

FRANCHISE DISCLOSURE DOCUMENT

KRK FRANCHISES, INC , a California corporation
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Transit Van Shuttle Services

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Business Oversight

KRK Franchises, Inc ("we," "us," or "our") offers for sale a franchise to establish and operate a full-service transportation business that offers door-to-door, drop-off/pick-up, exclusive, non-shared transportation services under the "Transit Van Shuttle Services" trade name

The total estimated investment necessary to begin operations of a Transit Van Shuttle Services franchise ranges from \$100,430 to \$229,730 This amount includes \$35,000 that must be paid to the franchisor or its 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 Kenneth Larkin at KRK Franchises, Inc , 38365 Innovation Court, Building I-905, Murrieta, California 92563, and at (866) 261-3114

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 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

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS FEBRUARY 15, 2016

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 B** for information about the franchisor, or about franchising in your state. If you learn that anything in this disclosure document is untrue, contact the Federal Trade Commission and the state administrators listed on **Exhibit B**.

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, FIRST, A FACE-TO-FACE MEETING, SECOND, NON-BINDING MEDIATION, AND THIRD, BINDING ARBITRATION, IN THE COUNTY IN WHICH OUR THEN-CURRENT HEADQUARTERS IS LOCATED. OUT-OF-STATE MEDIATION/ARBITRATION MAY FORCE YOU TO ACCEPT LESS FAVORABLE SETTLEMENT DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE/ARBITRATE WITH US IN THE COUNTY IN WHICH OUR THEN-CURRENT HEADQUARTERS IS LOCATED THAN IN YOUR STATE. YOU AND WE WILL GENERALLY BEAR EACH OF OUR OWN COSTS IN ANY DISPUTE, BUT THE ARBITRATOR CAN ASSESS COSTS AGAINST A LOSING PARTY.
2. THE FRANCHISE AGREEMENT PROVIDES THAT THE LAWS OF THE STATE OF CALIFORNIA GOVERN THE AGREEMENTS AND THAT LAW MAY NOT PROVIDE YOU WITH THE SAME RIGHTS AND PROTECTIONS AS YOUR LOCAL LAW. YOU MAY WANT TO CONSULT AN ATTORNEY REGARDING COMPARISON OF THESE LAWS.
3. THE FRANCHISOR HAS BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME, SINCE DECEMBER 12, 2014. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.
4. AS A FRANCHISEE, YOU ARE REQUIRED TO MEET A MINIMUM SALES QUOTA AT THE END OF EACH YEAR OF THE FRANCHISED BUSINESS'S OPERATION UNDER THE FRANCHISE AGREEMENT. YOUR FAILURE TO MEET THE MINIMUM SALES QUOTA MAY RESULT IN TERMINATION OF YOUR FRANCHISE AGREEMENT. (FRANCHISE AGREEMENT, SECTION 8.10)
5. AS DISCLOSED IN ITEM 8, IF THE AIRPORT AUTHORITY REQUIRES IT YOU MAY BE REQUIRED TO PURCHASE INSURANCE COVERAGE FOR YOUR VEHICLES/SHUTTLES FROM US OR OUR AFFILIATE AT OUR EXISTING RATE, WHICH MAY OR MAY NOT BE MORE EXPENSIVE THAN THE RATE YOU MAY BE ABLE TO FIND AT OTHER INSURANCE COMPANIES.
6. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$100,430 TO \$229,730. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDER'S EQUITY OF \$6,265, AS OF DECEMBER 31, 2015.

7 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Effective Date See the next page for state effective dates

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