

FRANCHISE DISCLOSURE DOCUMENT

Angel Nails Enterprises, L.L.C.
4144 South Division Ave. Wyoming MI 49548
Michigan Limited Liability Company
Phone: 616 808-1833
E-mail: samtran@angelnailsllc.com
Homepage: Angelnailsllc.com
Business trademark: N/A

The Franchised Business: Operation of a nail shop where the following services are offered: Manicure, pedicure, nail work, including artificial nails. As well as the sale of related products.

The total investment necessary to begin operation of a Angel Nails franchise is \$60,000.00 [the total amount of Item 7 (§ 436.5(g))]. This includes [the total amount in Item 5 (§ 436.5(e))] that must be paid to the franchisor or affiliate.

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 governmental agency has verified the information contained in this document.**

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, 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.

Issued on: _____.

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of

ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to: (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards. (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor. (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations. (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to the Michigan Office of Attorney General at:

Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
PO Box 30213
Lansing, MI 48909
www.michigan.gov/ag
Phone: 517 373-7117

TABLE OF CONTENTS

	Page:
1. The Franchisor and any Parents, Predecessors, and Affiliates	1.
2. Business Experience	1.
3. Litigation	2.
4. Bankruptcy	3.
5. Initial Fees	4.
6. Other Fees	4.
7. Estimated Initial Investment	4.
8. Restrictions on Sources of Products and Services	5.
9. Franchisee's Obligations	5.
10. Financing	6.
11. Franchisor's Assistance, Advertising, Computer Systems, and Training	7.
12. Territory	7.
13. Trademarks	8.
14. Patents, Copyrights, and Proprietary Information	8.
15. Obligation to Participate in the Actual Operation of the Franchise Business	8.
16. Restrictions on What the Franchisee May Sell	8.
17. Renewal, Termination, Transfer, and Dispute Resolution	8.
18. Public Figures	9.
19. Financial Performance Representations	9.
20. Outlets and Franchisee Information	9.
21. Financial Statements	10.
22. Contracts	10.
23. Receipts	11.
Attached Exhibits:	
A. Franchise Agreement	
B. Franchisees and Locations	

1. The Franchisor and any Parents, Predecessors, and Affiliates;

Franchisor Name: Angel Nails Enterprises, L.L.C.
Franchisor Principal Address: 4144 South Division Ave. Wyoming MI 49548
Franchisor has no predecessors, or affiliates
Franchisor does business as: Angel Nails
Resident Agent: James Dimitriou
Agent's Address: 190 Monroe NW #300
Grand Rapids, MI 49503
Franchisor is a: Michigan Limited Liability Company

2. Business Experience;

Information about business and franchise offered:

Franchisor operates a business of the type being franchised, and will continue to operate at least one location. The franchisor's other business activities include setting up and maintaining source of supply for the business with regard to equipment, inventory and fixtures of the trade. It also sells such products to unaffiliated entities and will continue to do so.

The general market for the products and services are retail consumers who shop at Meijer Super Stores which is a developed market as there are in excess of 190 super stores currently in operation and is also a developing market as locations are growing by approximately 5 – 10 super stores per year. Goods and services are marketed primarily to the customers of the super stores but available to all interested. Sales are marginally seasonal. The operator would be subject to state and local licensing and health codes.

Competition would be from unaffiliated nail shops as well as with nail shops located in other super stores of the Meijer chain and other chains.

Prior business experience of franchisor:

The franchisor has operated nail shops within the Meijer super store chain for more than 5 years. It has not offered franchises in this business or any other line of business and does not intend to offer franchises in other business areas. Franchisor has no affiliates.

