

FRANCHISE DISCLOSURE DOCUMENT



Dripp Franchising Inc.,
a California corporation
4300 Edison Avenue
Chino, California 91710
(909) 465-4101
www.dripp.com

We offer franchises for the operation of Dripp® shops that sell our unique selection of coffee, tea, and other hot and cold beverages, ice cream, cookies, chocolates, and fresh deli sandwiches. We also offer franchises to operate from kiosks that offer only some of our standard menu products. Each of our coffee and tea products is individually designed and prepared with our special sourced ingredients; our beverages and ice cream sandwiches are made to order, our cookies are made in small batches, and all our products are always made fresh in the Dripp® location to provide rich, full flavors. Dripp® franchisees must bring this same sensibility to the franchised business and be willing to take the time and invest the money required to produce our unique line of quality products in the carefully crafted atmosphere of our proprietary shop design. Each Dripp® location is selected by the franchisee to fit our demanding requirements and operated to our high standards for quality, freshness, product presentation, and sparkling cleanliness.

The total investment necessary to begin operation of a franchised Dripp® shop is \$464,825 to \$818,925 if you lease the Dripp® shop location, as we anticipate you will. The total investment necessary to begin operation of a franchised Dripp® kiosk is \$345,825 to \$537,925. This includes \$151,075 to \$180,675 that must be paid to the franchisor or its affiliate(s) to begin operation of a Dripp® shop and \$132,075 to \$180,675 that must be paid to the franchisor or its affiliates to begin operation of a Dripp® 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. NOTE, HOWEVER, THAT NO GOVERNMENTAL AGENCY HAS VERIFIED THE INFORMATION CONTAINED IN THIS DOCUMENT.

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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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:

THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN CALIFORNIA. 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 CALIFORNIA THAN IN YOUR OWN STATE.

THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA 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.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

This Franchise Disclosure Document is registered in California with an effective date of _____, 2018.

DRIPP® SHOP
FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

ITEM 1.	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES.....	1
ITEM 2.	BUSINESS EXPERIENCE	3
ITEM 3.	LITIGATION	3
ITEM 4.	BANKRUPTCY.....	3
ITEM 5.	INITIAL FEES.....	4
ITEM 6.	OTHER FEES	6
ITEM 7.	ESTIMATED INITIAL INVESTMENT	16
ITEM 8.	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	21
ITEM 9.	FRANCHISEE’S OBLIGATIONS	27
ITEM 10.	FINANCING.....	29
ITEM 11.	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	29
ITEM 12.	TERRITORY	37
ITEM 13.	TRADEMARKS.....	38
ITEM 14.	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION.....	40
ITEM 15.	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	41
ITEM 16.	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	41
ITEM 17.	RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION... ..	41
ITEM 18.	PUBLIC FIGURES	51
ITEM 19.	FINANCIAL PERFORMANCE REPRESENTATIONS.....	51
ITEM 20.	OUTLETS AND FRANCHISEE INFORMATION	51
ITEM 21.	FINANCIAL STATEMENTS	53
ITEM 22.	CONTRACTS	53
ITEM 23.	RECEIPTS.....	54

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