

OCT 18 2017

**Department of
Business Oversight****(LOGO) FRANCHISE DISCLOSURE DOCUMENT**

VERON, INC.
A California Corporation
Franchisor of Purrfect Auto Service
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INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY THE FEDERAL TRADE COMMISSION

To protect you, we've required your franchisor to give you this information. We haven't checked it and don't know if it's correct. It should help you make up your mind. Study it carefully. While it includes some information about your contract, don't rely on it alone to understand your contract. Read all of your contract carefully. Buying a franchise is a complicated investment. Take your time to decide. If possible, show your contract and this information to an advisor like a lawyer or an accountant. If you find anything you think may be wrong or anything important that's been left out, you should let us know about it. It may be against the law.

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

Federal Trade Commission
Washington, D.C.

Effective Date: October __, 2017

CALIFORNIA

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 K 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 DOES NOT PROVIDE FOR ARBITRATION OF DISPUTES BETWEEN THE FRANCHISOR AND FRANCHISEE.
2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL CALIFORNIA LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. UNDER THE FRANCHISE AGREEMENT, WE BOTH WAIVE THE RIGHT TO ANY AWARD FOR EXEMPLARY OR PUNITIVE DAMAGES. WE BOTH ALSO WAIVE OUR SEPARATE RIGHTS TO A TRIAL BY A JURY, WHICH MEANS ANY TRIAL WILL BE BEFORE A JUDGE. YOU ALSO MUST GIVE US A 90 DAY WRITTEN NOTICE OF ANY CLAIM AGAINST US AND YOU MUST BRING ANY LEGAL PROCEEDING AGAINST US WITHIN ONE YEAR AFTER THE ALLEGED EVENT OR OCCURRENCE.
4. YOU MUST SIGN COMPLEX AGREEMENTS. YOU WILL BE BOUND BY THE AGREEMENTS EVEN IF YOU LATER LEARN THAT YOU DID NOT FULLY UNDERSTAND OR READ THEM. YOU MAY NEED HELP FROM A LAWYER OR OTHER ADVISER TO UNDERSTAND THE AGREEMENTS.
5. AUTO REPAIR BUSINESSES CAN BE TARGETS FOR MEDIA ATTENTION IF A CUSTOMER IS DISSATISFIED. YOUR BUSINESS MAY DECLINE IF THERE IS BAD PUBLICITY ABOUT THE AUTO REPAIR INDUSTRY, OR ABOUT ANOTHER PURRFECT AUTO SERVICE BUSINESS, OR A COMPETITOR.
6. THE AUTO REPAIR BUSINESS IS OFTEN THE SUBJECT OF INSPECTIONS BY GOVERNMENT AGENCIES AND INVESTIGATIONS ABOUT TRADE PRACTICES. BAD PUBLICITY OR DISSATISFIED CUSTOMERS MAY RESULT IN MORE INSPECTIONS AND INVESTIGATIONS OF YOUR BUSINESS. AN INSPECTOR

WHO BELIEVES YOUR BUSINESS IS NOT IN COMPLIANCE WITH THE LAW MAY BE ABLE TO FORCE YOU TO RESTRICT OR CLOSE YOUR OPERATIONS UNTIL YOU CURE THE NONCOMPLIANCE.

7. YOU MUST COMPLY WITH COMPLEX AND COSTLY ENVIRONMENTAL LAWS, LOCAL ORDINANCES AND CITY ZONING PROHIBITIONS.

8. ONE FRANCHISE WAS TRANSFERRED, CANCELLED, TERMINATED, REACQUIRED, OR LEFT THE SYSTEM DURING THE LAST FISCAL YEAR.

9. PLEASE REVIEW FOOTNOTES 7 AND 8 TO THE COMPANY'S AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017, WHICH DISCLOSE THE LONG-TERM LIABILITIES AND THE NOTE PAYABLE TO THE COMPANY'S SHAREHOLDER AS OF JUNE 30, 2017. THE AUDITED FINANCIAL STATEMENTS AND RELATED FOOTNOTES ARE INCLUDED IN EXHIBIT A TO THE FRANCHISE DISCLOSURE DOCUMENT.

10. 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 be sure to do your own investigation of the franchise.

You will operate an auto service and repair business and usually offer emission testing, tune-ups, rapid lubrication, brake repairs, air conditioning service, alignment, front end repair, shocks, struts, and related services.

The initial Franchise fee for a new location is \$24,950. The estimated total investment ranges from \$149,250 to \$377,650.

Information comparing Franchisors is available. Call the state administrators listed in Exhibit K or your public library for sources of information.

Registration of this Franchise by a state does not mean that the state recommends it or has verified the information in this Disclosure Document. If you learn that anything in this Disclosure Document is untrue, contact the Federal Trade Commission and the California Department of Business Oversight at 320 W. 4th Street, Suite 750, Los Angeles, CA 90013-2344.

Definitions:

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