Affiliated Individuals, and their business experience:

Phuoc (Sam) Tran; CEO, Director, and Sole Member; Mr. Tran has for the last 15 years worked in all phases of the nail shop industry. He has operated locations, provided accounting, marketing and business consulting services for individual shops as well as set up distribution chains of primary supply for nail shop equipment and inventory. During

the last five years, Mr. Tran has been employed as follows:

Angel Nails, 12-01-2005 thru present
Nail shop owner/operator, 1995 thru present
Small business consultant, 1995 thru present

James Dimitriou, II, Vice-President, has been employed by Angel Nails Enterprises since 3-1-11. Prior to that he was a private practice attorney for 22 years, he was a member of Angel Nails Enterprises for 2 years when the company was initially established. Mr. Dimitriou has been employed as follows:

Angel Nails, 3-1-11 thru present
Dimitriou Law Offices 2000 thru 2-26-11

3. Litigation;

No Person or Entity Identified In This Disclosure Document:

Has pending against that person or entity:

(A) An administrative, criminal, or material civil action alleging a violation of a franchise, antitrust, or securities law, or alleging fraud, unfair or deceptive practices, or comparable allegations.

(B) Civil actions, other than ordinary routine litigation incidental to the business, which are material in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

(ii) Was a party to any material civil action involving the franchise relationship in the last fiscal year. For purposes of this section, "franchise relationship" means contractual obligations between the franchisor and franchisee directly relating to the operation of the franchised business (such as royalty payment and training obligations). It does not include actions involving suppliers or other third parties, or indemnification for tort liability.

(iii) Has in the 10-year period immediately before the disclosure document's issuance date:

(A) Been convicted of or pleaded nolo contendere to a felony charge.

(B) Been held liable in a civil action involving an alleged violation of a franchise, antitrust, or securities law, or involving allegations of fraud, unfair or deceptive practices, or comparable allegations. "Held liable" means that, as a

result of claims or counterclaims, the person must pay money or other consideration, must reduce an indebtedness by the amount of an award, cannot enforce its rights, or must take action adverse to its interests.

Nor is any person or entity identified in this disclosure document subject to a currently effective injunctive or restrictive order or decree resulting from a pending or concluded action brought by a public agency and relating to the franchise or to a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law.

4. Bankruptcy;

No person or entity identified in this disclosure document during the 10 year period immediately before the date of this disclosure document has:

(i) Filed as debtor (or had filed against it) a petition under the United States Bankruptcy Code ("Bankruptcy Code").

(ii) Obtained a discharge of its debts under the Bankruptcy Code.

(iii) Been a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition under the Bankruptcy Code, or that obtained a discharge of its debts under the Bankruptcy Code while, or within one year after, the officer or general partner held the position in the company.

(iv) Has taken a similar action in a foreign nation for the purpose of obtaining that jurisdiction's equivalent benefit to a bankruptcy filing.

No Person Identified In This Disclosure Statement:

Has been convicted of a felony or pleaded nolo contendere to a felony charge, or held liable or enjoined in a civil action by final judgment if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property.

Is subject to a currently effective order of the United States securities and exchange commission or the securities administrator of a state denying registration of, or barring or suspending the registration or license of, the person as a securities broker, dealer, securities agent, or registered representative or investment advisor or is subject to a currently effective order of a national securities association or national securities exchange, as defined in the securities exchange act of 1934, suspending or expelling the person from membership in the association or exchange.

Is subject to a currently effective order or ruling of the federal trade commission.

Is subject to a currently effective injunctive or restrictive order relating to business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or salesperson. The statement shall set forth the court, date of conviction or judgment, the penalty imposed or damages assessed, or the date, nature, and issuer of the order.

5. Initial Fees;

Attached is a copy of all of the typical current franchise contracts and agreements proposed for use in Michigan, with amendments. They are marked as Exhibit A

The typical franchise fee charged is: There is no franchise fee.

6. Other Fees;

Other fees to be paid by franchisee:

Management fee – This fee is charged on top of the rent for a particular location and is typically 10-20% of the rent, and 5-10% of construction costs.

Fees collected by Franchisor for 3rd parties: Rent for the location and construction costs for the build out.

