

FOR USE IN CALIFORNIA ONLY

**FRANCHISE DISCLOSURE DOCUMENT**

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Received  
LA Mailroom  
JUL 12 2016  
Department of  
Business Oversight



The franchise offered is for the right to own and operate a PIRTEK® hose service center business (“Business”), which will consist of the sale, custom assembly and installation of industrial and hydraulic hoses, fixed tube assemblies, fittings and related components and other distinctive products and services

The total investment necessary to begin operation of a Tier 1 PIRTEK® franchised business is \$322,000 to \$620,000, which includes \$211,500 to \$281,500 that must be paid to the franchisor or its affiliates, and \$98,100 to \$205,200 for a Tier 2 PIRTEK® franchised business, which includes \$64,330 to \$161,806 that must be paid to the franchisor or its affiliates

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, us 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 the Franchise Development Department at 501 Haverty Court, Rockledge, Florida 32955 and (321) 504-4422

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](http://www.ftc.gov) for additional information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date February 29, 2016, as amended June 28, 2016

## 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 1 for information about the franchisor, about other franchisors, 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 OR LITIGATION ONLY IN FLORIDA. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN FLORIDA THAN IN YOUR OWN STATE.**

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

**3 YOU MUST ATTAIN OR EXCEED THE MINIMUM ANNUAL PERFORMANCE TARGET FOR YOUR BUSINESS (AS SPECIFIED ANNUALLY IN WRITING BY US). FAILURE TO COMPLY MAY RESULT IN THE DEFAULT AND TERMINATION OF YOUR FRANCHISE AGREEMENT.**

**4 ALL INVENTORY PRODUCTS AND CERTAIN EQUIPMENT MUST BE PURCHASED FROM THE FRANCHISOR, WHO SETS THE COST OF THE PRODUCTS. THIS PROHIBITS YOU FROM SELECTING ANOTHER SUPPLIER THAT MAY OFFER SIMILAR PRODUCTS AT A LOWER COST. THIS MAY IMPACT YOUR PROFIT MARGIN.**

**5 THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$322,000 TO \$620,000. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDER'S NEGATIVE EQUITY OF \$26,661,013 AS OF NOVEMBER 30, 2015.**

**6 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 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 make sure to do your own investigation of the franchise.**

**Effective Date** See the following page for registration state effective dates.



**STATE EFFECTIVE DATES**

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

<b>California</b>	March 9, 2016, as amended _____
<b>Illinois</b>	See Separate FDD
<b>Indiana</b>	See Separate FDD
<b>Michigan</b>	See Separate FDD
<b>Maryland</b>	See Separate FDD
<b>Minnesota</b>	See Separate FDD
<b>New York</b>	See Separate FDD
<b>North Dakota</b>	See Separate FDD
<b>Rhode Island</b>	See Separate FDD
<b>Virginia</b>	See Separate FDD
<b>Washington</b>	See Separate FDD
<b>Wisconsin</b>	See Separate FDD

In all other states, the effective date of the Franchise Disclosure Document is the issuance date of February 29, 2016, as amended June 28, 2016

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