

FEB 14 2013

## FRANCHISE DISCLOSURE DOCUMENT



Kalologie Spa Destinations LLC  
(A Delaware limited liability company)  
5080 North 40th Street, Suite 105  
Phoenix, Arizona 85018  
Phone (602) 492-3360  
Fax (602) 606-9902  
www.Kalologie.com

We offer franchises to operate a Kalologie 360 Spa that sells retail products and membership-based spa treatment services, including facials, waxing, nails, massage therapy, tanning and brow treatments

The total estimated initial investment to begin operation of a Kalologie Spa ranges from \$193,485 to \$499,555. This includes an amount ranging from \$44,000 to \$49,000 that must be paid to us and our affiliate.

We offer certain franchisees the right and obligation to open multiple Kalologie Spas under the terms of a multi-unit development agreement. If you purchase multi-unit development rights, the total estimated investment to begin operation of your franchise ranges from \$193,485 to \$499,555 plus an additional amount equal to \$17,000 multiplied by the total number of Spas to be opened under the multi-unit development agreement (excluding your first Spa). This includes an amount ranging from \$44,000 to \$49,000 that must be paid to us and our affiliate, plus an additional amount equal to \$17,000 multiplied by the total number of Spas to be opened under the multi-unit development agreement (excluding your first Spa), which amount also must be paid to us.

The disclosure document summarizes certain provisions of your franchise and/or multi-unit agreement and other information in plain English. Read this disclosure document and all 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 our affiliate in connection with the proposed franchise. **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 to you. To discuss the availability of disclosure in different forms, contact Kalologie Spa Destinations LLC at 5080 North 40th Street, Suite 105, Phoenix, Arizona 85018 or (602) 492-3360.

The terms of your contract will govern your franchise relationship. Do not 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 10877-FTC HELP or by writing to the FTC at 600 Pennsylvania Ave, 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.

Date of Issuance January 28, 2013

### 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 THAT ALL DISAGREEMENTS BE SETTLED BY MEDIATION, ARBITRATION OR LITIGATION IN ARIZONA. OUT-OF-STATE MEDIATION, ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE, ARBITRATE OR LITIGATE WITH US IN ARIZONA THAN IN YOUR HOME STATE.**

**2. THE FRANCHISE AGREEMENT STATES THAT ARIZONA 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. EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT "HOME STATE" LAW APPLIES, LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO ANY STATE-SPECIFIC ADDENDUM THAT MAY BE ATTACHED TO THIS DISCLOSURE DOCUMENT FOR DETAILS.**

**3. THE FRANCHISOR IS A START-UP COMPANY THAT WAS FORMED ON JUNE 30, 2010 AND HAS ONLY JUST BEGUN TO OFFER FRANCHISES. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER TO MAKE THIS INVESTMENT.**

**4. ALL FRANCHISE OWNERS AND THEIR SPOUSES MUST SIGN A PERSONAL GUARANTY MAKING THE OWNERS AND THEIR SPOUSES JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE WHETHER OR NOT THE SPOUSE IS INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER AND THEIR SPOUSE AT RISK.**

**5. WE HAVE GRANTED REGIONAL DEVELOPMENT RIGHTS TO CERTAIN INDIVIDUALS, AS DISCLOSED IN THIS DISCLOSURE DOCUMENT. YOU WILL BE ENTERING INTO A FRANCHISE AGREEMENT WITH US AND NOT THE REGIONAL DEVELOPER AND THEY ARE NOT A PARTY TO YOUR CONTRACT. THE FRANCHISOR WILL BE RESPONSIBLE FOR THE ACTIONS OF THE REGIONAL DEVELOPER UNDER THE FRANCHISE AGREEMENT.**

**6. 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 \_\_\_\_\_, 2013

Franchise Disclosure Document (2013 California / 360 Spa)

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## EXHIBITS

- EXHIBIT "A" List of State Administrators
- EXHIBIT "B" Agent for Service of Process
- EXHIBIT "C" Franchise Agreement
- EXHIBIT "D" Multi-Unit Development Agreement
- EXHIBIT "E" Manual Table of Contents
- EXHIBIT "F" List of Franchisees
- EXHIBIT "G" Financial Statements
- EXHIBIT "H" Franchisee Disclosure Questionnaire
- EXHIBIT "I" General Release
- EXHIBIT "J" Regional Developers
- EXHIBIT "K" California Addendum
- EXHIBIT "L" Receipts

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