

FRANCHISE DISCLOSURE DOCUMENT SKINNY WIMP MOVING FRANCHISE CORPORATION



A California corporation 2470 Stearns Street, #273 Simi Valley, California 93063 Telephone: (855) 313-5518

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DEPARTMENT OF BUSINESS OVERSIGHT

Skinny Wimp Moving Franchise Corporation, a California corporation, offers franchises for the operation of a business that will offer residential and commercial moving services, including packing and unpacking, and related services and products and junk removal services under the trade name "Skinny Wimp" and other related trademarks, service marks, logos and commercial symbols. We offer the rights for 3 different franchises in this Disclosure Document:

<u>Single Territory Program</u>. Under the Single Territory Program, you will sign a Franchise Agreement to operate one Skinny Wimp franchised business in a single protected territory. The total investment necessary to begin operations of one Skinny Wimp franchised business in a single protected territory ranges from approximately \$70,375 to \$356,725. This includes between \$36,100 to \$45,000 that must be paid to us or our affiliate.

Conversion Franchise Program. Under the Conversion Franchise Program, you will sign a Franchise Agreement and a Conversion Franchise Addendum to convert your existing independent residential and commercial moving business to a Skinny Wimp franchised business that you will operate in a single protected territory. The total investment necessary to begin operations of one Conversion Skinny Wimp franchised business in a single protected territory ranges from approximately \$65,375 to \$346,725. This includes between \$31,700 to \$35,000 that must be paid to us or our affiliate.

Area Development Program. Under the Area Development Program, we will assign you a defined area within which you must open and operate 2 to 4 Skinny Wimp franchised businesses within a specified period of time. The total investment necessary to begin operations of your first Skinny Wimp Single Territory franchised businesses under an Area Development Agreement ranges from approximately \$90,675 to \$399,725. This includes between \$56,100 to \$85,000 that must be paid to us or our affiliate.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the 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 payments 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 Lance Clauson, 2470 Stearns Street, #273, Simi Valley, California 93063; Telephone: (855) 313-5518.

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 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

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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.

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS SEPTEMBER 19, 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 THIS FRANCHISE WITH A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed on **Exhibit I** 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 THIS FRANCHISE, 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 DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH SKINNY WIMP MOVING FRANCHISE CORPORATION BY MEDIATION AND LITIGATION ONLY IN VENTURA COUNTY, CALIFORNIA. OUT OF STATE MEDIATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO PARTICIPATE IN MEDIATION AND LITIGATION WITH SKINNY WIMP MOVING FRANCHISE CORPORATION IN CALIFORNIA THAN IN YOUR HOME STATE.
- 2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT CALIFORNIA 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. IF YOU ARE MARRIED, YOUR SPOUSE AND FAMILY MEMBERS WHO LIVE IN THE SAME HOUSEHOLD (WITH THE EXCEPTION OF MINOR CHILDREN) MUST SIGN A PERSONAL GUARANTEE, MAKING, HIM/HER JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE, WHETHER OR NOT SUCH SPOUSE HAS ANY OWNERSHIP INTEREST IN OR IS INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL AND MARITAL ASSETS OF THE FRANCHISE OWNER(S), AND SPOUSE(S) AT RISK.
- 4. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$70,375 to \$356,725 UNDER THE SINGLE TERRITORY PROGRAM. THIS AMOUNT EXCEEDS THE STOCKHOLDER'S EQUITY OF (\$54,925) AS OF DECEMBER 31, 2018.
- 5. THE FRANCHISOR IS A DEVELOPMENT STAGE COMPANY WITH LIMITED FRANCHISE OPERATING HISTORY, YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE.
- 6. ON MARCH 30, 2010, OUR CEO FILED BANKRUPTCY UNDER CHAPTER 7 OF THE UNITED STATES BANKRUPTCY CODE. YOU MIGHT CONSIDER THIS FACT WHEN PURCHASING THIS FRANCHISE.

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