

FRANCHISE DISCLOSURE DOCUMENT



Franchisor: New York Pizzeria , Inc.
Business Organization: A Texas corporation
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Houston, Texas 77057
Telephone: 713-821-1322
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The franchise offered is that of a full service Italian restaurant serving New York style pizza, Neapolitan pizza, XL 28 Inch party pizza, pizza by the slice, soup, salad, calzone, pasta entrees, sandwiches, Italian menu items, desserts, beer and wine, coffee specialties and other non-alcoholic beverages. The total investment necessary to begin operation of Russo's New York Pizzeria business is between \$451,350 to \$1,410,000*. The total investment necessary to begin operation of a Russo's Coal-Fired Italian Kitchen business is between \$661,350 to \$1,410,000*. Both investment ranges include a \$35,500 franchise fee that must be paid to Franchisor or its affiliate(s). If you enter into a development agreement, you will be required to pay a development fee in the amount of \$10,000 for each franchised restaurant that you agree to develop at the time you sign the development agreement

This disclosure document summarizes in plain English certain provisions of the franchise agreement associated with the upscale dining concept and other information. 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 grant. **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 disclosures in different formats, contact Mr. Gerardo Anthony Russo, President, New York Pizzeria, Inc., 5847 San Felipe, Suite 1700, Houston, Texas 77057 or call (713) 821-1322.

The terms of your contract will govern your franchise relationship. Do not 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 franchise lawyer or an accountant.

At the close of our fiscal year, there were 36 domestic (United States) Russo's Restaurants [9 Russo's Coal-Fired Italian Kitchens ("CFIK") and 27 Russo's New York Pizzerias ("NYP")], 7 of which were Company-owned (6 NYP). The foregoing data is drawn only from Restaurants that were open the entire year of 2015 because including results from Restaurants that were open only part of the year would skew the annual revenue and expense data. Therefore, the total number of restaurants included in the Item 19 data is 31, comprising 26 franchised Russo's New York Pizzerias and 5 Company-owned restaurants Russo's New York Pizzerias.

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

ISSUING DATE: April 1, 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 “C” 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 REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION/ARBITRATION/MEDIATION ONLY IN TEXAS. OUT-OF-STATE LITIGATION/ARBITRATION/MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE/ARBITRATE/MEDIATE WITH US IN TEXAS THAN IN YOUR OWN STATE.**
2. **THE FRANCHISE AGREEMENT STATES THAT TEXAS 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. **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.

Effective Date: _____

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