

FRANCHISE DISCLOSURE DOCUMENT

CAPT LOUI, LLC

(A New Jersey limited liability company)

73 Dewey Street, Garfield, New Jersey 07026

(973) 699-8434

Email: franchise@captloui.com

www.captloui.com

CAP'T LOUI®

As a CAP'T LOUI franchisee you will operate one or more dine-in, fast casual and/or carry-out restaurants featuring Cajun style Louisiana cuisine and optional alcoholic beverage service.

The total investment necessary to begin the operation of a CAP'T LOUI Franchised Restaurant is \$225,000 to \$828,000. This includes \$55,000 to \$65,000 that must be paid to the franchisor and its affiliate.

We may also offer to certain qualified people the right to develop multiple CAP'T LOUI Franchised Restaurants under a Multiple Unit Development Agreement. The total investment necessary to begin operation as a Multiple Unit Developer is \$15,000 which must be paid to us for each CAP'T LOUI Franchised Restaurant that you agree to develop at the time you sign the Multiple Unit Development Agreement. You are required to open a minimum of two CAP'T LOUI Franchised Restaurants under a development agreement and generally we grant the right to open up to four Franchised Restaurants. This includes \$65,000 to \$95,000 that must be paid to the franchisor and its 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 government agency has verified the information contained in the 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 Edward Kang, CAPT LOUI, LLC, 73 Dewey Street, Garfield, New Jersey 07026, (973) 699-8434, franchise@captloui.com.

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 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 of this Franchise Disclosure Document: April 30¹, 2023⁴

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only CAP'T LOUI business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a CAP'T LOUI franchisee?	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

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 requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in New Jersey. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in New Jersey than in your own state.
2. **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.

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.

**NOTICE REQUIRED
FOR PROSPECTIVE FRANCHISEES
BY STATE OF MICHIGAN**

The following is applicable to you if you are a Michigan resident or your franchise will be located in Michigan.

Section 445.1508(1) of the Michigan Franchise Investment Law requires franchisor to give you a copy of the Franchise Disclosure documents earlier of: (i) 10 business days prior to signing the Franchise Agreement; or (ii) 10 business days prior to franchisor's receipt of any consideration.

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, according to the Michigan Department of Attorney General, Consumer Protection Division (the "Division"), 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 by the Michigan Franchise Investment Law. 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 subsection does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. 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 value 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) above.

(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 of Michigan does not constitute approval, recommendation, or endorsement by the Attorney General.

Any questions regarding this notice should be directed to:

Michigan Department of Attorney General
Consumer Protection Division
Attn: Franchise Registration/Section Franchise Administrator
525 W. Ottawa Street
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

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EXHIBITS:

A. List of Administrators/Agents for Service of Process	I. Non-Disclosure, Non-Solicitation and Non-Competition Agreement
B. State Specific Addenda to the Disclosure Document	J. Spousal Non-Disclosure and Non-Competition Agreement
C. Franchise Agreement	K. Employee Confidentiality Agreement
D. Multiple Unit Development Agreement	L. Franchise Compliance Questionnaire
E. State Specific Amendments to the Franchise Agreement	M. Form of General Release
F. List of Current & Former Franchisees	N. Form of Addendum to Lease
G. Financial Statements	O. Operations Manual Table of Content
H. Area Representative, Territory and Support Backgrounds	P. Receipts

CAPT LOUI, LLC
FRANCHISE DISCLOSURE DOCUMENT

Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The Franchisor is Capt Loui, LLC, referred to in this Disclosure Document, “we,” “us,” “our” or “Capt Loui, LLC” means the franchisor. Similarly, “you” or “your” means the person or entity that purchases the right to operate a CAP’T LOUI Business as a franchisee. If you are a corporation, a limited liability company, or a partnership, each of your owners must sign a personal guaranty agreeing to comply with all provisions of the Franchise Agreement.

We are a limited liability company organized under the New Jersey law on November 9, 2020. Our principal business address is 73 Dewey Street, Garfield, New Jersey 07026. Our telephone number is (973) 699-8434. We have been offering “CAP’T LOUI®” franchises since our formation.

We conduct business under our corporate name, under the trade name and service mark “CAP’T LOUI®”, “CAP’T LOUI SEAFOOD BOIL®”, uniform resource locators (URLs), domain names, website addresses, email addresses, digital cellular addresses, wireless web addresses and the like and associated logos, designs, symbols and trade dress (collectively, the “Marks”). The CAP’T LOUI Franchised Restaurants operate dine-in table service restaurants, fast-casual service restaurants, or carry-out restaurants, specializing in the sale of Cajun style Louisiana seafood boil, fried seafood and chicken, side dishes, beverages and related menu items and optional alcoholic beverage service.

We are owned by our members. We have never operated a business similar to the Franchised Restaurant. We have never offered franchises in any other line of business.

Agents for Service of Process

Our agent for service is disclosed in Exhibit A.

Parent

We do not have a parent.

Predecessor

Our predecessor, Loui Loui, LLC, (“Loui Loui”) was formed in Massachusetts on August 11, 2015, to grant businesses the right to operate franchised restaurants. On May 22, 2017 Loui Loui began offering franchises under the trade name “LOUI LOUP”. In September 2017 Loui Loui was notified that its registered trade mark was confusingly similar to an Italian restaurant located in New Hampshire. To eliminate the confusion, in March 2018, Loui Loui agreed to change its trade name over the course of twelve months to CAP’T LOUI. As further described in Item 13 of this Disclosure Document, Loui Loui filed with the USPTO for registration of the CAP’T LOUI trade mark in September 2018, which was granted on August 20, 2019.

On March 18, 2022 substantially all of the assets of Loui Loui, LLC merged into us as part of our relocation plan to move our principal place of business to Garfield, New Jersey.

Affiliates

Our affiliate, Napkin Monster LLC is the required vendor of proprietary sauces, seafood, and various branded items as well as certain optional kitchen smallwares. Napkin Monster LLC is a New Jersey limited liability company organized in January, 2023. The principal business address of Napkin Monster LLC is 73 Dewey Street, Garfield, New Jersey 07026. Napkin Monster LLC has not conducted business in this or any other line of business nor has it offered franchises for this or any other type of business.

Our affiliate, InBoston LLC is the required vendor of proprietary sauces, seafood, and various branded items as well as certain optional kitchen smallwares. InBoston LLC is a New Jersey limited liability company organized in November, 2021. Its principal business address is 73 Dewey Street, Garfield, New Jersey 07026. InBoston LLC has not conducted business in this or any other line of business nor has it offered franchises for this or any other type of business.

Our affiliate, Louistone LLC, operates a CAP'T LOUI Restaurant similar to the type being franchised by us at 101 Main Street, Stoneham, Massachusetts 02180. Louistone LLC is a Massachusetts limited liability company formed in September 2015, with a principal business address at 73 Dewey Street, Garfield, New Jersey 07026.

Our affiliate, Louifortlee, LLC, operates a CAP'T LOUI Restaurant similar to the type being franchised by us at 210 Main Street, Fort Lee, New Jersey 07024. Louifortlee, LLC is a New Jersey limited liability company formed in October 2016, with a principal business address at 73 Dewey Street, Garfield, New Jersey 07026.

Loui Amsterdam Inc., our former affiliate, operates a CAP'T LOUI Restaurant similar to the type being franchised by us at 3147 Broadway, New York, New York 10027 since July 2017. Loui Amsterdam Inc. is a New York corporation formed December 2016, with a principal business address at 214 W. 102nd Street, Apartment 3D, New York, New York 10025. In January 2019, our principal, Henry Kim sold his ownership interest to the remaining shareholders, who signed a franchise agreement on January 17, 2019.

Our affiliates have never offered franchises of the type being offered in this Disclosure Document or in any other line of business. Except as provided above, we have no parent, predecessor or affiliates required to be disclosed in this Item 1.

The Franchised Restaurant

We grant franchises to qualified individuals and business entities for the establishment and operation of table service dine-in restaurants, fast-casual service restaurants and/or carry-out restaurants, each a CAP'T LOUI Franchised Restaurant ("Franchised Restaurant") featuring Cajun style Louisiana cuisine specializing in seafood and optional alcoholic beverage service under a franchise agreement

(“Franchise Agreement”).

The Franchised Restaurant is operated under the trade names “CAP’T LOUI” and “CAP’T LOUI SEAFOOD BOIL”. In order to become a CAP’T LOUI franchisee, you must sign a Franchise Agreement and operate your business in accordance with our standards and specifications.

The CAP’T LOUI System

CAP’T LOUI Restaurants operate under Marks and under distinctive business formats, including prescribed exterior and interior design, décor, color scheme and furnishings; uniform standards, specifications and procedures for operations; quality and uniformity of products and services offered; and advertising and promotional programs, all of which we may improve, further develop or otherwise modify from time to time (the “**System**”) characterized by specialty menu including appetizers, entrees, side dishes and beverages and certain signature product offerings of seafood choices, such as shrimp, crawfish, or crab legs, which are boiled and tossed with one of several intensely flavored proprietary sauces, and served in CAP’T LOUI’s seafood bag. The result is a uniquely juicy and flavorful boiled seafood. You may be allowed to offer some optional items or services, or use different vendors from our specifications, but you will need our prior written approval.

The Franchised Restaurant will be operated in accordance with the CAP’T LOUI confidential operating manual (“Operations Manual”), a copy of which will be loaned to you or made available to you in printed form or through a password protected website.

We began offering Multiple Unit Development Agreements in 2022. We may also offer to certain qualified people the right to develop multiple CAP’T LOUI Franchised Restaurants under a Multiple Unit Development Agreement, referred to throughout this document as “Multiple Unit Development Agreement”, “Development Agreement”, or “MUDA” the form of which is attached as Exhibit D to this Disclosure Document. If you and the area in which you are interested, meet certain qualifications, you can be licensed and be obligated to the rights to develop multiple CAP’T LOUI Franchised Restaurants under a Multiple Unit Development Agreement in accordance with an agreed-upon Development Schedule. You are required to open a minimum of two CAP’T LOUI Franchised Restaurants under a Development Agreement and generally grant the right to open up to four Franchised Restaurants.

The Franchise Agreement for the first franchise developed under the Development Agreement will be in the form attached as Exhibit C to this Disclosure Document and must be signed at the same time you sign the Development Agreement. For each additional franchise developed under the Development Agreement, you must sign the then-current form of franchise agreement that we are offering to new franchisees which may be different from the form of franchise agreement in this offering, but the franchise fee and royalty will be as stated in this Disclosure Document.

Regional Area Representative

Beginning in 2022, we established a program to create a network of service providers to the single unit franchisees. Area Representative Agreements are not offered under this Disclosure Document, but rather, under a separate disclosure document. The Area Representative will be our designee,

responsible for developing new single unit franchises for sale on behalf of the franchisor, making proper disclosures under state and federal franchise laws, assisting in pre-opening operations and training, and furnishing operational support services. The backgrounds of our Area Representatives are set out in Exhibit H to this Disclosure Document. In most areas of the country we are responsible for the obligations described above.

Market Target & Competition

The target market for services and products provided by CAP'T LOUI consists of consumers, including families, students and business persons, seeking high quality full service or takeout, seafood-based offerings. The market is developed and sales are not generally seasonal. You will compete with any company engaged in the business of selling similar menu items, and you may compete with competitors with substantial resources ranging from full service restaurants and national and local chains, independent and other "Cajun Seafood" type restaurant(s) and other businesses offering similar food items in a restaurant or other setting. Additionally, many of these competitors may have substantial financial, marketing, branding and/or other resources available to them.

Regulations

We are not aware of any laws applicable to a CAP'T LOUI Restaurant that would not apply to restaurant businesses generally. You must comply with all federal, state, and local laws and regulations affecting the restaurant business including state and local licensing, zoning, land use, construction, environmental regulations and various health, sanitation, safety, and fire standards. We encourage but do not require our franchisees to offer alcoholic beverages, especially beer and wine, to their patrons. If your CAP'T LOUI Restaurant offers alcoholic beverages, it will be subject to state and local liquor licensing laws and regulations. The more stringent and varied requirements, particularly at the local level, may increase the cost and time required to develop and open restaurants. Difficulties in obtaining necessary licenses or permits could cause delays in or cancellations of restaurant openings. In most states, restaurants are subject to "dram shop" laws, which impose liability on licensed alcoholic beverage servers for a minor if this service is the proximate cause of the injury or damage or this injury or damage is reasonably foreseeable. We recommend that you consult with your attorney concerning these and other laws and ordinances that may affect the operations of the Franchised Restaurant. You must also obtain all real estate permits and licenses and operational licenses.

Item 2 BUSINESS EXPERIENCE

President – Henry Hyuk Kim

Henry Hyuk Kim has been our President since our inception in August, 2015. Mr. Kim is also a Founder and Managing Member of Louistone LLC, Newton, Massachusetts since its inception in September, 2015. Mr. Kim is Managing Member of Louifortlee, LLC, Newton, Massachusetts since its inception in October, 2016. Mr. Kim was Managing Member of Louilowell, LLC, Newton, Massachusetts from September, 2016 to March, 2020. Mr. Kim was Managing Member of LouiAllston, LLC, Newton, Massachusetts from May, 2017 to December, 2021. Mr. Kim is a Founder and Managing Member of Napkin Monster LLC located in Garfield, New Jersey since its inception in January, 2023. Mr. Kim is a Founder and Managing Member of InBoston LLC located in Garfield,

New Jersey since its inception in July, 2013. He was also the owner of Bonchon Allston in Allston, Massachusetts from November, 2010 to March, 2020.

Director of Development– Jonathan Joo

Jonathon Joo has been our Director of Development since September, 2015. Mr. Joo is also a Manager of Louistone, LLC, Newton, Massachusetts since September, 2015. Mr. Joo was a Manager of Louilowell, LLC, Newton, Massachusetts from September, 2016 to March, 2020. Mr. Joo is also a Manager of Louifortlee, LLC, Newton, Massachusetts since its inception in October, 2016. Mr. Joo was a Manager of LouiAllston, LLC, Newton, Massachusetts from May, 2017 to December, 2021. Mr. Joo is also business manager of Napkin Monster LLC located in Garfield, New Jersey since its inception in January, 2023. Mr. Joo is also business manager of InBoston LLC located in Garfield, New Jersey since October, 2013.

Franchise Sales and Development Manager– Edward Kang

Edward Kang has been our Franchise Sales and Development Manager since March, 2022. Mr. Kang was manager of our affiliate CAP'T LOUI restaurant, Louifortlee, LLC, located in Fort Lee, New Jersey from October 2016 to February 2022.

**Item 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**Item 4
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**Item 5
INITIAL FEES**

Franchise Fee

The Franchise Fee is \$50,000. You must pay the Franchise Fee in a lump sum when you sign the Franchise Agreement. In consideration for the Franchise Fee, we grant you a franchise to operate a CAP'T LOUI Franchised Restaurant and provide you and certain of your personnel with initial training.

Multiple Unit Development Fee

You are required to open a minimum of two CAP'T LOUI Franchised Restaurants under a Development Agreement and generally grant the right to open up to four Franchised Restaurants.

Under a Multiple Unit Development Agreement, the Franchise Fee is \$50,000 for the first Franchised Restaurant; \$45,000 for the second Franchised Restaurant; \$40,000 for the third Franchised Restaurant; and \$35,000 for the fourth and subsequent Franchised Restaurants. Unless you currently own and operate a CAP'T LOUI Franchised Restaurant within the Territory, the Franchise Agreement for the first Franchised Restaurant developed under the Development Agreement must be signed and

the Franchise Fee paid in full at the same time you sign the Development Agreement. For each additional franchise developed under the Development Agreement, you must pay us a Development Fee equal to \$15,000 at the time you sign the Development Agreement which will be a non-refundable deposit for each franchise. We will credit each development fee against the franchise fees for each subsequent franchise (not to exceed a credit of \$15,000 for any single franchise). The Development Fee is not refundable.

You will purchase from our affiliate, Napkin Monster LLC, between \$5,000 and \$15,000 of inventory which includes required proprietary sauces and powders, table papers, seafood bags, t-shirts and other related items prior to opening the Franchised Restaurant.

All Initial Fees are fully earned and non-refundable when paid. You pay us or our affiliates no other fees or payments for services or goods before your Franchised Restaurant opens.

Item 6 OTHER FEES

TYPE OF FEE¹	AMOUNT	DUE DATE	REMARKS
Royalty for first Franchised Restaurant ³	4.5% of Gross Revenue ²	Tuesday of next week by automatic debit/Electronic Funds Transfer (EFT).	You must pay a weekly royalty fee to us based on your Gross Revenue for the preceding week. Interest is charged on late payments.
Royalty for second and subsequent Franchised Restaurants (“unit”) under a MUDA ³	4.0% of Gross Revenue for the 2 nd unit; 3.5% of Gross Revenue for the 3 rd unit; and 3.0% of Gross Revenue for the 4 th and subsequent units ²	Tuesday of next week by automatic debit/Electronic Funds Transfer (EFT).	You must pay a weekly royalty fee to us based on your Gross Revenue for the preceding week. Interest is charged on late payments.
Proprietary and Other Designated Products ⁴	You must buy proprietary products from us, our affiliate or designee.	Upon delivery of products to you.	You must buy certain items, including but not limited to, paper rolls, plastic bags, our proprietary powders and sauces, and frozen seafood from our affiliate.
Tech Fund Fee	Up to 2% of Gross Revenue.	Same as Royalty.	No fee charged initially, but we may institute fee with 90 days written notice.
Advertising Fund Fee	Up to 3% of Gross Revenue.	Same as Royalty.	No fee charged initially, but we may institute fee with 90 days written

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
			notice.
Local Advertising	1% of monthly Gross Revenue first year, then increased to 2% of previous year's Gross Revenue for the remaining term of the Franchise Agreement.	As required and as incurred.	Paid directly to 3 rd party vendor in compliance with the guidelines in our Operations Manual.
Initial Training	\$2,000 per person, per week, plus your living and travel expenses.	Due before beginning of training.	We provide the Initial Training Program for you, your original Operating Principal, if not you, and your Restaurant Manager, if not you, free of cost. If we agree, charge is for any additional or replacement persons trained by us. All replacement Operating Principals and Restaurant Managers you appoint later must also attend and pass the Initial Training Program.
Additional On-Site Training	\$4,000 per 40 hour week, per trainer, plus cost of living and travel expenses.	Due before beginning of training; expenses as incurred.	You can request additional on-site training and/or assistance at any time.
Product Testing Fee	\$100 to \$2,500 depending on the nature and complexity of the testing necessary for the product or service or supplier you propose.	On demand	We may test and evaluate any new product or service or supplier you propose. Testing Fee reimburses us for our expenses.
Annual Computer/POS Maintenance Agreement	Estimate approximately \$1,000 per year	As required and as incurred.	Paid directly to 3 rd party vendor to maintain your computer and POS system in good repair.
Insurance Reimbursement ⁵	Cost of insurance and, if not obtained by you, our procurement expense	As required and as incurred	Payable upon your failure to comply with the Franchise Agreement.

TYPE OF FEE¹	AMOUNT	DUE DATE	REMARKS
Annual Convention Fee ⁶	Up to \$1,000 per person plus your travel & living expenses	On demand	You must pay us a registration fee, which we expect will not be more than \$1,000 per person, for attending our annual convention.
Audits ⁷	Cost of audit plus interest on underpayment	As incurred	Payable only if audit shows understatement is 2% or more of Gross Revenue.
Interest ⁸	Interest on overdue payment	As incurred	Interest rate will be 1.5% per month or if the maximum interest rate permitted by state law is less, then interest will be charged at the lesser allowed rate. Interest begins from the date payment was due.
Late Fee	Late payment penalty of 20%	On demand but only if you are delinquent in your payments to us or otherwise violate an obligation under the Franchise Agreement	You must pay a late payment penalty of 20% on any amounts not paid when they were due to us or our affiliates. You must also pay interest on any past due amounts to us.
Transfer, Assignment	\$10,000 or such greater amount as is necessary to reimburse us for our reasonable costs and expenses associated with the application for transfer.	Before we approve transfer.	Payable if you sell your franchise. No fee charged if you transfer franchise to a corporation or other entity you control.
Transfer Fee – Multiple Unit Development Agreement	\$7,500 for each unopened and each operating franchised restaurant.	Before we approve transfer.	You will not be required to pay a transfer fee if you transfer to a business entity that you form for convenience of ownership, but you will need to comply with certain conditions. This fee also applies to transfers of partial ownership interests and transfers upon death or

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
			permanent incapacity. You must reimburse us all costs and expenses that we incur for any uncompleted transfer.
Renewal	25% of the then-current initial franchise fee.	Before we sign the renewal franchise agreement.	New franchise agreement, which may have different terms or conditions, must be signed by you and us.
Relocation Fee	\$7,500	On demand	If you wish to relocate your Franchised Restaurant.
Attorneys' and Experts' Fees, Collection and Court Costs ⁹	The amount of these fees and costs are unknown and may vary depending upon factors like attorneys and experts selected and collection and court costs.	On demand	Payable upon your failure to comply with the Franchise Agreement.
Indemnification ¹⁰	Cost of liability	As incurred	You must indemnify and hold us harmless against any claims, losses, costs, expenses, liabilities and damages, including costs and attorneys' fees arising from the operation of your Franchised Restaurant.
Additional Site Visits	\$500 per day plus the cost of our travel expenses		If you request that we visit the proposed Restaurant site, the first visit is free. We charge a fee for any additional site visits.
Liquidated Damages	Will vary under the circumstances calculated based on the Restaurant's average monthly Gross Revenue for the 12 months preceding the termination date.	If Franchise Agreement is terminated as a result of your default	A lump sum amount equal to the value of the Royalty and Advertising Fees that you would have paid for the remainder of the term. ¹¹

NOTES:

(1) All fees are uniformly imposed by and payable only to us and are payable through Electronic Funds Transfer. You must authorize your bank to accept automatic withdrawals for all fees to us through EFT of the stated amount from your bank into our bank account when due. You must provide us with all documents necessary to direct your bank to honor these pre-authorized bank debits. (See Franchise Agreement, EFT Authorization). All fees are non-refundable.

(2) The term “Gross Revenue” will mean and include the total of all revenue and income from the sale of services and products to customers of the Franchised Restaurant or any other source, whether or not sold or performed at or from the Franchised Restaurant and whether received in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received), or otherwise. If, due to federal, state or local laws, we are prohibited from receiving a percentage royalty based on alcoholic beverage revenues, you must pay a Royalty on all Gross Revenue except alcoholic beverages in the same total dollar amount as you would have paid if you paid the specified percentage Royalty on all Gross Revenue. You will deduct from your Gross Revenue (but only if they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. You will also deduct from your Gross Revenue the amount of any documented refunds, charge backs, credits and allowances you give in good faith to customers. All barter and/or exchange transactions to which Franchised Restaurant furnishes services and/or products in exchange for goods or services to be provided to Franchised Restaurant by a vendor, supplier or customer will, for the purpose of determining Gross Revenue, be valued at the full value of the goods and/or services so provided to Franchised Restaurant.

(3) Royalty Fees will begin from the date the Franchised Restaurant is opened and continue through the term of the Franchise Agreement. You must submit reports signed by you, in a form and frequency to be prescribed by us. Such reports must reflect the Gross Revenue during the preceding week, along with any additional information that we may deem necessary. Reports must be electronically transmitted to us so that they are received by us when due. Additional reports may be required.

(4) You must buy proprietary products from us, our affiliate or designee. We (or our affiliates or designees) will sell you proprietary products, equipment or services under terms we develop and advise you of periodically.

(5) You must obtain and maintain insurance, at your expense, as we require, in addition to any other insurance required by law or otherwise, described in greater detail in our Operations Manual. We may periodically change the types and amounts of coverage required under the insurance policies, based on changes in circumstances, if the changes apply to all CAP’T LOUI franchised businesses.

(6) We may periodically but not more than once every year conduct a Convention. We may require you (or your Operating Principal), and/or your Restaurant Manager to attend each convention, and to pay all expenses incurred in connection with attending the event including transportation cost, meals, lodging and living expenses. The duration, curriculum and location of the Convention will be determined by us. Because the planning and funding of the National Convention must be done well in advance and requires a substantial financial commitment, we have the right to charge you up to a

\$1,000 Convention Registration Fee for you to attend this event. We may charge this registration fee up to one year in advance invoiced and paid via EFT as part of your standard monthly billing. This fee is not refundable and will be collected even if you do not attend the Convention. If you do not attend the Convention, we will do our best to make available to you all of the substantive materials that were presented at the Convention.

(7) If we audit your Business, and you understated the Gross Revenues on the weekly statements you submitted to us by 2% or more for any week or for the entire period, when compared with your actual Gross Revenues, then you must immediately pay us for the cost of the audit and the additional amounts owing, plus interest at the rate described below. If you understated your Gross Revenues by 5% or more for any week or for the entire period, we can terminate the Franchise Agreement and you must pay the amount due, plus interest and the cost of the audit.

(8) Interest rate will be 1.5% per month or if the maximum interest rate permitted by state law is less, then interest will be charged at the lesser allowed rate. Maximum interest permitted in California is 10% annually. Interest begins from the date payment was due.

(9) We can recover reasonable attorneys' fees, experts' fees, court costs and all other expenses of litigation in any action instituted against the other party to secure or protect our rights under the Franchise Agreement, to enforce the terms of the Franchise Agreement.

(10) If we become a party to any proceeding brought against us by a third party relating to the Franchise Agreement, or your CAP'T LOUI Restaurant as a result of any act or omission of yours or the Franchised Restaurant, or if we become a party to any litigation or insolvency proceeding involving you under any bankruptcy or insolvency code, then you must pay us our reasonable attorneys' fees, experts' fees, court costs, travel and lodging costs and all other expenses we incur.

(11) Royalty Fees and Advertising Fund Fees will be calculated based on the Franchised Business' average monthly Gross Sales for the 12 months preceding the termination date. If you have not operated your Franchised Business for at least 12 months preceding the termination date, Royalty Fees and Advertising Fund Fees will be calculated based on the average monthly Gross Sales of franchised businesses operating under the same trademark during our last fiscal year.

Except as provided above, there are no provisions for any of these fees to increase during the term of your Franchise Agreement. We do not finance any fee.

Item 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT¹	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	\$50,000	Lump sum	At signing of	Us

TYPE OF EXPENDITURE	AMOUNT ¹	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
			Franchise Agreement	
Travel & Living Expenses while Training ²	\$1,000 to \$5,000	As incurred	During training	Airlines, hotels, restaurants and car rental
Real Estate/Rent ³	\$2,000 to \$24,000	As incurred	Before opening	Landlord
Plans, Development & Leasehold Improvements & Construction ⁴	\$100,000 to \$500,000	As incurred	Before opening	City and state licensing authority, contractor
Architect and Engineering Fees ⁴	\$5,000 to \$50,000	As arranged	Before opening	Architect and Engineer
Equipment, Fixtures & Furniture ⁵	\$30,000 to \$50,000	As incurred	Before opening	Various vendors
Menus	\$500 to \$2,000	As incurred	Before opening	Vendor
Computer, Electronics and Point of Sale Control System ⁶	\$3,000 to \$7,000	As incurred	Before opening	Vendors
Point of Sale system Monthly Hosting Fee per terminal per month	\$80 to \$240	As incurred	Before and after opening	Approved POS Vendor
QuickBooks Online Essentials monthly fee	\$30	As incurred	Before and after opening	QuickBooks Vendor
Security deposits, utility deposits, business licenses and other prepaid expenses ⁷	\$1,000 to \$5,000	As required	Before opening	State/local agencies, utilities, vendors
Business Class Internet Service	\$100 to \$300	As incurred	Before and after opening	Internet Service Provider
Signage ⁸	\$2,000 to \$20,000	As incurred	Before opening	Various vendors
Initial Inventory ⁹	\$8,000 to \$15,000	As incurred	Before opening	Us and various vendors
Supplies & Misc. Expense	\$2,000 to \$4,000	As incurred	As incurred	Various vendors
Advertising/ Promotion/ Grand Opening Materials ¹⁰	\$2,000 to \$3,000	As incurred	Before and after opening	Various vendors
Insurance ¹¹	\$5,000 to \$25,000	As required.	Before and after opening	Insurer
Liquor License (if applicable) ¹²	Varies	As arranged	As incurred	Governmental authority
Audio/Video/Surveillance System	\$1,290 to \$3,430	As arranged	Before opening	Dealer
Smallwares ¹³	\$1,000 to \$4,000	As incurred	Before opening	Various vendors
Professional Fees ¹⁴	\$1,000 to \$10,000	As arranged	Before opening	Professional

TYPE OF EXPENDITURE	AMOUNT ¹	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
				advisors
Additional Funds (3 months) ¹⁵	\$10,000 to \$50,000	As incurred	Before and after opening	Employees, Vendors
TOTALS	\$225,000 to \$828,000 ¹⁶			

Multiple Unit Development Agreement

ITEM	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee for each Franchised Restaurant to be opened under the MUDA ¹	\$65,000 to \$95,000	Lump sum	At signing of Multiple Unit Development Agreement	Us
Total	\$65,000 to \$95,000			

Notes:

(1) You must pay a \$15,000 non-refundable down-payment for each for each Franchised Restaurant to be opened under the MUDA. Unless you currently own and operate a CAP'T LOUI Franchised Restaurant within the Territory, the Franchise Agreement for the first Franchised Restaurant developed under the Development Agreement must be signed and the Franchise Fee paid in full at the same time you sign the Development Agreement. You must pay the Franchise Fee for your first Franchised Restaurant in full as disclosed in the first table in this Item. The Development Fee is to be paid for your second and each additional Franchised Restaurant at the time the MUDA is executed. The Development Fee will be credited against the Franchise Fee as described in Item 5. All payments to us are non-refundable. Any refund of payments made to various vendors will depend on the terms you arrange with those vendors. We do not offer direct or indirect financing to franchisees for any item.

