

FRANCHISE DISCLOSURE DOCUMENT



MR. CHARLIE'S TOLD ME SO

Mr. Charlie's World LLC
a California limited liability company
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Beverly Hills, California 90210
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Mr. Charlie's World LLC offers franchises for the operation of a fast-service restaurant that operates under the name MR. CHARLIE'S TOLD ME SO™ and features plant-based hamburgers, plant-based chicken sandwiches and other meatless menu items.

The total investment necessary to begin operation of a single MR. CHARLIE'S TOLD ME SO™ restaurant is ~~\$283,090~~282,590 to ~~\$700,750~~697,250. This includes \$54,000 to \$68,500 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation of 2 to 5 restaurants under an Area Development Agreement is ~~\$318,090~~317,590 to ~~\$915,750~~912,250. This includes \$89,000 to \$283,500 that must be paid to the franchisor or affiliate.

This Disclosure Document summarizes certain provisions of your franchise agreement, area 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 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 the franchisor at 450 North Bedford Drive, Suite 312, Beverly Hills, California 90210 or by phone at (647) 294-4480.

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 (the "FTC"). 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.

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Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation and/or litigation only in California. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in California than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Minimum Payments.** You must make minimum advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
5. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
6. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally-registered. If the Franchisor's ability to use this trademark in your area is challenged, you may have to identify your business and its products/services by a different name. This change can be expensive and may reduce brand recognition of the products and services you offer.
7. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

may still seek other damages we incur due to your breach).

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE ¹	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	\$35,000	Lump sum	At time you sign Franchise Agreement	Us
Security Deposit	\$5,000	Lump sum	Immediately prior to opening date	Us
Initial Training Expenses ²	\$500 to \$10,000	As incurred	During training	Hotels, restaurants and airlines
Lease Deposit & Rent ³ (3 Months)	\$12,000 to \$80,000	Lump sum	Monthly (with security deposit paid before opening)	Landlord
Architect Fees	\$8,500 to \$11,200	As incurred	Before opening	Architect
Construction ⁴	\$100,000 to \$300,000	As incurred	Before opening	Contractor & suppliers
Exterior & Interior Signage ⁵	\$15,000 to \$30,000	Lump sum	Before opening	Suppliers
Furniture, Fixtures & Décor	\$9,000 to \$20,000	As incurred	Before opening	Suppliers
Technology Systems ⁶	\$8,990 to \$17,850	Lump sum	Before opening	Suppliers
Kitchen Equipment ⁷	\$32,000 to \$57,000	Lump sum	Before opening	Suppliers
Employee Uniforms	\$2,500 to \$3,500	Lump sum	Before opening	MCA
Opening Inventory ⁸	\$22,500 to \$51,500	Lump sum	Before opening	Suppliers, us & MCA
Grand Opening Advertising ⁹	\$5,000 to \$12,000	Lump sum	30 days before through 30 days after opening	Suppliers
Office Supplies	\$500 to \$900	As incurred	Before opening	Suppliers
Utility Deposits	\$3,500 to \$5,000	As incurred	Before opening	Utility companies
Business Licenses & Permits	\$2,000 to \$6,000	Lump sum	Before opening	Government agencies
Professional Fees ¹⁰	\$5,000 to \$16,000	Lump sum	Before opening	Lawyer & accountants
Insurance Premium (3 Months)	\$600 to \$1,300	Lump sum	Before opening	Insurance companies
Additional Funds ¹¹ (3 months)	\$15,000 to \$35,000	As incurred	As incurred	Suppliers and employees
Total Estimated Initial Investment ¹²	\$283,090 <u>282,590</u> to \$700,750 <u>697,250</u>			

The table below estimates the initial investment to purchase area development rights for 2 to 5 Restaurants:

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE ¹	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee ¹³	\$70,000 to \$250,000	Lump sum	At time you sign ADA	Us
Initial Investment to Open First Restaurant	\$248,090 <u>247,590</u> to \$655,750 <u>662,250</u>	This is the total estimated initial investment in table above, less the initial franchise fee included in the Development Fee.		
Total Estimated Initial Investment ¹²	\$318,090 <u>317,590</u> to \$915,750 <u>912,250</u>			

MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases)
 - that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and
 - that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.
6. The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.
7. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.
8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.
9. [Minnesota Rule 2860.4400\(K\) prohibits a franchisor from requiring a security deposit except for the purpose of securing against damage to property, equipment, inventory, or leaseholds.](#)