

FRANCHISE DISCLOSURE DOCUMENT

Sharkey's Franchise Offering Co, LLC
A Connecticut limited liability company
37 Highland Road
Westport, Connecticut 06880
(203) 637-8911
www.sharkeyshairitis.com
info@sharkeyshairitis.com

Department of
Business Oversight
JUL 21 2014
RECEIVED
San Francisco



The Franchise offered is for a hair salon furnished and designed to attract families & children using the names "Sharkey's Hair It Is"

The total investment necessary to begin operation of a Sharkey's Hair It Is franchise is approximately \$116,670 to \$160,995 This includes \$109,995 that must be paid to the franchisor and/or its affiliate

We also offer to certain qualified people the right to become an Area Representative The initial investment for an Area Representative ranges from \$187,195 to \$562,595 This includes between \$184,995 and \$559,995 that must be paid to the franchisor and/or its affiliate

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 **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 Scott Sharkey at 37 Highland Road, Westport, Connecticut 06880 and (203) 637-8911

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.

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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 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 AREA REPRESENTATIVE AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN CONNECTICUT. 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 CONNECTICUT THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT AND AREA REPRESENTATIVE AGREEMENT STATE THAT CONNECTICUT LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS

3 AN ACTION WAS BROUGHT AGAINST THE FRANCHISOR, SCOTT SHARKEY, LINDA SHARKEY AND THREE OTHER ENTITIES IN JUNE 2008 BY THE FINAL CUTS, LLC. THE CLAIMS WERE FOR BREACH OF CONTRACT REGARDING THE SALE OF THREE COMPANY-OWNED SHARKEY'S CUT FOR KIDS UNIT IN 2006 FOR FRAUD, UNJUST ENRICHMENT, RECESSION AND NEGLIGENT MISREPRESENTATION. AN AGREED UPON SETTLEMENT WAS REACHED IN APRIL 2012 WHERE THE PLAINTIFFS AGREED TO ACCEPT A PAYOUT OF \$1,685,000 OVER NINE YEARS, WITH \$785,000 PAID IN 2012 AND 2013

4 UNDER THE AREA REPRESENTATIVE AGREEMENT YOU MUST HAVE OPEN AND IN OPERATION THE CUMULATIVE NUMBER OF SALONS STATED ON THE DEVELOPMENT SCHEDULE BY THE DATES AGREED UPON IN THE DEVELOPMENT SCHEDULE, IF THIS OBLIGATION IS NOT MET WE HAVE THE RIGHT TO TERMINATE YOUR EXCLUSIVITY

5 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 the franchise

Effective Date
FOR USE ONLY IN THE STATE OF CALIFORNIA

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