(2) We provide the Initial Training Program for you, your Operating Principal and your Restaurant Manager at no charge. The charge for replacement attendees is \$2,000 per person. You pay all your trainees' wages while training as well as lodging, meals and transportation expenses. The lower estimate in this range covers the travel expenses for you only for a 30-day Initial Training Program and the higher estimate in this range covers the travel expenses for you, your Operating Principal and your Restaurant Manager for a thirty-day Initial Training Program. See Item 11.

(3) If you do not own space already, you must lease space for your CAP'T LOUI Franchised

Restaurant. Typical locations will be on a primary street or highway in an already developed commercial area, as drive-by visibility is essential. The typical CAP'T LOUI location will have 1,000 to 6,000 square feet of space and has seating for 10 to 150 customers. Former restaurants, especially if they are located in a strip mall, are ideal. Rent for space varies widely between areas, and could range anywhere from \$2,000 to \$24,000 per month. Renovation costs of building space can be estimated at between an estimated cost of \$100,000 and \$1,000,000. Landlords will sometimes pay initial leasehold improvement costs and spread that cost back to you over the life of the lease.

(4) We will provide you with a sample layout for the interior of a typical CAP'T LOUI Restaurant of the type you will be operating. Estimates are for the improvement cost range between \$80.00 to \$120.00 per square foot in “vanilla shell” stage, which can be used without requiring extensive demolition or renovation. In other cases, the space may require extensive renovation, construction of ceilings, walls, plumbing, flooring and lighting, before finishes can be installed. The range of figures shown above reflects the cost of reasonable renovation or leasehold improvements. Your costs may be less or more than this estimate, depending upon where you are planning to open your franchise or if you receive the premises in any condition other than “vanilla shell” description above or a non-standard commercial property.

In most localities, you are responsible for engaging the services of a professional, licensed architect to produce blueprint drawings for your Restaurant. Before you submit them to the local municipality for review and approval, we must review them to assess their conformity to our requirements and could return them to your architect for additional modifications. Any modifications may require further services by your architect, and these services may likely incur higher fees. You are responsible for ensuring that the plans meet all state and local requirements including ADA. Your exact costs will depend on the architect you select.

(5) We will provide you with our standard preliminary plans and specifications for furniture, fixtures, equipment and/or décor for your type of CAP'T LOUI Restaurant. These figures represent the purchase of the kitchen production equipment, such as deep fryers, stock pot ranges, refrigeration, steel tables and work surfaces, gas ranges, and ice makers that are necessary to produce all menu items. The cost recognizes instances when kitchen configurations differ, and our staff may recommend different pieces, sizes or models. The range of costs for Furniture and Fixtures covers the purchase of tables, chairs, and various items of décor that will be installed into a premises that has been designated to seat 10 to 150 people.

(6) You must purchase the required computer and Point of Sale (POS) system which includes a laptop, printer/~~fax~~, router, iPad, POS stand, Credit Card swiper, cash drawer, POS printer and kitchen printer which is appropriate for your size Restaurant and the services you provide, which may include liquor sales. You must obtain high-speed communications access for your computer and POS system, such as broadband, DSL or other high-speed capacity.

(7) These costs will vary and are due to the type of services required for the facility and the municipality from which it is being contracted. We recommend that you check the requirements in your local area. You are responsible for obtaining and maintaining all required permits and licenses necessary to operate the CAP'T LOUI Franchised Restaurant (including, if you sell liquor, a permit or

license to sell alcoholic beverages in your Restaurant). This estimate is based on experience in opening and operating our affiliate locations. You will also need to check with your governing authorities regarding these requirements.

(8) This is an estimate of the cost to produce signage (one building fascia sign) for the outside of the building as well as interior signage, such as a menu board.

(9) The initial inventory to open your business includes all food, cleaning products and packaging necessary for the opening of the Restaurant to last seven to ten days.

(10) We will provide you with a Grand Opening Program, which will contain your advertising and promotional obligations during the period beginning one month before the scheduled opening of the Franchised Restaurant and continuing until three months following the commencement of operation of the Franchised Restaurant. This is the range of expenditures to satisfy the Grand Opening Program. You must submit any requested changes to the Grand Opening Plan to us for approval before the implementation of the program. Actual costs may vary based on the time of year that you open, the media costs in your market area, and the pace with which you are able to increase your sales.

(11) Estimated cost of payment required to activate policy coverage. You will need to check with your insurance carrier for actual premium quotes and costs, and for the actual amount of deposit, if permitted. Insurance costs can vary widely, based on the area in which your business is located, your experience with the insurance carrier, the loss experience of the carrier, the amount of deductibles and of coverage, and other factors beyond our control. You should obtain appropriate advice from your own insurance professional before signing any binding documents or making any investments or other commitments, whether to us or anyone else.

You must maintain the following insurance:

- (i) an all-risk property insurance against loss or damage to business personal property of the Franchised Restaurant in amounts not less than the replacement cost of such property;
- (ii) a broad form comprehensive commercial general liability insurance, including premises liability, products/completed-operations and broad form contractual liability, covering claims for liquor liability (if you sell liquor), personal injury, bodily injury or property damage caused as a result of the operation of the Franchised Restaurant and pursuant to this Agreement in amounts not less than \$1,000,000.00 for each occurrence and \$2,000,000.00 general aggregate. Coverage must be written on an occurrence basis only, not claims-made. This insurance may not have a deductible or self-insured retention of over \$5,000.00;
- (iii) automobile liability insurance against claims for personal injury, death or property damage occurring as a result of the maintenance or operation by you of any automobiles, trucks or other vehicles used in the operation of the Franchised Restaurant in an amount not less than \$1,000,000.00 Combined Single Limit;

- (iv) workers' compensation insurance, in such amounts as may be required by any applicable law;
- (v) \$2,000,000.00 umbrella policy as extended coverage to the commercial general liability, auto liability and employers liability insurance;
- (vi) Builders' and/or contractor's insurance and performance and completion bonds in forms and amounts acceptable to us; and
- (vii) Business Interruption Insurance and other Insurance coverages of types, nature and scope sufficient to satisfy your indemnification obligations under the Franchise Agreement.

If you do not purchase the required insurance, we may obtain the insurance for you. We have no duty to do so. If we obtain insurance for you, you must pay the premiums to the insurance company or reimburse us for them. We can change the required coverages and amounts.

(12) The cost to obtain required permits and liquor licenses varies greatly from jurisdiction to jurisdiction depending on the licensing activity involved and the local liquor license resale market, if any. The cost of a liquor license can be significantly higher in a few states where the number of licenses is severely restricted or available only from an existing holder. You will need to check with your governing authorities regarding these requirements.

(13) Smallwares are kitchen tools, small appliances, kitchen utensils, storage containers and cleaning equipment, as well as other items that would not be considered on their own as major equipment purchases. This range of expense also includes the cost of employee uniforms.

(14) The estimate is for legal, accounting, and miscellaneous other professional fees that you may incur before you open for business, including (among other things) to assist you in reviewing the Franchise Agreement. Your actual costs may vary, for example, depending on the degree to which you rely upon your advisors, type of financing, lease negotiations, and the permitting process in your city. The hourly rate for advisors, accountants, and legal professionals will also vary.

(15) This category includes opening cash and other miscellaneous expenses over and above those included in the table in this Item that may be incurred during the first 3 months of the Franchised Restaurant's operations. This also includes an estimate of labor needed to get your CAP'T LOUI Franchised Restaurant ready to open for business, and extra labor expense you will incur while training your staff both before and after opening. This estimate for Additional Funds does not include your salary, draw, or your personal expenses.

(16) Except as otherwise described in these notes, the above table provides an estimate of your initial investment for a single CAP'T LOUI franchised restaurant and the costs necessary to begin operation of your Restaurant. Based on eight years of experience of our affiliates operating similar quick-serve restaurants and on management's 178 years of experience at other types of quick-serve restaurants and businesses, the typical start up period during which labor costs can be expected to run higher than normal is 90 days.

Your actual costs will depend on factors which include the location and size of your CAP'T LOUI Franchised Restaurant; how much you follow CAP'T LOUI recommended methods and procedures; your overall management and business skills; local economic conditions; competition; the prevailing local wage rate; and the amount and effectiveness of your advertising and promotion.

Item 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To insure that the highest degree of quality and service is maintained, you must operate the Franchised Restaurant in strict conformity with the methods, standards and specifications as we may periodically prescribe in the Operations Manual or otherwise in writing; and you must refrain from deviating from these methods, standards and specifications without our prior written consent. We may revise the contents of the Operations Manual, and you must comply with each new or changed standard and specification. You must at all times insure that your copies of the Operations Manual are kept current and up to date.

The Franchise Agreement restricts the sources of products and services you utilize in establishing and operating a CAP'T LOUI Franchised Restaurant in three ways. Some items can be purchased only from us or our affiliates, some only from suppliers we have approved, and others only in accordance with our specifications and standards.

Purchases from Us or Our Affiliate

You may be required to purchase certain products, equipment or services directly from us or our affiliates. Currently, we and/or our affiliate are the only approved supplier of the proprietary CAP'T LOUI products and services as well as other branded products and services. We and/or our affiliate will earn revenue on your purchase of CAP'T LOUI branded products and services. As of our fiscal year end December 31, 2022³³, our affiliate ~~InBoston~~ Napkin Monster, LLC realized ~~\$1,097,400.77~~ \$1,104,162 in revenue from franchisee purchases which accounted for ~~89.18~~ 89.9% of its total revenues of ~~\$1,230,487.25~~ \$1,105,225. As of our fiscal year end December 31, 2023, our affiliate InBoston, LLC realized \$129,360 in revenue from franchisee purchases which accounted for 28.73% of its total revenues of \$450,055.

Except as described above, currently you are not required to purchase any other products or services from us or our affiliates. However, we reserve the right to designate ourselves and/or any of our affiliates as an approved supplier, and we may also designate ourselves or an affiliate as the sole supplier of one or more items, in which case you would have to buy those items from us or our affiliate at our or their then-current price.

Purchases according to Our Standards and Specifications

You must operate the Franchised Restaurant according to our mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for the development and operation of the CAP'T LOUI Franchised Restaurant (“**System Standards**”). System Standards may regulate, among other things, the types, models and brands of required foods, beverages, paper goods, cleaning

supplies, fixtures, furnishings, equipment, signs, hardware, software, materials, inventory and supplies to be used in operating the Franchised Restaurant, required or authorized products and product categories and designated or approved suppliers of such items (which may be limited to or include us or our affiliates). We do not make any express or implied warranties with respect to any products or goods we recommend for your use. Our standards and specifications may impose minimum requirements for quality, cost, delivery, performance, design and appearance, delivery capabilities, financing terms, and ability to service our Franchise System as a whole. We will notify you in our Operations Manuals or other communications of standards and specifications and/or names of approved suppliers.

You must purchase and install, at your expense, all fixtures, furnishings, food preparation and operating equipment (including telephone(s), computer, printer, point of sale recording system, audio, video, surveillance system), décor, and signs as we may reasonably direct periodically; and refrain from installing or permitting to be installed on or about the premises of your Franchised Restaurant, without our prior written consent, any fixtures, furnishings, equipment, décor, signs or other items not previously approved as meeting our standards and specifications.

We will inspect your Franchised Restaurant as often as we deem necessary to ensure that our standards and specifications are maintained. If we find anything that does not meet our standards, you will be required to correct them within a reasonable period of time. If you fail to take corrective action, we may close the Franchised Restaurant until the corrective action is taken or otherwise terminate your Franchise Agreement. At any time after 5 years from the date you open the Franchised Restaurant, we may require you to remodel your Franchised Restaurant at your expense to bring it up to current standards.

We formulate and modify specifications and standards imposed upon franchisees by evaluating the market acceptance of products, the financial stability of suppliers as well as additional criteria. We do not have to issue our specifications and standards to franchisees and/or approved suppliers, nor are criteria for supplier approval made available to franchisees.

Purchases from Approved Suppliers

In addition to the above, we may require that you, at your expense, enter into agreements with suppliers approved by us. Currently, you are required to purchase marketing materials, certain construction materials for build-out such as lighting, flooring, fixtures, equipment, retail merchandise display wall and interior logo sign, and an initial mandatory start-up kit of inventory of branded and retail merchandise, only from suppliers designated as required, recommended or approved by us. We may change approved and required suppliers from time to time. Except for us and our affiliates disclosed in the Disclosure Document, none of our officers own an interest in any of our approved suppliers.

We will provide you with a current list of approved suppliers (including required and recommended suppliers) through updates to the Operations Manual or other forms of communication.

We estimate that approximately 90% to 95% of your expenditures for required leases and purchases in relation to all leases and purchase in establishing your Franchised Business will be for goods and

services that must be purchased either from us, our affiliate or a designated supplier, or in accordance with our standards and specifications. We estimate that approximately 90% to 95% of your expenditures on an ongoing basis will be for goods and services that must be purchased from either us, our affiliate, a designated supplier or in accordance with our standards and specifications.

If you desire to purchase, lease or use any products, services or other items from a supplier we have not pre-approved, you must submit to us sufficient written information about the proposed new supplier to enable us to approve or reject either the supplier or the particular item(s). At our request, you must submit to us samples of the proposed product(s) for our examination so that we can determine whether they meet our quality standards. We also have the right to require that our representatives be permitted to inspect the proposed supplier's facilities, or to conduct appropriate testing of the proposed new service, at your expense. We charge a fee for evaluating alternative suppliers, services and products; you must pay us between \$100 to \$2,500 to cover our costs which will vary depending on the nature and complexity of the testing necessary for the product or service or supplier you propose for the review and/or inspection, the actual cost of laboratory fees, professional fees and travel and living expenses as well as any other fees we pay to third parties in furtherance of the evaluation. If we have not responded in writing within 30 days of our written receipt of such information or product samples from you, then the request will be deemed rejected by us. In providing such approval we may consider not just the quality standards of the products or services, but the delivery capabilities, financing terms and ability of the supplier to service our Franchise System as a whole.

We may terminate the use of any products or services, or any supplier of such items or services that does not meet our then-current standards by giving you written notice. If we do so, you must immediately stop purchasing from such supplier or using such products or services in your Franchised Restaurant unless we notify you that such supplier or such products or services meet our quality standards. If we revoke an approved supplier, we will provide notice to that supplier and notify you in our Operations Manual or other forms of communication.

We may limit the number of approved suppliers with whom you may deal, designate sources that you must use and/or refuse any request for alternative suppliers for any reason, including that we have already designated an exclusive source (which may be us or our affiliates) for any particular item or service if we believe doing so is in the best interest of our Franchise System.

Site Selection and Development of the Franchised Restaurant

We must accept the site for your Franchised Restaurant and the site must meet our then-current site criteria (the "Accepted Site"). If you lease the Site for your Franchised Restaurant, you are required to have your landlord sign the Lease Addendum attached as Exhibit N to this Disclosure Document. Under the Lease Addendum, we will be granted the right, but not the obligation, to take possession of your Franchised Restaurant premises if your Franchise Agreement is terminated or you do not renew.

It is your responsibility, at your expense, to prepare all required construction plans and specifications to suit the premises for the Franchised Restaurant in accordance with our approved plans and specifications, and to make sure that these plans and specifications comply with applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. It is your responsibility

to be aware of and use our most current specifications, which may change from time to time, to suit the shape and dimensions of the site for your Franchised Restaurant. You must, at your expense, use architects and construction contractors designated or approved by us. You will not engage any architects or contractors that we have not approved.

You must send us a site selection consent form with initial space plans and other materials we may request for our acceptance prior to and during your lease negotiations. Once we accept the initial space plans in writing (which includes acceptance via e-mail), you must provide us with a copy of the proposed lease/sublease for review before you sign it. Our review will be limited to ensuring that the terms of the lease/sublease are consistent with our rights under the terms of your Franchise Agreement. You must receive a signed site selection consent form from us before executing your lease/sublease for the Franchised Restaurant and before you apply for any permits. You may not begin construction of your Franchised Restaurant without a written certification from us. You must also send us all revised or “as built” plans and specifications during construction and once construction is complete, for our acceptance.

Because our review is limited to ensuring your compliance with our design requirements and specifications we will not assess compliance with federal, state or local laws and regulations, or state and local environmental requirements and building codes. Compliance with those laws is your responsibility. We may inspect the Site while you are developing your Franchised Restaurant.

You must adhere to our System Standards for the construction and design of the Franchised Restaurant, which will include requirements for the interior and exterior layout, signage, equipment, fixtures and trade dress, including our signature color scheme. If we have designated an approved or required supplier (which may be us or our affiliate), you must obtain the items from such supplier. If we have not designated an approved/required supplier for certain items, then you may purchase them from any supplier that meets our standards and specifications, including our preferred suppliers. We may, at any time, change, delete, add to or modify any of our standards and specifications. These changes, deletions, additions or modifications, which will be uniform for all franchisees, may require additional expenditures by you.

Computer and Point of Sale (POS) System

We require you to purchase a LAVU POS system. You must also purchase a computer system, as further detailed in Items 7 and 11, for business management. Neither we nor our affiliate derive revenue from your purchase of the computer and POS system; however, we are permitted to and may do so in the future. We require you to maintain service support contracts and/or maintenance service contracts and implement and periodically make upgrades and changes to the POS system, computer hardware and software, and credit card, debit card, and other non-cash payment systems. We may designate the vendor(s) for these support service contracts and maintenance service contracts. We have the right to establish and utilize an on-line computer monitoring system, and to use the on-line system to have independent access to remotely examine your computer system, POS and records pertaining to the operation of the Franchised Restaurant and we have no limitations on our ability to do so.

Restrictions on the above products and services do not apply to a MUDA.

Insurance

You must obtain and maintain insurance, at your expense, with policy limits as required by us, applicable law, your landlord, lender or otherwise. Currently, required coverages include, without limitation with respect to all insurable properties, all-risk property insurance against loss or damage to business and personal property of the Franchised Restaurant in amounts not less than the replacement cost of such property; general liability insurance, including premises liability, products/completed-operations and contractual liability, covering claims for bodily injury or property damage caused as a result of the operation of the Franchised Business not less than \$1,000,000 for each occurrence, \$2,000,000 general aggregate and may not have a deductible of \$5,000; hired and non-owned auto \$1,000,000; umbrella coverage \$2,000,000; Builder's insurance and performance bonds and Business interruption insurance in a sufficient amount acceptable to us, and workers' compensation, as required by applicable law.

The policies must be written by an insurance company reasonably satisfactory to us with a Best rating of "A-" or better and include the risks, amount of coverage and deductibles as stated in our Operations Manual. We reserve the right to increase the minimum insurance requirements. Required coverages include coverages detailed above, liquor liability, if your restaurant will be offering alcoholic beverages, and workers' compensation. You must obtain and maintain insurance, at your expense, as we require, in addition to any other insurance required by law or otherwise, described in greater detail in our Operations Manual.

We may periodically change the types and amounts of coverage required under the insurance policies, based on changes in circumstances, if the changes apply to all CAP'T LOUI Franchised Restaurants. All insurance policies must name us and any affiliates that we designate as additional insureds and give us at least 30 days' prior written notice of termination, amendment, or cancellation. You must provide us with certificates of insurance evidencing your insurance coverage no later than 10 days before your Franchised Restaurant opens and annually as prescribed in our Operations Manual.

If you fail to purchase the mandatory insurance, we may obtain insurance for you, and you must reimburse us for any procurement expenses we incur, plus the actual cost of the insurance, which might be higher than the cost of insurance you could obtain for yourself. All insurance policies must name us and any affiliates that we designate as additional insureds and give us at least 30 days' prior written notice of termination, amendment, or cancellation. You must provide us with certificates of insurance evidencing your insurance coverage no later than 10 days before your Franchised Restaurant opens and annually as prescribed in our Operations Manual.

Bookkeeping and Records

You will purchase a software license to establish and maintain QuickBooks Online Essentials as your bookkeeping, accounting and record keeping system in accordance with our requirements, as may be periodically revised. You will submit periodic reports, forms and records as specified in the Franchise Agreement or the Operations Manual or otherwise.

Miscellaneous

Currently, except for your purchases of the proprietary CAP'T LOUI products, we and our affiliate do not receive any other payments or other benefits like rebates, discounts, and allowances from

authorized suppliers based upon their dealings with you and other franchisees. However, we and our affiliate reserve the right to do so in the future, and we may use the monies we receive without restriction for any purpose we deem appropriate or necessary. Rebate, discount or allowance programs vary depending on the supplier and the nature of the product or service. Suppliers may pay us based upon the quantities of products our franchisees purchase from them. We may receive fees from a supplier as a condition of our approval of that supplier. Not every supplier pays rebates to us. We do not provide material benefits to franchisees (for example, renewal of existing or granting additional franchises) based on their use of designated or approved suppliers. We may negotiate supply arrangements with suppliers for the benefit of franchisees. Except as disclosed above, neither we nor our affiliate received any revenue from franchisees' required purchases from approved or designated suppliers in the fiscal year ending December 31, 2023.

There are currently no purchasing or distribution cooperatives.

Item 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Franchise Agreement (FA) and Multiple Unit Development Agreement (MUDA)	Disclosure Document item
a. Site selection and acquisition/lease	FA: Section 4	Items 7, 11 and 12
b. Pre-opening purchases/ leases	FA: Sections 10, 15 and 17	Items 6, 7, 8 and 11
c. Site development and other pre-opening requirements	FA: Sections 9, 13 and 14	Item 12
d. Initial and ongoing training	FA: Sections 9 and 13 MUDA: Sections 4 and 5	Items 11
e. Opening	FA: Sections 9 and 14 MUDA: Sections 2, 4, 5, 6, 7 and 8	Item 11
f. Fees	FA: Sections 7, 9, 13, 16, 28	Items 5, 6 and 7

Obligation	Section in Franchise Agreement (FA) and Multiple Unit Development Agreement (MUDA)	Disclosure Document item
	and 32 MUDA: Sections 4, 5, 8 and 21	
g. Compliance with standards and policies/ operating manual	FA: Sections 11 and 17 MUDA: Sections 4, 10 and 22	Item 7, 8, 11, 14, 15 and 16
h. Trademarks and proprietary information	FA: Sections 2, 10, 18, 19, 25, 26 and 27 MUDA: Sections 2, 10, and 22	Items 13 and 14
i. Restrictions on products/ services offered	FA: Section 10	Items 8 and 16
j. Warranty and customer service requirements	FA: Section 17	Item 15
k. Territorial development and sales quotas	FA: Section 4 MUDA: Sections 2, 5, 7, 8, 11, 12 and 16	Item 12
l. Ongoing product/service purchases	FA: Section 10	Items 5, 6, 7 and 16
m. Maintenance, appearance and remodeling requirements	FA: Section 15	Items 11 and 17
n. Insurance	FA: Section 23	Items 6 and 7
o. Advertising	FA: Section 21	Items 6, 7, 11 and 12
p. Indemnification	FA: Section 23 MUDA: Sections 8 and 14	Item 6
q. Owner's participation/ management/staffing	FA: Sections 17 and 24 MUDA: Section 2	Item 15

Obligation	Section in Franchise Agreement (FA) and Multiple Unit Development Agreement (MUDA)	Disclosure Document item
r. Records and reports	FA: Sections 7 and 22 MUDA: Section 13	Item 6
s. Inspections and audits	FA: Sections 14 and 22	Items 6 and 11
t. Transfer	FA: Sections 28 and 29 MUDA: Section 8	Items 6 and 17
u. Renewal	FA: Section 6	Items 6 and 17
v. Post-termination obligations	FA: Section 35	Item 17
w. Non-competition covenants	FA: Sections 25 and 27 MUDA: Section 11	Item 17
x. Dispute resolution	FA: Sections 37, 41 and 42 MUDA: Section 21	Item 17
y. Other: Guaranty of franchisee obligations	FA: Section 24 and Addendum C MUDA: Section 8 and Addendum C	Item 15
z. Other: Spousal Non-Disclosure and Non-Competition Agreement	Not Applicable	Item 15 and Exhibit J

Item 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

Item 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your Franchised Restaurant, we will:

- a) License to you the non-exclusive right to use the Marks and CAP'T LOUI System necessary to operate your CAP'T LOUI Franchised Restaurant. (Franchise Agreement-Section 3)
- b) We will assign to you a non-exclusive defined geographic search area within which you may seek and identify potential sites for the Franchised Restaurant (the "Search Area"), as described on Addendum A to the Franchise Agreement. You will thereafter use reasonable and diligent efforts to identify a proposed site within the Search Area for the Franchised Restaurant and submit it to us for acceptance. The Search Area will have no exclusivity and we reserve the right to sell franchises to others who seek to operate a franchised business in and around the Search Area. A written request for a change of the Search Area may be submitted to us, and will be consented to if mutually-agreeable sites are not available in the original Search Area. We will designate any new Search Area. (Franchise Agreement-Section 4 and Addendum A; Development Agreement- Section 1).
- c) If we have not already accepted a site that you have selected before signing the Franchise Agreement, then we must accept a site for you prior to opening based on the following criteria: the general location and neighborhood and nearness to customers; restaurant visibility; traffic patterns; co-tenant attractiveness; size of the space; age and condition of the shopping center or building; the location and convenience of entrances; the availability of parking and necessary zoning; the location of competitors; expected overhead; lease terms; and, traffic patterns. We may require you to submit maps, completed checklists, photographs, copies of proposed leases, diagrams of the premises with measurements and other information and materials which we may reasonably require to evaluate your proposed Restaurant site. We may visit your proposed Franchised Restaurant site but the Franchise Agreement does not require us to do so. If you request that we visit the proposed Restaurant site, the first visit will be free of cost, with any additional visits costing \$500 per day plus the cost of our travel expenses. Any acceptance is intended only to indicate that the proposed site meets our minimum criteria based upon our general business experience. We will provide you with written notice of our acceptance or rejection of any proposed site within 30 days after receiving all requested information. If you receive a rejection, you must submit an alternate site until accepted. We will not unreasonably withhold our acceptance of a site that meets our demographic criteria. Once a site is accepted you have 60 days to sign the lease. You are solely responsible for locating and obtaining a site that meets our standards and criteria and that is acceptable to us. In the event an accepted location cannot be found within 90 days of signing your Franchise Agreement, we may terminate the Franchise Agreement. (Franchise Agreement-Sections 4 and 9)
- d) Review your lease agreement for the accepted site, including if applicable, discussions and assistance in obtaining the required Addendum to Lease Agreement for your location. Our review of your lease agreement and any advice or recommendations we may offer is not a representation or guarantee by us that you obtained the best deal for the lease, or that you will succeed at the leased premises. (Franchise Agreement-Section 9)
- e) Review your final plans and specifications for the Franchised Restaurant promptly and approve

or provide comments on the plans and specifications to you. You may not commence construction of the Restaurant until we approve the final plans and specifications in writing. We may provide you with the names of designated or approved suppliers and written specifications for some items of the design, construction, furniture, fixtures, equipment and decor of the Restaurant. We do not provide delivery or installation of signs, fixtures, equipment nor furnishings. (Franchise Agreement-Section 9)

f) Provide an initial training program. This training is described in detail later in this Item. (Franchise Agreement-Sections 7, 9 and 13)

g) Provide to you, on loan, one copy of the CAP'T LOUI Operations Manual(s), either in electronic or paper form. The total number of pages in our Operations Manual is 40 pages. The Table of Contents of the Operations Manual(s), along with the number of pages devoted to each section, is attached as Exhibit O.

