

FRANCHISE DISCLOSURE DOCUMENT



vaporshark

VAPOR SHARK FRANCHISING, LLC

5000 SW 75th Avenue, Suite 120

Miami, FL 33155

(855) 827-3669

franchise@vaporshark.com

www.vaporshark.com

As a franchisee, you will operate a retail business offering and selling electronic cigarettes, e-liquids and related electronic cigarette accessories and items.

We offer two franchise programs:

1. A single VAPOR SHARK business. The total investment necessary to begin operation of a Vapor Shark franchised business ranges from \$87,675 to \$149,900. This includes between \$53,900 and \$64,900, which must be paid to the franchisor.
2. Multiple VAPOR SHARK businesses within a defined geographic area under a Multi-Unit Development Agreement. The development fee is equal to \$13,900, multiplied by the number of VAPOR SHARK businesses you agree to develop, excluding the first. We will credit \$9,950 against the initial franchise fee of \$19,900 for each VAPOR SHARK business you open under the Multi-Unit Development Agreement, after the first.

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 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 Brandon Leidel at 5000 SW 75th Avenue, Suite 120, Miami, FL 33155 (855) 827-3669.

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.

ISSUANCE DATE: January 15, 2014

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 AND DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION AND LITIGATION ONLY IN FLORIDA. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE AND LITIGATE WITH US IN FLORIDA THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT FLORIDA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THE FRANCHISOR WAS FORMED IN DECEMBER, 2013 AND HAS NO OPERATING HISTORY OR RECORD OF PERFORMANCE. A FRANCHISEE WILL BE REQUIRED TO MAKE AN INITIAL INVESTMENT OF FROM \$82,675 TO \$149,900 WHICH EXCEEDS THE FRANCHISOR'S NET WORTH OF \$50,085.

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: SEE FOLLOWING PAGE

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