

JIS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT

INDEX

<u>ITEM</u>	<u>DESCRIPTION</u>	<u>Page</u>
1.	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
2.	BUSINESS EXPERIENCE	3
3.	LITIGATION	4
4.	BANKRUPTCY	5
5.	INITIAL FEES	5
6.	OTHER FEES	6
7.	ESTIMATED INITIAL INVESTMENT	9
8.	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	14
9.	FRANCHISEE'S OBLIGATIONS	16
10.	FINANCING	18
11.	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	18
12.	TERRITORY	24
13.	TRADEMARKS	26
14.	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	27
15.	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	27
16.	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	28
17.	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	28
18.	PUBLIC FIGURES	35
19.	FINANCIAL PERFORMANCE REPRESENTATIONS	35
20.	OUTLETS AND FRANCHISEE INFORMATION	37
21.	FINANCIAL STATEMENTS	39
22.	CONTRACTS	39
23.	RECEIPTS	39
	ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT	39
 <u>EXHIBITS</u>		
	LIST OF COMPANY-OWNED RESTAURANTS	A-1
	LIST OF FRANCHISED RESTAURANTS	A-2
	COMPUTERS AND SOFTWARE REQUIREMENTS	B
	FINANCIAL STATEMENTS	C
	FRANCHISE AGREEMENT, INCLUDING (IF APPLICABLE) STATE ADDENDA	D
	HOTEL AMENDMENT TO FRANCHISE AGREEMENT	E
	AREA DEVELOPMENT AGREEMENT, INCLUDING (IF APPLICABLE) STATE ADDENDA	F
	SAMPLE RELEASE	G
	STATE AGENCY EXHIBIT	H
	FRANCHISEE QUESTIONNAIRE	I

ITEM 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Franchisor

JIS Franchising LLC is the Franchisor, and is referred to in this Franchise Disclosure Document as “JIS” or the “Franchisor.” JIS offers and sells franchises for Johnny’s Italian Steakhouse™ restaurants. The restaurant franchise offered and sold by JIS is referred to in this Franchise Disclosure Document as the “Johnny’s Italian Steakhouse Restaurant” or the “Restaurant.” “You” means the person or entity who buys the franchise from JIS. If the franchise is purchased by a corporation, limited liability company, partnership or other entity, then “you” may also mean the shareholders, members, partners or other owners of that entity.

JIS is a Delaware limited liability company formed on December 27, 2012 that does business under its entity name. The principal business address of JIS is 1501 River Drive, Moline, Illinois 61265. JIS commenced its franchise program in February 2013, and has sold three franchised Johnny’s Italian Steakhouse Restaurants, one of which was operational as of December 31, 2014 (see Item 20 and Exhibit A-2). JIS does not operate any Restaurants or conduct any other business, and has not offered franchises for any other restaurant concept or franchises in any other line of business, other than the franchises being offered in this Franchise Disclosure Document.

The agents for service of process on JIS are listed in the State Agency Exhibit attached to this Franchise Disclosure Document.

Predecessors, Parents and Affiliates of JIS

Except as disclosed in this Item, JIS has no predecessors, parents or affiliates that offer franchises in any line of business or that will provide products or services to the franchisees of JIS. JIS is wholly-owned by Johnny’s Italian Steakhouse LLC, an Iowa limited liability company formed on November 22, 2010, that owns and operates the Johnny’s Italian Steakhouse Restaurants (see below in this Item and Item 20). Johnny’s Italian Steakhouse LLC has the same principal business address as JIS. Johnny’s Italian Steakhouse LLC is owned by Iowa Machine Shed Co., an Iowa corporation formed on May 15, 1978, and Moline Plow LLC, an Illinois limited liability company formed on April 20, 1998, both headquartered at the same address as JIS.

Mr. Michael L. Whalen owns affiliated entities that collectively do business in the real estate development, restaurant and hospitality industries under the “Heart of America® Group” name (the “HOA Group”) (see Item 2). The HOA Group includes JIS, Johnny’s Italian Steakhouse LLC, Iowa Machine Shed Co., Moline Plow LLC and other affiliated entities, and is headquartered at the same address as JIS. The HOA Group develops, designs, builds and operates hotels, restaurants, and retail and office spaces. In addition to Johnny’s Italian Steakhouse Restaurants, entities in the HOA Group also develop and operate The Machine Shed®, Thunder Bay Grille™, Gramma’s Kitchen™, Checkered Flag Bar and Grille™ and The J Bar™ restaurant concepts (see Item 12).

There are currently eight operational Johnny’s Italian Steakhouse Restaurants, all owned and operated by Johnny’s Italian Steakhouse LLC (see Item 20 and Exhibit A). Johnny’s Italian Steakhouse LLC (or a predecessor) has owned and operated Johnny’s Italian Steakhouse

Restaurants since 2002. No affiliate of JIS has ever offered franchises for Johnny's Italian Steakhouse Restaurants or any other restaurant concept, or franchises in any other line of business. No affiliates of JIS currently provide any products or services to the franchisees of JIS.

Franchised Business

JIS grants franchises for the operation of Johnny's Italian Steakhouse Restaurants which are full-service restaurants that feature steaks, seafood, pasta and other Italian cuisine menu items in a distinctive supper club atmosphere under the name "Johnny's Italian Steakhouse™" using the Restaurant System. Johnny's Italian Steakhouse Restaurants also serve classic martinis and specialty cocktails and have an extensive wine list. A Johnny's Italian Steakhouse Restaurant may be operated in a free-standing building, in a shopping center or mall, in an office building, or other similar locations, or from premises located in or adjacent to a hotel (a "Hotel"). Unless otherwise specified, all references to the Johnny's Italian Steakhouse Restaurant or the Restaurant in this Franchise Disclosure Document will include all of these scenarios.

The restaurant business is highly competitive for pricing, service, restaurant location, and food quality, and is subject to changes in consumer taste, economic conditions, population and travel patterns. You will compete with locally-owned restaurants, including restaurants that offer pizza, pasta and similar menu items, as well as with national and regional restaurant chains. Johnny's Italian Steakhouse Restaurants also compete for experienced management personnel and kitchen staff, and commercial real estate and lease sites suitable for restaurants.

Regulations Specific to the Restaurant Industry

The restaurant industry is heavily regulated. Many of the laws, rules and regulations that apply to businesses generally have particular applicability to restaurants. All Johnny's Italian Steakhouse Restaurants must comply with federal, state and local laws applicable to the operation and licensing of restaurant businesses, including obtaining all applicable health permits and/or inspections and approvals by municipal, county or state health departments that regulate food and liquor service operations. Your Johnny's Italian Steakhouse Restaurant must also meet applicable municipal, county, state and federal building codes and handicap access codes. You should consider the cost and time required to comply with these laws and regulations when evaluating your purchase of a Johnny's Italian Steakhouse Restaurant franchise.

You must secure a liquor license to sell alcoholic beverages at your Restaurant. The difficulty and cost of obtaining a liquor license, and the steps for securing the license, vary greatly from area to area. There is also wide variation in state and local laws and regulations that govern the sale of alcoholic beverages. In addition, state dram shop laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce regulations that govern food preparation and service and restaurant sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations.

The Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles,

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