The Operations Manual is confidential and remains our property. We may modify the Operations Manual in the future, but the modifications will not alter your status and rights under the Franchise Agreement. (Franchise Agreement-Section 9)

h) Give you general assistance in the opening of your business. We will also make our personnel available to help you plan pre-opening promotional programs. You will need to give us at least 30 days' notice of the planned opening date of your business if you wish us to provide you with pre-opening assistance. (Franchise Agreement-Section 9)

i) Sell you our proprietary products. See Item 6. (Franchise Agreement-Section 17)

j) If we determine to do so, exercise rights concerning franchisee pricing of products and services to the fullest extent permitted by then-applicable law. These rights may include, for example, prescribing the maximum and/or minimum retail prices which you may charge customers; recommending the prices you charge customers; advertising specific retail prices for some or all products or services sold by your CAP'T LOUI Franchised Restaurant, which prices you will be compelled to observe; engaging in marketing, promotional and related campaigns which you must participate in and which may directly or indirectly impact your retail prices; and, otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices which your Franchised Restaurant may charge the public. We may do so only in certain geographic areas (cities, states, regions) and not others, or with regard to certain groups of franchisees and not others. Any maximum, minimum or other prices we prescribe or suggest may or may not optimize the revenues or profitability of your CAP'T LOUI Franchised Restaurant. (Franchise Agreement-Section 10)

Regional Area Representatives (in certain parts of the country)

Our Area Representatives or a member of our franchise management team will assist you during the entire Opening Process. Contact and background information for our Area Representatives can be found in Exhibit H to this Disclosure Document.

Post-Opening Assistance

During the operation of your business, we will:

- a) Continue to loan you the Operations Manual, and furnish you with any and all updates and other Manuals and training aids that are developed in the future. Any training media we develop will be made available to you at our cost. (Franchise Agreement-Section 9)
- b) Periodically advise and offer general guidance to you by telephone, e-mail, webinars, ~~facsimile~~, newsletters or other methods. Such advice and guidance may consist of knowledge and experience relating to the authorized services or products; assistance in expanding your customer base; communication of new developments, improvements or additions to our program, software, equipment and supplies, as well as operational methods, accounting procedures, marketing and promotional strategies. (Franchise Agreement-Section 9)
- c) Make periodic visits to your CAP'T LOUI Franchised Restaurant to assist and guide you in various aspects of the operation and management of the Franchised Restaurant, as we deem necessary. We may prepare written reports outlining any suggested changes or improvements in the operations of the Franchised Restaurant and detail any deficiencies that become evident as a result of any such visit. If we prepare a report, you will be provided with a copy. (Franchise Agreement-Section 9)
- d) Allow you to participate in programs that may be developed and offered by us on a system-wide basis to our franchisees. (Franchise Agreement-Sections 9 and 21)
- e) Provide you with copies of our available advertising material, if you desire, at our cost.
- f) Provide you with additional on-site training programs and/or assistance, if requested by you, and at our option, charge you our then-current fee. (See Item 6). (Franchise Agreement-Section 13)
- g) As we deem appropriate, test new products, services, equipment or technologies, and if they meet our standards and specifications, we will make them available to you. (Franchise Agreement-Section 9)
- h) If We maintain a CAP'T LOUI Internet Website for the purpose of enhancing the goodwill and public image of the CAP'T LOUI Franchise System, and to attract prospective customers for the benefit of the CAP'T LOUI franchisees; we will host a minimum of one page on the CAP'T LOUI Internet Website with contact and other information specific to your Franchised Restaurant, and provide you with no less than one e-mail address, which you must use as the Franchised Restaurant's e-mail address. (Franchise Agreement-Section 9)

Advertising

We are reserving the right to institute a regional or national advertising program ("Advertising Fund") upon 90 days written notice, and to charge you up to 3% of Gross Revenue to fund it. If a program is begun, the Advertising Fund will be administered by our managers or our designee.

The Advertising Fund will be used, in our discretion, to pay for developing and conducting activities that we believe will enhance the goodwill associated with the Marks and the image of the CAP'T LOUI System and to pay for the administration of the Advertising Fund and its programs. The purpose of the Advertising Fund is to pool advertising money from Franchised Restaurants and CAP'T LOUI affiliates so as to achieve greater benefits for all in promoting the trade name and Marks.

For this reason, the Advertising Fund is not obligated to make expenditures for you or any other franchisee which are equivalent or proportionate to your or another franchisee's contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from the marketing or promotion conducted by the Advertising Fund. Although the Advertising Fund may not be used to directly solicit the sale of franchises, as a result of such advertising and promotion for the Franchised Restaurants, persons may become interested in owning franchises. The development of marketing campaigns and websites may detail available franchises within the System, and this is not considered to constitute direct franchise marketing efforts. The Advertising Fund may elect to assist in the marketing of franchises in otherwise weak markets, and to assist franchises that are slow to ramp up by providing additional marketing dollars.

The Advertising Fund may be used to pay for market research, media space, branding, public relations, sponsorships, partnerships, and other activities designed to promote the organization, the trade name and the Marks, as well as to pay for administrative time and expenses; travel and related miscellaneous expenses; print, radio, television, direct mail or local in-restaurant promotions; conducting Internet-based advertising campaigns; utilizing social and business networking media sites and other emerging media or promotional tactics; conducting customer surveys; engaging mystery diners; developing, maintaining, and updating ~~our~~[the CAP'T LOUI Internet](#) Website on the Internet; hiring public relations agencies; providing promotional and other marketing materials and services to the businesses operating under the CAP'T LOUI System, or any combination of these. We will direct all programs financed by the Advertising Fund, with sole discretion over the creative concepts and materials.

We have the right to reimburse ourselves to cover our or our designee's costs and overhead for activities reasonably related to the administration of the Advertising Fund, including costs and salaries of our or our designee's personnel who perform services for the Advertising Fund.

All franchisees and CAP'T LOUI affiliates will contribute to the Advertising Fund on the same basis, and the expenditure of funds will be limited to advertising, promoting and marketing the goods and services offered by our System. If you are not yet contributing to the Advertising Fund you may be excluded from receiving benefits from the activities of the Advertising Fund. In our most recent fiscal year, we did not collect any advertising fees.

We will maintain separate bookkeeping accounts for the Advertising Fund and may, but will not be required to cause Advertising Fund contributions to be deposited into one or more separate bank accounts. The Advertising Fund will not be audited, however the Advertising Fund will prepare income and expense statements annually. Income and expense statements will be available to you upon written request. Excess funds not spent in any given fiscal year will be carried forward to the next fiscal year. Although once established the Advertising Fund is intended to remain in existence, we reserve the right to terminate the Advertising Fund only after all monies have been spent for advertising and promotion. (Franchise Agreement-Section 21)

The Advertising Fund is not a trust, and we are not a fiduciary or trustee of the Advertising Fund or the monies in the Advertising Fund. However, we may, in our discretion, separately incorporate the Advertising Fund or create an Advertising Fund trust, over which we may be the trustee, into which

Advertising Fund contributions may be deposited. We may place additional advertising at our own expense, but we are not obligated to do so. (Franchise Agreement-Section 21)

You may develop your own marketing and promotional materials provided they are submitted to us in advance for review and approval. You must obtain our prior written approval of all advertising and promotional plans and materials that you desire to use at least 30 days before the implementation of such plans, unless such plans and materials have been previously approved by us. You may not use such plans or materials until they have been approved by us in writing and must promptly discontinue use of any advertising or promotional plans and materials upon our request. Any plans or materials submitted by you to us that have not been approved or disapproved, in writing, within 30 days of receipt by us, will be deemed disapproved. (Franchise Agreement-Section 21)

Grand Opening Advertising

You are required to spend between \$2,000 and \$3,000 for your Grand Opening advertising and promotion program (“Grand Opening Program”). We will provide you with a Grand Opening Program, as further detailed in our Operation Manual, which will contain your advertising and promotional obligations during the period beginning one month before the scheduled opening of the Franchised Restaurant and continuing until three months following the commencement of operation of the Franchised Restaurant. This is the range of expenditures to satisfy the Grand Opening Program. You must submit any requested changes to the Grand Opening Program to us for approval before the implementation of the Program. Actual costs may vary based on the time of year that you open, the media costs in your market area, and the pace with which you are able to increase your sales.

Local Advertising

You are required to spend 1% of your Gross Revenues per month through the end of your first full calendar year of operations; then 2% of the previous year’s Gross Revenue each year thereafter on local advertising. Your local advertising must be conducted in accordance with the guidelines in our Operations Manual. (Franchise Agreement-Section 21)

You agree that upon termination, transfer, or expiration of this Agreement, you will immediately remove all advertising that you control and notify all advertising sources that your advertising must be removed and/or canceled immediately. For advertising that cannot be immediately canceled, you are responsible for any and all costs related to such advertising until such time as it can be canceled or it expires. (Franchise Agreement-Section 21)

Advertising Cooperatives

We currently do not have any advertising cooperatives and have no plans to form such cooperatives in the immediate future. However, you must join and actively participate in any organizations or associations of franchisees or advertising cooperatives that we establish or that are established at our direction for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple CAP’T LOUI restaurants.

Advertising Council

We do not have an Advertising Council. However, we reserve the right to form, change, or dissolve a franchisee advertising council.

Technology Fund

We are reserving the right to institute a Technology Fund (“Tech Fund”) upon 90 days written notice, and to charge you up to 2% of Gross Revenue to fund it. If a program is begun, the Tech Fund will be administered by our managers or our designee. The purpose of the Tech Fund is to pool money from Franchised Restaurants and CAP’T LOUI affiliates so as to achieve greater benefits for all in promoting efficient operation of CAP’T LOUI Restaurants.

The Tech Fund will be used, in our discretion, to pay for conducting activities that we believe will enhance the operations of CAP’T LOUI System with technology related programs. In the future, we may implement subscription model customer relationship management (CRM), enterprise resource planning technology (ERP), reputation management technology, and develop proprietary POS and computer software.

Point of Sale System/Computer System

You are currently required to use the LAVU POS system or any other system we may designate in the future or approve in advance, unless you already have an adequate computer and POS system and electronics, in which case, if approved by us in writing prior to use, you will incur no further cost.

The LAVU POS system includes a laptop, printer/~~fax~~, router, iPad, POS stand, Credit Card swiper, cash drawer, POS printer and kitchen printer which is appropriate for your size Restaurant and the services you provide, which may include liquor sales. We estimate the cost of purchasing this system to range between \$3,440 and \$6,990. You must obtain high-speed communications access for your computer and POS system, such as broadband, DSL or other high-speed capacity.

You must provide all assistance we require to bring your computer and POS system on-line with our headquarters’ computer at the earliest possible time and to maintain this connection as we require. You must input and maintain in your computer and POS system all data and information which we prescribe in our Operations Manual, in our proprietary software and manuals (if any), and otherwise. We may retrieve from your computer and POS system all information that we consider necessary, desirable or appropriate. We will bear the telephone costs of this information retrieval. You must accurately, consistently and completely record, structure, capture and provide through the computer and POS system all information concerning the operation of the Franchised Restaurant that we require, in the form and at the intervals that we require.

You must keep your computer and POS system in good repair and are required to sign a maintenance contract which we estimate will cost approximately \$1,000 per year. If we run tests and determine that the installation of updated or a new computer or POS System will benefit you and us, you must install (at your own expense) whatever additions, changes, substitutions and replacements to your computer hardware, software, telephone and power lines, etc. we direct. You must install these items when we direct. You will pay for these items at the time and upon the terms that the sellers specify. There is no contractual limit on our ability to require you to upgrade the system, add components or replace the computer or POS system. We have the right to establish and utilize an on-line computer monitoring system, and to use the on-line system to have independent access to the information generated and stored in the systems and remotely examine your records pertaining to the operation of the Franchised Restaurant.

Internet/e-commerce

We restrict, designate, and have the right to approve, or control all of your electronic media, including Internet activities, and e-mail marketing correspondence, digital content, and electronic communications if any. This includes any websites and all Social Networking and Marketing activities, including Twitter, Facebook, Foursquare, LinkedIn or any social media outlets. This also includes any group or social buying platforms, promotions or campaigns. You must follow the most recent rules and regulations published in our Operations Manuals or other manuals we have created regarding the upkeep and communications sent out via these channels.

We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the CAP'T LOUI System. We may establish one or more websites accessible through one or more uniform resource locators ("URL's") and, if we do, we will design and provide for the benefit of your CAP'T LOUI Franchised Restaurant a "click through" subpage at each of these websites for the promotion of your Franchised Restaurant. If we establish one or more websites or other modes of electronic commerce and if we provide a "click through" subpage at each of these websites for the promotion of your Franchised Restaurant, you must routinely provide us with updated copy, photographs and news stories about your CAP'T LOUI Franchised Restaurant suitable for posting on your Franchised Restaurant's "click through" subpage, we will specify the content, frequency and procedure of these in our Manual. By posting or submitting to us information or materials for the CAP'T LOUI Internet Website, you are representing to us that the information and materials are accurate and not misleading and do not infringe any third party's rights. You must notify us whenever any information about you or the Franchise Business on the CAP'T LOUI Internet Website changes or is not accurate.

Any websites or other modes of electronic commerce that we establish or maintain may, in addition to advertising and promoting the products, programs or services available at CAP'T LOUI businesses, also be devoted in part to offering CAP'T LOUI franchises for sale. In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee email, CAP'T LOUI System discussion forums and systemwide communications (among other activities) can be effected. You may not maintain your own website or otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your CAP'T LOUI Franchised Restaurant; establish a link to any website we establish at or from any other website or page; or, at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the "CAP'T LOUI" name or any confusingly similar name.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any CAP'T LOUI [Internet Website](#) we establish and maintain, including all material you may furnish to us as described above.

Any digital or electronic content published must be within brand communication standards and is subject to our approval. All digital imagery bearing our Marks are subject to our approval.

Due to the speed of electronic communication, all instructions by us which are deemed to restrict, designate or control e-commerce activities must be responded to within 24 hours.

We also reserve the right to restrict, designate and have the right to approve or control any existing or future (not yet developed) Fan Page or other advertising or social networking services of the Franchised Restaurant, including the sending of bulk e-mail ~~or facsimiles~~, other than in accordance with the guidelines in the Operations Manual or otherwise as we specify in writing. We have administrator privileges, at all times, to all your software, electronic mail, social media, marketing platforms, digital marketing and all e-commerce activities.

Training

After you obtain your Restaurant site and before the opening of your CAP'T LOUI Franchised Restaurant (although in no case earlier than two months before the opening of the Restaurant), we will provide our Initial Training Program to you (if the franchisee is an individual) and/or your Operating Principal and your Restaurant Manager.

The Initial Training Program is mandatory for you (if an individual) and/or your Operating Principal and your Restaurant Manager. The Initial Training Program is provided at no expense to you for you, your Operating Principal and your Restaurant Manager but you must pay the travel and living expenses for you and your people during the training program.

Any attendee of the Initial Training Program must have first attended and received certification in safe food handling from a state-approved food safety program. Certification must be submitted to us for review before you (if the franchisee is an individual), your Operating Principal or your Restaurant Manager, as applicable, attend the Initial Training Program.

Training will last for 30 days, and will be conducted at our training facility; and/or at our option the Franchised Restaurant. Training programs are scheduled and run as needed. Our training materials consist of our Manual, demonstrations, lectures, on-the-job training and discussions. (Franchise Agreement, Section 13)

The following is description of our Initial Training Program as of the date of issuance of this Disclosure Document:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Kitchen- Prep	10	50	Fort Lee, NJ
Kitchen-Cooking	10	50	Fort Lee, NJ
Customer Service	2	10	Fort Lee, NJ
Floor Management	2	10	Fort Lee, NJ
POS	2	5	Fort Lee NJ
Daily Report	2	5	Fort Lee, NJ
Back Office	2	0	Fort Lee, NJ
Payroll	2	0	Garfield, NJ
QuickBooks	45	0	Garfield, NJ
Scheduling/Hiring	2	5	Fort Lee, NJ
Ordering/Vendors	2	5	Fort Lee, NJ
Inventory Management	2	5	Fort Lee, NJ

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Employee Management	2	10	Fort Lee, NJ
Totals	85	155	

NOTES:

(1) It is the nature of the Business that all aspects of training are integrated, that is, there are no definitive starting and stopping times.

(2) The training program is supervised by Edward Kang and operated by trainers which are approved by the CAP'T LOUI operation team. Edward Kang's background information is provided in Item 2. The training program includes training by a variety of personnel including managers and administrative personnel. The minimum experience of the instructors in the field relevant to the subject taught and to our operations is from 10-20 years.

You (if an individual) and/or your Operating Principal and your Restaurant Manager must attend and complete the Initial Training Program to our satisfaction. If you or your Operating Principal fails to successfully complete the Initial Training Program, we can terminate the Franchise Agreement.

You must pay an additional charge of \$2,000 per person, per week to us for providing the Initial Training Program to replacement Operating Principals and Restaurant Managers, plus any additional cost you incur for living and travel expenses. This training is required of replacement Operating Principals (but only if you have not attended and successfully completed the Initial Training Program) and Restaurant Managers and the safe food handling certification is required of all attendees of the Initial Training Program.

If one of our trainers is available, then we will provide, at no additional expense to you, one trainer for up to 5 days during your first Franchised Restaurant's opening to assist in onsite training of staff and to provide operational support.

You can request additional on-site training and/or assistance at any time. We will provide it at our option, but the Franchise Agreement does not require us to provide it. We currently charge a fee of \$4,000 per 40 hour week per trainer, plus travel and living expenses for each trainer, for additional on-site training or assistance we agree to provide. The timing of all additional on-site and off-site advice, consultation and training (after the Initial Training Program) will be subject to the availability of our personnel.

We may from time to time conduct a conference, convention or training session. We will determine the duration, curriculum and location of these. We may require you (if an individual) and/or your Operating Principal to attend each annual conference, convention or training session. We reserve the right to charge our then-current fees for such events. Currently, we have the right to charge you up to a \$1,000 Convention Registration Fee for you to attend this event.

You must pay all the expenses incurred by your trainees or attendees in connection with the Initial Training Program and any other training, conferences, conventions or other meetings your trainees attend, including, for example, their salaries, transportation costs, meals, lodging and other living

expenses. (Franchise Agreement- Section 13)

Employment Policies.

You must maintain a competent, conscientious, and trained staff. You must take those steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous and knowledgeable service; and meet our minimum standards, including attire as we reasonably require; as we may establish periodically in the Manual. You and your employees must handle all customer complaints, refunds, returns and other adjustments in a manner that will not detract from our name and goodwill. You will be responsible for all employment decisions and functions of the Franchised Restaurant, including those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees.

Any materials, guidance or assistance that we provide concerning the terms and conditions of employment for your employees, employee hiring, firing and discipline, and similar employment-related policies or procedures, whether in the Operations Manual or otherwise, are solely for your optional consideration and use. Those materials, guidance and assistance do not form part of the mandatory System Standards. You will determine to what extent, if any, these materials, guidance or assistance should apply to your employees. You are solely responsible for determining the terms and conditions of employment for all your employees, for all decisions concerning the hiring, firing and discipline of your employees, and for all other aspects of labor relations and employment practices.

You will have sole responsibility for your employees and all acts of your employees, and all employment-related decisions including wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, taxes and other withholdings, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment. We do not exercise control and do not have the authority to control any of the essential terms and conditions of your employees' employment with you listed below:

(1) Wages, benefits, and other compensation; (2) Hours of work and scheduling; (3) The assignment of duties to be performed; (4) The supervision of the performance of duties; (5) Work rules and directions governing the manner, means, and methods of the performance of duties and the grounds for discipline; (6) The tenure of employment, including hiring and discharge; and (7) Working conditions related to the safety and health of your employees.

You must disclose to each of your employees in writing, in a form approved by us in advance, that you are the sole employer with total control over the terms and conditions of your employee's employment and that we are not a "joint employer" for the reasons cited above.

Time to Open

We estimate that the typical length of time between the signing of the Franchise Agreement and finding an accepted location is between 30-90 days. We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your CAP'T LOUI Business is 90-180 days. Factors affecting time include obtaining a satisfactory Restaurant site, obtaining all required state, local and other required government certifications, permits and licenses, procuring required insurance, attendance at and satisfactory completion of our Initial Training Program, arranging for any

financing, complying with local ordinances, completing delivery and installation of signs and procuring opening inventory, your general contractors' abilities and timelines, weather conditions and delays in setup or installation of computers, software, equipment and fixtures. You are required to [find a site and open your Franchised Restaurant](#) and be operational no later than 240 days after signing the Franchise Agreement or we may terminate your Franchise Agreement [and your initial fee will be forfeited](#). (Franchise Agreement-Sections 17 and 32)

Item 12 TERRITORY

Franchise Agreement

You will not receive any exclusive territory under the Franchise Agreement. You may face competition from other franchisees, from outlets that we own and/or operate, or from other channels of distribution or competitive brands that we control. You do not receive any right under the Franchise Agreement to develop additional Franchised Restaurants. Our prior written consent is required before you relocate the Franchised Restaurant. If we designated a food service delivery program, you are limited to a defined delivery area.

You are not granted any minimum territory. You may only sell or distribute products identified by some or all of the Proprietary Marks from the CAP'T LOUI Franchised Restaurant Accepted Site. You may not use any other methods or channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing to sell or distribute products in food service delivery program. We do not impose any geographic restrictions on your ability to solicit customers or accept orders from consumers, except as described above as it pertains to a food service delivery program. There is no minimum sales quota. There are no restrictions on our ability to solicit customers. We reserve the right to merchandise and distribute goods and services identified by the Proprietary Marks (or different proprietary marks) through any method or channel of distribution, including the Internet. We will not compensate you for any of our activities, including soliciting or accepting orders in your Territory, even if they have an impact on your Franchised Business.

Presently, there are no active plans to do so, but we and our affiliate have the right to operate and franchise under different trademarks that will sell goods and services that are the same as or similar to those that you will sell. We and our affiliates also have the right to acquire, be acquired by, or merge with other companies which provide food service including Cajun style Louisiana cuisine and related businesses, and other related services anywhere, even if such businesses are located near the Accepted Site, provided the other businesses to continue to operate under another name. We will not compensate you for any of our activities including soliciting or accepting business, even if they have an impact on your Franchised Business.

You will operate from one location and must receive our permission before relocating the Franchised Restaurant. Factors we consider to grant relocation are similar to the factors evaluated for an initial site, which include proximity to other CAP'T LOUI restaurants; location of the site; time and costs of renovation, licensing and permitting; layout and interior design; area demographics and competition; and hiring and training new employees. We charge a relocation fee of \$7,500 to cover our time and the expenses we incur as a result of your relocation. The cost of any such permitted relocation will be

borne by you.

Development Agreement

You will not receive an exclusive territory. You may face competition from other franchisees, from businesses that we own, or from other channels of distribution or competitive brands that we control.

Under the Development Agreement, you will receive a Development Territory, which will be mutually agreed upon by you and us. A description of the Development Territory will be attached as Addendum A to the Multiple Unit Development Agreement.

As long as you are in compliance with the Development Agreement, we will not franchise or license others, nor will we directly or indirectly develop, own, lease or operate any CAP'T LOUI restaurant in the Development Area during the search period until such time as a site has been accepted as the Accepted Site pursuant to the individual Franchise Agreement.

We do reserve the right to sell products and services under the Marks or any other marks, through any other retail location or through any other channels of distribution, including through mail order, catalogue sales or over the Internet. We also reserve the right to (a) establish, operate or license to any other person or entity the right to establish or operate a CAP'T LOUI restaurant owned or licensed by us at any location outside the Development Territory; (b) develop, lease and license the use of, at any location inside or outside of the Development Territory, trademarks other than the CAP'T LOUI Marks, in connection with the operation of a system which offers products or services which are similar to or different from those offered under the System, on any terms or conditions which we deems advisable; (c) merge with, or be acquired by any other business, including a business that competes with the CAP'T LOUI Franchised Restaurants operated by you, or to acquire and convert to the System operated by us any food service business operated by competitors, located inside or outside of the Development Territory or otherwise operated independently as part of, or in association with, any other system or chain, whether franchised or corporately owned; and (d) implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere, and to issue mandatory policies to coordinate these multi-area marketing programs. We will not compensate you for any of our activities, including soliciting or accepting orders in your Territory, even if they have an impact on your Business.

Continuation of your territorial rights does not depend on your achieving a certain sales volume, market penetration or other contingency. However, if you are in default of the Development Agreement (which may include, but is not limited to, a default for failing to comply with the Development Schedule) or any Franchise Agreement and fail to cure the default within the applicable cure period (if any), we may terminate the Development Agreement and your territorial rights in the Development Territory, or other remedy as provided in the Development Agreement. There are no other circumstances in which we can unilaterally modify your territorial rights in the Development Territory. You do not receive the right of first refusal or similar rights to acquire additional franchises within your Development Agreement.

Item 13 TRADEMARKS

You will be granted the non-exclusive right, and undertake the obligation, under the terms of the

Franchise Agreement, to establish and operate a CAP'T LOUI Franchised Restaurant under the Proprietary Marks and System. You may also use other current or future Marks that we may designate to identify the goods and services associated with the CAP'T LOUI System.

We will license to you the following trademarks which have been registered with the United States Patent and Trademark Office (the “USPTO”) as indicated:

Mark	Registration No.	Registration Date	Principal or Supplemental Register
CAP'T LOUI (Word mark)	5,841,188	August 20, 2019	Principal
 (Composite mark)	5,841,189	August 20, 2019	Principal

In view of our federal registration, we have not, and do not intend to, pursue any additional state registrations, in this or any other state. We intend to file all required affidavits with the USPTO when due.

In September 2017, we were notified that our former registered trade mark LOUI LOUI was confusingly similar to an Italian restaurant located in New Hampshire, LUI LUI. To eliminate the confusion, in March 2018, as part of a settlement agreement, we agreed to suspend use of the LOUI LOUI Mark as our restaurant trade name over the course of the following twelve months.

There are presently no effective determinations by the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, of any pending infringement, opposition, or cancellation proceedings, or any pending material litigation involving our Marks.

There are no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise, nor are there any superior rights or infringing uses actually known to us which would materially affect your use of the Marks.

We cannot prevent anyone who began using the name "CAP'T LOUI" before our use of it from continuing their use of that name in the geographic area of prior use. The name "CAP'T LOUI" may be in use by other businesses in the United States who are not our franchisees or in any way affiliated with us. You are responsible for finding out whether the name "CAP'T LOUI" is already being used in the Territory.

We will take all steps that we deem reasonably appropriate to preserve and protect the ownership and validity of the Marks, but the Franchise Agreement does not require us to take any action to protect your right to use any of the Marks or to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Marks.

Any decision to protect your right to use these Marks or to protect you against claims of infringement will be made by us. Should we elect to protect the Marks or protect you against claims of infringement, we will have the right to control any administrative proceeding or litigation. If litigation involving the Marks is filed or threatened against you, or you become aware of any infringement by a third party, you must tell us promptly and cooperate with us fully in pursuing, defending or settling the litigation.

