

FRANCHISE DISCLOSURE DOCUMENT



Ruby's Franchise Systems, Inc. a California
Corporation
201 Shipyard Way, Suite E
Newport Beach, California 92663
(949) 644-7829
www.rubys.com



This franchise is for the development and operation of a “Ruby’s® Diner” restaurant, offering breakfast, lunch and dinner with a full menu of breakfast items, appetizers, hamburgers, salads, sandwiches, soups, chili, fries, shakes, malts and desserts (“Restaurant”). We offer two franchise programs:

(1) A single Restaurant: The total investment necessary to begin operation of a single Restaurant is between \$737,500 and \$1,922,000. This includes approximately \$55,000 to \$65,000 which must be paid to the franchisor or its affiliates.

(2) Multiple Restaurants within a defined area pursuant to a Multi-Unit Development Agreement: When you sign your Multi-Unit Development Agreement, you must pay a development fee equal to one-half of the total initial fees which you must pay for the total number of Ruby’s® Diner Restaurants you agree to open. When you sign each Franchise Agreement pursuant to your Multi-Unit Development Agreement, you must pay an initial fee of: (i) \$45,000 for your first Restaurant; (ii) \$40,000 for your second Restaurant; (iii) \$35,000 for your third and each subsequent Restaurant; provided that we will credit the development fee against the applicable initial fees at a rate of one-half of the initial fee payable under each Franchise Agreement until the entire development fee has been credited.

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, 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 disclosure in different formats, contact Mark Lyso at 201 Shipyard Way, Suite E Newport Beach, California 92663 or (949) 644-7829, ext. 158.

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 an attorney 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 FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 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.

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Ruby’s Diner FDD

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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 administrators listed in Exhibit “H” 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 ONLY IN CALIFORNIA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE.**
2. **THE FRANCHISE AGREEMENT STATES THAT DELAWARE LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE LAWS.**
3. **YOU MUST ALSO SIGN A PERSONAL GUARANTY MAKING YOU INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THE GUARANTY WILL PLACE YOUR MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.**
4. **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 this franchise.

Effective Date: See the next page for 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:

State	Effective Date
California	
Florida	
Hawaii	
Illinois	
Indiana	
Kentucky	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Utah	
Virginia	
Washington	
Wisconsin	

In the states listed below, the effective date (and issuance date) of this disclosure document is August 9, 2016.

Alabama	Louisiana	North Carolina
Alaska	Maine	Ohio
Arizona	Massachusetts	Oklahoma
Arkansas	Mississippi	Oregon
Colorado	Missouri	Pennsylvania
Connecticut	Montana	South Carolina
Delaware	Nebraska	Tennessee
District of Columbia	Nevada	Texas
Georgia	New Hampshire	Vermont
Idaho	New Jersey	West Virginia
Iowa	New Mexico	Wyoming
Kansas		

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