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Dept. of Business Administration

FRANCHISE DISCLOSURE DOCUMENT**LABRADOR FRANCHISES, INC**

A California Corporation

1941 Foothill Boulevard, Suite A

La Verne, California 91750

626-335-0469

www.petdepot.netwww.petdepot.com

We offer franchises for the operation of retail pet stores and animal hospitals under the trade name 'Pet Depot®'. We offer 6 franchise programs:

Retail Pet Store Program The total investment necessary to begin operations of one Pet Depot® retail store ranges from \$267,550 to \$555,200. This amount includes \$43,000 to \$44,700 that must be paid to the franchisor or an affiliate.

Animal Hospital Program The total investment necessary to begin operations of one Pet Depot® Animal Hospital ranges from \$198,950 to \$587,200. This amount includes \$43,000 to \$44,700 that must be paid to the franchisor or an affiliate.

Combined Retail Pet Store/Animal Hospital Program The total investment necessary to begin operations of one combined Pet Depot® retail store and animal hospital at the same location ranges from \$375,000 to \$997,700. This amount includes \$53,000 to \$54,700 that must be paid to the franchisor or an affiliate.

Boutique Retail Pet Store Program The total investment necessary to begin operations of one Pet Depot® Barkery retail store ranges from \$105,550 to \$227,200. This amount includes \$23,000 to \$26,700 that must be paid to the franchisor or an affiliate.

Conversion Franchise Program The total investment necessary to convert and operate a qualified independently owned retail pet store as a Pet Depot® retail store ranges from \$121,800 to \$414,700. This amount includes \$43,000 to \$44,700 that must be paid to the franchisor or an affiliate.

Area Development Program The total investment necessary to begin operations of 2 – 3 Pet Depot® retail stores ranges from \$281,550 to \$578,200. This amount includes \$53,000 to \$59,700 that must be paid to the franchisor or an affiliate.

The higher amount payable to franchisor for each of the programs listed above, except for the Boutique Retail Program, includes a possible lease evaluation fee of \$1,200, a training fee of \$500 for one person in addition to the first two trainees who are trained by franchisor at no charge. The lower amount payable to franchisor for the Boutique Retail Program assumes that you will spend \$3,000 on Grand Opening Advertising. The higher amount

payable to franchisor for the Boutique Retail Program, includes a possible lease evaluation fee of \$1,200, a training fee of \$500 for one person in addition to the first two trainees who are trained by franchisor at no charge, and \$5,000 for Grand Opening Advertising

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 Roman D. Versch, our President and CFO, 1941 Foothill Boulevard, Suite A, La Verne, California 91750, 626-335-0469, roman@petdepot.net and roman@petdepotvetgroup.com

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. 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 listed on Exhibit A 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.

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS APRIL 3, 2015

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 A 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 PERMITS YOU TO SUE US ONLY IN CALIFORNIA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE US IN CALIFORNIA THAN IN YOUR HOME STATE. THIS REQUIREMENT MAY BE SUPERSEDED BY CERTAIN STATE LAWS. ALL DISPUTES SHALL BE BROUGHT IN THE STATE AND FEDERAL COURTS IN THE COUNTY CLOSEST TO OUR HEADQUARTERS. WE MAY RELOCATE OUR HEADQUARTERS AT ANY TIME WITHOUT NOTICE TO YOU.

2 THE FRANCHISE AGREEMENT REQUIRES THAT CALIFORNIA LAW APPLIES EXCEPT TO THE EXTENT THE SUBJECT MATTER OF THE DISPUTE ARISES EXCLUSIVELY UNDER FEDERAL LAW, IN WHICH EVENT FEDERAL LAW SHALL GOVERN. IF ANY PROVISION OF THE FRANCHISE AGREEMENT WOULD NOT BE ENFORCEABLE UNDER THE LAWS OF CALIFORNIA, AND IF THE FRANCHISED BUSINESS IS LOCATED OUTSIDE OF CALIFORNIA AND SUCH PROVISION WOULD BE ENFORCEABLE UNDER THE LAWS OF THE STATE IN WHICH THE FRANCHISED BUSINESS IS LOCATED, THEN SUCH PROVISION SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THAT STATE. CALIFORNIA LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS. THIS REQUIREMENT MAY BE SUPERSEDED BY CERTAIN STATE LAWS.

3 THE AREA DEVELOPMENT AGREEMENT PERMITS YOU TO SUE US ONLY IN CALIFORNIA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE US IN CALIFORNIA THAN IN YOUR HOME STATE. THIS REQUIREMENT MAY BE SUPERSEDED BY CERTAIN STATE LAWS. ALL DISPUTES SHALL BE BROUGHT IN THE STATE AND FEDERAL COURTS IN THE COUNTY CLOSEST TO OUR HEADQUARTERS. WE MAY RELOCATE OUR HEADQUARTERS AT ANY TIME WITHOUT NOTICE TO YOU.

4 THE AREA DEVELOPMENT AGREEMENT REQUIRES THAT CALIFORNIA LAW APPLIES EXCEPT TO THE EXTENT THE SUBJECT MATTER OF THE DISPUTE ARISES EXCLUSIVELY UNDER

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