You must sign all documents requested by us or our counsel that are necessary to protect our Marks or to maintain their validity and enforceability. We may substitute different Marks to identify the business conducted under the CAP'T LOUI System if we can no longer use or license the Marks, or if we decide that substitution of different Marks is beneficial for the System.

If that happens, we will not reimburse you for your tangible costs of complying (for example, changing signs or advertising materials). You must not directly or indirectly contest our right to our Marks, trade secrets or business techniques that are part of our business.

Your Franchise Agreement provides that any use of the Marks that is not authorized is an infringement. You may not use the Marks as part of your corporate or other legal name, website address, e-mail address, domain name or other identification in any print, electronic or other medium, or with any prefix, suffix or other modifying word, term, symbol or design without our consent. All rights in, and goodwill from, the use of the Marks accrue solely to us.

Because your telephone listings will be associated with the Marks, we will own all rights to the telephone listings, and all goodwill generated from the use of the telephone listing will inure to our benefit.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any rights in, or to, any patents ~~or registered copyrights~~ that are material to the franchise. We do not have any pending patent applications that are material to the franchise.

~~However, we claim common law copyrights on certain forms, advertisements, promotional materials and other written materials. We claim copyrights in the Operations Manual, advertising, our Website and all content and images that appear on our Website, training and promotional materials, and similar items used in operating the CAP'T LOUI Franchised Restaurant. We have registered certain of these copyrighted materials with the U.S. Registrar of Copyrights but not all as we do not need to at this time to protect them. You may use these materials only as we as we specify while operating the CAP'T LOUI Franchised Restaurant and must modify or discontinue using them as we direct.~~

~~There currently are no effective determinations of the USPTO, United States Copyright Office or any court regarding any of the copyrighted materials. No agreement limits our right to use or license the copyrighted materials. We do not know of any superior prior rights or infringing uses that could~~

materially affect your using the copyrighted materials. We need not protect or defend copyrights or take any action if notified of infringement, and you have no obligation to notify us of any infringement. We may take the action we deem appropriate (including no action) and exclusively control any proceeding involving the copyrights. No agreement requires us to participate in your defense or indemnify you for damages or expenses in a proceeding involving a copyright or claims arising from your use of copyrighted items.

Confidential Manuals

In order to protect our reputation and goodwill and to maintain high standards of operation under the System, you must operate the CAP'T LOUI Franchised Restaurant in accordance with the standards, methods, policies, and procedures in our Operations Manual. Upon your completion of our initial training program to our satisfaction, we will loan you one copy of the Operations Manual, or make it available to you through a password protected ~~w~~Website, for the term of your Franchise Agreement.

You must treat the Operations Manual, and any other manuals created for or approved for use in the operation of the Franchised Restaurant, and the information contained in the Operations Manual, as confidential, and you must use all reasonable efforts to maintain this information as trade secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Operations Manual is and will remain our sole property and must be kept in a secure place at the Franchised Restaurant.

The Operations Manual includes methods, formats, specifications, standards, systems, procedures, sales and marketing techniques used, and knowledge of and experience in developing and operating CAP'T LOUI Restaurants; marketing and advertising programs; knowledge of specifications for and suppliers of certain equipment, products, ingredients, recipes, materials and supplies; and knowledge of the operating results and financial performance of CAP'T LOUI Franchised Restaurant other than your CAP'T LOUI Franchised Restaurant.

We may revise the contents of the Operations Manual, and you must comply with each new or changed standard. You must ensure that the Operations Manual is kept current at all times. In the event of any disputes as to the contents of the Operations Manual, the terms of the master copy maintained by us at our home office will be controlling. The Operations Manual was most recently updated in March 2022.

You must not, during or after the term of the Franchise Agreement or Development Agreement, communicate, divulge, or use for the benefit of any other person, partnership, association, or business entity any confidential information, knowledge, or know how concerning the methods of operation of the business franchised under the Franchise Agreement or Development Agreement, including the Operations Manual, and other proprietary information which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of the Franchise Agreement.

Except to the extent prohibited by the laws of the state where the Franchised Business is located or where the employee lives or works, w~~We~~ require your managers to sign our then-current form of Non-Disclosure, Non-Solicitation and Non-Competition Agreement, attached as Exhibit I to this Disclosure Document. We require your employees to sign our then-current form of Confidentiality Agreement,

attached as Exhibit K to this Disclosure Document.

If you, your controlling principals, managers or employees develop any new concept, recipes, products, techniques, process or improvement in the operation or promotion of the Franchised Restaurant, you must promptly notify us and give us all necessary information, free of charge. You, your controlling principals, managers and employees must acknowledge that any of these concepts, processes or improvements will become our property and we may give the information to other franchisees.

You may compile and maintain customer lists for your Franchised Restaurant, however, all customer lists are our property and may only be used for the normal conduct of the Franchised Restaurant during the term of the Franchise Agreement. You must transfer them to us on the expiration, termination, repurchase or transfer of your franchise, at your expense. You must sign an authorization that grants us the right to acquire all customer lists upon expiration, termination, repurchase or transfer of your franchise.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must personally supervise the operation of the Franchised Restaurant, unless we permit otherwise in writing. You must devote the necessary time and your best efforts for the proper and effective operation of the Franchised Restaurant. If we license you to operate more than one CAP'T LOUI Franchised Restaurant, you must devote the time necessary for the proper and effective operation of all your CAP'T LOUI Franchised Restaurants.

If you are an individual, you must serve as Operating Principal or if you are a business entity franchisee, you must designate an individual who either owns a majority interest in the business entity or, where there is no majority owner, who we otherwise approve of in writing to serve as Operating Principal ("Operating Principal"). The Operating Principal, who will have complete decision making authority with regard to your CAP'T LOUI Franchised Restaurant and have authority to, in all respects, act on your behalf, will be the sole individual with whom we will be required to communicate when we seek to communicate with you, the Franchisee. You must inform us in writing of your Operating Principal and any replacement Operating Principal in advance. We must approve your Operating Principal before appointed. Either you (if the franchisee is an individual) or your Operating Principal (if the franchisee is a business entity) must complete the Initial Training Program to our satisfaction. After an Operating Principal's death, disability or termination of employment, you must immediately notify us, and you must designate a successor or acting Operating Principal within 10 days.

In addition, the Operating Principal must either serve as or designate a Restaurant Manager. The Restaurant Manager, who will have day-to-day management responsibility for your CAP'T LOUI Franchised Restaurant, will exercise on-premises supervision and personally participate in the direct operation of the Franchised Restaurant. You must inform us in writing of your Restaurant Manager and any replacement Restaurant Manager in advance. We must approve your Restaurant Managers

before you appoint them. Your Restaurant Managers must attend the Initial Training Program. After a Restaurant Manager's separation or termination of employment, you must immediately notify us, and you must designate a successor or acting Restaurant Manager within 10 days. The Restaurant Manager need not have any equity interest in the business entity.

~~We require your managers to sign our then-current form of Non-Disclosure, Solicitation and Non-Competition Agreement, a form of which is attached as Exhibit I to this Disclosure Document and keep our confidential or proprietary information confidential.~~

If you are a business entity, each owner must personally guarantee all of the obligations of the Franchisee under the Franchise Agreement and Development Agreement by signing the form attached as Addendum C to the Franchise Agreement and Addendum C to the Development Agreement. If you are owned by a trust, or if your owners are owned by one or more trusts, the trusts and the beneficiaries of the trusts must sign the Guaranty.

We do not require a spouse or domestic partner of the owner to sign the Franchise Agreement nor provide a personal guaranty; however, we do require that your spouse or domestic partner sign a Spousal Non-Disclosure and Non-Competition Agreement; our current form is attached as Exhibit G to this Disclosure Document.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must (1) sell or offer for sale only those products, merchandise and services as we have expressly approved for sale in writing; (2) sell or offer for sale all types of products, merchandise, and services we specify unless prohibited by local law or regulation; (3) refrain from any deviation from our standards and specifications without our prior written consent; and (4) discontinue selling and offering for sale any products, merchandise, and services which we may, in our discretion, disapprove in writing at any time. You must sell all products and merchandise at retail and not sell these products and merchandise at wholesale or for re-sale. All products and merchandise sold or offered for sale at the Franchised Restaurant must meet our then-current standards and specifications, as established in the Operations Manual or otherwise in writing.

We have the right to modify our System by adding products, services and merchandise, or to delete existing ones. There are no limits on our right to do so. You will be notified of changes in approved products, merchandise and services through our Operations Manual or otherwise in writing.

We have the right to establish minimum and maximum prices for the products, merchandise, and services you offer and sell. You must strictly adhere to the prices we establish. We retain the right to modify the prices from time-to-time in our reasonable discretion. We make no guarantees or warranties that offering the services or merchandise at the required price will enhance your sales or profits.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

MULTIPLE UNIT DEVELOPMENT AGREEMENT

Provision	Section In Development Agreement	Summary
a. Length of the franchise term	None	Not Applicable
b. Renewal or extension of the term	None	Not Applicable
c. Requirements for you to renew or extend	None	Not Applicable
d. Termination by you	None	Not Applicable
e. Termination by us without cause	None	Not Applicable
f. Termination by us with cause	Section 6	We have discretionary right to terminate the Multiple Unit Development Agreement for cause (subject to local state law).
g. “Cause” defined - curable defaults	None	Not Applicable
h. “Cause” defined – non-curable defaults	Sections 1, 4, 6, 7 and 10	Non-curable defaults include: failure to comply with the Development Schedule (including failure to meet Opening Dates); failure to perform any of your obligations under this Agreement or any individual Franchise Agreement.

Provision	Section In Development Agreement	Summary
i. Your obligations on termination/non-renewal	None	Termination of the Multiple Unit Development Agreement does not affect any of the Franchise Agreements that you have signed before termination.
j. Assignment of contract by us	Section 7	We may assign to anyone we believe is able to carry out terms of contract <u>and change our ownership or form without restriction.</u>
k. “Transfer” by you-defined	Section 7	Includes transfer of contract or assets or ownership change
l. Our approval of transfer by you	Section 7	We must approve all transfers, but will not unreasonably withhold approval
m. Conditions for our approval of transfer	Section 7	You must not be in default at time of transfer, you must sign a release, transfer fee paid.
n. Our right of first refusal to acquire your business	Section 7	We have 60 days to match bona fide offer for your business
o. Our option to purchase your business	None	Not Applicable
p. Your death or disability	None	Not Applicable
q. Non-competition covenants during the development term	Section 10	No involvement with competing business is allowed anywhere in the United States (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	Section 10	Two year restriction on competing business (subject to state law).
s. Modification of the agreement	Section 21	No modification generally without signed agreement, but we may modify the System.

Provision	Section In Development Agreement	Summary
t. Integration/merger clause	Section 22	Only the terms of the Development Agreement and the documents referred to are binding (subject to applicable state law). Any representation or promise made outside the Disclosure Document, Franchise Agreement and Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 20	The parties must first submit the dispute to non-binding mediation (except for injunctive relief). Most disputes and claims related to the Multiple Unit Development Agreement or our relationship will be settled by arbitration at the location of the American Arbitration Association office nearest to of our then-current principal place of business (currently New Jersey) (subject to state law).
v. Choice of forum	Section 20	The place where our principal place of business is located (currently New Jersey) (subject to state law).
w. Choice of law	Sections 17 and 20	Federal Arbitration Act and New Jersey law applies (subject to state law).

FRANCHISE AGREEMENT

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Section 5	Term is 10 years.
b. Renewal or extension of the term	Section 6	If you are in good standing, you can renew for two

Provision	Section in franchise or other agreement	Summary
		additional five year terms.
c. Requirements for franchisee to renew or extend	Section 6	Give timely notice, not in default, has not received 3 or more default notices in prior term, have the right to maintain possession of the Accepted Site or an accepted substitute site for the term of the renewal; have made capital expenditures as necessary to maintain uniformity with the System, sign new agreement which may have materially different terms and conditions, including territory and royalty, sign release, refresher training if required by us, renewal fee equal to 25% of the then-current franchise fee.
d. Termination by franchisee	Sections 32	We haven't cured breach within 30 days after notice (subject to local state law)
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 32	Failure to cure material breach within 15 days (subject to local state law).
g. "Cause" defined-curable defaults	Section 32	Failure to make payments, failure to maintain Franchised Restaurant according to System Standards, failure to submit reports, failure to follow Operations Manual, loss of leased site, failure to get permission when needed, default in other terms and covenants not separately identified.

Provision	Section in franchise or other agreement	Summary
h. "Cause" defined-non-curable defaults	Section 32	Cessation of business for more than 48 hours, misuse of trademark or licensed rights, having interest in a competitor, repeated defaults even if cured, deliberate understating of sales, bankruptcy, creditors attach or foreclose business property, conviction or "no contest" plea to a felony, false statements on franchise application, unauthorized transfer, failure to maintain independent contractor status with us.
i. Franchisee's obligations on termination/non-renewal	Section 35	Complete de-identification, cease using Marks and proprietary information, return of Operations Manual, assign your interest in the Accepted Site to us if requested; cancel or assign to us any assumed names, assignment of telephone numbers and listings, email address, etc., to us, pay all sums owed to us including damages, liquidated damages and costs incurred in enforcing the Franchise Agreement, comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement (subject to local state law) (See also Item "r" below).
j. Assignment of contract by franchisor	Section 28	We may assign to anyone we believe is able to carry out terms of contract and

Provision	Section in franchise or other agreement	Summary
		<u>change our ownership or form without restriction.</u>
k. "Transfer" by franchisee - defined	Section 28	Includes transfer of contract or assets or ownership change.
l. Franchisor approval of transfer by franchisee	Section 28	We must approve all transfers, but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 28	You must not be in default at time of transfer, you must sign a release, the proposed transferee must meet new franchisee qualifications, sign the then-current franchise agreement and complete training, transfer fee paid.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 31	We have 60 days to match bona fide offers for your business.
o. Franchisor's option to purchase franchisee's business	Section 35	If your Franchise Agreement is terminated, we may, but are not obligated to, assume your lease and purchase any assets of the Franchised Restaurant for fair market value.
p. Death or disability of franchisee	Section 29	May transfer franchise to spouse, heirs or relatives if they are qualified. Otherwise, your estate has 6 months to transfer to a qualified buyer.
q. Non-competition covenants during the term of the franchise	Section 25	No involvement with competing business is allowed anywhere in the United States (subject to state law).
r. Non-competition	Section 25	Two year restriction on

Provision	Section in franchise or other agreement	Summary
covenants after the franchise is terminated or expires		competing business. Permanent restriction on using licensed rights (subject to state law).
s. Modification of the Agreement	Section 49	No modification generally unless agreed to in writing by both parties, but we may modify the System.
t. Integration/merger clause	Section 49	Only the terms of the Franchise Agreement are binding (subject to applicable state law). No other representations or promises will be binding. Nothing in the Franchise Agreement is intended to disclaim representations made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Section 37	The parties must first submit the dispute to non-binding mediation (except for injunctive relief). Except for certain disputes, claims related to the Franchise Agreement will be settled by arbitration under the rules of the American Arbitration Association (subject to state law).
v. Choice of forum	Sections 37 and 48	Arbitration must be in the county nearest our home office at the time (subject to state law).
w. Choice of law	Sections 37 and 48	Federal Arbitration Act and New Jersey law applies (subject to state law).

Item 18
PUBLIC FIGURES

We do not use any public figures to promote our franchises.

Item 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 information that differs from that included in Item 19 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 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Background

The following is a historical financial representation for the period of January 1, 202~~23~~ to December 31, 202~~23~~ of CAP’T LOUI affiliate-owned businesses and franchised businesses operating under the “CAP’T LOUI” Mark for a minimum of 12 months. In this Item, because business maturation for our business model can take up to 12 months, we are reporting only on those businesses open for 18~~2~~ months or more and which provided reports for the period.

Affiliate Units

We are reporting on our 2 affiliate-owned businesses which operate CAP’T LOUI full-serve dine-in restaurants, which have been open for at least 12 months or more as of December 31, 202~~23~~. The affiliate-owned CAP’T LOUI restaurants are substantially similar to the single unit franchise offered.

We provide the following disclosure:

Affiliates as of December 31, 202~~23~~

Total Gross Revenue for 2 Units	\$ 6,022,315 5,783,619
Average Gross Revenue per Location	\$ 3,011,157 2,891,809
1 or 50% attained or surpassed this Average.	
Median Gross Revenue per Location	\$ 3,011,157 2,891,809
1 or 50% attained or surpassed this Median.	
Lowest Gross Revenue	\$ 2,923,619 2,588,375
Highest Gross Revenue	\$ 3,098,696 3,195,244

Total Labor for 2 Units	\$ <u>1,254,487</u> <u>1,010,296</u>
Average Labor per Location (\$)	\$ <u>627,244</u> <u>505,148</u>
Average Labor per Location (%)	<u>211</u> <u>7</u> %
1 or 50% attained or surpassed this Average.	
Median Labor per Location (\$)	\$ <u>627,244</u> <u>505,148</u>
Median Labor per Location (%)	<u>211</u> <u>7</u> %
1 or 50% attained or surpassed this Median.	
Lowest Labor (\$)	\$ <u>625,089</u> <u>432,430</u>
Highest Labor (\$)	\$ <u>629,398</u> <u>577,866</u>
Lowest Labor (%)	<u>20</u> <u>17</u> %
Highest Labor (%)	<u>22</u> <u>18</u> %

Total COGS for 2 Units	\$ <u>2,702,803</u> <u>2,251,920</u>
Average COGS per Location (\$)	\$ <u>1,351,401</u> <u>1,125,960</u>
Average COGS per Location (%)	<u>45</u> <u>39</u> %
1 or 50% attained or surpassed this Average.	
Median COGS per Location (\$)	\$ <u>1,351,401</u> <u>1,125,960</u>
Median COGS per Location (%)	<u>45</u> <u>39</u> %
1 or 50% attained or surpassed this Median.	
Lowest COGS (\$)	\$ <u>1,329,563</u> <u>1,009,203</u>
Highest COGS (\$)	\$ <u>1,373,240</u> <u>1,242,718</u>
Lowest COGS (%)	<u>43</u> <u>39</u> %
Highest COGS (%)	<u>47</u> <u>39</u> %

Total Expenses for 2 Units	\$ <u>1,497,597</u> <u>1,895,561</u>
Average Expenses per Location (\$)	\$ <u>748,799</u> <u>947,781</u>
Average Expenses per Location (%)	<u>25</u> <u>33</u> %
1 or 50% attained or surpassed this Average.	
Median Expenses per Location (\$)	\$ <u>748,799</u> <u>947,781</u>

Median Expenses per Location (%)	25 <u>33</u> %
1 or 50% attained or surpassed this Median.	
Lowest Expenses (\$)	\$ 661,455 <u>912,121</u>
Highest Expenses (\$)	\$ 836,142 <u>983,440</u>
Lowest Expenses (%)	23 <u>31</u> %
Highest Expenses (%)	27 <u>35</u> %

Total Net Income for 2 Units (Pre-Royalties)	\$ 567,427 <u>625,841</u>
Average Net Income per Location (\$)	\$ 283,714 <u>312,920</u>
Average Net Income per Location (%)	9 <u>11</u> %
1 or 50% attained or surpassed this Average.	
Median Net Income per Location (\$)	\$ 283,714 312,920
Median Net Income per Location (%)	9 <u>11</u> %
1 or 50% attained or surpassed this Median.	
Lowest Net Income (\$)	\$ 259,526 <u>234,621</u>
Highest Net Income (\$)	\$ 307,901 <u>391,220</u>
Lowest Net Income (%)	9%
Highest Net Income (%)	40 <u>12</u> %

Total Net Income for 2 Units (Post-Royalties)	\$ 296,423 <u>365,578</u>
Average Net Income per Location (\$)	\$ 148,211 <u>182,789</u>
Average Net Income per Location (%)	5 <u>6</u> %
1 or 50% attained or surpassed this Average.	
Median Net Income per Location (\$)	\$ 148,211 <u>182,789</u>
Median Net Income per Location (%)	5 <u>6</u> %
1 or 50% attained or surpassed this Median.	
Lowest Net Income (\$)	\$ 127,963 <u>118,144</u>
Highest Net Income (\$)	\$ 168,460 <u>247,434</u>
Lowest Net Income (%)	4 <u>5</u> %
Highest Net Income (%)	5 <u>8</u> %

Franchised Businesses

Of the 14 CAP'T LOUI franchised businesses, 813 were open for at least 12 months or more as of December 31, 20223. ~~One~~Two franchised business provided the required reports but not additional documentation needed for inclusion in this Financial Performance Representation. Therefore, we are reporting on 711 CAP'T LOUI restaurants; 610 are dine-in restaurants (Franchise A) and 1 is a carry-out restaurant (Franchise B); all of them have been open for at least 12 months or more as of December 31, 20223.

The franchised CAP'T LOUI restaurants below do not differ from the franchises offered in this Disclosure Document.

We provide the following disclosure:

Franchise A – as of December 31, 20223

Total Gross Revenue for <u>610</u> Units	\$ <u>10,361,88316,737,642</u>
Average Gross Revenue per Location	\$ <u>1,726,9841,521,604</u>
<u>37</u> or <u>5064</u> % attained or surpassed this Average.	
Median Gross Revenue per Location	\$ <u>1,529,5791,196,489</u>
<u>35</u> or <u>5045</u> % attained or surpassed this Median.	
Lowest Gross Revenue	\$ <u>616,914726,835</u>
Highest Gross Revenue	\$ <u>3,016,8803,129,900</u>

Total Labor for <u>610</u> Units	\$ <u>2,323,3123,982,916</u>
Average Labor per Location (\$)	\$ <u>387,219362,083</u>
Average Labor per Location (%)	<u>2224</u> %
<u>34</u> or <u>5036</u> % attained or surpassed this Average.	
Median Labor per Location (\$)	\$ <u>351,864294,674</u>
Median Labor per Location (%)	<u>2325</u> %
<u>35</u> or <u>5045</u> % attained or surpassed this Median.	
Lowest Labor (\$)	\$ <u>213,108217,316</u>
Highest Labor (\$)	\$ <u>630,528647,746</u>
Lowest Labor (%)	<u>1821</u> %
Highest Labor (%)	<u>4138</u> %

Total COGS for 610 Units	\$ 4,163,893 <u>6,085,243</u>
Average COGS per Location (\$)	\$ 693,982 <u>553,204</u>
Average COGS per Location (%)	40 <u>36</u> %
34 or 50 <u>36</u> % attained or surpassed this Average.	
Median COGS per Location (\$)	\$ 547,324 <u>476,486</u>
Median COGS per Location (%)	39 <u>37</u> %
35 or 50 <u>45</u> % attained or surpassed this Median.	
Lowest COGS (\$)	\$ 250,872 <u>252,438</u>
Highest COGS (\$)	\$ 1,277,524 <u>1,133,520</u>
Lowest COGS (%)	35 <u>28</u> %
Highest COGS (%)	48 <u>43</u> %

Total Expenses for 610 Units	\$ 2,633,135 <u>5,378,101</u>
Average Expenses per Location (\$)	\$ 438,856 <u>488,918</u>
Average Expenses per Location (%)	25 <u>32</u> %
24 or 33 <u>36</u> % attained or surpassed this Average.	
Median Expenses per Location (\$)	\$ 395,254 <u>381,756</u>
Median Expenses per Location (%)	27 <u>34</u> %
35 or 50 <u>45</u> % attained or surpassed this Median.	
Lowest Expenses (\$)	\$ 255,954 <u>288,358</u>
Highest Expenses (\$)	\$ 800,512 <u>893,514</u>
Lowest Expenses (%)	17 <u>26</u> %
Highest Expenses (%)	41 <u>42</u> %

Total Net Income for 610 Units (Pre-Royalties)	\$ 1,290,001 <u>1,911,592</u>
Average Net Income per Location (\$)	\$ 215,000 <u>173,781</u>
Average Net Income per Location (%)	12 <u>11</u> %
37 or 50 <u>64</u> % attained or surpassed this Average.	
Median Net Income per Location (\$)	\$ 223,701 <u>67,491</u>

Median Net Income per Location (%)	<u>127%</u>
<u>35</u> or <u>5045</u> % attained or surpassed this Median.	
Lowest Net Income (\$)	\$ (<u>160,763109,082</u>)
Highest Net Income (\$)	\$ <u>707,899673,077</u>
Lowest Net Income (%)	<u>-2615%</u>
Highest Net Income (%)	<u>2325%</u>

Total Net Income for <u>610</u> Units (Post-Royalties)	\$ <u>939,6261,291,383</u>
Average Net Income per Location (\$)	\$ <u>156,604117,398</u>
Average Net Income per Location (%)	<u>98%</u>
<u>37</u> or <u>5064</u> % attained or surpassed this Average.	
Median Net Income per Location (\$)	\$ <u>163,95029,616</u>
Median Net Income per Location (%)	<u>93%</u>
<u>35</u> or <u>5045</u> % attained or surpassed this Median.	
Lowest Net Income (\$)	\$ (<u>188,525130,943</u>)
Highest Net Income (\$)	\$ <u>580,142532,232</u>
Lowest Net Income (%)	<u>-3118%</u>
Highest Net Income (%)	<u>1922%</u>

Franchise B – as of December 31, 20223

Total Gross Revenue for 1 Units	\$ <u>356,972350,606</u>
Average Gross Revenue per Location	\$ <u>356,972350,606</u>
1 or 100% attained or surpassed this Average.	
Median Gross Revenue per Location	\$ <u>356,972350,606</u>
1 or 100% attained or surpassed this Median.	
Lowest Gross Revenue	\$ <u>356,972350,606</u>
Highest Gross Revenue	\$ <u>356,972 350,606</u>

Total Labor for 1 Units	\$ <u>68,444111,704</u>
Average Labor per Location (\$)	\$ <u>68,444111,704</u>
Average Labor per Location (%)	<u>1932%</u>
1 or 100% attained or surpassed this Average.	
Median Labor per Location (\$)	\$ <u>68,444111,704</u>
Median Labor per Location (%)	<u>1932%</u>

1 or 100% attained or surpassed this Median.	
Lowest Labor (\$)	\$68,444 <u>\$111,704</u>
Highest Labor (\$)	\$68,444 <u>\$111,704</u>
Lowest Labor (%)	19 <u>32</u> %
Highest Labor (%)	19 <u>32</u> %

Total COGS for 1 Units	\$138,624 <u>\$126,312</u>
Average COGS per Location (\$)	\$138,624 <u>\$126,312</u>
Average COGS per Location (%)	39 <u>36</u> %
1 or 100% attained or surpassed this Average.	
Median COGS per Location (\$)	\$138,624 <u>\$126,312</u>
Median COGS per Location (%)	39 <u>36</u> %
1 or 100% attained or surpassed this Median.	
Lowest COGS (\$)	\$138,624 <u>\$126,312</u>
Highest COGS (\$)	\$138,624 <u>\$126,312</u>
Lowest COGS (%)	39 <u>36</u> %
Highest COGS (%)	39 <u>36</u> %

Total Expenses for 1 Units	\$201,033 <u>\$223,020</u>
Average Expenses per Location (\$)	\$201,033 <u>\$223,020</u>
Average Expenses per Location (%)	56 <u>64</u> %
1 or 100% attained or surpassed this Average.	
Median Expenses per Location (\$)	\$201,033 <u>\$223,020</u>
Median Expenses per Location (%)	56 <u>64</u> %
1 or 100% attained or surpassed this Median.	
Lowest Expenses (\$)	\$201,033 <u>\$223,020</u>
Highest Expenses (\$)	\$201,033 <u>\$223,020</u>
Lowest Expenses (%)	56 <u>64</u> %
Highest Expenses (%)	56 <u>64</u> %

Total Net Income for 1 Units (Pre-Royalties)	(\$51,128) <u>\$98,102</u>
Average Net Income per Location (\$)	(\$51,128) <u>\$98,102</u>
Average Net Income per Location (%)	-14 <u>28</u> %
1 or 100% attained or surpassed this Average.	
Median Net Income per Location (\$)	(\$51,128) <u>\$98,102</u>
Median Net Income per Location (%)	-14 <u>28</u> %
1 or 100% attained or surpassed this Median.	
Lowest Net Income (\$)	(\$51,128) <u>\$98,102</u>
Highest Net Income (\$)	(\$51,128) <u>\$98,102</u>
Lowest Net Income (%)	-14 <u>28</u> %

Highest Net Income (%)	-1428%
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Total Net Income for 1 Units (Post-Royalties)	(\$62,934,110,430)
Average Net Income per Location (\$)	(\$62,934,110,430)
Average Net Income per Location (%)	-1831%
1 or 100% attained or surpassed this Average.	
Median Net Income per Location (\$)	(\$62,934,110,430)
Median Net Income per Location (%)	-1831%
1 or 100% attained or surpassed this Median	
Lowest Net Income (\$)	(\$62,934,110,430)
Highest Net Income (\$)	(\$62,934,110,430)
Lowest Net Income (%)	-1831%
Highest Net Income (%)	-1831%

Definitions

The term “Gross Revenue” means the total of all revenue and income less sales tax, documented refunds, charge backs, credits and allowances.

