

FRANCHISE DISCLOSURE DOCUMENT
GELATORO FRANCHISING, LLC
(A California Limited Liability Company)
620 North La Brea Avenue
Inglewood, California 90301
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Received
LA Mailroom

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Department of
Business Oversight



Gelatoro Franchising, LLC, a California limited liability company, offers franchises for the operation of Stickhouse Shops (“Stickhouse Shops”) that offer handmade ice cream on a stick, cold and hot beverages, sweets, chocolates, salad delicacies and ancillary related products for on-premises and off-premises consumption.

We offer the right for 2 different franchise programs in this Disclosure Document.

Single Shop Program: Under the Single Shop Program you will sign a Franchise Agreement to operate a single Stickhouse Shop. The total investment necessary to begin operations of Single Stickhouse Shop will depend upon the type of Stickhouse Shop you will open and operate and ranges from approximately \$10,850 to \$684,674,900. This includes \$2,500 to \$504,000 that must be paid to us.

Area Development Program: Under the Area Development Program, we will assign you a defined area within which you must develop and operate multiple Stickhouse Shops within a specified period of time. The number and type of Stickhouse Shops that you will develop will be determined on a case-by-case basis before you sign your Area Development Agreement. As an example, the total investment necessary to begin operations of one Full Shop, one Sales Shop, one Kiosk, one Corner and one Stick Cart under an Area Development Agreement will range from approximately \$1,102,850 to \$1,510,750. This includes \$126,000 that must be paid to us.

This disclosure document summarizes certain terms 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 payments 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, please contact Ismar Toromanovic, 620 North La Brea Avenue, Inglewood, California 90301; Telephone: 323-447-9198.

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, 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.

**THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS FEBRUARY 19, 2016, AS AMENDED ON
APRIL 26 _____, 2016.**

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 THIS FRANCHISE WITH A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in **Exhibit J** 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 THIS FRANCHISE, 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 AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH GELATORO FRANCHISING, LLC, BY MEDIATION AND LITIGATION ONLY IN LOS ANGELES COUNTY, CALIFORNIA. OUT OF STATE MEDIATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE AND LITIGATE WITH GELATORO FRANCHISING, LLC IN CALIFORNIA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT CALIFORNIA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. UNDER THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
4. YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM FRANCHISOR OWNED OUTLETS OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS WE CONTROL.
5. 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.

Effective Date: See the next page for State Effective Dates.

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