

FRANCHISE DISCLOSURE DOCUMENT

Papalani Gelato Franchise Operating Company, LLC
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APR 07 2015

FROM: [illegible]
TO: [illegible]



We offer franchises for the operation of retail frozen dessert businesses under the name of "Papalani Gelato." Your business would consist of a retail outlet operated from a fixed location that sells gelato, sorbetto, coffee, confections, and related products to the general public. Some franchisees also will be granted the right to manufacture these products.

The total investment necessary to begin operation of a Papalani Gelato® retail and manufacturing franchise is estimated at between \$328,700 and \$478,550. This includes up to \$45,000 that must be paid to us or our affiliate(s). The total investment necessary to begin operation of a Papalani Gelato® retail-only franchise is estimated at between \$152,475 and \$256,275. This includes up to \$35,000 that must be paid to us or our affiliate(s).

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.**

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 Marck Shipley, at Papalani Gelato Franchise Operating Company, LLC, P O Box 251, Lawai, Hawaii 96765. Telephone (808) 742-2663.

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 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.

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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 administrator listed in Exhibit 1A 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

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN HAWAII IF YOU ARE NOT A RESIDENT OF HAWAII, OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN HAWAII THAN IN YOUR HOME STATE

2 THE FRANCHISE AGREEMENT STATES THAT HAWAII LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 THE FRANCHISEES AND THEIR SPOUSES MUST SIGN A GUARANTY AND ASSUMPTION OF OBLIGATIONS MAKING THE FRANCHISEES AND THEIR SPOUSES JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS UNDER THE FRANCHISE AGREEMENT THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISEES AND THEIR SPOUSES AT RISK

4 WE RESERVE THE RIGHT TO 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 IS OUR AGENT AND REPRESENTS US, NOT YOU WE PAY THIS PERSON A FEE FOR SELLING OUR FRANCHISES OR REFERRING YOU TO US YOU SHOULD BE SURE TO DO YOUR OWN INVESTIGATION OF THE FRANCHISE

5 WE HAVE LIMITED CAPITAL RESOURCES SEE OUR FINANCIAL STATEMENTS FOR DETAILS

6 YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY

7 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

EFFECTIVE DATES

<u>State</u>	<u>Effective Date</u>
California	pending
Hawaii	pending
Illinois	n/a
Indiana	n/a
Maryland	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

For all other states, the effective date is March 23, 2015

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