

FRANCHISE DISCLOSURE DOCUMENT



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THE CLOSET TRADING COMPANY FRANCHISING, LLC

a Wyoming limited liability company
2708 Main Street
Santa Monica, California 90405
(805) 963-8083
www.theclosettradingco.com
franchise@theclosettradingco.com

As a franchisee, you will operate a The Closet Trading Co.™ branded store that buys and sells women's designer fashion to and with the public in a beautiful, boutique environment.

The total investment necessary to begin operation of a The Closet Trading Co. store franchise ranges from \$146,400 to \$425,300. This includes \$62,500 to \$67,500 that must be paid to the franchisor or an affiliate.

The franchisor may also, in its sole discretion, grant the right to develop multiple The Closet Trading Co. stores under an area development agreement. If you are granted the right to develop multiple stores, the total investment necessary to obtain such rights depends on how many stores you agree to develop. You must pay a development fee to the franchisor according to the following schedule: \$40,000 for your first store, \$25,000 for your second store, and \$15,000 for each additional store. You must pay the entire development fee upon execution of the area development agreement and no additional initial franchise fee will be due for the stores developed pursuant to the area development agreement. The typical number of The Closet Trading Co. stores that we anticipate franchisees will purchase pursuant to an area development agreement is between two and five. The total investment necessary for rights to begin development of this number of The Closet Trading Co. stores ranges from \$65,000 to \$110,000 that must be paid to the franchisor.

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 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 sale. **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 Taylor Lambert at 2708 Main Street, Santa Monica, California 90405, (805) 963-8083.

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, D.C. 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: March 28, 2019

The Closet Trading Co.

2019 Franchise Disclosure Document

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 A 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 ARBITRATE AND/OR LITIGATE IN CALIFORNIA UNLESS THE PARTIES MUTUALLY AGREE TO AN ALTERNATIVE LOCATION. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS OF 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: See the next page for state effective dates

STATE EFFECTIVE DATES

The following states require that the 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 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	
Washington	

In all states not having franchise registration and disclosure laws, the effective date of this disclosure document is the issuance date of March 28, 2019.

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