

FRANCHISE DISCLOSURE DOCUMENT

Paris Baguette Family Inc
a Delaware corporation
6100 South Malt Avenue
Commerce, California 90040
(562) 946-2010
[http //www parisbaguetteusa com](http://www.parisbaguetteusa.com)

RECEIVED

APR 10 2018

Department of Business Oversight
Los Angeles Office

The franchise is for the establishment and operation of a Paris Baguette store that offers a variety of fresh baked goods, pastries, cakes, sandwiches, coffee, food, beverages, and other products and related goods compatible with our concept (the "Store" or "Stores")

The total investment necessary to begin operation of a Store is between \$730,771 and \$1,207,426 This includes the \$50,000 initial franchise fee, Architectural and Construction Consulting Fee of \$10,000 that must be paid to the franchisor If you sign a Development Agreement, you pay a development fee equal to \$50,000 (the "Initial Development Fee") The development fee for a second Paris Baguette Store shall be forty thousand dollars (\$40,000) (the "Second Location Development Fee"), and each Paris Baguette Store pursuant to this Agreement thereafter shall incur a development fee of thirty thousand dollars (\$30,000) (the "Additional Location Development Fee," and collectively with the Initial Development Fee and the Second Location Development Fee as the "Multiple Locations Development Fee")

This disclosure document summarizes certain provisions of your Franchise Agreement and Development Agreement, and any other information in plain English Read this disclosure document and all accompanying agreements carefully You must receive this disclosure document at least fourteen (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 Larry Sidoti at 6100 South Malt Avenue, Commerce, California 90040, with Tel (562) 946-2010

The terms of your contract will govern your franchise relationship Do not rely on the disclosure document alone to understand your contract Read the entire contract carefully Show your contract and this disclosure document to an advisor, such as 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 Federal Trade Commission ("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

Date of Issuance April 10, 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 G for information in connection with the franchisor or in connection with 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 FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU**
- 2 THE FRANCHISE AND DEVELOPMENT AGREEMENTS REQUIRE YOU TO MEDIATE AND ARBITRATE ONLY IN LOS ANGELES COUNTY, CALIFORNIA AND SUE US ONLY IN CALIFORNIA OR IN A FEDERAL DISTRICT COURT IN THE CENTRAL DISTRICT OF THE STATE OF CALIFORNIA. OUT OF STATE MEDIATION, ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST MORE TO MEDIATE, ARBITRATE OR LITIGATE IN CALIFORNIA THAN IN YOUR HOME STATE**
- 3 THE FRANCHISE AND DEVELOPMENT AGREEMENTS REQUIRE THAT DELAWARE 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**
- 4 YOUR SPOUSE MUST SIGN A DOCUMENT, SUCH AS GUARANTEE, THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN IF YOUR SPOUSE DOES NOT OWN ANY PART OF THE FRANCHISE BUSINESS IF YOU LIVE IN A COMMUNITY PROPERTY STATE, YOUR SPOUSE MAY BE LIABLE FOR YOUR FINANCIAL OBLIGATIONS EVEN IF HE OR SHE HASN'T SIGNED ANYTHING IN EITHER CASE, BOTH YOU AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, INCLUDING YOUR HOUSE, COULD BE LOST IF YOUR FRANCHISE FAILS**
- 5 THE FRANCHISE AGREEMENT REQUIRES YOU TO PAY LIQUIDATED DAMAGES IF YOUR FRANCHISE AGREEMENT IS TERMINATED FOR CAUSE IF THE FRANCHISOR TERMINATES A FRANCHISE AGREEMENT FOR CAUSE, THE CONSEQUENCES OF LIQUIDATED DAMAGES WILL BE THAT THE FRANCHISEE**

MUST PAY FRANCHISOR A TOTAL AMOUNT EQUAL TO THE AVERAGE MONTHLY ROYALTY FEE, AND MARKETING FUND CONTRIBUTION FRANCHISEE OWED DURING THE TWELVE (12) MONTHS OF OPERATION PRECEDING THE EFFECTIVE DATE OF TERMINATION MULTIPLIED BY THE LESS OF (A) TWELTY-FOUR (24) OR THE NUMBER OF MONTHS REMANING IN THE AGREEMENT HAD IT NOT BEEN LOWERED IN ADDITION TO ALL OTHER AMOUNTS THEN OWED TO FRANCHISOR UNDER THE AGREEMENT

- 6 THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS LIMITED OPERATING HISTORY THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY**
- 7 THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$730,771 TO \$1,207,426 THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2017, WHICH IS AN ACCUMULATED DEFICIT OF \$1,808,780**
- 8 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE**

We may use the services of one or more Franchise Brokers or referral sources to assist us in selling our franchise. 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.

See the following state effective date summary 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/paris-baguette>