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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, 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. 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.

**Issuance Date April 27, 2016**

**ITEM 2**  
**BUSINESS EXPERIENCE**

**Owner – Reuben Ben Jehuda**

Mr Ben Jehuda has been one of our Owners since our inception

**ITEM 3**  
**LITIGATION**

No litigation is required to be disclosed in this Item

**ITEM 4**  
**BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item

**ITEM 5**  
**INITIAL FEES**

**Franchise Agreement** You must pay us an initial franchise fee of \$35,000 for the right to establish a single Shop under a Franchise Agreement You must pay the initial franchise fee in full when you sign the Franchise Agreement and the initial franchise fee is the same for all franchisees under this offering

The initial franchise fee is used in part for working capital and in part for profit The initial franchise fee is not refundable under any circumstances

**Multi-Unit Operator Agreement** When you sign the Multi-Unit Operator Agreement, you must pay us a multi-unit operator fee equal to 100% of the initial franchise fee for the first Shop to be developed (\$35,000) and sign a Franchise Agreement for this first Shop, plus a deposit equal to 50% of the initial franchise fee (\$17,500) for each additional Shop to be developed under the Multi-Unit Operator Agreement For each Shop developed after the first, we will apply \$17,500 toward the initial franchise fee due under the Franchise Agreement The balance of the initial franchise fee due, or \$17,500, is payable immediately after you sign a lease or purchase agreement and the Franchise Agreement for the Restaurant or 90 days before the scheduled opening of the Restaurant, whichever occurs first We reserve the right to adjust this formula depending upon the size of the area and the financial ability of the Multi-Unit Operator The multi-unit operator fee must be paid in a lump sum and is non-refundable Under a Multi-Unit Operator Agreement, we expect that you will develop a minimum of three Popbar Shops

For example, if you commit to develop four Shops, your multi-unit operator fee is calculated as  $\$35,000 + (3 \times \$17,500 = \$52,500) = \$87,500$  You will sign the Franchise Agreement for the first Shop at the same time you sign the Multi-Unit Operator Agreement For each Franchise Agreement you sign after the first one, we will apply \$17,500 toward the initial franchise fee due, and you will pay the balance of \$17,500 when you sign the Franchise Agreement

**Pre-Opening Purchases** Before your Shop opens you must purchase certain pieces of equipment, including production machinery (gelato makers), dryers, display showcase, and your initial inventory of Proprietary Product mixes from us We estimate that the cost of the equipment you must purchase from us will be between \$20,000 to \$50,000 We estimate that the cost of your initial supply of these items will be between \$10,000 and \$30,000 You must also reimburse us for the shipping costs, which will range from \$1,000 to \$5,000

### **3 3 Refusal to Renew Franchise Agreement**

We can refuse to renew your franchise if your lease, sublease or other document by which you have the right to occupy the Shop Premises is not extended before your renewal term is to take effect to cover the period of the renewal or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the renewal term. We may also refuse to renew your franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us when due, or your failure to cure of any defaults incurred during the initial term of this Agreement, if applicable.

### **3 4 Renewal Under Law**

Even though we decline the renewal of your franchise, it is possible that we can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your renewal term will be subject to the conditions of the Franchise Agreement we are using for new franchisees at the time the renewal period begins. If we are not then offering new franchises, your renewal period will be subject to the terms in the Franchise Agreement that we indicate. If for any reason that is not allowed, the renewal term will be governed by the terms of this Agreement.

### **3 5 Your Election Not to Renew**

For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us our then-standard Franchise Agreement and other ancillary documents required by us for a renewal franchise.

## **ARTICLE 4**

### **FEES**

#### **4 1 Initial Franchise Fee**

You shall pay to us an initial franchise fee of Thirty Five Thousand Dollars (\$35,000) which shall be paid upon the execution of this Agreement. The amount of the initial franchise fee when so paid shall be deemed fully earned in consideration of the administrative and other expenses incurred by us in granting the franchise hereunder and for our lost or deferred opportunity to grant such franchise to any other party, and the initial franchise fee shall be non-refundable.

#### **4 2 Royalty Fees**

4 2 1 During the term of this Agreement, you shall pay to us, in partial consideration for the rights herein granted, a continuing monthly royalty fee of six percent (6%) of Gross Sales. Such royalty fee shall be due and payable each month based on the Gross Sales for the preceding calendar month so that it is received by us by electronic funds transfer on or before the tenth (10<sup>th</sup>) day of each month, provided that such day is a business day. If the date on which such payments would otherwise be due is not a business day, then payment shall be due on the next business day.

4 2 2 Each such royalty fee shall be preceded by a royalty report itemizing the Gross Sales for the preceding calendar month ("Royalty Report") and any other reports required hereunder. Notwithstanding the foregoing, you shall provide us with such Gross Sales information not later than the third (3<sup>rd</sup>) day of each month by modem or, if not reasonably available, by facsimile transmission or such other method of delivery as we may reasonably direct. You understand and acknowledge that the

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