The term “Median Gross Revenue” means the annual gross revenue figure, for which one-half of the sample had Gross Revenue greater than this figure, and one-half of the sample had less than the figure.

The term “COGS” means the cost of goods sold defined as Inventory Cost + Labor Cost. Inventory includes food, drinks, and non-food items.

The Affiliates' Net Income adjusted to include hypothetical deduction for Royalty contributions.

The above figures (reflecting Gross Sales, not profits) were calculated based upon information reported to us by our franchisees in their royalty reports.

You should conduct an independent investigation of the costs and expenses you will incur in operating your CAP'T LOUI Franchised Business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

Some restaurants have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Written substantiation of the data used in preparing the financial representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, Capt Loui, LLC does not make any financial performance representation. 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 Henry Hyuk Kim, 73 Dewey Street, Garfield, New Jersey 07026 , the Federal Trade Commission, and the appropriate state regulatory agencies.

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Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2020~~1~~ TO 2022~~3~~

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	<u>5</u>	<u>6</u>	+1
	2021	6	9	+3
	2022	9	14	+5
	2023	<u>14</u>	<u>14</u>	<u>0</u>
Company-Owned*	2020	<u>2</u>	<u>2</u>	0
	2021	2	2	0
	2022	2	2	0
	2023	<u>2</u>	<u>2</u>	<u>0</u>
Total Outlets	2020	<u>7</u>	<u>8</u>	+1
	2021	8	11	+3
	2022	11	16	+5
	2023	<u>16</u>	<u>16</u>	<u>0</u>

* We do not operate any Company-Owned outlets. The Company-owned Outlets reflected in the above chart are owned and operated in by our affiliates, as described in Item 1.

Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2020~~1~~ to 2022~~3~~

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All	2020	<u>0</u>
	2021	0
	2022	0
	2023	<u>0</u>
Totals	2020	<u>0</u>
	2021	0
	2022	0
	2023	<u>0</u>

Table No. 3

**STATUS OF FRANCHISE OUTLETS
FOR YEARS 202~~01~~ TO 202~~23~~**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at the End of the Year
AL	2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
CA	2023	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2020	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
GA	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
MA	2020	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
NJ	2023	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	2020	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
NY	2021	3	1	0	0	0	0	4
	2022	4	1	1	0	0	0	4
	2023	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
NV	2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
RI	2023	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at the End of the Year
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Totals	<u>2020</u>	<u>5</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
	2021	6	3	0	0	0	0	9
	2022	9	6	1	0	0	0	14
	<u>2023</u>	<u>14</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14</u>

Table No. 4

STATUS OF COMPANY-OWNED OUTLETS*
FOR YEARS 2020~~1~~ TO 2023~~3~~

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisees	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisees	Col. 8 Outlets at End of the Year
MA	<u>2020</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
NJ	<u>2020</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
NY	<u>2020</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>2020</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>

* We do not operate any Company-Owned outlets. The Company-owned Outlets reflected in the above chart are owned and operated in by our affiliates, as described in Item 1.

Table No. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 202~~2~~3

Col. 1 STATE	Col. 2 FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPEN	Col. 3 PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	Col. 4 PROJECTED NEW COMPANY- OWNED OUTLETS IN THE NEXT FISCAL YEAR
<u>Alabama</u>	0	0	0
California	0	<u>0</u> 1	0
<u>Connecticut</u>	0	0	0
<u>Georgia</u>	0	0	0
Illinois	<u>0</u> 1	0	0
<u>Maryland</u>	0	0	0
Nevada	0	<u>0</u> 1	0
New Jersey	0	<u>0</u> 1	0
New York	<u>0</u> 1	<u>0</u> 1	0
<u>North Carolina</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Pennsylvania</u>	0	0	0
<u>Rhode Island</u>	0	0	0
Texas	1	0	0
<u>Virginia</u>	<u>0</u>	<u>1</u>	<u>0</u>
TOTALS	<u>1</u> 3	<u>0</u> 6	0

The name, addresses and telephone numbers of our current franchisees, as of December 31, 202~~2~~3 are listed in Exhibit F to this Disclosure Document. This list also includes any franchisees who signed a franchise agreement prior to that date but had not opened their CAP'T LOUI Franchised Restaurant as of that date.

Also listed in Exhibit F are the names, city and state, and business (or if unknown, home) telephone numbers, of every franchisee who ceased to do business under the franchise agreement or had an outlet terminated, canceled, or not renewed, transferred within the last fiscal year, or who has not communicated with the franchisor within 10 weeks of the issuance date.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all franchisees will be able to communicate with you.

During the last three fiscal years, no current or former franchisees have signed a confidentiality clause that restrict them from discussing with you their experience as a franchisee in our franchise system.

We have not created, sponsored or endorsed any trademark-specific franchisee organization nor have any independent franchisee organizations asked to be included in this disclosure document.

Item 21 FINANCIAL STATEMENTS

Our audited financial statements for the periods ending December 31, 202~~23~~²², December 31, 202~~12~~¹¹ and December 31, 202~~01~~⁰⁰ are attached as Exhibit G. Our fiscal year ends December 31st.

Item 22 CONTRACTS

CAP'T LOUI Franchise Agreement (with addenda) is attached as Exhibit C.
CAP'T LOUI Multiple Unit Development Agreement (with addenda) is attached as Exhibit D
Form Non-Disclosure, Non-Solicitation and Non-Competition Agreement is attached as Exhibit I.
Form Spousal Non-Disclosure and Non-Competition Agreement is attached as Exhibit J
Form Confidentiality Agreement is attached as Exhibit K.
Form Franchise Compliance Questionnaire is attached as Exhibit L.
Form of General Release is attached as Exhibit M.
Form of Lease Addendum is attached as Exhibit N.

~~No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) 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 in connection with the franchise.~~

Item 23 RECEIPTS

The last two pages of this Disclosure Document, attached as Exhibit P, are detachable documents acknowledging receipt of this Disclosure Document. Please sign and date both receipts and return one to us.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

AGENT FOR SERVICE OF PROCESS AND STATE FRANCHISE ADMINISTRATORS

Our registered agent in the State of New Jersey:

Henry Hyuk Kim
CAPT LOUI, LLC
73 Dewey Street
Garfield, New Jersey 07026

STATE	AGENCY	PROCESS, IF DIFFERENT
California	Department of Financial Protection and Innovation Toll-free (866) 275-2677 Email: Ask.DFPI@dfpi.ca.gov www.dfpi.ca.gov Los Angeles 320 West 4th Street, Suite 750 Los Angeles, CA 90013 Sacramento 2101 Arena Blvd. Sacramento, CA 95834 San Diego 1350 Front Street San Diego, CA 92101 San Francisco 1 Sansome Street, Suite 600 San Francisco, CA 94104	Commissioner of Financial Protection and Innovation Los Angeles 320 West 4th Street, Suite 750 Los Angeles, CA 90013 Sacramento 2101 Arena Blvd. Sacramento, CA 95834 San Diego 1350 Front Street San Diego, CA 92101 San Francisco 1 Sansome Street, Suite 600 San Francisco, CA 94104
Hawaii	Securities Examiner 335 Merchant Street, Room 203 Honolulu, HI 96813	Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706	
Indiana	Franchise Section Indiana Securities Division Secretary of State, Room E-111 302 W. Washington Street	Administrative Office of the Secretary of State 201 State House Indianapolis, IN 46204

STATE	AGENCY	PROCESS, IF DIFFERENT
	Indianapolis, IN 46204	
Maryland	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2021
Michigan	Consumer Protection Division Antitrust and Franchise Unit Michigan Dept of Attorney General 670 G. Mennen Williams Building 525 West Ottawa Lansing, MI 48933	
Minnesota	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198	Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
New York	NYS Department. of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 212-416-8222	Secretary of State State of New York One Commerce Plaza 99 Washington Avenue Albany, NY 12231-0001
North Dakota	Office of Securities Commissioner 14 th Floor 600 East Boulevard Bismarck, ND 58505	
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310	
Rhode Island	Division of Securities Department of Business Regulations Bldg. 69, 1st Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, RI 02920	
South Dakota	Department of Labor and Regulation Division of Securities 124 S Euclid, Suite 104 Pierre, SD 57501	
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219	Clerk of the State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219
Washington	<u>Washington State</u> Department of	Department of Financial Institutions

STATE	AGENCY	PROCESS, IF DIFFERENT
	Financial Institutions Securities Division P.O. Box 90334 <u>1200</u> Olympia, WA 98507 <u>4-1200</u> (360) 902-8760	Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Securities and Franchise Registration Division of Securities 4 th Floor 345 W. Washington Ave Madison, WI 53703	

EXHIBIT B TO THE DISCLOSURE DOCUMENT

**CAPT LOUI, LLC
STATE SPECIFIC ADDENDA**

**ADDENDUM TO CAPT LOUI, LLC
FRANCHISE DISCLOSURE DOCUMENT**

REQUIRED BY THE STATE OF CALIFORNIA

In recognition of the California Franchise Investment Law, Cal. Corp. Code § 31000, et seq., and the California Franchise Relations Act, Cal. Bus. & Prof. Code § 20000, et seq., the Franchise Disclosure Document for CAPT LOUI, LLC offering franchises under the “Cap’t Loui” mark for use in the State of California shall be amended as follows:

The Cover Page shall be amended by adding the following disclosures:

The California Franchise Investment law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.

Registration does not constitute approval, recommendation, or endorsement by the commissioner.

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints, concerning the contents of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

The Franchise Agreement and Development Agreement contains a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) 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 in connection with the franchise.

Neither the franchisor, nor any person nor franchise broker in Item 2 of this Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

- 1) Item 3 “Litigation” shall be amended by the addition of the following paragraph:

Neither the franchisor nor any person or franchise broker identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling

such persons from membership in that association or exchange.

- 2) Item 5, “Initial Fee” shall be amended by the addition of the following paragraph:

“The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.”

- 3) Item 17, “Renewal, Termination, Transfer and Dispute Resolution” shall be amended by adding the following disclosure:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

- 4) Item 17, “Renewal, Termination, Transfer and Dispute Resolution” shall be amended by adding the following disclosure:

You must sign a general release if you renew or transfer your franchise. California Corporations Code section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code sections 31000 through 31516). Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code sections 20000 through 20043).

- 5) Item 17, “Renewal, Termination, Transfer and Dispute Resolution” shall be amended by adding the following disclosure:

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

- 6) Item 17, “Renewal, Termination, Transfer and Dispute Resolution” shall be amended by adding the following disclosure:

The franchise agreement requires application of the laws of New Jersey. This provision may not be enforceable under California law.

- 7) Item 17, “Renewal, Termination, Transfer and Dispute Resolution” shall be amended by adding the following disclosure:

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

**ADDENDUM TO CAPT LOUI, LLC
FRANCHISE DISCLOSURE DOCUMENT**

REQUIRED BY THE STATE OF HAWAII

As to franchises governed by the Hawaii Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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 COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS 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 DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS 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.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813

**ADDENDUM TO CAPT LOUI, LLC
FRANCHISE DISCLOSURE DOCUMENT**

REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act, 815 ILCS 705/19, 705/20 (West 2016).

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or** any other law of Illinois is void.

Payment of the initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. The financial assurance requirement was imposed by the Office of the Attorney General due to Franchisor's financial condition.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) 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 in connection with the franchise.

**ADDENDUM TO CAPT LOUI, LLC
FRANCHISE DISCLOSURE DOCUMENT**

REQUIRED BY THE STATE OF INDIANA

Neither Capt Loui, LLC nor any person identified in Item 2 has any material arbitration proceeding pending, or has during the ten (10) year period immediately preceding the date of this Disclosure Document been a party to concluded material arbitration proceedings.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under Indiana law.

Indiana law makes unilateral termination of a franchise unlawful unless there is a material violation of the Franchise Agreement and Development Agreement and the termination is not done in bad faith.

Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

**ADDENDUM TO CAPT LOUI, LLC
FRANCHISE DISCLOSURE DOCUMENT**

REQUIRED BY THE STATE OF MARYLAND

In recognition of the MARYLAND Franchise Registration and Disclosure Law, as amended, the Franchise Disclosure Document for Capt Loui, LLC for use in the State of MARYLAND shall be amended as follows:

- (1) Item 5 of this Disclosure Document is modified as follows: Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.
- (2) Item 17 of this Disclosure Document is modified to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the award of the franchise.
- (3) Item 17 of this Disclosure Document is modified to state that provisions allowing termination on bankruptcy may not be enforceable under federal bankruptcy law (11U.S.C. 101 et seq.).
- (4) Item 17 of this Disclosure Document, in the summary column of part (c), is modified to state that the general release required as a condition of renewal will not apply to any claim arising under the Maryland Franchise Registration and Disclosure Law.
- (5) Item 17 of this Disclosure Document, in the summary column of part (m), is modified to state that the general release required as a condition of transfer will not apply to any claim arising under the Maryland Franchise Registration and Disclosure Law.
- (6) Item 17 of this Disclosure Document, in the summary column of part (v), is modified to state that the franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- (7) Item 17 of this Disclosure Document, in the summary column of part (v), is modified to state that other than for certain disputes, claims are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
- (8) No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) 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 in connection with the franchise.

ADDENDUM TO CAPT LOUI, LLC
FRANCHISE DISCLOSURE DOCUMENT

REQUIRED BY THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. 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 FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded

or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other 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 sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York

THIS NEW YORK ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NEW YORK OR LOCATE THEIR FRANCHISES IN NEW YORK.

**ADDENDUM TO CAPT LOUI, LLC
FRANCHISE DISCLOSURE DOCUMENT**

REQUIRED BY THE STATE OF MINNESOTA

In item c. of the chart set forth in Item 17 of this Disclosure Document, delete “you, your principals and your owners, if an entity, must release any claims they have against us”.

In item m. of the chart set forth in Item 17 of this Disclosure Document, delete “you and your principals must sign a release of all claims”.

In item v. of the chart set forth in Item 17 of this Disclosure Document, add the following: “but litigation must be in Minnesota”.

In item w. of the chart set forth in Item 17 of this Disclosure Document, add the following: “If its jurisdictional requirements are met, Minnesota law applies to the Franchise Agreement.”

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stats Sec. 80C.14, Subds. 3, 4, and 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.

Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor 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 any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or the franchisee’s rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

IF CAPT LOUI, LLC DOES NOT DELIVER THIS FRANCHISE DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON D.C. 20580 AND TO THE MINNESOTA DEPARTMENT OF COMMERCE, 87th PLACE EAST, SUITE 500 ST. PAUL, MN 55101.

**ADDENDUM TO CAPT LOUI, LLC
FRANCHISE DISCLOSURE DOCUMENT**

REQUIRED BY THE STATE OF NORTH DAKOTA

1. Item 5 of the Disclosure Document “Initial Fee” is amended by the addition of the following paragraph:

“All initial fees and payments shall be deferred until such time as the franchisor has fulfilled its initial pre-opening obligations and the franchisee is open for business.”

2. The Summary column of Item 17 paragraph(c) of this Disclosure Document is modified to read as follows:

“Give us at least 90 days’ notice of your intention to renew, sign our current form of franchise agreement renewable and ancillary agreements, sign a release (except for matters coming under the North Dakota Franchise Investment Law (the “North Dakota Law”).”

3. The Summary column of Item 17 Paragraph (i) of this Disclosure Document is modified by adding the following at the end of the sentence:

“Consent to termination or liquidated damages are generally unenforceable in the State of North Dakota.

4. The Summary column of Item 17 Paragraph (r) of this Disclosure Document is modified by adding the following at the end of the sentence:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

5. The Summary column of Item 17 paragraph (u) of this Disclosure Document is amended by adding the following at the end of the paragraph:

“Except that matters coming under the North Dakota Law will be submitted to mediation in a mutually agreeable location.”

6. The Summary column of Item 17 paragraph (v) of this Disclosure Document is amended to read as follows:

“Except for matters coming under the North Dakota Law, litigation must be in the State in which our principal place of business is located, which is currently Ohio .”

7. The Summary column of Item 17 paragraph (w) of this Disclosure Document is amended to read as follows:

The law of North Dakota governs.*

**ADDENDUM TO CAPT LOUI, LLC
FRANCHISE DISCLOSURE DOCUMENT**

REQUIRED BY THE STATE OF RHODE ISLAND

RHODE ISLAND LAW MODIFICATIONS

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law. ch. 395 Sec. 19-28.1-1 — 19-28.1-34. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchise Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void under Rhode Island Franchise Investment Act Sec. 19-28.1-14.
- b. If the Franchise Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Sec. 19-28.1-14.
- c. If the Franchisee is required in the Franchise Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgements shall be void with respect to claims under the Act.

2. Section 19-28.1-8 of the Rhode Island Franchise Investment Act requires a franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) the first personal meeting; (ii) 10 business days before the execution of the franchise agreement; or (iii) 10 business days before the payment of any consideration that relates to the franchise relationship.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

**ADDENDUM TO CAPT LOUI, LLC
FRANCHISE DISCLOSURE DOCUMENT**

REQUIRED BY THE STATE OF SOUTH DAKOTA

1. The Director of the South Dakota Division of Securities requires that certain provisions contained in franchise documents be amended to be consistent with South Dakota law, including the South Dakota Franchises for Brand-Name Goods and Services Law, South Dakota Codified Laws, Title 37, Chapter 37-5B, Sections 37-5B-1 through 37-5B-53 (2008). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the South Dakota Franchises for Brand-Name Goods and Services Law, and such acknowledgements shall be void with respect to claims under the Law.
- b. Covenants not to compete upon termination or expiration of the Agreement are generally unenforceable in the state of South Dakota, except in certain limited instances as provided by law. If this Agreement contains a covenant not to compete which is inconsistent with South Dakota Law, the covenant may be unenforceable.
- c. Regardless of the terms of the Agreement concerning termination, if Franchisee fails to meet performance and quality standards or fails to make any royalty payments under the Agreement, Franchisee will be afforded thirty (30) days' written notice with an opportunity to cure the default before termination.
- d. If the Agreement requires payment of liquidated damages that are inconsistent with South Dakota law, the liquidated damage clause may be void under SDCL 53-9-5.
- e. If the Agreement requires litigation to be conducted in a forum other than the State of South Dakota, the requirement is void with respect to any cause of action otherwise enforceable under South Dakota Law.
- f. If the Agreement requires that it be governed by a state's law, other than the State of South Dakota, matters regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, the Agreement and all provisions of this Amendment will be and remain subject to the application, construction, enforcement, interpretation under the governing law set forth in the Agreement.
- g. If the Agreement requires that disputes between Franchisor and Franchisee be mediated/arbitrated at a location that is outside the State of South Dakota, the mediation/arbitration will be conducted at a location mutually agreed upon by the parties.

If the parties cannot agree on location for the mediation/arbitration, the location shall be determined by the mediator/arbitrator selected.

2. Section 37-5B-17 of the South Dakota Codified Laws requires us provide you with a copy of the Franchise Disclosure Document at the earlier of: (i) fourteen days prior to signing the Franchise Agreement; or (ii) fourteen days prior to our receipt of any consideration.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the South Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

**ADDENDUM TO CAPT LOUI, LLC
FRANCHISE DISCLOSURE DOCUMENT**

REQUIRED BY THE STATE OF VIRGINIA

Risk Notices:

1. 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.
2. The franchisee will be required to make an estimated initial investment ranging from \$225,000 to \$828,000. This amount exceeds the franchisor's stockholders equity as of December 31, 202~~2~~³, which is \$82,685.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Capt Loui, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Item 17 of the Disclosure Document under the subheading "Cause defined-non- curable defaults" in the summary column of part (h) is modified by adding the following:

"Pursuant to Section 13.1.564 of the Virginia Franchising Act, it is unlawful for a franchisor to cancel a franchise agreement without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause" as that term may be defined in the Virginia Retail Franchising Act or laws of Virginia, that provision may not be enforceable."

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) 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 in connection with the franchise.

**ADDENDUM TO CAPT LOUI, LLC
FRANCHISE DISCLOSURE DOCUMENT**

REQUIRED BY THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) 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 in connection with the franchise.

**ADDENDUM TO CAPT LOUI, LLC
FRANCHISE DISCLOSURE DOCUMENT**

REQUIRED BY THE STATE OF WISCONSIN

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE WISCONSIN FRANCHISE INVESTMENT LAW. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

THIS DISCLOSURE DOCUMENT AND THE FRANCHISE AGREEMENT ARE SUBJECT TO THE WISCONSIN FRANCHISE INVESTMENT LAW.

1. Item 17, Renewal, Termination, Transfer and Dispute Resolution, shall be amended by the addition of the following paragraphs at the conclusion of the Item 17 disclosures:

- a. The Wisconsin Fair Dealership Law, among other things, grants you the right, in most circumstances, to 90 days' prior written notice of non-renewal and 60 days within which to remedy any claimed deficiencies. If the Franchise Agreement contains a provision that is inconsistent with the Wisconsin Fair Dealership Law, the provisions of the Franchise Agreement shall be superseded by the Law's requirements and shall have no force or effect.
- b. The Wisconsin Fair Dealership Law, among other things, grants you the right, in most circumstances, to 90 days' prior written notice of termination and 60 days within which to remedy any claimed deficiencies. If the Franchise Agreement contains a provision that is inconsistent with the Wisconsin Fair Dealership Law, the provisions of the Franchise Agreement shall be superseded by the Law's requirements and shall have no force or effect.
- c. If the Franchise Agreement requires that it be governed by a state's law, other than the State of Wisconsin, to the extent that any provision of the Franchise Agreement conflicts with the Wisconsin Fair Dealership Law such provision shall be superseded by the law's requirements.
- d. Covenants not to compete during the term of and upon termination or expiration of a Franchise Agreement are enforceable only under certain conditions according to Wisconsin Law.

2. Section 553.27 of the Wisconsin Franchise Investment Law requires Franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) 10 business days prior to signing the Franchise Agreement; or (ii) 10 business days prior to Franchisor's receipt of any consideration.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

EXHIBIT C TO THE DISCLOSURE DOCUMENT

**CAPT LOUI, LLC
FRANCHISE AGREEMENT**

CAPT LOUI, LLC
FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

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CAPT LOUI, LLC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “Agreement”) is made at Garfield, New Jersey, on _____, by and between CAPT LOUI, LLC, (hereinafter referred to as “We,” “Us,” “Our” or “Franchisor”), a New Jersey limited liability company, with its principal place of business at 73 Dewey Street, Garfield, New Jersey 07026 and _____ with its principal address at _____, (hereinafter referred to as “You,” “Your,” or “Franchisee”) and, if Franchisee is a partnership, corporation, trust, or limited liability company, including each of its partners, shareholders, trustees, or members.

RECITALS

1. We and Our affiliates have developed a system for establishing, operating and marketing a dine-in and/or carry-out, fast casual restaurant, featuring Cajun style Louisiana cuisine and optional alcoholic beverage service to residents of the community under the trade name and/or trademark “CAP’T LOUI®” and are currently marketing and selling franchises under that name and/or mark;
2. Through the expenditure of time, effort and money, We have acquired unique experience, special skills, techniques and knowledge, marks, concepts, and proprietary information and have created and developed a unique business system for establishing and marketing a restaurant under the trade name of CAP’T LOUI (“System”), which System includes standards, specifications, methods, procedures, techniques, know-how, management directives, identification schemes, and proprietary marks and information in connection with the operation of the CAP’T LOUI business (“System Standards”), which System Standards may be further developed by Us;
3. Our System is used in connection with the word mark CAP’T LOUI®, other trademarks, service marks, trade names and trade symbols, trade dress, signs, slogans, logos, designs, emblems, Uniform Resource Locators (URLs), domain names, website addresses, email addresses, digital cellular addresses, wireless web addresses and the like (“e-marks”) and copyrights (hereinafter referred to collectively as “Marks”), as We have adopted and designated, or may subsequent to the date of this Franchise Agreement acquire and/or develop and designate for use by You in connection with Our System (“Licensed Rights”);
4. We are the owner of the Licensed Rights, together with all the goodwill connected to and/or with such rights;
5. All of the enumerated Licensed Rights are recognized by the public as distinctive and valuable, and You recognize the potential benefits to be derived from being associated with and licensed by Us and from utilizing Our Licensed Rights as We make available to Our franchisees through and under franchise agreements;

6. By establishing and maintaining uniformity and high standards of quality and service, We have developed an excellent reputation and significant goodwill with the public with respect to the products, beverages and services available through CAP'T LOUI businesses, which will continue to be a major benefit to Us and those associated with Us;
7. You have applied for a Franchise to establish and operate a single CAP'T LOUI franchised restaurant at a location that You select and We accept ("Accepted Site"), and upon the terms and conditions set forth in, this Franchise Agreement;
8. We wish to grant You such a Franchise on the terms and conditions contained in this Agreement. You will have the rights to use the Licensed Rights in the operation of the Franchised Restaurant as long as You comply with this Agreement and System Standard, as defined herein;
9. The terms and conditions of this Agreement are reasonably necessary to maintain Our System Standards and to protect the goodwill of Our Licensed Rights; and,
10. You acknowledge and agree that, in the administration of this Agreement and in taking actions with respect to Our relationship with You, We must take into account the needs of the System, and the effect upon the System as a whole, and the need to protect the Marks for the benefit of the System.

In consideration of the respective representations, warranties, covenants and agreements contained in this Agreement, the parties agree as follows:

1. The Recitals are incorporated herein by reference.

2. GRANT OF FRANCHISE

On the terms and conditions of this Agreement, We hereby grant to You the right to establish and operate a CAP'T LOUI franchise (the "Franchise" or "Franchised Restaurant") and to use the Licensed Rights associated with the Franchised Restaurant and developed by Us. The Franchise is granted for the Accepted Site set out in the attached Addendum A to this Agreement.

3. GRANT OF LICENSED RIGHTS

(a) Subject to the terms and conditions of this Agreement, We grant to You the right to use Our Licensed Rights in the establishment and operation of the Franchised Restaurant. You acknowledge Our right (except for certain rights granted under existing and future license agreements) to use the CAP'T LOUI Marks in connection with the products and services to which they are or may be applied by Us, and represent, warrant and agree that, neither during the Term of this Agreement nor after its expiration or other termination, shall You directly or indirectly contest, or aid in contesting, the validity or ownership of the Licensed Rights, or take any action whatsoever in derogation of the

rights claimed by Us in this Agreement.

(b) Nothing contained in this Agreement shall be construed to vest in You any right, title or interest in or to the Licensed Rights, the goodwill now or hereafter associated with such rights, other than the rights and license expressly granted to You in this Agreement. Any and all goodwill associated with or identified by the Licensed Rights shall inure directly and exclusively to Our benefit and is Our property.

(c) No advertising or other use of the CAP'T LOUI Marks by You shall contain any statement or material which, in Our sole judgment, We consider to be in bad taste or inconsistent with CAP'T LOUI's public image, or tend to bring disparagement, ridicule or scorn upon Us or Our affiliates or predecessors or the CAP'T LOUI Marks, or diminish Our associated goodwill. You shall not make any use of the CAP'T LOUI Marks or any advertising material that We have disapproved for any of the reasons set forth in this Section.

