

## FRANCHISE DISCLOSURE DOCUMENT

**DIRECTBUY, INC.**  
an Indiana corporation  
8450 Broadway  
Merrillville, Indiana 46410  
(219) 736-1100  
franchising@directbuy.com  
<https://franchise.directbuy.com>  
DirectBuy.com

# DirectBuy®

The franchisee will establish and operate a buyer club business (“DirectBuy Club” or “Club”) that sells buyer club memberships to the general public and provides merchandise ordering and related services to its members, under the DirectBuy® name.

The total investment necessary to begin operation of a new DirectBuy franchise is from ~~\$444,000~~359,000 to ~~\$825,000~~635,000, except the range is ~~\$649,000~~564,000 to ~~\$1,125,000~~904,000 for California. This includes \$75,000 that must be paid to the franchisor or affiliate.

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 Julie Fletcher at 8450 Broadway, Merrillville, Indiana 46410 and (219) 736-1100 extension 10360.

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 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, DC 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.

Issued: ~~October 30, 2013~~ As Amended ~~May 23, 2014~~

## 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 RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN INDIANA. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN INDIANA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT INDIANA 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. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.
4. 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.**

NOTE: THE FRANCHISE AGREEMENT PROVISIONS REFERRED TO IN THE RISK FACTORS LISTED ABOVE MAY BE VOID UNDER SOME STATE FRANCHISE LAWS AND SOME STATE FRANCHISE LAWS MAY REQUIRE DISCLOSURE OF ADDITIONAL RISK FACTORS. SEE EXHIBIT F.

Effective Date: See the next page for state effective dates.

## DIRECTBUY, INC.

### 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 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:

California	–	<del>May 23, 2013</del> <u>October 30, 2014</u>
Illinois	–	<del>May 23, 2013</del> <u>October 30, 2014</u>
Indiana	–	<del>May 23, 2013</del> <u>October 30, 2014</u>
Maryland	–	<del>May 23, 2014</del> <u>Pending</u>
Michigan	–	<del>May 23, 2014</del> <u>Pending</u>
Minnesota	–	Pending
New York	–	<del>May 23, 2013</del> <u>October 30, 2014</u>
North Dakota	–	<del>May 23, 2014</del> <u>Pending</u>
Rhode Island	–	<del>May 23, 2014</del> <u>Pending</u>
South Dakota	–	<del>May 23, 2014</del> <u>Pending</u>
Virginia	–	<del>May 23, 2014</del> <u>Pending</u>
Washington	–	<del>May 23, 2014</del> <u>Pending</u>
Wisconsin	–	Pending

In all other states, the effective date of this Disclosure Document is the issuance date of ~~October 30, 2013~~ As Amended May 23, 2014.

\* Hawaii requires registration of this Disclosure Document. However, DirectBuy is not registered in Hawaii and does not plan to market franchises in Hawaii during the next year.

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