7. Estimated Initial Investment;

The initial fees required include:

Construction costs	\$35,000.00
Pedicure chairs	\$5,500.00
Tech tables	\$1,500.00
Airbrush tables	\$400.00
Reception desk	\$900.00
High back leather chairs	\$800.00
Tech chairs	\$400.00
Waiting room chairs	\$300.00
Nail supply Products	\$5,000.00
Signage	\$1,500.00
Building permits	\$1,200.00
Drawings	\$1,700.00
Franchisor fees	\$5,800.00

These fees are nonrefundable.

Your estimated initial investment is: \$60,000.00

8. Restrictions on Sources of Products and Services;

The franchisee will be required to purchase from the franchisor or its designee the following services, supplies, products, fixtures, or other goods relating to the establishment or operation of the franchise business: Furniture, fixtures, and product inventory. See paragraph 7 above.

The franchisee is limited in the goods and services it may offer to its customers as follows: Manicures, pedicures, nail work, including artificial nails, waxing, facials, and sale of related products (subject to franchisors prior approval).

9. Franchisee's Obligations;

Except as listed below, the franchisor is not required to provide you with any assistance.

The franchisor's pre-opening obligations to the franchisee, including any assistance in:

- (i) Locating a site and negotiating the purchase or lease of the site:
 - (A) The franchisor generally does not own the premises, but leases it from Meijer, Inc. and leases it to the franchisee.
 - (B) Franchisee may select from any of the available Meijer
 - (C) The factors that the franchisor considers in selecting or approving sites include: general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.
 - (D) The time limit for the franchisor to locate or approve or disapprove the site and the consequences if the franchisor and franchisee cannot agree on a site: Meijer, Inc. puts variable time limits on Franchisor as to when new locations must be open and operated, generally they allow 90 days from the time a lease is executed to complete construction and "open" the location.
 - (ii) Conforming the premises to local ordinances and building codes and obtaining any required permits. See (D) above.
 - (iii) Constructing, remodeling, or decorating the premises. See (D) above.
 - (iv) Hiring and training employees. See (D) above.

(v) Providing of necessary equipment, signs, fixtures, opening inventory, and supplies: Franchisor provides these items directly, provides written specifications for these items; and delivers and installs these items.

(2) The typical length of time between the earlier of the signing of the franchise agreement or the first payment of consideration for the franchise and the opening of the franchisee's business is 90 days. Factors that may affect the time period include:

Availability of location,
financing,
building permits,
zoning and local ordinances,
weather conditions,
shortages, or delayed installation of equipment, fixtures, and signs.

(3) The franchisor's obligations to the franchisee during the operation of the franchise, including:

- (i) Developing products or services the franchisee will offer to its customers.
- (ii) Improving and developing the franchised business.
- (iii) Establishing prices.
- (iv) Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.
- (v) Resolving operating problems encountered by the franchisee.

10. Financing;

Financing terms available include: \$15,000.00 loan available with no interest for a 6 month term, which must be used for start up costs only.

Franchisor does not intend to sell assign or discount to a third party a note, contract, or other obligation of the franchisee, however, the franchisor is not prohibited from doing so as long as notice is provided to the franchisor and filed with the state.

11. Franchisor's Assistance, Advertising, Computer Systems, and Training;

The advertising program for the franchise system, include the following:

The franchisor's currently has no obligation to conduct advertising, however, to assist franchisees it has worked with Meijer, Inc. to use their internal notices flyers and weekly adds which include recordings played in store, insert placement in the weekly adds, as well as placement within the adds. This advertising is in store only. Franchisee may use their own advertising material as long as it is approved in advance by Franchisor. There is no advertising council, no required membership in an advertising cooperative and no mandatory participation in any other advertising fund. Franchisor reserves the right to create such councils, co-ops, and funds and to require franchisees participation in the future so long as the changes are incorporated into an amended franchise agreement.

Franchisor does not require the franchisee to buy or use electronic cash registers or computer systems.

Operating Manual; Franchisor will provide a list of operating procedures and upon request will offer assistance in setting and implementing the procedures.

