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Department of  
Business Oversight

# FRANCHISE DISCLOSURE DOCUMENT



**TOM N TOMS COFFEE**

**TOM N TOMS FRANCHISE, LLC**

## 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 to this Disclosure Document 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 DEVELOPMENT AGREEMENT PERMIT YOU TO ARBITRATE OR SUE ONLY IN CALIFORNIA. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT ALSO MAY COST MORE TO ARBITRATE WITH OR SUE TOM N TOMS IN CALIFORNIA THAN IN YOUR HOME STATE. CERTAIN STATES HAVE LAWS THAT SUPERSEDE THIS REQUIREMENT. SEE THE STATE ADDENDA TO THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT, AND THE STATE ADDENDA TO THE DISCLOSURE DOCUMENT.
2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT CALIFORNIA LAW GOVERNS THESE AGREEMENTS. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS. EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT CALIFORNIA LAW APPLIES, LOCAL LAW MAY SUPERSEDE THIS REQUIREMENT IN YOUR STATE. SEE THE STATE ADDENDA TO THE FRANCHISE AGREEMENT AND THE STATE ADDENDA TO THE DISCLOSURE DOCUMENT.
3. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM COFFEEHOUSES THAT WE OWN, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT WE CONTROL.
4. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$360,400 TO \$477,300. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDER'S EQUITY OF \$63,649 AS OF DECEMBER 31, 2016.
5. THE FRANCHISOR HAS LIMITED FRANCHISE OPERATING HISTORY. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date:

## FRANCHISE DISCLOSURE DOCUMENT



**TOM N TOMS FRANCHISE, LLC**  
**A California limited liability company**  
**3435 Wilshire Blvd., Suite 2090, Los Angeles, CA 90010**  
**Tel: (213) 908-6829 Fax: (213) 568-3584**

**Franchise Business:** We offer franchises for the operation of a "Tom N Toms" Coffeehouse ("Coffeehouse") featuring premium coffee products and complementary food and beverages.

**Total Initial Investment:** The total investment necessary to begin operation of Coffeehouse is \$360,400 to \$477,300. This includes \$20,000 that must be paid to the franchisor as a franchise fee, and the initial inventory purchase requirement of about \$12,900-\$23,000 paid to us or our affiliate. In the case of an area developer, the development fee to be paid to the Franchisor is equal to \$20,000 for the first Coffeehouse plus \$10,000 for each additional Coffeehouse to be developed under the area development agreement. The development fee is applied pro rata to the initial franchise fees due for each Coffeehouse to be developed after the first. Your estimated initial investment will vary based on the number of Coffeehouse to be developed within the area specified in the area development agreement, under which you will have exclusive right to develop an agreed number of Coffeehouses within a specific time period.

This Disclosure Document summarizes certain provisions of your franchise agreement, development 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 Cheolku Lee at 3435 Wilshire Blvd., Suite 2090, Los Angeles, CA 90010 and (213) 908-6829.

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 contracts 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,

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