(d) You shall adopt and use the CAP'T LOUI Licensed Rights only in the manner expressly approved by Us.

4. SEARCH AREA AND ACCEPTED SITE

(a) Upon execution of this Agreement, We will assign You a non-exclusive defined geographic search area within which You may seek and identify potential sites for the Franchised Restaurant (the "Search Area"), as described on Addendum A to this Agreement. You will thereafter use reasonable and diligent efforts to identify a proposed site within the Search Area for the Franchised Restaurant and submit it to Us for acceptance. The Search Area will have no exclusivity and We reserve the right to sell franchises to others who seek to operate a franchised restaurant in and around the Search Area. If We accept another franchisee's franchised restaurant site that overlaps with the Search Area, You will be required to identify a proposed site for the Franchised Restaurant in different Search Area. A written request for a change of the Search Area may be submitted to Us, and will be consented to if mutually-agreeable sites are not available in the original Search Area. We will designate any new Search Area.

(b) You shall have the right to operate a CAP'T LOUI Franchised Restaurant, and to use the Licensed Rights at a specific address and location. You shall select and propose to Us for acceptance a specific site for the Franchised Restaurant location within the Search Area. We may accept or reject the proposed location in accordance with the terms of this Agreement and Our then-current site selection criteria and procedures. You will operate the Franchised Restaurant only at the location accepted by Us (the "Accepted Site"). We may use a variety of criteria and procedures to evaluate a site You propose and, if more than one franchisee is seeking a site in a particular area, to determine which franchisee will operate a CAP'T LOUI Franchised Restaurant at a particular location. We may change this procedure from time to time. There are no restrictions on Us either before or after the Franchised Restaurant location is selected and accepted.

(c) You further acknowledge and warrant that Our acceptance of the Franchised Restaurant

Site does not constitute a guarantee, recommendation, or endorsement by Us of the Site selected and that the success of the Franchised Restaurant depends upon Your abilities as an independent businessperson.

(d) You shall have the right to use the Licensed Rights to establish and operate a CAP'T LOUI Franchised Restaurant at the Accepted Site. You agree that You will not sell products nor perform services outside of the Accepted Site without Our prior written approval. You have no restrictions on who Your clients are or where they come from.

5. TERM

The Term of this Agreement shall commence on the date first set forth above and shall continue for a Term expiring upon the date ten (10) years following, unless earlier terminated pursuant to the terms of Section 32 of this Agreement.

6. RENEWAL

You may renew the franchise to own and operate the Franchised Restaurant and the right to use the Licensed Rights for two (2) additional successive five (5) year terms; provided that, prior to the expiration of the applicable initial or renewal term:

(a) You provide Us written notice of Your election to exercise the renewal option not less than six (6) months, nor more than twelve (12) months, prior to the end of the then-current Term;

(b) When such notice is given, and thereafter up to and including the date of renewal, You are not in default of any provision of this Agreement, or any other agreement between You and Us or any of Our subsidiaries or affiliates, including any other franchise agreement, and have substantially complied with the terms and conditions of all such agreements during the Term of this Agreement;

(c) You have not received three (3) or more notices of default from Us during the then-current Term of this Agreement;

(d) All monetary obligations owed by You to Us and any of Our subsidiaries and affiliates have been satisfied and paid when due throughout the initial and all prior renewal terms of this Agreement;

(e) You execute Our then-current standard form of successor franchise agreement (with appropriate modifications to reflect that such agreement relates to the grant of a renewal franchise) being executed by franchisees for new CAP'T LOUI franchised restaurants, which agreement shall supersede in all respects this Agreement and which may contain terms and conditions substantially different from those set forth in this Agreement, including, without limitation, a different royalty fee, and a different advertising expenditure requirements;

(f) You, except to the extent prohibited by state law, execute a general release, in a form prescribed by Us, of any and all claims You may have against Us and Our subsidiaries and affiliates, and their respective officers, directors, shareholders, members, agents and employees;

(g) You, or a representative approved by Us or any other person who has an interest in You (if You are a group of individuals or a corporation, partnership, limited liability company, unincorporated association or similar entity) attend and satisfactorily complete such retraining or refresher training programs as We in Our sole discretion may require;

(h) You perform such replacements and upgrading as We may require to cause the Franchised Restaurant's equipment and computer system to conform to the specifications being used for new CAP'T LOUI franchised restaurants on the renewal date; and,

(i) You pay to Us a renewal fee equal to twenty-five percent (25%) of the Initial Franchise Fee then being paid by new franchisees.

If You continue to operate after the end of the Term or any Renewal term without exercising an option to renew and signing Our then-current franchise agreement, You shall be deemed to be operating on a month-to-month basis under the terms and conditions of Our then-current form of franchise agreement. In such circumstances, and notwithstanding the foregoing, We may, on ten (10) days written notice, terminate Your Franchise Agreement.

7. FRANCHISEE'S PAYMENTS

(a) You shall pay to Us an Initial Franchise Fee of Fifty Thousand Dollars (\$50,000.00). Such Initial Franchise Fee shall be due and payable in full upon the execution of this Agreement. You understand and acknowledge that the Initial Franchise Fee is non-refundable and is fully earned by Us at the time the parties execute this Agreement.

(b) You shall also pay to Us a weekly fee in an amount equal to four and one half percent (4.5%) of the Gross Revenue (as defined in Section 7(f) below) of the Franchised Restaurant. Royalty Fees shall be payable from the date the Franchised Restaurant is opened and are due to Us on or before Tuesday of each week, based on the preceding week's Gross Revenue. We may change the frequency of payment and reporting, and if We do so, the Royalty Fee will be adjusted accordingly.

(c) As of the date of this Agreement, We do not charge an Advertising Fund Fee. We do, however, reserve the right to institute such a fee, in an amount up or equal to three percent (3%) of the Franchised Restaurant's Gross Revenue (as defined in Section 7(f) below) ("Advertising Fee"), in order to develop and maintain a local, regional or national advertising program. Should We, in Our sole discretion, decide to institute an Advertising Fund Fee, We shall have the right to do so upon ninety (90) days advance written notice of Our intent to invoke Our rights under this Subsection. Advertising Fund Fees shall be payable from the date they are instituted and are due to Us on Tuesday of each week, based on the preceding week's Gross Revenue. If We establish an

Advertising Fund, We will deliver a statement of receipts and expenditures of the Advertising Fund on an annual basis to You upon written request.

(d) As of the date of this Agreement, We do not charge a Technology Fund Fee. We do, however, reserve the right to institute such a fee, in an amount up or equal to two percent (2%) of the Franchised Restaurant's Gross Revenue (as defined in Section 7(g) below). The Technology Fund will be used, in Our discretion, to pay for conducting activities that We believe will enhance the operations of CAP'T LOUI System with technology related programs. We may implement subscription model customer relationship management (CRM), enterprise resource planning technology (ERP), reputation management technology, and develop proprietary Point of Sale system and computer software. Should We, in Our sole discretion, decide to institute a Technology Fund Fee, We shall have the right to do so upon ninety (90) days advance written notice of Our intent to invoke Our rights under this Subsection. Technology Fund Fees shall be payable from the date they are instituted and are due to Us on Tuesday of each week, based on the preceding week's Gross Revenue.

(e) In addition to any other remedies We may have, if You are more than five (5) days late in paying any fees due under this Agreement, interest shall be payable on such fees from the date such payment was due at the rate of eighteen percent (18%) per year or the maximum contract rate of interest permitted by governing law, whichever is less. In addition, You shall pay any and all of Our expenses in collecting overdue payments from You, including attorneys' fees and the fees of any collection agencies hired by Us. The foregoing shall be in addition to any other remedy We may possess, as permitted by law. You acknowledge that this Subsection shall not constitute agreement by Us to accept such payments after they are due, or a commitment by Us to extend credit to, or otherwise finance Your operation of the Franchised Restaurant. Any acceptance of an amount which is less than the full amount due shall not be considered a waiver of Our right to (or Your obligation for) the full amount then due, or which may become due in the future.

(f) In addition to any other remedies We may have, We will assess a Late Fee of twenty percent (20%) of the amount due if the payment is delinquent and not timely received by Us. These Late Fees are intended to reimburse Us for our expenses and to compensate Us for Our inconvenience and do not constitute interest.

(g) As used in this Agreement, the term "Gross Revenue" shall mean and include the total of all revenue and income which You are entitled to receive from the provision of services and products to customers of the Franchised Restaurant or any other source, whether or not sold or performed at or from the Franchised Restaurant and whether received in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received), or otherwise. If, due to federal, state or local laws, We are prohibited from receiving a percentage royalty based on alcoholic beverage revenues, You must pay a Royalty on all Gross Revenue except alcoholic beverages in the same total dollar amount as You would have paid if You paid the specified percentage Royalty on all Gross Revenue. You will deduct from the Franchised Restaurant's Gross Revenue (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if such taxes are separately stated

when the customer is charged and as long as such taxes are promptly paid to the appropriate taxing authority. You may also deduct from the Franchised Restaurant's Gross Revenue the amount of any documented refunds, charge-backs, credits and allowances You pay in good faith to customers. All barter and/or exchange transactions pursuant to which the Franchised Restaurant furnishes services and/or products in exchange for goods or services to be provided to You or the Franchised Restaurant by a vendor, supplier or customer shall, for the purpose of determining Gross Revenue, be valued at the full value of the goods and/or services so provided to You or the Franchised Restaurant. Gross Revenue shall also include all insurance proceeds received by You for loss of business due to a casualty to or similar event affecting the operation of the Franchised Restaurant.

(h) You are required to submit weekly reports, signed by You, in a form to be prescribed by Us. Such reports shall reflect the Gross Revenue during the preceding week, along with any additional information that We may deem necessary. This report shall be mailed or electronically transmitted to Us at the time and day of the week We specify in our Operations Manual. Pursuant to Section 22 of this Agreement, You are also required to provide Us with annual reports of Gross Revenue from the Franchised Restaurant's operation within thirty (30) days of the end of Your fiscal or other operating year. We reserve the right to require other additional reports, as are or may be more particularly set forth in Our Operations Manual ("Operations Manual").

(i) You must reimburse Us for any taxes that We must pay to any state taxing authority on account of either Your operation of the Franchised Restaurant or payments that You make to Us.

(j) Notwithstanding any designation by You, We shall have the sole discretion to apply any payments by You to any past due amount You owe Us for Royalty Fees, Advertising Fund Fees, Technology Fund Fees, purchases from Us and/or any of Our subsidiaries or affiliates, interest or any other indebtedness.

(k) You shall not withhold payment of any Royalty Fees, Advertising Fund Fees, Technology Fund Fees, or any other amounts of money owed to Us for any reason on grounds of alleged nonperformance by Us of any obligation under this Agreement, and any Royalty Fees, Advertising Fund Fees, Technology Fund Fees, or any other amounts of money owed to Us that are withheld shall be deemed by Us to be unpaid.

(l) You authorize Us and Our affiliates to initiate debit entries and credit correction entries to Your checking, savings or other accounts for the payment of Royalty Fees, Advertising Fund Fees, Technology Fund Fees, and any other amounts due from You under this Agreement or otherwise. You must complete and sign the Electronic Funds Transfer Agreement attached to this Agreement as Addendum F. You shall comply with Our procedures and instructions in connection with the direct debit process, and shall sign all additional documents or take any action that may be required to effect this authorization. We may require You to pay the Royalty Fees, Advertising Fund Fees, Technology Fund Fee, and other amounts due under this Agreement or otherwise by means other than automatic debit whenever We deem it appropriate and You agree to comply with Our payment instructions.

(m) You shall, during the Term of this Agreement and thereafter, promptly pay all sums owing to Us and Our affiliates.

8. BUSINESS RELATIONSHIP

(a) We and You agree and acknowledge that each of us is an independent business entity or person; that Our only relationship is as franchisor and franchisee as specified in this Agreement; that this Agreement does not create a fiduciary relationship between the parties. Neither of us is the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent of the other. Neither party is liable or responsible for the other's debts or obligations and neither party shall be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business. We and You agree that neither of us will hold ourselves out to be the agent, employer, partner or co-venturer of the other, and that neither of us has the authority to create or assume in the other's name or on their behalf, any obligation, express or implied, or to act or purport to act as agent or representative for any purpose whatsoever and cannot bind or incur liability on behalf of the other.

(b) You and We agree that any materials, guidance or assistance that We provide with respect to the terms and conditions of employment for Your employees, employee hiring, firing and discipline, and similar employment-related policies or procedures, whether in the Operations Manual or otherwise, are solely for Your optional consideration and use. Those materials, guidance and assistance do not form part of the mandatory System Standards. You will determine to what extent, if any, these materials, guidance or assistance should apply to Your employees. You acknowledge that We do not dictate or control labor or employment matters for franchisees and their employees and will not be responsible for the safety and security of Your employees or patrons. You are solely responsible for determining the terms and conditions of employment for all Your employees, for all decisions concerning the hiring, firing and discipline of Your employees, and for all other aspects of labor relations and employment practices. All employees or agents hired or engaged by or working for You will be only Your employees or agents and will not for any purpose be considered Our employees or agents or the owners of the Marks, nor subject to Our control, and in particular, We will have no authority to exercise control over the hiring or termination of employees, independent contractors, or others who work for You, their compensation, working hours or conditions, or the day-to-day activities of those people, except to the extent necessary to protect the Marks. It is understood that You will have sole responsibility for Your employees and all acts of Your employees, and all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, ~~taxes and other withholdings~~ income tax, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment. You must disclose to each of Your employees in writing, in a form approved by Us in advance, that You are the sole employer with total control over the terms and conditions of Your employee's employment and that We are not a "joint employer" of the Franchisee's employees. You acknowledge that We do not ~~exercise control over or have the authority to control Your personnel policies, including establishing wage and hour requirements, hiring, firing, setting wages, disciplining, supervising and record keeping of~~ employees' (1) Wages, benefits, and other

compensation; (2) Hours of work and scheduling; (3) The assignment of duties to be performed; (4) The supervision of the performance of duties; (5) Work rules and directions governing the manner, means, and methods of the performance of duties and the grounds for discipline; (6) The tenure of employment, including hiring and discharge; and (7) Working conditions related to the safety and health. You will file Your own tax, regulatory and payroll reports with respect to Your employees or agents and operations, saving and indemnifying Us of and from any liability of any nature whatsoever by virtue of it.

9. SERVICES TO BE PERFORMED BY FRANCHISOR

We agree to make available to You the following:

(a) In connection with Your selection of an Accepted Site (if one has not been accepted prior to Your execution of this Agreement), We will provide an onsite selection evaluation as We deem advisable as part of Our evaluation of Your request for site acceptance. If more than one (1) onsite inspection is required, You will be responsible for Our out-of-pocket costs, travel expenses and pay Us a Fee of Five Hundred Dollars (\$500.00) per day for Our staff time. It is Your responsibility to select and lease or purchase a site from third parties once accepted by Us. We must accept or reject Your site, in writing, within thirty (30) days after We receive notice of its proposed location. No proposed site shall be deemed accepted unless it has been expressly accepted in writing by Us. You acknowledge and agree that Our acceptance of the site for Your CAP'T LOUI Franchised Restaurant does not constitute a guarantee, recommendation, or endorsement of the Accepted Site and that the success of Your CAP'T LOUI Franchised Restaurant depends upon Your abilities as an independent business person. Our acceptance simply means that the Accepted Site meets Our current location criteria, which means it meets Our requirements with respect to demographics, neighborhood characteristics, size, appearance, convenience, proximity to other businesses, and other characteristics We deem appropriate. We will not unreasonably withhold Our acceptance of a Site that meets Our demographic criteria. During the Term of this Agreement, the Accepted Site shall be used exclusively to operate a CAP'T LOUI Franchised Restaurant. It is Your sole responsibility to locate a suitable site for Your CAP'T LOUI Franchised Restaurant. You must begin searching for a site for Your CAP'T LOUI Franchised Restaurant, making diligent efforts to work with Us (or a third party We may designate) to review site information, view locations and review letters of intent, so that You can locate a site and sign a lease in a timely manner. If We and You cannot agree on a suitable site for Your CAP'T LOUI Franchise within ninety (90) days of signing this Agreement, We have the right to terminate this Agreement. Once a site is accepted You have sixty (60) days to sign the lease;

(b) Review and accept Your lease or purchase agreement for the Franchised Restaurant at the Accepted Site, including if applicable, discussions and assistance in obtaining the required Addendum to Lease Agreement for Your Site. Our review of Your lease or purchase agreement and any advice or recommendations We may offer is not a representation or guarantee by Us that You obtained the best deal for the lease, or that You will succeed at the leased or purchased premises;

(c) Sample plans, specifications and layout for the interior of a typical CAP'T LOUI Restaurant of the type You will be operating. It is Your responsibility, at Your expense, to prepare all required construction plans and specifications to suit the premises for the Franchised Restaurant in accordance with Our approved plans and specifications, and to make sure that these plans and specifications comply with applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. It is Your responsibility to be aware of and use Our most current specifications, which may change from time to time, to suit the shape and dimensions of the site for Your Franchised Restaurant. You must, at your expense, use architects and construction contractors designated or approved by us. You will not engage any architects or contractors that We have not approved.

(d) General specifications for such equipment, furnishings and operating supplies as are typically identified with CAP'T LOUI Franchised Restaurants and which You are required to purchase and use in the operation of Your CAP'T LOUI Franchised Restaurant;

(e) Initial training in Our System, including instruction with respect to CAP'T LOUI's standards, methods, procedures and techniques, for each person identified in this Agreement, at such time and places as We may in Our discretion designate for Our training program. As of the date of this Agreement, the training program is conducted at Our training facility; and/or at our option the Franchised Restaurant;

(f) Provided at least thirty (30) days advance notice is given by You, such assistance as We deem necessary and appropriate in assisting You with the opening of Your Franchised Restaurant, including assistance by Our personnel in the planning and developing of pre-opening and promotional programs. If one of Our trainers is available, then We will provide, at no additional expense to You, one trainer for up to five (5) days during Your first Franchised Restaurant's opening to assist in onsite training of staff and to provide operational support;

(g) The use of Our Operations Manual and any other manuals and training aids, as periodically revised, which shall be loaned to You and remain Our property. You acknowledge and agree that Our Operations Manual and other system communications will be in the English language only and may only be available on the Internet or other online or computer communications. The Operations Manual may take the form of one or more of the following: one or more loose-leaf or bound volumes; bulletins; notices; letters, videos; CD's; DVD's and/or other electronic media; online postings; e-mail and /or electronic communications; ~~faesimiles~~; or any other medium capable of conveying the Manual's contents. The Operations Manual contains mandatory and suggested specifications, policies, methods, standards, operating procedures and requirements prescribed from time to time by Us and information relative to other obligations of a franchisee, and to the operation of a Franchised Restaurant. Any required standards exist to protect Our interests in Our System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to You. The Operations Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided You meet and comply

with the required standards. In other instances, no suitable alternative may exist. In order to protect Our interests in the System and Marks, We reserve the right to determine if You are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines. The Operations Manual will remain confidential and the property of Us, constitutes a Trade Secret owned by Us, and may not be loaned to any person, or duplicated or copied in whole or in part in any manner. We have the right to add to and otherwise modify the Operations Manual from time to time, as We deem necessary, provided that no such addition or modification will alter Your fundamental status, rights and obligations under this Agreement. You shall always follow the directives of the Operations Manual, as it may be modified by Us from time to time. You acknowledge that such compliance by You is necessary to protect the integrity and reputation of Our System. Any media developed by Us will be made available to You for a fee equal to Our cost;

(h) Such periodic continuing individual or group advice, consultation and assistance, rendered by personal visit, telephone, electronic transmission, newsletter, brochures, reports or bulletins as We may deem necessary or appropriate. Such advice, consultation and assistance may include such topics as marketing and advertising, management, maximizing sales and profits, customer service, employee training, vendor relations, operating problems and such other reasonable subjects as may be of interest to You, or in which You may be experiencing problems;

(i) New products, services, equipment or technologies, as they are located or developed in the marketplace, which may be tested and evaluated by Us, and, if they meet the System Standards, are made available to all CAP'T LOUI franchisees, either through an approved supplier or by Us directly;

(j) If We maintain a CAP'T LOUI Internet Website for the purpose of enhancing the goodwill and public image of the CAP'T LOUI franchise system, and to attract prospective customers for the benefit of the CAP'T LOUI franchisees; We will host a minimum of one (1) page on the CAP'T LOUI Internet Website with contact and other information specific to Your Franchised Restaurant, and provide You with no less than one (1) e-mail address, which You must use as the Franchised Restaurant's e-mail address. We reserve the right to update or make changes or additions to the CAP'T LOUI Internet Website without limitation. Unless otherwise indicated, the Website shall be accessible to third parties via the Internet twenty-four (24) hours a day, seven (7) days a week, except for scheduled maintenance, updates, changes, required repairs, and except for any loss or interruption of the CAP'T LOUI Internet Website due to causes beyond Our control or which are not reasonably foreseeable by the Us, including, but not limited to, interruption or failure of telecommunication or digital transmission links and Internet slow-downs or failures. We shall have no liability for unauthorized access to, or alteration, theft, or destruction of, the Website or Your data files, programs, or information, if any, through accident, fraudulent means or devices. We shall have no liability with respect to Our obligations under this Agreement or otherwise for consequential, exemplary, special, incidental, or punitive damages even if We have been advised of the possibility of such damages;

(k) We may, at Our option, establish and maintain, at Our option, either a series of "private" pages on Our Website or an intranet through either of which We, Our franchisees, and their

respective authorized employees may communicate with each other, and through which We may disseminate the Manual, updates to it and other Confidential Information. We will have sole discretion and control over all aspects of the intranet/Extranet, including the content and functionality of it. We will have no obligation to maintain the intranet indefinitely, and may dismantle it at any time without liability to You; and

(l) If We establish an intranet, You will have the privilege to use the intranet, subject to Your strict compliance with the standards and specifications, protocols and restrictions (collectively, “Franchisor Protocols”) that We may establish from time to time. The Franchisor Protocols may relate to, among other things, (i) the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) communications between or among franchisees that endorse or encourage breach of any franchisee’s franchise or license agreement, (iii) confidential treatment of materials that We transmit via the intranet, (iv) password protocols and other security precautions, (v) grounds and procedures for Us suspending or revoking a franchisee’s access to the intranet, and (vi) a privacy policy governing Our access to and use of electronic communications that franchisees post to the intranet. You acknowledge that, as administrator of the intranet, We can technically access and view any communication that any person posts on the intranet. You further acknowledge that the intranet facility and all communications that are posted to it will become Our property, free of any claims of privacy or privilege that You or any other person or entity may assert.

(m) If We maintain Social Media sites and applications such as: Twitter, Facebook, LinkedIn and other sites and applications that We may establish, You will not be allowed to establish or utilize Social Media sites or applications for business purposes except those created by Us for Your use. Further, any representations from You, or Your employees regarding Your profits or earnings made on any Social Media site or application, even if made from a personal Social Media account, is deemed a breach of Confidential Information under the Franchise Agreement, and You will be responsible for all costs including legal costs for any required fines or legal actions as a result of Your postings.

(n) After We have completed Our pre-opening obligations to You under this Agreement, We may ask that You sign and deliver to Us a confirmation (the “Confirmation of Performance”), in a form We reasonably request, verifying that We have performed those obligations. If We ask You to provide Us with such a certificate, then You agree to sign and deliver the Confirmation of Performance to Us within three (3) business days after Our request. However, if You do not reasonably believe that We have performed all of Our pre-opening obligations, You must, within that same three (3) day period, give Us written notice specifically describing the obligations that We have not performed. Not later than three (3) business days after We complete all the obligations that You specified in that notice, You must sign and deliver the Confirmation of Performance to Us. The term “pre-opening obligations” means the obligations We have to You under this Agreement that must be performed before the date when Your Franchised Restaurant starts its operations.

10. LIMITATIONS ON RIGHTS EXTENDED TO FRANCHISEE

You acknowledge and agree that:

(a) You will use the Licensed Rights strictly in accordance with the terms of this Agreement. Any unauthorized use of the Licensed Rights is and shall be deemed an infringement of Our rights and a material breach of this Agreement.

(b) Except as expressly provided by this Agreement, You shall not acquire any right, title or interest to the Licensed Rights. Any and all goodwill associated with the Licensed Rights shall accrue exclusively to Our benefit. Upon the expiration or termination of this Agreement and any renewals, no monetary amount shall be attributable to goodwill associated with Your use of the Licensed Rights.

(c) Except as provided for in Section 4 of this Agreement above, the Franchised Restaurant and Licensed Rights granted under this Agreement are non-exclusive, and We retain the right, in Our sole discretion:

(i) To continue to operate CAP'T LOUI businesses and to use the Licensed Rights at any location, excluding Your Accepted Site, and to license others to do so;

(ii) To develop, use and franchise the rights to any trade names, trademarks, service marks, trade symbols, emblems, signs, slogans, insignias or copyrights not specifically designated by Us as Licensed Rights, for use with similar or different franchise systems in any territory, on such terms and conditions as We may deem advisable, and without granting You any rights; and

(iii) That we may purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and that following such activity we may operate, franchise or license those other businesses and/or facilities under any names or marks other than (while this Agreement is in effect) the Marks, regardless of the location of these businesses and/or facilities, which may be within immediate proximity to the Accepted Site.

(d) You alone are responsible for operating the Franchised Restaurant in full compliance with all System Standards, as modified from time to time. System Standards mean mandatory specifications, standards, operating procedures, and rules that We periodically prescribe for the development and operation of CAP'T LOUI Franchised Restaurants. All references in this Agreement to System Standards will include any modifications, deletions and/or additions to the System Standards which are authorized by this Agreement or the Operations Manual. Except as otherwise provided in this Agreement, System Standards may regulate any aspect of the operation and maintenance of CAP'T LOUI Franchised Restaurants, provided that all System Standards will apply uniformly to all similarly situated CAP'T LOUI Franchised Restaurants.

(e) You shall offer for sale all types of products and/or services that We from time to time authorize. You shall not offer for sale, without Our prior written approval, any other products and/or services, or use any leased premises for any purpose other than the operation of the Franchised Restaurant in full compliance with this Agreement.

(f) You shall be required to purchase and sell all products and services bearing CAP'T LOUI's trade name and/or logo which We now carry or see fit to carry or develop in the future. You may not develop or sell other products or services on Your own without Our prior written consent.

(g) In order to allow Us to establish and enforce standards of quality and uniformity for the distribution and sale of Our products and services, and in order to preserve incentive for other entities to become CAP'T LOUI franchisees in the future, You shall not sell CAP'T LOUI products and services other than on a retail basis to the general public, and not for resale by the purchasers thereof, without Our prior written consent and without executing a separate agreement with Us for the right to conduct such sales, if We request the execution of such an agreement.

(h) If We determine to do so, exercise rights concerning pricing of products and services to the fullest extent permitted by then-applicable law. These rights may include, prescribing the maximum and/or minimum retail prices which You may charge customers; recommending the prices You charge customers; advertising specific retail prices for some or all products or services sold by Your CAP'T LOUI Franchised Restaurant, which prices You will be compelled to observe; engaging in marketing, promotional and related campaigns which You must participate in and which may directly or indirectly impact Your retail prices; and, otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices which Your Franchised Restaurant may charge the public. Any maximum, minimum or other prices We prescribe or suggest may or may not optimize the revenues or profitability of Your CAP'T LOUI Franchised Restaurant.

