

FRANCHISE DISCLOSURE DOCUMENT

SMS Franchise LLC (the “Franchisor”)

2 University Plaza

Hackensack, New Jersey 07601

(877) 859-1760

www.nybagelcafe.com



The Franchisee will operate one or more retail stores which sell a full line of take-out bagels (baked on premises), gourmet coffees, gourmet sandwiches, wraps, salads and offers meeting and luncheon catering. The estimated total investment necessary to begin operation of a single New York City Bagel & Sandwich Shop (the “Franchise”) store ranges from \$118,500.00 to \$208,000.00. This includes \$29,500 that must be paid to the Franchisor or the Franchisor’s affiliate.

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, the Franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

The terms of your franchise agreement will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your franchise agreement. Read all of your franchise agreement carefully. Show your franchise agreement 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, D.C. 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: September 1, 2017

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 1** 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:

Risk Factors:

THE FRANCHISE AGREEMENT REQUIRES THAT MOST DISAGREEMENTS BE SUBMITTED TO ARBITRATION IN THE STATE OF OUR PRINCIPAL PLACE OF BUSINESS, WHICH CURRENTLY IS NEW JERSEY. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST YOU MORE TO ARBITRATE OR SUE IN OUR HOME STATE THAN IN YOUR STATE.

THE FRANCHISE AGREEMENT STATES THAT NEW JERSEY LAW GOVERNS THE FRANCHISE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

THERE MAY BE OTHER RISK FACTORS CONCERNING THIS FRANCHISE.

Effective Date: see the next page for state effective dates.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Documents 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.

The 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	n/a*
Hawaii	n/a*
Illinois	n/a*
Indiana	n/a*
Maryland	n/a*
Michigan	n/a*
Minnesota	n/a*
New York	n/a*
North Dakota	n/a*
Rhode Island	n/a*
South Dakota	n/a*
Virginia	n/a*
Washington	n/a*
Wisconsin	n/a*

* Franchisor does not intend to offer Franchises in these States at the present time

In all the other states, the effective date of this Franchise Disclosure Document is the issuance date of September 1, 2017.

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