

FRANCHISE DISCLOSURE DOCUMENT

K-Swiss Inc., a Delaware corporation
31248 Oak Crest Drive
Westlake Village, California 91361
(818) 706-5333
www.palladiumboots.com

RECEIVED**APR 10 2012**Department of Corporations
Los Angeles

K-Swiss Inc ("we," "us," or "our") offers for sale a franchise to operate a distinctive retail store concept and selling environment for footwear and related apparel and accessory products under the PALLADIUM® mark ("Store")

The total estimated investment necessary to begin operations of a single PALLADIUM franchise ranges from \$295,370 to \$825,700. This amount includes an Initial Franchise Fee of \$25,000, which must be paid to the Franchisor, and an estimated \$75,500 to \$129,500 for other products and services which must be paid to the Franchisor or an Affiliate. The range of expenses and the initial investment will differ based on the location you choose, the projected amount of initial merchandise you buy, and the types of equipment, furnishings, and fixtures that you purchase.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the 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 payments 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 Palladium Sales Administration at K-Swiss Inc., 31248 Oak Crest Drive, Westlake Village, California 91361 and (818) 706-5333.

The terms of your contract will govern your franchise relationship. Don't 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 accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. Information about comparisons of franchisors is available. 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. There may also be laws on franchising in your state. Call your state agency listed on **Exhibit B** or visit your public library for other sources of information on franchising.

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS: MARCH 22, 2012.

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 THIS FRANCHISE WITH A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.**

Call the state franchise administrator listed on **Exhibit B** for information about the franchisor, or about franchising in your state. If you learn that anything in this disclosure document is untrue, contact the Federal Trade Commission and the state administrators listed on **Exhibit B**.

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 CONTAINS A MANDATORY BINDING ARBITRATION CLAUSE GOVERNING NEARLY ALL DISPUTES BETWEEN YOU AND US, AND ALSO PROVIDES FOR A FACE-TO-FACE MEETING AND MEDIATION TO SETTLE DISPUTES. THE FACE-TO-FACE MEETING, MEDIATION, BINDING ARBITRATION (AND ANY LITIGATION) AND ANY ARBITRATION APPEAL WILL TAKE PLACE IN THE COUNTY IN WHICH OUR THEN-CURRENT HEADQUARTERS IS LOCATED, AND THAT MAY COST YOU MORE (AND BE LESS CONVENIENT) THAN IF THOSE PROCEEDINGS TOOK PLACE NEAR YOUR RESIDENCE OR BUSINESS. COSTS OF THE FACE-TO-FACE MEETING, MEDIATION, ARBITRATION AND ANY ARBITRATION APPEAL MAY BE GREATER THAN IN LITIGATION. YOU AND WE WILL GENERALLY BEAR EACH OF OUR OWN COSTS IN ANY DISPUTE, BUT THE ARBITRATOR CAN ASSESS COSTS (BUT NOT ATTORNEY'S FEES) AGAINST A LOSING PARTY.
2. THE FRANCHISE AGREEMENT PROVIDES THAT THE LAWS OF THE STATE OF CALIFORNIA GOVERN THE AGREEMENT AND THAT LAW MAY NOT PROVIDE YOU WITH THE SAME RIGHTS AND PROTECTIONS AS YOUR LOCAL LAW. YOU MAY WANT TO CONSULT AN ATTORNEY REGARDING COMPARISON OF THESE LAWS.
3. THE MARKET FOR RETAIL PRODUCTS LIKE SHOES AND BOOTS IS HIGHLY EVOLVED AND INTENSELY COMPETITIVE—YET CONSTANTLY CHANGING. YOU WILL FACE COMPETITION FOR CUSTOMERS FROM OTHER RETAILERS, THE INTERNET AND EVEN OTHER PALLADIUM FRANCHISEES, AND YOU WILL FACE COMPETITION FROM COMPANIES AND STORES AND PRODUCTS THAT MAY NOT EVEN EXIST AT THE TIME YOU SIGN THIS AGREEMENT.
4. THE FOOTWEAR BUSINESS IS SUBJECT TO CONSUMER PREFERENCES AND UNANTICIPATED SHIFTS IN CONSUMER PREFERENCES. IF WE FAIL TO ACCURATELY IDENTIFY CONSUMER PREFERENCES, OR IF WE FAIL TO ACCURATELY FORECAST CONSUMER DEMAND, WE AND YOU MAY EXPERIENCE DIFFICULTIES HANDLING CUSTOMER ORDERS OR IN LIQUIDATING EXCESS INVENTORIES, AND OUR SALES AND YOUR SALES, AND THE BRAND IMAGE MAY BE ADVERSELY AFFECTED BY REDUCED PRICING OR DISCOUNTING.

- 5 PURCHASING PATTERNS ARE INFLUENCED BY CONSUMERS' DISPOSABLE INCOME, WHICH IS AFFECTED BY ECONOMIC CONDITIONS SLOWER CONSUMER SPENDING MAY RESULT IN REDUCED DEMAND FOR OUR PRODUCTS, AND MAY ADVERSELY AFFECT SALES IN YOUR STORE
- 6 WE RELY ON INDEPENDENT MANUFACTURERS TO PRODUCE PRODUCTS TO OUR SPECIFICATIONS OUR ABILITY TO TIMELY SUPPLY YOU WITH PRODUCTS MAY BE ADVERSELY AFFECTED IF OUR INDEPENDENT MANUFACTURERS FAIL TO MEET PRICING, PRODUCT QUALITY AND TIMELINESS REQUIREMENTS, OR IF WE ARE UNABLE TO OBTAIN SOME COMPONENTS USED IN OUR PRODUCTS FROM LIMITED SUPPLY SOURCES OR EXPERIENCE SUPPLY CHAIN DISRUPTIONS
- 7 WE RELY ON OUR WAREHOUSES LOCATED IN THE UNITED STATES, EUROPE AND ASIA TO STORE AND SHIP PRODUCTS TO YOU IF THERE IS A NATURAL DISASTER OR OTHER SERIOUS DISRUPTION AT ANY OF THESE FACILITIES, WE MAY BE UNABLE TO DELIVER PRODUCT TO YOU
- 8 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 franchises 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 See the next page for state effective dates

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/palladium>