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**PAUL DAVIS RESTORATION, INC.** Department of Corporations  
Los Angeles

**UNIFORM FRANCHISE OFFERING CIRCULAR**

**2006**

## FRANCHISE OFFERING CIRCULAR



PAUL DAVIS RESTORATION, INC.  
A Florida Corporation  
One Independent Drive, Suite 2300  
Jacksonville, Florida 32202  
U.S.A.  
Telephone: (904) 737-2779

Paul Davis Restoration, Inc. ("PDRI") offers franchises to operate a general contracting, cleaning and related specialty contracting service business in a protected territory.

The initial franchise fee is \$52,500 for territories of populations between 250,000 and 300,000, plus an additional population fee of \$.10 per person if the territory has a population over 300,000. The initial start up investment, including the initial franchise fee, is approximately \$104,464 to \$164,774.

### RISK FACTORS:

**THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO ARBITRATE WITH PDRI AND WITH OTHER FRANCHISEES ONLY IN THE LOCATION DESIGNATED BY THE ARBITRATORS, WHO ARE FRANCHISEES, IN ACCORDANCE WITH THE ARBITRATION RULES IN EXHIBIT C. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH PDRI IN THE DESIGNATED LOCATION THAN IN YOUR HOME STATE.**

**THE FRANCHISE AGREEMENT STATES THAT FLORIDA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**

**THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

Information comparing franchisors is available. Call the state administrators listed in Exhibit D or your public library for sources of information.

Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this offering circular. If you learn that anything in the offering circular is untrue, contact the Federal Trade Commission and the state authority listed in Exhibit D.

The Issue Date of this Offering Circular is April 1, 2006

THE EFFECTIVE DATES FOR THE REGISTRATION STATES ARE LISTED ON THE NEXT PAGE.

## STATE EFFECTIVE DATES

STATE	EFFECTIVE DATE
California	?
Florida	?
Hawaii	N/A
Illinois	?
Indiana	?
Maryland	N/A
Michigan	?
Minnesota	?
New York	?
North Dakota	N/A
Rhode Island	N/A
South Dakota	?
Utah	?
Virginia	?
Washington	?
Wisconsin	?

**INFORMATION FOR PROSPECTIVE FRANCHISEES  
REQUIRED BY FEDERAL TRADE COMMISSION**

To protect you, we have required your franchisor to give you this information. *We haven't checked it, and don't know if it's correct.* It should help you make up your mind. Study it carefully. While it includes some information about your contract, don't rely on it alone to understand your contract. Read all of your contract carefully. Buying a franchise is a complicated investment. Take your time to decide. If possible, show your contract and this information to an advisor, like a lawyer or an accountant. If you find anything you think may be wrong or anything important that's been left out, you should let us know about it. It may be against the law.

There may also be laws on franchising in your state. Ask your state agencies about them.

**FEDERAL TRADE COMMISSION  
Washington, D.C.**

## **FACTORS TO BE CONSIDERED IN THE STATE OF HAWAII**

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE. THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS, AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

THE NAME AND ADDRESS OF OUR AGENT TO RECEIVE SERVICE OF PROCESS IN THE STATE OF HAWAII IS LISTED IN EXHIBIT D ATTACHED HERETO.

## **FACTORS TO BE CONSIDERED IN THE STATE OF ILLINOIS**

IN THE STATE OF ILLINOIS, THE "FRANCHISE DISCLOSURE ACT OF 1987" GOVERNS THIS AGREEMENT. YOU MAY WANT TO REVIEW THIS LAW.

## **FACTORS TO BE CONSIDERED IN THE STATE OF MARYLAND**

IN THE STATE OF MARYLAND THE "FRANCHISE REGISTRATION AND DISCLOSURE ACT" AND RULES AND REGULATIONS RELATING TO THAT ACT GOVERN THIS AGREEMENT. YOU MAY WANT TO REVIEW THESE LAWS.

