

FRANCHISE DISCLOSURE DOCUMENT



Sculpture Hospitality, LLC
A Delaware Limited Liability Company
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www.sculpturehospitality.com

The franchise offered is to operate a business offering auditing services for bars, nightclubs, restaurants and other hospitality establishments to monitor the loss of food, liquor, wine and beer due to theft, spillage, shrinkage and other factors and the sale of a proprietary monitoring system designed to help hospitality establishments serve consistently excellent draught beer, all under the trade name Sculpture Hospitality and other names, marks and commercial symbols we designate.

The total investment necessary to begin operation of your franchise in a territory consisting of approximately 150 hospitality establishments ranges from \$43,400 to \$47,100. This includes \$39,900 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of your franchise in a territory consisting of approximately 250 hospitality establishments ranges from \$53,400 to \$57,100. This includes \$49,900 that must be paid to the franchisor or its affiliate(s).

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 the 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 or grant. **Note, however, that no government 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 Vanessa De Caria at 505 Consumers Road, Suite 1001, Toronto, Ontario, Canada M2J 4V8 and (416) 490-6266.

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 a lawyer 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, DC 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.

Issuance Date of this Franchise Disclosure Document: May 15, 2017.

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 G 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 MEDIATION (AND, IF MEDIATION FAILS, ARBITRATION) IN THE COUNTY WHERE OUR HEADQUARTERS ARE THEN LOCATED (CURRENTLY, JEFFERSON COUNTY, KENTUCKY). ANY LITIGATION MUST BE PURSUED IN THE COUNTY WHERE OUR HEADQUARTERS ARE THEN LOCATED (CURRENTLY, JEFFERSON COUNTY, KENTUCKY). OUT-OF-STATE ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE AND LITIGATE WITH US IN THE COUNTY WHERE OUR SALES AND TRAINING HEADQUARTERS ARE THEN LOCATED (CURRENTLY, JEFFERSON COUNTY, KENTUCKY) THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT THE LAW OF THE STATE WHERE OUR HEADQUARTERS IS LOCATED GOVERNS, WHICH IS CURRENTLY KENTUCKY, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. WE DO NOT HAVE A FEDERAL REGISTRATION FOR THE TRADEMARKS SCULPTURE OR SCULPTURE HOSPITALITY. THEREFORE, THESE TRADEMARKS DO NOT HAVE MANY LEGAL BENEFITS AND RIGHTS AS A FEDERALLY-REGISTERED TRADEMARK. IF OUR RIGHT TO USE THESE TRADEMARKS IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK OR ONE OF THE OTHER TRADEMARKS WE DESIGNATE, WHICH MAY INCREASE YOUR EXPENSES.
4. YOUR SPOUSE MAY BE REQUIRED TO SIGN A PERSONAL GUARANTY MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT. THE GUARANTY WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
5. YOU MUST MAINTAIN MINIMUM SALES PERFORMANCE LEVELS. YOUR INABILITY TO MAINTAIN THESE LEVELS MAY RESULT IN LOSS OF ANY TERRITORIAL RIGHTS YOU ARE GRANTED, TERMINATION OF YOUR FRANCHISE, AND LOSS OF YOUR INVESTMENT.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We do not use the services of any franchise brokers or referral sources to assist us in selling our franchise.

The effective dates of this Franchise Disclosure Document in the states with franchise registration laws in which we have sought registration or exemption appear on the following page.

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/sculpture-hospitality>