

FRANCHISE DISCLOSURE DOCUMENT

Johnny Rockets Licensing, LLC
A California limited liability company
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Received
LA Mailroom

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Department of
Business Oversight



The franchisee will operate either a “Johnny Rockets Traditional Restaurant,” “Johnny Rockets Express Restaurant,” or a “Johnny Rockets Drive-Thru Restaurant”, each which serves made-to-order hamburgers, crispy fries, chili, hand-spun shakes and malts, classic sandwiches and other menu items in a distinctive setting. We also offer qualifying franchisees the right to develop multiple Johnny Rockets Traditional Restaurants, Johnny Rockets Express Restaurants and/or Johnny Rockets Drive-Thru Restaurants under an Area Development Agreement.

The total investment necessary to begin operation of a Johnny Rockets Restaurant is from \$605,000 to \$1,168,000, which includes \$54,000 to \$59,000 that must be paid to us or our affiliates. The total initial investment necessary to enter into a Johnny Rockets Area Development Agreement is from \$60,500 to \$207,000 (assuming, for the low end of the range, 3 Johnny Rockets Traditional Restaurants and, for the high end of the range, 10 Johnny Rockets Traditional Restaurants, although this is not a maximum), which includes \$60,500 to \$207,000 that must be paid to us or our affiliates.

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, us or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 Chris Leblond at The Johnny Rockets Group, Inc., 1855 Boston Road, Suite 200, Wilbraham, MA 01095, via telephone at 305-964-5265 or via email at FranchiseAdmin@johnnyrockets.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 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 for additional information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: March 30, 2018, as amended, November 6, 2018.

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 AND AREA DEVELOPMENT AGREEMENT REQUIRE THAT ALL DISAGREEMENTS BE ARBITRATED AND LITIGATED ONLY WHERE THE PRINCIPAL OFFICES OF JOHNNY ROCKETS LICENSING, LLC ARE LOCATED WHICH CURRENTLY IS ORANGE COUNTY, CALIFORNIA. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT ALSO MAY COST MORE TO ARBITRATE OR LITIGATE IN ORANGE COUNTY INSTEAD OF YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT THE LAW OF THE STATE IN WHICH THE DEVELOPMENT AREA OR JOHNNY ROCKETS FRANCHISE IS LOCATED GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS OTHER LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$605,000 TO \$1,168,000. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2017, WHICH IS \$(18,036,501).
4. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTIONS THE FRANCHISOR'S ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.
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.

Registration States Effective Dates: See following page.

Amended 2018 Disclosure Document.

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/johnny-rockets>