Training Program; currently there is no training procedure in place, however these are being developed and will be implemented in the near future.

12. Territory;

There are currently 30 franchises in Michigan, and it is proposed that there will be 60 total franchises.

Franchisee will be guaranteed to be the only nail shop in the Meijer store where their specific franchise will be located. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Generally speaking, franchisor will not approve the relocation of a franchised site, unless the leasor has exercised its right to relocate or terminate the location as cited in the master license agreement. Franchisee may purchase additional Franchise locations.

Franchisor will not solicit or accept orders or sales from franchisee's location, and does not reserve the right to do so. There are no restrictions on the franchisee from soliciting or accepting orders from consumers outside of his or her location. The franchisee has the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of his or her territory.

13. Trademarks;

Currently there are no trademarks.

14. Patents, Copyrights, and Proprietary Information;

Currently there are no patents, or copyrights.

15. Obligation to Participate in the Actual Operation of the Franchise Business;

Franchisee is required to participate in the day to day operations of the franchised business.

16. Restrictions on What the Franchisee May Sell;

Franchisee may not sell retail products without Franchisor's prior approval. Franchisee may only provide the following services: Manicures, pedicures, nail work, including artificial nails, waxing, facials, and sale of related products (subject to franchisor's prior approval). Franchisor can require Franchisee to purchase some or all of its product inventory for Franchisor or from designated vendors. Franchisor reserves the right to change the types of authorized goods or services without limitation.

17. Renewal, Termination, Transfer, and Dispute Resolution;

The franchise agreement maybe terminated, repurchased by the franchisor (at its option) or renewal refused under any of the following circumstances:

- For no cause if notice is given by the leaseholder(Meijer);
- Failure to properly maintain the premises;
- Failure to comply with legal mandates;
- Damage or destruction of property;
- Eminent Domain;

- Leaseholder exercises right to relocate;
- Default;
- 3 defaults in any 12 month period of time.

18. Public Figures;

No compensation or other benefits were given or promised to a public figure for the purpose of indorsement or recommendation of the franchise by the public figure in advertisements.

19. Financial Performance Representations;

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included herein may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Phuoc Tran, 4144 South Division Ave. Wyoming MI 49548 phone: 616 808-1833, the Federal Trade Commission, and the appropriate state regulatory agencies.

20. Outlets and Franchisee Information;

A list of franchised locations and franchisees is attached and incorporated as Exhibit B.

21. Financial Statements;

The franchisor has been involved in and conducted the nail business for 5 years and has not previously granted franchises in this business or in other lines of business. To follow is a copy of a recent financial statement of Franchisor:

ANGEL NAILS ENTERPRISES, LLC.

Current Assets:

Petty cash	\$872.00
Chase checking	\$56,230.00
5/3 Bank savings	\$21,800.00
Const. bonds	\$30,000.00
Security deposits	\$112,899.00
Business goodwill	\$1,892,000.00
Equipment and property	\$91,000.00
Inventory on hand	\$160,000.00
Intangible assets	\$17,500.00
Accounts receivable	\$48,300.00

Current Liabilities:

Quarterly taxes payable	\$2,745.00
Store deposits	\$25,000.00
Current construction liabilities	\$8,500.00
Lease deposits	\$112,899.00
Other liabilities	\$2,900.00

22. Contracts;

The various contracts which will be required are attached as Exhibit A.

23. Receipts;

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Angel Nails Enterprises LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Angel Nails Enterprises LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and Michigan Attorney General's Office, Michigan Department of Attorney General Consumer Protection Division Franchise Section PO Box 30213 Lansing, MI 48909 www.michigan.gov/ag **Phone: 517 373-7117**

The name, principal business address, and telephone number of each franchise seller offering the franchise: Phuoc Tran, 4144 South Division Ave. Wyoming MI 49548 phone: 616 808-1833.

The issuance date _____.

I received a disclosure document dated _____ that included the following Exhibits:

Prospective Franchisee

Date