

## FRANCHISE DISCLOSURE DOCUMENT

### Melt Shop Enterprises, LLC

a New York limited liability company  
56 W. 22nd Street—2nd Fl  
New York, NY 10010  
(212) 505-5861  
www.meltshop.com  
partners@meltshop.com

# MELT SHOP

“Melt Shop” is an American, fast-casual restaurant offering artisanal, melted sandwiches, made to order milkshakes, specialty salads, soups, beverages, a distinctive variety of tater tots, and other side dishes. A Melt Shop restaurant offers lunch and dinner menus for dine-in or take-out, and operates using the franchisor’s proprietary recipes, formulae, techniques, trade dress, trademarks and logos. With our permission, some Melt Shop restaurants may offer beer and wine.

This Franchise Disclosure Document offers franchised Melt Shop businesses.

The total investment necessary to establish one Melt Shop restaurant ranges from \$426,946 to \$767,369. This includes \$35,000 to \$37,000 that must be paid to the franchisor and/or its affiliate.

We may enter into a development agreement under which the developer will pay a development fee, and commit to open at least three Melt Shop restaurants within an agreed timeframe. The amount of the development fee will vary depending on the number of Melt Shop restaurants to be developed. The development fee only grants you the right to develop restaurants in a specific area and is not credited toward any other fees owed to us. If you choose to develop three Melt Shop restaurants under the Development Agreement, the total investment necessary ranges from \$463,946 to \$804,859. This includes \$70,000 to \$72,000 that must be paid to the franchisor and/or its affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and development agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor 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 Joshua Morgan at 56 W. 22nd Street—2nd Fl, New York, NY 10010, or email partners@meltshop.com

The terms of your contracts will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read all of your contracts carefully. Show your contracts 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 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. 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.

**Issuance Date:** April 27, 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 I for information about the franchisor, about other franchisors, 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 DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION OR ARBITRATION ONLY IN NEW YORK. OUT OF STATE LITIGATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE OR ARBITRATE WITH US IN NEW YORK THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT NEW YORK 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. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.
4. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$426,946 to \$804,859. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF MARCH 29, 2018, WHICH IS \$66,306.
5. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective date: See the next page for state effective dates

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