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FRANCHISE DISCLOSURE DOCUMENT

Chandy Enterprises LLC
an Oklahoma limited liability company
9717 E 42nd Street Suite 109
Tulsa, Oklahoma 74146
Telephone (918) 949-6699
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This franchise is for the operation of a business that sells a complete line of electronic cigarettes, custom-made liquids for the electronic cigarettes, accessories and other related products under the "Palm Beach Vapors" name and system ("Store" or "Franchised Business")

The total investment necessary to begin operation of a Palm Beach Vapors franchise is $80,350 to $91,150 This includes $63,000 that must be paid to the franchisor and/or its affiliate

If you enter into a Multi-Unit Development Agreement to develop at least three Stores, when you sign the Multi-Unit Development Agreement you will pay a development fee equal to 100% of the initial franchise fee for the first Store to be developed, plus 50% of the initial franchise fee for each additional Store to be developed under the Multi-Unit Development Agreement The total estimated investment under a Multi-Unit Development Agreement to develop three Palm Beach Vapor Stores is $112,350 to $123,650 This includes $88,000 that must be paid to the franchisor and/or its affiliate The total investment under a Multi-Unit Development Agreement will vary depending on the number of stores to be developed

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 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 Charles Paul at 9717 E 42nd Street Suite 109, Tulsa, Oklahoma 74146 and (918) 949-6699

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 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

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improved and further developed by us in the future You must operate the franchised business in accordance with our standards, methods, procedures and specifications, which we refer to as our "System" and which is more particularly described in our Franchise Agreement attached as Exhibit C to this Disclosure Document

The franchise grants you the right to establish and operate a store to offer for sale a complete line of electronic cigarettes, custom-made liquids for the electronic cigarettes, and, where legal, marijuana and marijuana accessories, and accessories and other related products ("Franchised Business" or "Store") A typical store will be in a strip shopping center or a free standing location, have a unit size between 900 to 1,500 square feet with street visibility and high traffic counts Stores in California are prohibited from the sale of marijuana and marijuana accessories which violate federal law

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including the mark "Palm Beach Vapors" as are now designated and may in the future be designated by us in writing for use with the System (the "Proprietary Marks" or "Marks")

The Franchise Offered

Franchise Agreement

We offer the right to establish and operate a Store under the terms of a single unit franchise agreement within a specific Territory (the "Franchise Agreement") Our current form of Franchise Agreement is Exhibit C to this Disclosure Document You may be an individual, corporation, partnership or other form of legal entity The Franchise Agreement is signed by us, by you, and by those of your Principals whom we designate as Controlling Principals In most instances, we will designate your principal equity owners and executive officers, and certain affiliated entities as Controlling Principals By signing the Franchise Agreement, your Controlling Principals agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement (see Item 15) Depending on the type of business activities in which you or your Principals may be involved, we may require you or your Principals to sign additional confidentiality and non-competition agreements

One of your Controlling Principals, who is an individual with the minimum experience we require and who owns at least 10% in you or the Store, must be the "Operating Partner" and must participate in the daily operation of your Store, and you may choose to designate a "General Manager" for your Store

Multi-Unit Development Agreement

We may also offer multi-unit development agreements ("Multi-Unit Development Agreements"), attached to this Disclosure Document as Exhibit D, to qualified individuals, corporations, partnerships and limited liability companies ("Multi-Unit Developer") If you sign a Multi-Unit Development Agreement, we will grant you the right, and you will accept the responsibility, to establish an agreed-upon number of Franchised Businesses (a minimum of three Stores) within an agreed-upon designated area (the "Development Territory"), under an agreed-upon timetable (the "Development Quota") Each Franchised Business will be constructed and operated under a separate Franchise Agreement

You must sign the Franchise Agreement for your first Franchised Business at the same time you sign the Multi-Unit Development Agreement For each Franchised Business developed after the first one you must sign our then-current form of Franchise Agreement, except that continuing fees payable to us shall be the same as your first Franchise Agreement

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Exhibit B to the Disclosure Document

MULTI-STATE ADDENDUM

CALIFORNIA APPENDIX

1 California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise If the Franchise Agreement, Multi-Unit Development Agreement contains provisions that are inconsistent with the law, the law will control

2 The Franchise Agreement and Multi-Unit Development Agreement provide for termination upon bankruptcy This provision may not be enforceable under Federal Bankruptcy Law (11 U S C A Sec 101 et seq)

3 The Franchise Agreement and Multi-Unit Development Agreement contain covenants not to compete which extend beyond the termination of the agreements These provisions may not be enforceable under California law

4 Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise

5 Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A 79a et seq , suspending or expelling such persons from membership in such association or exchange

6 The Franchise Agreement and Multi-Unit Development Agreement require binding arbitration The arbitration will occur in Oklahoma with the costs being borne by equally by the parties Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

7 The Franchise Agreement and Multi-Unit Development Agreement require application of the laws of Oklahoma This provision may not be enforceable under California law

8 You must sign a general release if you renew or transfer your franchise California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516) Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043)

9 THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT

10 The Franchise Agreement contains a liquidated damages clause Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable

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