OUR AGENT TO RECEIVE SERVICE OF PROCESS IN THE STATE OF MARYLAND IS:

SECURITIES COMMISSIONER  
MARYLAND DIVISION OF SECURITIES  
OFFICE OF ATTORNEY GENERAL  
200 ST. PAUL PLACE  
BALTIMORE, MD 21202-2020

### **FACTORS TO BE CONSIDERED IN THE STATE OF MINNESOTA**

IN THE STATE OF MINNESOTA, MINN. STAT. §80C.21 AND MINN. RULE 2860.4400J PROHIBIT US FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA. IN ADDITION, NOTHING IN THE OFFERING CIRCULAR OR AGREEMENT CAN ABROGATE OR REDUCE ANY OF YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES, CHAPTER 80C, OR YOUR RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF JURISDICTION.

THE NAME AND ADDRESS OUR AGENT TO RECEIVE SERVICE OF PROCESS IN THE STATE OF MINNESOTA IS LISTED IN EXHIBIT D ATTACHED HERETO.

### **FACTORS TO BE CONSIDERED IN THE STATE OF NEW YORK**

ANY DISPUTE BETWEEN THE FRANCHISOR AND FRANCHISEE IS SUBJECT TO BINDING ARBITRATION AT THE OFFICE OF A MUTUALLY AGREED UPON ARBITRATION ASSOCIATION WITH THE STATE DESIGNATED IN THE FRANCHISE AGREEMENT.

IN THE STATE OF NEW YORK ARTICLE 33 OF THE NEW YORK STATE GENERAL BUSINESS LAW GOVERNS THIS AGREEMENT. YOU MAY WANT TO REVIEW THIS LAW.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

IF YOU LEARN THAT ANYTHING IN THE OFFERING CIRCULAR IS UNTRUE, CONTACT THE NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23<sup>RD</sup> FLOOR, NEW YORK, NY 10271.

### **FACTORS TO BE CONSIDERED IN THE STATE OF NORTH CAROLINA**

THE STATE OF NORTH CAROLINA HAS NOT REVIEWED AND DOES NOT ENDORSE, APPROVE, RECOMMEND, OR SPONSOR ANY BUSINESS OPPORTUNITY. THE INFORMATION CONTAINED IN THIS DISCLOSURE HAS NOT BEEN VERIFIED BY THE STATE. IF YOU HAVE ANY QUESTIONS ABOUT THIS INVESTMENT, SEE AN ATTORNEY BEFORE YOU SIGN A CONTRACT OR AGREEMENT.

**FACTORS TO BE CONSIDERED IN THE STATE OF UTAH**

**INFORMATION FOR PURCHASE OF A MARKETING PLAN:**

TO PROTECT YOU, THE STATE DIVISION OF CONSUMER PROTECTION HAS REQUIRED YOUR SELLER TO GIVE YOU THIS INFORMATION. *THE STATE DIVISION OF CONSUMER PROTECTION HAS NOT VERIFIED THIS INFORMATION AS TO ITS ACCURACY.* THE NOTICE MAY CONTAIN ADDITIONAL PRECAUTIONS DEEMED NECESSARY AND PERTINENT. THE SELLER, IN LIEU OF THE INFORMATION REQUESTED BY SECTION 13-15-4, MAY FILE WITH THE COMMISSION AND PROVIDE TO PROSPECTIVE PURCHASERS CERTIFIED DISCLOSURE DOCUMENTS AUTHORIZED FOR USE BY THE FEDERAL TRADE COMMISSION PURSUANT TO TITLE 16, CHAPTER I, SUBCHAPTER D, TRADE REGULATION RULES, PART 436, "DISCLOSURE REQUIREMENTS AND PROHIBITIONS CONCERNING FRANCHISING AND BUSINESS OPPORTUNITY VENTURES".

**FACTORS TO BE CONSIDERED IN THE STATE OF WISCONSIN**

IN THE STATE OF WISCONSIN CHAPTER 135 OF THE WISCONSIN FAIR DEALERSHIP LAW GOVERNS THIS AGREEMENT. YOU MAY WANT TO REVIEW THIS LAW.

## NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF MICHIGAN

**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 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 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 subject to compensation. This subsection applies only if: (1) the term of the franchise is less than 5 years and (2) 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 the 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:



- (1) the failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (2) the fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (3) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (4) 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 require 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 provision 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 addressed to:

**DEPARTMENT OF ATTORNEY GENERAL  
CONSUMER PROTECTION DIVISION  
670 LAW BUILDING, 525 W. OTTAWA STREET  
LANSING, MICHIGAN 48913  
TELEPHONE (517) 373-7117**