

FRANCHISE DISCLOSURE DOCUMENT

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The franchise described in this disclosure document is for an Area Representative business in which you will be responsible for promoting, establishing and supporting single location franchises which manage or own centers that specialize in providing acupuncture services and products to the general public through licensed acupuncture professionals (“Centers (s)”) under the name “MA MODERN ACUPUNCTURE®” at a specific location (referred to as a “Location” when referring to one franchise unit or “Locations” when referring to more than one franchise units). Each Location will report to and receive support directly and indirectly from our corporate headquarters.

The estimated total initial investment necessary to begin operations of your Area Representative franchise will range from \$82,475 to \$410, 325. This includes \$68,500 to \$367,500 that must be paid to the franchisor or an affiliate.

This disclosure document (“Disclosure Document”) summarizes certain provisions of your Area Representative 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 fourteen (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 Chad Everts or Carol Lee at ACU Development, LLC, 14362 N. Frank Lloyd Wright Blvd., Ste. 2300, Scottsdale, AZ 85260, (480) 999-5505 Ext. 701.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read your entire 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. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 2, 2019



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 AREA REPRESENTATIVE AND 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 AREA REPRESENTATIVE AND FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION OR LITIGATION ONLY IN ARIZONA. OUT OF STATE MEDIATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT ALSO MAY COST MORE TO MEDIATE OR LITIGATE WITH US IN ARIZONA THAN IN YOUR OWN STATE.
2. THE AREA REPRESENTATIVE AND 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.
3. ALL OWNERS AND THEIR SPOUSES MUST SIGN A PERSONAL GUARANTEE MAKING SPOUSES INDIVIDUALLY LIABLE FOR OWNERS' FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THE GUARANTEE WILL PLACE THE OWNER AND SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF THE FRANCHISE FAILS. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES - ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN - AT RISK IF THE FRANCHISE FAILS. IN EITHER CASE, BOTH YOU AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, INCLUDING YOUR HOUSE, COULD BE LOST IF YOUR FRANCHISE FAILS.
4. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALL INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN INITIAL INVESTMENT RANGING FROM \$255,377 TO \$663,772. THIS AMOUNT EXCEEDS THE FRANCHISOR'S MEMBERS EQUITY AS OF DECEMBER 31, 2018, WHICH IS (\$1,667,994).
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may 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 make sure to do your own investigation of the franchise.

Effective Dates: See next page for effective dates in various jurisdictions.



STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
California	Exempt
Hawaii	Not Registered
Illinois	Not Registered
Indiana	May 16, 2018
Maryland	Not Registered
Michigan	April 27, 2018
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

In all other states, the effective date of this Disclosure Document is: **April 2, 2019**.

Some of the states listed above require that we give you additional disclosures. The additional required disclosures for these states are in Appendix V to this Disclosure Document.

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/ma-modern-acupuncture-area-representative>