

## FRANCHISE DISCLOSURE DOCUMENT



**Rusty Taco, Inc.**  
a Minnesota corporation  
Three Glenlake Pkwy NE  
Atlanta, Georgia 30328  
678-514-4100  
[www.rustytaco.com](http://www.rustytaco.com)

You will operate a restaurant that offers freshly prepared food made with quality, fresh ingredients inspired by the flavors of Mexico and Texas, along with an assortment of alcoholic and non-alcoholic beverages under the Rusty Taco® trade name, trademark, and business system (“Restaurant”) in an atmosphere designed to be a neighborhood gathering place.

The total investment necessary to develop a Rusty Taco® Restaurant ranges from \$529,817 to \$796,325. This includes \$25,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation under a Development Agreement is \$52,000 to \$145,500. This includes \$50,000 to \$137,500 that must be paid to the franchisor or affiliate.

This franchise disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this franchise disclosure document and all accompanying agreements carefully. You must receive this franchise 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 franchise disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Eric Brown, our Director of Franchise Development, at Three Glenlake Parkway, Atlanta, Georgia 30328; 715-559-8009.

The terms of your contract will govern your franchise relationship. Do not rely on the franchise disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this franchise disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this franchise 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 franchise 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. 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: July 23, 2019

## 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 FRANCHISE DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit F 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 AND DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION IN THE THEN-CURRENT CITY OF OUR PRINCIPAL BUSINESS OFFICE, WHICH IS CURRENTLY ATLANTA, GEORGIA. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN A STATE OTHER THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT GEORGIA 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. THE FRANCHISOR'S AUDITED FINANCIAL STATEMENTS DATED DECEMBER 30, 2018 REFLECT THAT CURRENT LIABILITIES EXCEED CURRENT ASSETS. PER THE AUDITED BALANCE SHEET, THE FRANCHISOR HAD A WORKING CAPITAL DEFICIENCY OF \$(3,086,097). ADDITIONALLY, THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$529,817 TO \$796,325. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS' EQUITY AS OF DECEMBER 30, 2018, WHICH IS \$-10,591,507.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See State Effective Dates Page.

## 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	[Pending]
Illinois	[Pending]
Indiana	[Pending]
Maryland	[Pending]
Michigan	May 17, 2019
Minnesota	[Pending]
New York	[Pending]
North Dakota	[Pending]
Rhode Island	[Pending]
South Dakota	[Pending]
Virginia	[Pending]
Washington	[Pending]
Wisconsin	July 24, 2019

In all other states, the effective date of this disclosure document is the issuance date of July 23, 2019.

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