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June 17, 2025

Ms. Rebecca Brubaker
Commerce Analyst I
Minnesota Department of Commerce
85 – 7th Place East, Suite 280
St. Paul, MN 55101-2198

VIA ELECTRONIC FILING

Re: Response to Comment Letter for:
Fantastic Sams Franchise Corporation
File No. 6775

Dear Ms. Brubaker:

In response to your comment letter dated June 16, 2025, we have made the requested changes and have submitted the changed pages electronically.

If you have any questions or comments, please feel free to contact me.

Very truly yours,

A handwritten signature in blue ink that reads "Elizabeth S. Dillon". The signature is written in a cursive, flowing style.

Elizabeth S. Dillon

ESD/mdr
Enclosure

80441573v1

FRANCHISE DISCLOSURE DOCUMENT

FANTASTIC SAM[®]S

CUT & COLOR

Fantastic Sams Franchise Corporation

a Delaware corporation
6901 East Fish Lake Road, #140
Maple Grove, MN 55369
Telephone: 978-232-5600
franchise@fantasticsams.com
www.fantasticsams.com
<https://fantasticsamsfranchise.com/>

We grant franchises to own and operate Fantastic Sams[®] haircare salons. Fantastic Sams salons offer a full range of hair care services and products tailored for men, women and children.

The total investment necessary to begin operation of a Fantastic Sams franchise is between \$171,500 to \$462,000. This includes \$10,000 to \$40,000 that must be paid to the franchisor. We also offer qualified persons the right to enter into a multi-unit development agreement for Fantastic Sams franchises. If you sign a multi-unit development agreement to develop three Fantastic Sams salons, ~~you will pay us~~ the total initial investment to begin operation of the first salon is \$211,500 to 502,000. This includes a multi-unit development fee paid to the franchisor of \$80,000.

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 salon. **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 your sales representative at 6901 East Fish Lake Road, #140, Maple Grove, Minnesota 55369, telephone: 978-232-5600.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read your contract carefully. Show your contract and this Disclosure Document to an adviser, 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.

The issuance date of this Disclosure Document: May 23, 2025

(10) You must conduct a grand opening marketing plan that begins no later than six (6) weeks prior to opening the Salon and continues for approximately 90 days after the Salon opens (the “Grand Opening Marketing Plan”). This plan must be approved in writing by us. You must spend an amount in the range of \$10,000 and \$15,000 as we determine on the Grand Opening Marketing Plan. This amount should cover local salon marketing tactics and materials approximately \$1,000 to \$8,000 depending on partnerships, printing costs, and other associated costs. For digital media, approximately \$7,000 to \$12,000 depending on vendor, tactic, and timeline. Media margins are generally between 10% to 15% for all paid media tactics.

(11) You must maintain the minimum insurance coverage set forth in the Franchise Agreement and described in Item 8. For all insurance you must include us as an additional insured as well as furnish us with proof of that coverage every 12 months. Because insurance premiums vary greatly by state and by companies and with business insurance packages, it is difficult to give an exact figure, or even an approximate figure, for the annual or monthly insurance costs. Insurance fees are paid to an insurance agency, person or entity chosen by you.

(12) You will need additional funds to support on-going expenses, such as payroll, rent, and utilities to the extent that these costs are not covered by sales revenue. We estimate that the amount given will be sufficient to cover on-going expenses for the start-up phase of the business, which we calculate to be three (3) months. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during the start-up phase or after. We have relied on our experience in franchising and operating Fantastic Sams Salons to formulate this estimate.

(13) Payments to us are non-refundable. Payments made to other suppliers are generally non-refundable unless you negotiate refund terms and conditions with a particular supplier. These amounts do not include any sales and use tax that may be due on items you purchase from out-of-state suppliers. You will need to consult with your tax advisor to determine if any sales or use tax may be due in your state.

(14) Your costs may vary depending on how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for services and products; the prevailing wage rate; competition within your market; and the sales level reached by your Salon during the start-up phase. Additionally, our estimate does not include any extraordinary or atypical costs or capital improvements specific to your site or necessitated by the location of your site (e.g. bringing utilities to the site). Neither we nor our affiliate finances any part of the initial investment.

Estimated Initial Investment For Multi-Unit Development Agreement

**YOUR ESTIMATED INITIAL INVESTMENT
(MULTI UNIT DEVELOPMENT AGREEMENT)**

<u>Type of Expenditure¹</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be Made</u>
<u>Development Fee for Three Shops²</u>	<u>\$80,000</u>	<u>Lump sum</u>	<u>Upon signing Multi-Unit Development Agreement</u>	<u>Us</u>
<u>Initial Investment to Open Initial Salon³</u>	<u>\$131,500 to \$422,000</u>	<u>See first Item 7 table above.</u>		
<u>TOTAL ESTIMATED</u>	<u>\$211,500 to \$502,000</u>	<u>This is the total estimated initial investment to enter into a Multi-Unit Development Agreement for the right to develop and</u>		

<u>Type of Expenditure¹</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be Made</u>
<u>INITIAL INVESTMENT</u>		<u>own a total of three Salons and commence operating your initial Salons (as more fully described in the first Item 7 table above).</u>		

Notes:

If you sign a Multi-Unit Development Agreement, your initial investment for your first Salon will be the same as disclosed in the Item 7 table. You will pay a one-time Multi-Unit Development Fee as described in Item 5 instead of the Initial Franchise Fee. This is the only additional initial investment for the Multi-Unit Development Agreement. You also should be aware that your initial investment for your second and subsequent Salon likely will be higher than the above estimates for your first Salon due to inflation and other economic factors that may vary over time.

Based on our experience in franchising and operating Fantastic Sams Salons, we estimate that you will not require any additional funds for the first three (3) months of operating your development business. However, you will incur fees and expenses in opening each Fantastic Sams Salon you commit to develop under the Multi-Unit Development Agreement. Those additional funds are reflected in the table above reflecting the initial investment necessary to commence operation of a Fantastic Sams Salon.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Product Purchase and Sale Requirements

You must sell Fantastic Sams branded shampoos, conditioners and related haircare products (“**FS Branded Products**”) in your Salon, carry recommended minimum inventory levels of FS Branded Products, and allocate at least 60% of your retail shelf display space to FS Branded Products, unless the Operations Manual permit a lesser percentage. In order to maintain uniformity and quality of services provided by all franchisees, you must also use only designated FS Branded Products and other specifically approved products in providing haircare services to customers of your Salon. Adherence to the then-current, approved menu of services is critical to brand standard. In the absence of an FS Branded Product for hair color services, you must use only hair color products in your Salon that are designated by us. You must purchase FS Branded Products from distributors we approve.

In addition to the FS Branded Products, you will need to purchase other approved national brands of haircare products (“**National Brand Products**”) to be displayed and sold at your Salon. You must purchase National Brand Products either directly from the manufacturer or through our approved distributors. Information regarding purchasing options and account set-up is provided to through the Operations Manual or otherwise in writing.

We also may develop Fantastic Sams branded haircare tools and accessories, for example hair dryers, flat-irons, brushes, shears, etc. (“**FS Accessories**”), which may we sell to our franchisees and to Subfranchisors for resale in Salons. Currently, there is no requirement that you purchase and/or offer FS Accessories for sale in your Salon, but we may require you to do so in the future.

You may not sell any products, including FS Branded Products, National Brand Products or FS Accessories from any location other than your Fantastic Sams Salon without our prior written consent, which we may grant or deny in our sole discretion. You may not offer or sell FS Branded Products, National Brand