(i) We have the right to determine, approve and supervise the quality of services and products sold by You from the Franchised Restaurant, and to take all action We deem necessary to maintain the quality and standards of the services and products, the Franchised Restaurant and Our System. You are required to purchase certain services, equipment and operating supplies, as are more particularly set forth in the Operations Manual, from suppliers whose services, products and materials are approved, and not thereafter disapproved, by Us. If You desire to purchase any services and products from suppliers that We have not previously approved, You or the supplier must submit a written request for such approval to Us. As a condition of Our approval, which shall not be unreasonably withheld, We may require that Our representatives be allowed to inspect the supplier's facilities and/or that a sample of its product be made available to Us or Our designee for testing. To cover Our costs for evaluating alternative suppliers, services and products, You must pay Us a Fee which We estimate will range between One Hundred Dollars (\$100.00) to Two Thousand Five Hundred Dollars (\$2,500.00) which will vary depending on the nature and complexity of the testing necessary for the product or service or supplier You propose, the actual cost of laboratory fees, professional fees and travel and living expenses as well as any other fees We pay to third parties in furtherance of the evaluation. If We have not responded in writing within

thirty (30) days of Our written receipt of such information or product samples from You, then the request will be deemed denied by Us.

(j) You have the sole responsibility for the performance of all obligations arising out of the operation of the Franchised Restaurant pursuant to this Agreement. You shall secure and maintain in force, at Your expense, all required licenses, permits and certificates relating to the full and proper operation of the Franchised Restaurant and shall operate the Franchised Restaurant in full compliance with all applicable laws, ordinances and regulations, including without limitation, zoning, access, signage, all government regulations relating to occupational hazards and health, fire, safety, consumer protection, equal opportunity, trade regulation, workers' compensation, unemployment insurance, licenses to do business, sales tax permits, withholding and payment when due of any and all taxes levied or assessed by reason of the operation of the Franchised Restaurant, and fictitious name filings and registrations, privacy laws and data protection or security laws as well as Payment Card Industry Data Security Standard (PCI DSS) compliance.

(k) During the Term of this Agreement, and any renewals or extensions hereof, You shall hold Yourself out to the public only as an independent contractor operating the Franchised Restaurant pursuant to a franchise agreement with Us. You agree to take such affirmative actions as may be necessary to do so, including without limitation exhibiting a public notice of that fact, the content and display of which We shall have the right to specify from time to time.

(l) It is the express intention of Subsections (j) and (k) of this Section 10 to establish that You are an independent contractor, and as such are solely responsible for the day-to-day affairs, management, operations and financial control of the Franchised Restaurant and for Your employees and Your treatment of them.

(m) We shall have the right to establish and utilize an on-line computer monitoring system, and to use the on-line system to remotely examine Your records pertaining to the operation of the Franchised Restaurant. We have administrator privileges, at all times, to all Your software, electronic mail, social media, marketing platforms, digital marketing and all e-commerce activities. You must subscribe to business class high-speed Internet access through cable or other method designated in the Operations Manual.

(n) You shall not establish a website on the Internet using any domain name containing the words CAPTLOUI.com, .net, .biz, .us, .org or any variation. We retain the sole right to control all Internet activity and create websites using any of the foregoing or other domain names. We may require You to utilize e-commerce products or services designated by Us, which We may change from time to time. You acknowledge that We are the owner of all right, title and interest in and to such domain names as We shall designate and all URLs, future addresses and sub-addresses (including the Franchisee Page sub-addresses), software, content prepared for or used on ~~Our~~the CAP'T LOUI Internet wWebsite, and all intellectual property rights in or to any of them. We retain the right to control Your use of linking and framing between Your web pages and all other websites. Any digital or electronic content You publish must comply with Our brand communication standards and is subject to Our approval. We have the final decision concerning all information and functionality

that appears on the CAP'T LOUI Internet Website and will update or modify the CAP'T LOUI Internet Website according to a schedule that we determine. By posting or submitting to us information or materials for the CAP'T LOUI Internet Website, you are representing to us that the information and materials are accurate and not misleading and do not infringe any third party's rights. You must notify us whenever any information about you or the Franchise Business on the CAP'T LOUI Internet Website changes or is not accurate. All digital imagery bearing the Marks are subject to Our approval. Due to the speed of electronic communication, You must respond to all instructions by Us which are deemed to restrict, designate or control e-commerce activities within twenty-four (24) hours. We also reserve the right to restrict, designate and to approve or control any existing or future (not yet developed) Fan Page or other advertising or social networking services of the Franchised Restaurant, including the sending of bulk e-mail ~~or~~ ~~facsimiles~~, except as are in accordance with the guidelines in the Operations Manual or otherwise as We may specify in writing.

11. VARIATIONS IN STANDARDS

Because complete uniformity under varying conditions may be impossible or impractical, We reserve the right to vary the standards of eligibility, including financial terms and conditions, for any franchisee, including You, based upon the peculiarities of a particular territory, including density of population, business potential, population of trade area, existing business practices, or any other conditions which We determine to have, or potentially have, a significant effect on the successful operation of such franchisee's business. Variations from standard specifications and practices granted to other franchisees shall not under any circumstances be cause to require Us to grant to You a like or similar variation hereunder, either now or in the future.

12. KEY EMPLOYEES

(a) A "Key Employee" as used in this Agreement is anyone who is an owner, partner, and/or employee who acts in a management or supervisory capacity for or on behalf of the Franchised Restaurant. If You are an individual, You must serve as Operating Principal or if You are a business entity franchisee, You must designate an individual who either owns a majority interest in the business entity or, where there is no majority owner, who We otherwise approve of in writing to serve as Operating Principal ("Operating Principal"). The Operating Principal will have complete decision making authority with regard to Your CAP'T LOUI Franchised Restaurant and have authority to, in all respects, act on Your behalf, will be the sole individual with whom We will be required to communicate when We seek to communicate with You, the Franchisee. You must inform Us in writing of Your Operating Principal and any replacement Operating Principal in advance. We must approve Your Operating Principal before appointed. Either You (if the franchisee is an individual) or Your Operating Principal (if the franchisee is a business entity) must complete the Initial Training Program to our satisfaction. You shall identify all of Your Key Employees in Addendum B of this Agreement. Each individual listed in Addendum B as a Key Employee no matter when so listed, at Our option, shall attend Our Initial Training Program, and shall thereafter be jointly and severally responsible for operating the Franchised Restaurant in accordance with the System Standards and this Agreement. You represent and warrant that each of the individuals

designated in Addendum B will at all times abide by the System Standards, this Agreement, and the Licensed Rights; that Your Operating Principal will at all times assume personal responsibility for their continued compliance with those System Standards; and that You will promptly notify Us if any of them shall at any time during the Term of this Agreement divest themselves of ownership, partnership, or employment, as the case may be, with You. You shall amend Addendum B and submit the amended Addendum to Us whenever there is any change in Your list of Key Employees. We reserve the right to require certain individuals to be included in Your list of Key Employees.

(b) In addition, the Operating Principal must either serve as or designate a Restaurant Manager. The Restaurant Manager, who will have day-to-day management responsibility for Your CAP'T LOUI Franchised Restaurant, will exercise on-premises supervision and personally participate in the direct operation of the Franchised Restaurant. You must inform Us in writing of Your Restaurant Manager and any replacement Restaurant Manager in advance. We must approve Your Restaurant Managers before You appoint them. Your Restaurant Managers must attend the Initial Training Program. After a Restaurant Manager's separation or termination of employment, You must immediately notify us, and You must designate a successor or acting Restaurant Manager within ten (10) days.

(c) We possess certain proprietary Confidential Information consisting of the Marks, the Intellectual Proprietary, our System Standards, and other methods, techniques, formats, specifications, procedures, information, systems, methods of business management, sales and promotion techniques and knowledge of and experience in the operation and franchising of CAP'T LOUI Franchised Restaurants (the “**Confidential Information**”). Except to the extent prohibited by the laws of the state where the Franchised Business is located or where the employee lives or works, Every Key Employee must sign a non-disclosure, non-solicitation and non-competition agreement in a form approved by Us or as We otherwise provide. You must provide a copy of each Key Employee's signed non-disclosure, non-solicitation and in-term non-competition agreement to Us prior to such Key Employee beginning Our Initial Training Program and prior to Your disclosing Our Confidential Information to such Key Employee.

13. FRANCHISOR TRAINING PROGRAM

(a) The following persons shall satisfy all of the conditions established by Us for admission to, and graduation from, Our Initial Training Program located in the Franchised Restaurant or at such other location as We designate, and shall attend and satisfactorily complete any additional training programs that may be established by Us in the future:

(i) You, if Franchisee is an individual;

(ii) At Our option, each person who, at any time during the Term of this Agreement, is actively involved in the management or operation of Your Franchised Restaurant (including, but not limited to, the Operating Principal or managing member of Franchisee);

(iii) At Our option, Key Employees as defined in Section 12 and each person who, at any time during the Term of this Agreement, is actively involved in the management or the operation of the Franchised Restaurant (“Restaurant Manager” or “Restaurant Management Persons”); and

(iv) At Our option, each person who owns or directly controls a percentage of interest in You, if You are owned by a group of individuals or a corporation, limited liability company, partnership, unincorporated association or similar entity.

Any person or persons so designated to attend the training program will be identified in Addendum B to this Agreement, and become subject to the terms and conditions of this Agreement, if appropriate. Each such person shall complete Our Initial Training Program to Our satisfaction. Any person or persons designated to attend the Initial Training Program must have first attended and received certification in safe food handling from a state-approved food safety program. Certification must be submitted to Us for review before attending the Initial Training Program. Upon the failure of any such person to do so, We reserve the right to extend the training program. Satisfactory completion of all mandatory training sessions is required. Failure to do so shall result in a breach of this Agreement. The Initial Training Program will last for approximately thirty (30) days and will generally be scheduled so that it is completed six (6) to eight (8) weeks prior to the scheduled opening of the Franchised Restaurant.

(b) You acknowledge that successful completion of the Initial Training Program will require that, among other things, each attendee be able to demonstrate that he/she can read, write, and converse in English.

(c) No fee shall be charged by Us for participation by the first three (3) persons as specified in Subsection 13 (a), which may be You, Your Operating Principal and Your Restaurant Manager, in the Initial Training Program, but You shall be responsible for the travel, hotel, meals and all such other costs and expenses of each person who attends the program.

(d) We may, in Our sole discretion, permit additional people to attend the Initial Training Program. For each person permitted to attend the Initial Training Program You will pay to Us a Training Fee for such additional persons. The amount of such Fee shall be Two Thousand Dollars (\$2,000.00) per person, per week, which shall be paid prior to the commencement of training. This Training Fee is subject to change without or without notice by Us.

(e) We also maintain an ongoing in-service (such as on-site) training program. If requested by You, and if personnel are available and We deem it appropriate, a member of Our staff will provide on-the-job training at the Franchised Restaurant. We charge You Four Thousand Dollars (\$4,000.00) per forty (40) hour week per trainer plus expenses, which shall be paid prior to the commencement of training.

(f) We may from time to time offer additional training programs, annual conference, workshops, seminars and the like, to franchisees and may require that franchisees, or their

employees, as appropriate, attend such programs. We reserve the right to charge Our then-current fees for such events. You must pay all the expenses incurred by You and Your trainees in connection with any training, conferences or other meetings Your trainees attend, including, for example, their wages, transportation costs, meals, lodging and other living expenses.

(g) We require everyone participating in Our training program to execute a non-disclosure, non-solicitation and in-term non-competition agreement, except to the extent prohibited by the laws of the state where the Franchised Business is located or where the employee lives or works, which agreement is intended to protect Our Confidential Information and proprietary interest in the Licensed Rights.

(h) We may, at our option, from time to time but not more than once every one (1) year conduct a National Convention (“Convention”). The duration, curriculum and location of Convention will be determined by us in our sole and exclusive discretion. You may be required to attend the Convention, and to pay all of Your expenses incurred in connection with attending the Convention including transportation cost, meals, lodging and living expenses. We shall have the right to charge You a reasonable Convention Registration Fee (currently up to One Thousand Dollars (\$1,000)) for You to attend each Convention. We may charge this registration fee up to one (1) year in advance invoiced and paid via EFT as part of Your standard monthly billing. The Convention Registration Fee is not refundable and will be collected even if You do not attend the Convention. We will try to make available all of the substantive materials that are presented at the Convention through our Intranet.

14. NOTICES AND APPROVAL OF OPENING

(a) You shall give Us at least thirty (30) days prior written notice of the opening of the Franchised Restaurant. If such notice is not given, We shall be relieved of Our obligations under this Agreement to provide assistance in connection with the opening of the Franchised Restaurant and the planning and development of pre-opening promotions and programs.

(b) In order to maintain quality and uniformity and to ensure that the Franchised Restaurant satisfies all of the System Standards, We retain the right to perform a final inspection of the Franchised Restaurant prior to opening. If We reasonably determine that the Franchised Restaurant does not conform with Our standards of appearance, or You failed to apply for and obtain all licenses required for the operation of the Franchised Restaurant from the appropriate governmental agencies, then We shall have the right to delay opening of the Franchised Restaurant until such time as any deficiencies are corrected and brought into compliance with such standards or requirements. If any such deficiencies are detected, We will provide You with written notice stating the nature of the deficiency, and the corrective actions that You must take. Any evaluation or inspection We conduct is not intended to exercise, and does not constitute, control over Your day-to-day operation of the Business or to assume any responsibility for Your obligations under this Agreement.

15. EQUIPMENT, COMPUTERS, SIGNS AND FURNISHINGS

(a) You shall only install, use and maintain such equipment, furnishings, computer hardware and software, point of sale system (“POS system”), signage and other personal property at the Franchised Restaurant location as are required under this Agreement, and which strictly conform to the System Standards. There is no contractual limit on Our ability to require You to upgrade the computer hardware and software, and POS system, add or replace components to the computer hardware and software or POS system.

(b) In the event You install any equipment, furnishings, computer hardware and software, POS system, signage or any other personal property that is not in conformity with Our System Standards, We may, in addition to any other remedies under this Agreement, demand that You close the Franchised Restaurant and take the steps necessary to bring its equipment, computers, POS system, signs and other personal property into conformity with the System Standards. You shall not reopen the Franchised Restaurant without Our prior written approval.

(c) We have the right to require You to use any proprietary software We may develop. You agree to use proprietary software and software support services that either We develop and provide or which are provided by a third party supplier We designate, and You will execute any standard form software license agreement reasonably necessary to do so. You agree to purchase from Us or Our designee, as applicable, new, upgraded or substitute proprietary software whenever We determine to adopt them system wide, at the prices and on the terms that We or such third party vendor establish, but You will not be required to do so more than once in any calendar year.

16. RELOCATION

You shall have the right to relocate the Franchised Restaurant to another location, provided that any such relocation meets Our other location criteria, We provide prior written approval and You pay Us Seven Thousand Five Hundred Dollars (\$7,500.00) to cover Our costs in considering Your request. In the event You so decide to relocate the Franchised Restaurant, the cost of any such relocation will be borne by You.

17. OPERATION OF THE FRANCHISED RESTAURANT

You covenant and agree that:

(a) You shall operate the Franchised Restaurant in accordance with Our Operations Manual, a copy of which You acknowledge having received on loan from Us, for the Term of this Agreement, and shall not make or allow unauthorized disclosures of the contents of the Operations Manual to any outside parties. You understand and acknowledge that We may revise the content of the Operations Manual, and You expressly agree to comply with each changed requirement within such reasonable time as We may require. Any new or different requirements imposed will not alter Your fundamental status, rights or obligations under this Agreement. You shall at all times ensure that Your copy of the Operations Manual, and any other manuals loaned to You are kept current and up-to-date and, in the event of any dispute as to their contents, the terms of the master

copies maintained by Us at Our principal place of business shall be controlling. The entire contents of the Operations Manual are and will remain confidential and Our property.

(b) In order to protect the Licensed Rights and associated goodwill, You shall:

(i) Operate under the name CAP'T LOUI and advertise only under the Licensed Rights designated by Us, and will use such rights without prefix or suffix, except where such use may conflict with a prior registration or use, in which event You shall operate and advertise only under such other names as We have previously approved in writing;

(ii) Feature and use the Licensed Rights solely in the manner We prescribe; and,

(iii) Observe such reasonable requirements with respect to the Marks and fictitious name registrations and copyright notices as We may direct in writing.

(c) You shall cause sales of all products, goods and services to be properly recorded at the time of the sale.

(d) You shall cause Your employees to wear apparel which strictly conforms to the specifications, design and style We have approved.

(e) You shall comply with all laws, ordinances and regulations affecting the operation of the Franchised Restaurant.

(f) You shall notify Us in writing within three (3) days of receipt of notice of the commencement of, or the threat of, any action, suit or proceeding against You, or of the issuance of or the threat of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which arises out of, concerns, or may affect the operation or financial condition of the Franchised Restaurant, Franchisor, or the goodwill associated with the Licensed Rights including, without limitation, any criminal action or proceedings brought by You against Your employees, customers, or other persons. You agree that You will not commence any action, suit or proceeding that affects Us, or the goodwill associated with the Licensed Rights, without Our prior written approval.

(g) You shall open and operate the Franchised Restaurant and shall maintain the business hours prescribed by Us in the Operations Manual. If You fail to open Your CAP'T LOUI Franchised Restaurant within two hundred and forty days (240) after We sign the Franchise Agreement, We have the right to terminate this Agreement.

(h) You will purchase all required of inventory from vendors We designate which may include Us and Our affiliates.

(i) You shall pay on a timely basis for all supplies, materials and expenses You incur in the operation of the Franchised Restaurant. You acknowledge that You are solely responsible for all operating, selling, general and administrative expenses of the Franchised Restaurant, and that any failure by You to make prompt payment to Your suppliers, vendors, contractors or employees may cause irreparable harm to the reputation and credit of Franchisor and other franchisees.

(j) In order to preserve the validity and integrity of the Licensed Rights, and to assure that You are properly employing such rights in the operation of the Franchised Restaurant, We or Our agents shall have the right to observe the manner in which You are offering Your products and services and conducting Your operations. We or Our agents shall have the right to confer with Your employees and customers, and to inspect equipment and related merchandise, trademarked product lines, other merchandise, equipment, supplies or inventory for evaluation purposes in order to make certain that the equipment and related merchandise, trademarked product lines, and other equipment, supplies, inventory, services and operations are satisfactory and meet the quality control provisions and performance standards as established by Us from time to time. If We find anything that does not meet Our System Standards, You will be required to correct them within a reasonable period of time. If You fail to take corrective action, We may close the Franchised Restaurant until the corrective action is taken, or enact Our Step-In rights pursuant to Section 33 herein or otherwise terminate Your Franchise Agreement. At any time after five (5) years from the date You open the Franchised Restaurant, We may require You to remodel Your Franchised Restaurant at Your expense to bring it up to current standards.

(k) You shall use Your best efforts in operating the Franchised Restaurant and in promoting and encouraging patronage of all CAP'T LOUI businesses.

(l) You shall promptly respond to any and all customer inquiries or complaints and achieve customer satisfaction for reasonable complaints through refund of fees or other accommodation to customer's satisfaction as may be appropriate, as well as taking such other steps as may be required by Us to insure positive customer relations and to maintaining the goodwill of the CAP'T LOUI System.

(m) You acknowledge and agree that exchanging information with Us by electronic transmission ("e-mail") is efficient and desirable for day-to-day communications and that We and You may utilize e-mail for such communications. You authorize the transmission of e-mail by Us and Our employees, vendors, and affiliates ("Official Senders") to You during the Term and any renewal thereof. You further agree that: (a) Official Senders are authorized to send e-mails to those of Your employees as You may occasionally authorize for the purpose of communicating with Us; (b) You will cause Your officers, directors, and employees to give their consent to Official Senders' transmission of e-mails to them; (c) You will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with You; and (d) You will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the Term and any renewal thereof. The consent given in this Subsection will not apply to the provision of notices by either party under this Agreement pursuant to Section 36 unless the parties otherwise agree in a written document signed by both parties.

18. PROPRIETARY INFORMATION

(a) You acknowledge that Your entire knowledge of the operation of the Franchised Restaurant, including without limitation the contents of the Operations Manual, list of vendors, and the specifications, equipment, standards, and operating procedures of the Franchised Restaurant, is derived from information disclosed to You by Us, and that such Operations Manual and such other information is confidential and Our trade secret. You shall maintain the absolute confidentiality of the Operations Manual and all such other proprietary information You receive from Us, both during and after the Term of the Franchise Agreement. You shall disclose Confidential Information only to those employees or contractors who need such Confidential Information to perform their job functions, and only to the extent necessary for them to do so. Prior to disclosing any Confidential Information, You shall require all such employees or contractors to sign confidentiality agreements in the form approved by Us or as amended by Us from time to time, and shall forward a copy of same to Us. You agree that You shall not use the Operations Manual and such other information in any other business or in any manner not specifically authorized or approved in writing by Us.

(b) You agree to promptly disclose to Us all Innovations, whether or not protectable intellectual property, and whether created by or for You or Your Owners or employees. All Innovations will be deemed Our sole and exclusive property and works made-for-hire for Us. We have the right to incorporate Innovations into the System and may use them and may authorize You and others to use them in the operation of CAP'T LOUI businesses. Innovations will then also constitute Confidential Information. We will disclose to You Innovations that are made a part of the System in this manner. To the extent any Innovation does not qualify as a work made-for-hire for Us, by this paragraph You assign ownership of that Innovation, and all intellectual property and other rights to the Innovation, to Us and agree to sign and deliver such instruments and documents, provide such assistance and perform such other acts as We periodically designate in order for Us or Our designee to obtain exclusive rights in such Innovations. We will have no obligation to make any lump sum or other payments to You or any other person with respect to any such Innovations. You will not use, nor will You allow any other person to use, any such Innovations, whether in connection with the Franchised Restaurant or otherwise, without obtaining Our prior written approval. You also agree that if You shall develop any new trademark, service mark, trade name and trade symbols, trade dress, signs, slogans, associated logos, designs, e-mark, copyrights, emblems, concept, process or improvement in the operation or promotion of the Franchised Restaurant, We will immediately become sole owner and licensor.

(c) Any and all customer lists and their contents relating to the Franchised Restaurant, whether compiled or developed by You or any other person, are owned by Us, and are Our proprietary property (whether supplied by Us or not) and You shall not use the customer lists for any purpose whatsoever other than in the normal conduct of the Franchised Restaurant prior to any default under this Agreement, or termination or expiration of this Agreement. To the extent that You may have or claim any right, title or interest in or to such customer lists and contents, You agree to, and do hereby, assign to Us all of Your right, title and interest therein. You will, upon demand, promptly deliver to Us a complete list of current and former customers, including name, telephone number, complete mailing address, email address, frequency of service, last date serviced and price of service, and other information concerning such customers as requested by Us.

19. MARKS

(a) You acknowledge and agree that We are the owner of the Licensed Rights which include all Marks and that Your right to use the Licensed Rights is derived solely from this Agreement and is limited to the conduct of the business by You pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by Us from time to time during the Term of this Agreement. Any unauthorized use of the Marks by You constitutes a material breach of this Agreement and an infringement of Our rights in and to the Marks. You acknowledge and agree that all usage of the Marks by You and any goodwill established by Your use of the Marks shall inure to Our exclusive benefit and that this Agreement does not confer any goodwill or other interests in or to the Marks upon You. You shall not, at any time during the Term of this Agreement, or after its termination or expiration, contest the validity or ownership of any of the Marks or assist another person in contesting the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks, trade names, trade dress, trade symbols, signs, slogans, associated logos, designs, emblems, e-marks, copyrights, and commercial symbols authorized for use by and licensed to You by Us after the date of this Agreement.

(b) You shall not use any of the Marks as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form, nor may You use any of the Marks in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Us. You agree to give such notices of trademark and service mark registrations as We specify and to obtain such fictitious or assumed name registrations as may be required under applicable law or as requested by Us. You shall not use or seek to register any of the Marks in any manner that has not been specified or approved by Us in advance.

(c) You shall immediately notify Us in writing of any apparent infringement of or challenge to Your use of the Marks, of which You become aware, and of any claim by any person of any right in the Marks or any similar trade name, trademark, or service mark, trade dress, trade symbols, signs, slogans, associated logos, designs, emblems, e-marks, copyrights and commercial symbols of which You become aware. You shall not directly or indirectly communicate with any person other than Us and Our counsel in connection with any such infringement, challenge, or claim. We shall have sole discretion to take such action as We deem appropriate and shall have the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding, or other judicial or administrative proceeding arising out of such infringement, challenge or claim or otherwise relating to the Marks. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Our counsel, be necessary or advisable to protect and maintain Our interests in any such litigation, U.S. Patent and Trademark Office proceeding, or other judicial or administrative proceeding, or to otherwise protect and maintain Our interests in the Marks.

(d) If it becomes advisable at any time in Our sole discretion for Us and/or You to modify or discontinue use of the Marks, and/or use one or more additional or substitute trade names, trademarks, service marks, trade names, trade dress, trade symbols, signs, slogans, associated logos, designs, emblems, e-marks, copyrights and commercial symbols or other commercial symbols, You agree to

comply with Our directions within a reasonable time after notice to You. We shall have no liability or obligation whatsoever with respect to Your modification or discontinuance of the Marks. You are responsible for the tangible costs for modifying or changing the Marks, including but not limited to changing signs and advertising materials. You agree that such modification or change of Marks will be completed by You within a reasonable period of time after notification by Us.

20. MODIFICATION OF THE SYSTEM

You recognize and agree that from time to time We may change or modify Our System and Our business in any manner that is not expressly and specifically prohibited by this Agreement including, but not limited to, the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new computer programs and systems, new types or brands of products or services, new equipment requirements or new techniques and that You will accept, use and display for the purpose of this Agreement any such changes in Our System, as if they were part of this Agreement at the time of execution. Whenever We have expressly reserved in this Agreement or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant You a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, We may make such decision or exercise its right and/or discretion on the basis of Our judgment of what is in Our best interests, including without limitation Our judgment of what is in the best interests of the CAP'T LOUI franchise network, at the time Our decision is made or Our right or discretion is exercised. Any new or different requirements imposed will not unreasonably increase Your obligations or place an excessive economic burden on Your operations, or otherwise alter Your status or rights under this Agreement. You will make such expenditures as such changes or modifications in Our System as We may reasonably require. You shall not change, modify or alter in any way any material aspect of Our System, without Our prior written consent.

21. ADVERTISING AND PROMOTIONS

(a) As of the date of this Agreement, We do not charge an Advertising Fund Fee. We do, however, reserve the right to institute such a fee, in an amount up or equal to three percent (3%) of the Franchised Restaurant's Gross Revenue, in order to develop and maintain a local, regional or national advertising program. Should We, in Our sole discretion, decide to institute an Advertising Fund Fee, We shall have the right to do so upon ninety (90) days advance written notice of Our intent to invoke Our rights under this Subsection. Collection of any fees thus imposed will be accomplished in the same manner, and subject to the same conditions, as are more particularly outlined in Section 7 of this Agreement.

(b) If an Advertising Fund is begun, it will be administered by Us and Our designee. We, in Our sole discretion will be responsible for (i) developing and placing advertising for the benefit of Our entire System; (ii) deciding which media to use and under what terms; (iii) securing the services of advertising agencies or other marketing professionals; and (iv) limiting expenditures from the Advertising Fund, to the extent possible, to those areas in which franchisees are contributing to the Advertising Fund. Funds not spent in any given fiscal year will be carried forward to the next year. Although once established the Advertising Fund is intended to remain in existence, We reserve the right to terminate the Advertising Fund only after all monies have been spent for advertising and promotion. We reserve the right to place additional local, regional or national advertising at Our expense. All Franchisor-owned units or affiliate-owned units will contribute to the Advertising

Fund on the same basis as Franchised Restaurants. We have the right to reimburse ourselves to cover our or our designee's costs and overhead for activities reasonably related to the administration of the Advertising Fund, including indirect expenses and subsidizing costs, costs and salaries of our or our designee's personnel who perform services for the Advertising Fund. We do not have an advertising council. However, We reserve the right to form, change, or dissolve a franchisee advertising council.

(c) We will maintain separate bookkeeping accounts for the Advertising Fund and may, but will not be required to cause Advertising Fund contributions to be deposited into one or more separate bank accounts. The Advertising Fund is not a trust, and We are not a fiduciary or trustee of the Advertising Fund or the monies in the Advertising Fund. We may, in our discretion, separately incorporate the Advertising Fund or create an Advertising Fund trust, over which We may be the trustee, into which Advertising Fund contributions may be deposited. We will prepare and make available to all franchisees an annual statement of income and expenses upon written request, and the cost of preparing the statements will be paid by the Advertising Fund.

