”, “franchisor”, “we”, or “us”) We offer franchise and area development agreements for Coffee Bay Stores The franchisee will operate a retail coffee store under the name Coffee Bay featuring coffee, blended drinks, bakery products, sandwich products and other related food and beverage products in retail gourmet coffee chains Coffee Bay Stores utilize proprietary, distinctive interior and exterior store designs and layouts Coffee Bay Stores operate with a uniform business format, and provide for the sale of products within a distinctive customer service oriented environment

Your total investment necessary to begin operation of a Coffee Bay Store franchised business is \$255,500 to \$718,000 if you sign a Franchise Agreement for a single unit (See Item 7) This includes \$225,000 to \$625,000 which must be paid to us or our affiliates, including 1) \$25,000 for your initial franchise fee for a traditional or non-traditional unit, 2) \$10,000 to \$20,000 for your initial inventory of products, ingredients, supplies, uniforms, branded materials, and signs, 3) equipment for \$30,000 to \$50,000, 4) \$150,000 to \$510,000 for your construction and build-out work for the store location, and 4) \$10,000 to \$20,000 for your initial furniture and fixtures If you sign a Multi-Unit Addendum for multi-unit development, you must pay us the \$25,000 initial franchise fee times the number of units (See Items 1, 5 and 7) If you sign an Area Developer Agreement to become an Area Developer in an area, your total investment necessary is \$1,075,000 to \$6,150,000 (See Items 1, 5 and 7) which will include an initial franchise fee

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 Mr Ji Wie (Blake) Choi, Director of U S Operations, 6301 Beach Blvd , Buena Park, California 90621 telephone number (714) 909-0347, email address [blakejwchoi@coffebayfc.com](mailto:blakejwchoi@coffebayfc.com)

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all portions of your contract carefully. Show your contract and this disclosure document to an advisor, legal counsel and/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 disclosure document is \_\_\_\_\_, 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 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 **SPECIAL RISK FACTORS** before you buy this franchise

**THE FRANCHISE AGREEMENT AND OTHER AGREEMENTS REQUIRE YOU TO RESOLVE DISPUTES WITH US BY MEDIATION, ARBITRATION, AND/OR JUDICIAL PROCEEDINGS ONLY IN CALIFORNIA STATE OUT-OF-STATE MEDIATION, ARBITRATION, AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO MEDIATE, ARBITRATE, AND LITIGATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE**

**THE FRANCHISE AGREEMENT AND OTHER AGREEMENTS STATE THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE OR LOCAL LAWS YOU MAY WANT TO COMPARE THESE LAWS**

**IF YOU ARE AN AREA DEVELOPER, YOU MUST PURCHASE INVENTORY FROM US OR OUR AFFILIATE OF AT LEAST \$20,000 PER STORE, PER YEAR, EVEN IF YOU DO NOT NEED THAT MUCH, AND EVEN IF A LESS EXPENSIVE SUPPLIER IS AVAILABLE THE FRANCHISOR MAY TERMINATE YOUR FRANCHISE IF YOU DON'T**

**EACH PRINCIPAL OWNER ENTERING INTO THE FRANCHISE AGREEMENT ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT MUST GUARANTEE ALL OBLIGATIONS OF THE FRANCHISEE UNDER THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT THEREBY PLACING HIS OR HER PERSONAL ASSETS AT RISK IF YOU ARE A BUSINESS ENTITY, YOUR OWNERS WILL HAVE TO GUARANTY YOUR OBLIGATIONS AND BE BOUND BY THE PROVISIONS OF OUR FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT**

**THIS FRANCHISOR IS A DEVELOPMENT STAGE COMPANY WITH LIMITED OR NO FRANCHISE OPERATION HISTORY YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE**

**THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE**

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