(d) Irrespective of the development or implementation of any local, regional or national advertising program by Us, if any, You are required to spend one percent (1%) of Your Gross Revenue per month through the end of Your first full calendar year of operations; then two percent (2%) of the previous year's Gross Sales each year thereafter on local advertising. Your local advertising must be conducted in accordance with the guidelines in Our Operations Manual. In addition, You may do Your own advertising, or hire an advertising agency, but in either event, You must obtain Our prior written approval of all advertising and promotional plans and materials that You desire to use at least thirty (30) days before the implementation of such plans, unless such plans and materials have been previously approved by Us. You shall submit such plans and materials to Us by personal delivery or through the mail, "Return Receipt Requested" or sent by overnight delivery paid for by sender. You shall not use such plans or materials until they have been approved by Us in writing and shall promptly discontinue use of any advertising or promotional plans and materials upon Our request. Any plans or materials submitted by You to Us that have not been approved or disapproved, in writing, within thirty (30) days of receipt thereof by Us, shall be deemed disapproved.

(e) You are required to spend between Two Thousand Dollars (\$2,000.00) and Three Thousand Dollars (\$3,000.00) for Your grand opening advertising and promotion program ("Grand Opening Program"). We will provide You with a Grand Opening Program, as specified in Our Operations Manual, which will contain Your advertising and promotional obligations during the period beginning one (1) month before the scheduled opening of the Franchised Restaurant and continuing until three (3) months following the commencement of operation of the Franchised Restaurant. This is an estimated range of expenditures to satisfy the Grand Opening Program. You must submit any requested changes to the Grand Opening Plan to Us for approval before the implementation of the Grand Opening Program. Actual costs may vary based on the time of year that You open the Franchised Restaurant, media costs in Your market area, and the pace with which You are able to increase sales.

(f) You may participate, and are encouraged to participate, in other local, regional, and national programs related to sales promotions which We may establish or approve. Until or unless We

develop and implement a local, regional or national advertising program or an Advertising Fund under the provisions of Subsections 21(a) and (b) above, You will bear the cost of participating in any such program; except, if You elect to accept coupons or any similar promotional material issued by Us, or by another franchisee, notwithstanding Your election to not otherwise participate in the promotion, We will make necessary accounting or cross-charge arrangements to ensure that You will not incur a permanent net expenditure.

(g) We reserve the right to require You to cooperate and participate in certain special promotional events or campaigns that may from time to time be sponsored by Us, other franchisees, or both.

(h) Immediately upon notification, You shall discontinue any advertising that would, in Our sole opinion, be detrimental the CAP'T LOUI System, Marks, Us, Our affiliates or other franchisees. You agree that upon termination, transfer, or expiration of this Agreement, You shall immediately remove all advertising that You control and notify all advertising sources that Your advertising must be removed and/or canceled immediately. For advertising that cannot be immediately canceled, You are responsible for any and all costs related to such advertising until such time as it can be canceled or it expires.

(i) You, Your Owners and each of Your employees agree that We and Our affiliates have the right and permission to make, use and publish the photographs/film/videotapes/electronic representations and/or sound recordings made in connection with Our training, marketing, events, and other materials utilized or developed in connection with the System and We and Our affiliates are authorized to reproduce, copyright, exhibit, broadcast, and distribute the photographs/film/videotapes/electronic representations and/or sound recordings at Our discretion without limitation and compensation.

22. FINANCIAL INFORMATION, AUDITS

(a) You shall keep and maintain during the Term of this Agreement and any renewal periods, and shall preserve for a minimum of seven (7) years thereafter, full, complete and accurate books of account in accordance with generally accepted accounting standards and practices, which books shall accurately reflect the Gross Revenue of the Franchised Restaurant and any and all deductions expressly permitted by this Agreement, marketing activities, payroll and accounts payable.

(b) You shall, at Your expense, deliver to Us within thirty (30) days of the end of each of Your fiscal years, a complete financial statement for such fiscal year in such form as We may require, including, without limitation, both an income statement and balance sheet, which may be unaudited, together with reports of Gross Revenue from that year's operations and all amounts expended on advertising as well as such other information as We require. Each financial statement shall be signed by You or by Your Treasurer, Managing Member or Chief Financial Officer, who shall attest that the statement is true and correct and prepared in accordance with Our requirements.

(c) You shall permit Our authorized personnel to inspect, examine, compile, review and/or audit all of Your business records relating to Your Franchised Restaurant, including but not limited

to financial documents and tax returns, at any time during normal business hours without any prior notice.

(d) You shall also permit accountants designated by Us to audit Your books of accounts. Should any audit reveal an understatement of two percent (2%) or more of the amount otherwise due to Us, You will bear the costs and expenses of Our audit and inspection, and the deficiency shall be immediately due and payable with interest from the date the payments should have been made. In addition, in the event that We find that You have understated the amount due to Us of five percent (5%) or more or that any such understatement has been made deliberately, such understatement shall constitute an Event of Default and be considered a Material Breach of this Agreement as defined in Section 32(d)(iv) of this Agreement.

(e) Any inspection or audit of business records or books of accounts is solely for determining Your compliance with Your contractual obligations and does not constitute control over Your day-to-day operation of the Franchised Restaurant.

23. INDEMNIFICATION; INSURANCE

(a) You understand and agree that nothing in this Agreement authorizes You to make any contract, agreement, warranty or representation on Our behalf, or to incur any debt or other obligation in Our name. You further understand and agree that We shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action or by reason of any act or omission of Yours in Your conduct of the Franchised Restaurant or otherwise, or for any claim or judgment against Us arising from Your operation of the Franchised Restaurant. You shall indemnify, defend and hold Us harmless and hold harmless Our officers, directors, shareholders, members and employees, and agents from and against any and all claims, costs, obligations, and causes of action, arising directly or indirectly from any act or omission of Yours or any of Your shareholders, directors, members, officers, employees, representatives or agents, as a result of, or in connection with, Your operation of the Franchised Restaurant, the actions of any of Your shareholders, directors, members, officers, employees, representatives or agents, or any action arising from an allegation of a violation of labor or employment law; or by reason of any act occurring on, at or from the premises of the Franchised Restaurant or by reason of an omission relating to the operation of the Franchised Restaurant, as well as the costs, including reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses We incur in defending against such claims or actions. As between Us and You, You are solely responsible for the safety and well-being of Your employees and the customers of the Franchised Restaurant. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement or any renewal term.

(b) You agree to maintain insurance as follows:

(i) With respect to all insurable properties, You shall maintain or cause to be maintained, all-risk property insurance against loss or damage to business personal property of the Franchised Restaurant in amounts not less than the replacement cost of such property;

(ii) You shall maintain or cause to be maintained broad form comprehensive

commercial general liability insurance, including premises liability, products/completed-operations and broad form contractual liability, covering claims for liquor liability (if You sell liquor), personal injury, bodily injury or property damage caused as a result of the operation of the Franchised Restaurant and pursuant to this Agreement in amounts not less than One Million Dollars (\$1,000,000.00) for each occurrence and Two Million Dollars (\$2,000,000.00) general aggregate. Coverage must be written on an occurrence basis only, not claims-made. This insurance may not have a deductible or self-insured retention of over Five Thousand Dollars (\$5,000.00);

(iii) You shall maintain or cause to be maintained automobile liability insurance against claims for personal injury, death or property damage occurring as a result of the maintenance or operation by You of any automobiles, trucks or other vehicles used in the operation of the Franchised Restaurant in an amount not less than One Million Dollars (\$1,000,000.00) Combined Single Limit;

(iv) You shall maintain or cause to be maintained workers' compensation insurance, in such amounts as may now or hereafter be required by any applicable law;

(v) You shall maintain or cause to be maintained a Two Million Dollars (\$2,000,000.00) umbrella policy as extended coverage to the commercial general liability, auto liability and employers liability insurance;

(vi) Builders' and/or contractor's insurance and performance and completion bonds in forms and amounts acceptable to Us; and

(viii) Business Interruption Insurance and other Insurance coverages of types, nature and scope sufficient to satisfy Your indemnification obligations under the Franchise Agreement.

(c) All policies of liability insurance shall insure and name Us as an additional insured/loss payee and shall protect Us against any liability that may accrue by reason of the ownership, maintenance or operation by You of the Franchised Restaurant.

(d) We reserve the right to increase the minimum limits listed above as well as to change or add new types of required coverage as set forth in greater detail in the Operations Manual.

(e) Your obligation to obtain and maintain or cause to be maintained the foregoing policy or policies of insurance shall not be limited in any way by reason of any insurance that may be maintained by Us, nor shall Your performance of this obligation relieve You of liability under the indemnity provision set forth in this Agreement. You shall deliver to Us certificates of insurance evidencing Your compliance no less than ten (10) days prior to opening the Franchised Restaurant. Such proof of insurance shall include a statement by the insurer that the policy or policies will not be cancelled or materially altered without giving at least thirty (30) days prior written notice to Us. You must submit to Us at least annually, and otherwise upon request by Us, a copy of the certificate of renewal or other evidence of the renewal, existence or extension of such insurance policies.

(f) Should You, for any reason, fail to procure or maintain the insurance required by this Agreement, You shall be considered in material breach of this Agreement. In such event, We shall then have the right and authority (but not obligation) to procure such insurance and to charge the cost of such insurance to You, which charges, together with a reasonable fee for Our expenses in taking such action, shall be payable by You immediately upon notice from Us.

24. BUSINESS ORGANIZATION AND PERSONAL GUARANTY(S)

(a) If You are an individual or individuals, then You acknowledge and agree that the grant of license in Section 3 is made by Us in reliance on Your personal attributes and in consideration of the trust and confidence which We place in You, and on Your representation that You will actively and substantially participate personally in the beneficial ownership and management of the CAP'T LOUI Franchised Restaurant.

(b) In the event You are a business entity (including but not limited to a corporation, a limited liability corporation, a partnership, a limited liability partnership, a trust), in addition to being newly formed, You must complete and sign the Principal Owner's Statement attached to this Agreement as Addendum D and each individual with an ownership interest in You must also sign Addendum D. Further, You represent, warrant and covenant that:

(i) You are newly formed and duly organized and validly exist under the laws of the state in which You were formed;

(ii) You are duly qualified and are authorized to do business in each jurisdiction in which Your business activities or the nature of the properties owned by You require such qualification;

(iii) The execution of and transactions contemplated by this Agreement are within Your powers;

(iv) The ownership interests in You are accurately and fully listed in Addendum D;

(v) Each and every person with an ownership interest in You shall sign the Guaranty Agreement attached to this Agreement as Addendum C and You shall provide the original signed Guaranty Agreement to Us;

(vi) The stated purpose of the business entity shall consist only of the development, ownership, operation and maintenance of the CAP'T LOUI Franchised Restaurant;

(vii) You shall not issue any additional stock, membership, or interests in You and no individual with ownership interest in You shall transfer, assign or pledge any ownership interest in You without Our prior written consent, which shall not be unreasonably withheld, and a legend setting forth such restriction on transfers shall be contained in the business entity's organizational and governing documents and other appropriate documents such as certificates and stocks. In giving Our consent, We shall have the right (but not the obligation) to impose one or more reasonable conditions;

(viii) In the event the ownership interests in You changes, You must provide an updated Addendum D to Us within five (5) business days of the change and the new recipient(s) of an ownership interest in You must sign the Guaranty Agreement attached to this Agreement as Addendum C;

(ix) Prior to Our signing of this Agreement, You shall deliver to Us photocopies of the organizational and governing documents and other documents such as certificates and stocks reflecting compliance with the provisions of this Subsection 24(b); and,

(x) Operation of Franchised Restaurant is within the use for which the business entity is authorized in the jurisdiction in which the Franchised Restaurant shall be conducted.

25. COVENANTS OF NON-SOLICITATION, NON-DISCLOSURE AND NON-COMPETITION

(a) You, and persons controlling, controlled by or under common control with You, specifically acknowledge that, pursuant to this Agreement, You will receive valuable specialized training, trade secrets, and Confidential Information, including, without limitation, information regarding the management, operations, marketing, advertising, and related information, materials, methods and techniques of Franchisor and Our System which are beyond the present skills and experience of You and Your managers and employees, and that the value of this information arises not only from the time, effort and money that went into its compilation but also from its usage by all franchisees. You acknowledge that such specialized training, trade secrets, and Confidential Information provide a competitive advantage and will be valuable to You in the operation of the Franchised Restaurant, and that gaining access to such specialized training, trade secrets, and Confidential Information is therefore a primary reason why You are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and exclusive rights described above, You and persons controlling, controlled by or under common control with You agree and covenant that during the Term of this Agreement and for a continuous uninterrupted period commencing upon the effective date of expiration or termination of this Agreement or the date that You begin to comply with this Section, whichever is later, and for two (2) years thereafter, except to the extent prohibited by the laws of the state where the Franchised Business is located, except as otherwise approved in writing by Us, You shall not, either directly or indirectly, for You, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or other business entity:

(i) solicit, divert or attempt to solicit or attempt to divert any business or customer of the Franchised Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act deemed by Us to be injurious or prejudicial to the goodwill associated with Our Licensed Rights and Our System; or

(ii) own, manage, maintain, operate, engage in, advise, consult with, invest in, be employed by or perform services as a director, officer, manager, representative, agent, or otherwise, or have any direct or indirect interest in any business within a ten (10) mile radius of Your former Franchised Restaurant and/or of any business owned by any CAP'T LOUI

franchisee, CAPT LOUI, LLC or CAP'T LOUI affiliate that (a) specializes, in whole or in part, in offering to the public substantially similar products and/or services to those products and/or services offered by the Franchised Restaurant prior to the termination or expiration of this Agreement (a "Competitive Business") or (b) grants franchises or licenses to others to operate a Competitive Business.

(b) At any time, during the Term of this Agreement or thereafter, You shall not, either directly or indirectly, for You, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or other business entity, use, in connection with the operation of any business other than the Franchised Restaurant, any of the Licensed Rights, or any other names, marks, systems, insignias, or symbols provided or approved by Us to You pursuant to this Agreement, or cause or permit any such business to look like, copy or imitate a CAP'T LOUI Franchised Restaurant or to be operated in a manner tending to have such effect.

(c) You expressly acknowledge that You possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, You acknowledge that enforcement of the covenants made in this Section will not deprive You of Your personal goodwill or ability to earn a living.

(d) It is the express intention of the parties to this Agreement to comply with all laws applicable to the covenants contained in this Agreement. If any of the covenants contained in this Section are found to exceed in duration, geography or scope those permitted by applicable law, the parties expressly agree that such restrictive covenant may be reformed or modified by the final judgment of a court of competent jurisdiction or other lawful constituted authority to reflect a lawful and enforceable restriction, whether in duration, geography or scope, and that the covenants contained in this Section 25 shall automatically be deemed to be amended and modified so as to comply with the judgment or order of such court or authority to the maximum extent permitted. If any one or more of the provisions contained in this Section 25 shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if it never contained such invalid, illegal or unenforceable provisions.

(e) You understand and acknowledge that We shall have the right, in Our sole discretion, to reduce or limit the duration, geography or scope of any covenant set forth in this Section of this Agreement, or any portion thereof, without Your consent, effective immediately upon notice to You; and You agree that You shall comply from that point forward with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 48 hereof.

(f) You expressly agree that the existence of any claims You may have against Us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Us of the covenants in this Section. You further agree that We shall be entitled to set off from any amount owed by Us to You any loss or damage to Us resulting from Your breach of this Agreement.

(g) You understand and agree that the restrictions contained in this Section are reasonable and necessary to protect Our legitimate business interests.

(h) Nothing contained in this Agreement shall prevent You from owning less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly traded corporation listed on a recognized national stock exchange or NASDAQ.

(i) You acknowledge and agree that any failure by You to comply with the requirements of this Section shall constitute a material Event of Default under this Agreement; that such failure will cause Us irreparable injury and that money damages will not adequately compensate Us; and that We are entitled to enforce this Section by temporary restraining order and/or temporary, preliminary and/or permanent injunction, and/or specific performance, without the necessity of posting bond. This relief will be in addition to any other relief We may have under federal and/or state law. You agree to pay all court costs and reasonable attorneys' fees incurred by Us in enforcing Our rights under this Section.

(j) In addition to any other remedies or damages allowed under this Agreement and/or by law, if You breach any of the covenants set forth in Subsections 25(a) and (b), You shall pay Us a fee equal to Our then-current Initial Franchise Fee for each Competitive Business identified plus six percent (6%) of such Competitive Business' Gross Revenue until expiration of the non-competition period set forth in this Section.

(k) During the Term of this Agreement, any of Our officers or area supervisors shall have the right to inspect any business interest in which You or a Key Employee has an interest, at reasonable times and during normal business hours, to the extent reasonably necessary to determine whether the conditions of this Section are being satisfied. If, by reason of such inspections or otherwise, We have reason to believe that You are in default of this Section 25, and You are so notified by Us, You shall have the burden of establishing that You are not in default. You shall respond to any default notice under this Section within ten (10) days. With regard to any such default, We shall have the right to pursue any and all rights of remedy and enforcement available to Us, either at law or in equity, and You shall immediately take all steps to cure said default in a manner satisfactory to Us.

The provisions of this Section shall survive any termination or expiration of this Agreement or any renewals.

26. CONFIDENTIALITY

(a) You, and persons controlling, controlled by or under common control with You, shall hold in confidence Our System and shall not disclose any part of Our System to any individual or entity. It is understood and agreed that Our System would, if used by other individuals or entities, confer on them a substantial competitive advantage, which advantage is presently enjoyed by Us. Accordingly, You agree that You shall not at any time, without Our prior written consent, disclose (except to such employees or agents as must reasonably have access to such information in order to establish or operate the Franchised Restaurant and who have signed confidentiality agreements, in a form approved by Us) or use or permit the use of Our System, or any part, except as may be required by applicable law or as authorized by this Agreement.

Accordingly, You agree that You shall not at any time, without Our prior written consent, disclose (except to such employees or agents as must reasonably have access to such information in order

to establish or operate the Franchised Restaurant and who have signed confidentiality agreements, in a form approved by Us or as We otherwise provide) or permit the use of Our System, or any part, except as may be required by applicable law or as authorized by this Agreement. You acknowledge and agree that any form of confidentiality agreement is a form of agreement only and that it may or may not be enforceable in a particular jurisdiction. You agree that You are solely responsible for obtaining Your own professional advice with respect to the adequacy of the terms and provisions of any confidentiality agreement You require Your employees, agents and independent contractors to sign.

(b) You, and persons controlling, controlled by or under common control with You, shall at all times use Your best efforts to keep confidential the Operations Manual, any other manuals or materials designated for use with Our System and such other information as We may designate for confidential use with Our System, as well as all other trade secrets, if any, and Confidential Information, knowledge and business know-how concerning the establishment, construction or operation of the Franchised Restaurant that may be imparted to, or acquired by, You in connection with this Agreement. You acknowledge that the unauthorized use or disclosure of such Confidential Information (and trade secrets, if any) will cause incalculable and irreparable injury to Us. Any and all information, knowledge and know-how, not generally known in the Louisiana Style Cajun Seafood restaurant business, about CAP'T LOUI's products, equipment, services, standards, specifications, systems, procedures and techniques, and such other information or materials as We may designate as confidential, shall be deemed confidential and proprietary for purposes of this Agreement, except information that You can demonstrate came to Your attention prior to disclosure thereof by Us or that is or has become a part of the public domain through publication or authorized communication by others. The Operations Manual, any other manuals or materials designated for use with Our System, and all Confidential Information (and trade secrets, if any) shall at all times be deemed to be, and shall remain, Our sole property, and You shall acquire no rights, title or interest therein by virtue of Your authorization pursuant to this Agreement to possess and use them.

YOU ACKNOWLEDGE AND AGREE THAT OUR CONFIDENTIAL INFORMATION INCLUDES, BUT IS NOT LIMITED TO: THE TERMS AND CONDITIONS OF THIS AGREEMENT; THE CONTENTS OF THE OPERATIONS MANUALS, TRADE SECRETS WHICH INCLUDES CUSTOMER LISTS, AND ANY COMPONENT OF OUR SYSTEM THAT DOES NOT CONSTITUTE A TRADE SECRET BUT THAT OTHERWISE MEETS THE DEFINITION OF "CONFIDENTIAL INFORMATION."

The provisions of this Section shall survive any termination or expiration of this Agreement or any renewals thereof.

27. NON-DISCLOSURE, NON-SOLICITATION AND NON-COMPETITION AGREEMENTS

Except to the extent prohibited by the laws of the state where the Franchised Business is located or where the employee lives or works, You shall cause any person who is actively involved as a Key Employee, as defined in Section 12 of this Agreement, in the Franchised Restaurant, at the time such person enters Your employment, to enter into a non-disclosure, non-solicitation and in-term non-competition agreement, in a form approved by Us or as We otherwise provide. You acknowledge and agree that any form of non-disclosure, non-solicitation and non-competition agreement is a form of agreement only and that it may or may not be enforceable in a particular

jurisdiction. You agree that You are solely responsible for obtaining Your own professional advice with respect to the adequacy of the terms and provisions of any non-compete agreement You require Your employees, agents and independent contractors to sign.

You shall use Your best efforts to prevent any such persons from using, in connection with the operation of any competing business wherever located, any of the Licensed Rights or from operating any competing business that looks like, copies or imitates any CAP'T LOUI Franchised Restaurant or operates in a manner tending to have such effect. If You have reason to believe that any such person has violated the provisions of the non-disclosure, non-solicitation and non-competition agreement, You shall immediately notify Us and shall cooperate with Us to protect Us against infringement or other unlawful use of the Licensed Rights, including, but not limited to, the prosecution of any lawsuits if, in the judgment of Our counsel, such action is necessary and advisable.

The provisions of this Section shall survive any termination or expiration of this Agreement or any renewals thereof.

28. ASSIGNMENT; CONDITIONS AND LIMITATIONS

If You are not an individual, the terms of this Section and of Section 29 hereof, shall also be deemed to apply to any management agreement, sale, resale, pledge, assignment, transfer or encumbrance of voting stock of, or other ownership interest in You which would, alone or together with other related, previous, simultaneous or proposed transfers, result in a change of ownership or management "control" of You.

As used in this Agreement, the term "transfer" includes Your (or an owner's) voluntary, involuntary, direct or indirect, assignment, sale, gift, or other disposition of any interest in (1) this Agreement, (2) the Franchisee entity, (3) the Franchised Restaurant governed by this Agreement, or (4) all or a substantial portion of the assets of the Franchised Restaurant. It also includes an assignment of day-to-day operational responsibilities for the Franchised Restaurant pursuant to an operating agreement or otherwise. A transfer of the Franchised Restaurant's ownership, possession, or control, or all or a substantial portion of Your assets, may be made only with a transfer of this Agreement which complies with the terms of this Agreement.

(a) You shall not, directly or indirectly, sell, assign, transfer, or encumber this Agreement, the Franchise, the Licensed Rights, or any other interest hereunder, nor shall You suffer or permit any such assignment, transfer or encumbrance to occur, by operation of law or otherwise, without obtaining Our prior written consent and complying with the terms of this Section 28.

(b) In the event You or Your successor is not an individual, You agree and acknowledge as follows:

(i) The Articles of Incorporation (or other corporate charter pursuant to which You were formed) and the Bylaws or Operating Agreement (or regulations or other instrument for the governance of the entity), or the Partnership Agreement, or other instruments pursuant to which You were created, reflects that the issuance and transfer of voting stock or other

ownership interest therein (“securities”) is restricted by the terms of this Agreement. You shall furnish Us at the time of execution of this Agreement or of assignment to the corporation, limited liability company, partnership or other entity, an agreement executed by all stockholders, partners, members and other owners of any equity interest in You, stating that none of such entities will sell, assign or transfer voluntarily or by operation of law any securities of Franchisee to any other entity, other than existing stockholders or partners to the extent permitted hereunder, without Our prior written consent. All securities issued by You will bear a legend in substantially the following form, which shall be printed legibly and conspicuously thereon:

“TRANSFER OF THESE SECURITIES IS SUBJECT TO CERTAIN
RESTRICTIONS CONTAINED IN A FRANCHISE AGREEMENT BETWEEN
CAPT LOUI, LLC AND _____ DATED
_____, 20__.”

A stop transfer order shall be in effect against the transfer of any securities on Your records except transfers permitted by this Agreement.

(c) You acknowledge and agree that the restrictions on transfer imposed herein are reasonable and are necessary to protect Our franchise system; CAP’T LOUI trade secrets and operating procedures; CAP’T LOUI’s general high reputation and image; the Licensed Rights; as well as You and other CAP’T LOUI franchisees. Any assignment or transfer permitted by this Agreement shall not be effective until We receive a completely executed copy of all transfer documents and consent to such transfer in writing. Under no circumstances will You have a right to transfer under this Agreement before the Franchised Restaurant has commenced operations.

(d) Your performance is of vital importance to the market position and Our overall image, and there are many subjective factors that comprise the process by which We select a suitable franchisee. Our consent to a transfer or assignment by You of the Franchise and Franchised Restaurant shall, in addition to the other restrictions and requirements herein noted, remain a subjective determination and shall consider, but not be limited to, whether:

- (i) All obligations of Yours under this Agreement and all other franchise documents, and the relationship created under those agreements are being assumed by the transferee;
- (ii) All ascertained debts of Yours to Us and Our affiliates have been paid;
- (iii) You, at the time of the request to transfer and as of the date of transfer, are not in default under this Agreement or any other franchise agreement;
- (iv) The proposed transferee does not operate or participate in an entity that operates a franchise, license, or other business offering products and/or services similar to those offered by the Franchised Restaurant;
- (v) The proposed transferee meets all of Our requirements for new franchisees, including, but not limited to, good reputation and character, experience, business acumen,

operational ability, financial strength and stability, willingness and ability to devote full time and best efforts to the operation of the Franchised Restaurant and other business considerations as We may reasonably apply in evaluating new franchisees. We must be provided all information about the proposed transferee as We may reasonably require;

(vi) The proposed transfer is at a price and upon such terms and conditions as We, in Our sole and exclusive judgment, deem reasonable; or We shall have the right to approve the material terms and conditions of the transfer, including, without limitation, the right to confirm that the price and terms of payment are not so burdensome as to affect adversely the transferee's operation of the Franchised Restaurant.

(vii) The proposed transferee executes or, in appropriate circumstances, causes all necessary parties to execute Our then-current standard form of franchise agreement (provided that such execution will not serve to extend the then remaining Term of the franchise) and such other then-current ancillary agreements being required by Us of new franchisees on the date of transfer;

(viii) You, except to the extent prohibited by state law, have executed a general release of any and all claims against Us and Our subsidiaries and affiliates, and Our respective officers, directors, agents and employees;

(ix) You or proposed transferee have paid to Us a non-refundable Transfer Fee of Ten Thousand Dollars (\$10,000.00) or such greater amount as is necessary to reimburse Us for Our reasonable costs and expenses associated with the application for transfer;

(x) If You are providing financing to the proposed transferee for any part of the purchase price, You have agreed that all of the proposed transferee's obligations under promissory notes, agreements or security interests reserved in the Franchised Restaurant are subordinate to the proposed transferee's obligation to pay fees and other amounts due to Us and otherwise to comply with the franchise agreement; and,

(xi) You will abide by all post-termination covenants including, without limitation, the covenant not to compete set forth in Section 25, subject to applicable state law and confidentiality set forth in Section 26.

(e) If You pursue but do not complete a transfer which has caused Us to incur costs and expenses in reviewing and documenting the proposed transfer, You must reimburse Us for these costs and expenses.

(f) This Agreement shall inure to Our benefit, and Our successors and assigns, and We shall have the right to transfer or assign without Your consent all or any part of Our interest in this Agreement to any person or legal entity who in Our good faith judgment has the willingness and capacity to assume Our obligations.

29. DEATH, DISABILITY OR PERMANENT INCAPACITY OF FRANCHISEE

In the event of Your death or permanent disability or that of any person with a controlling interest in You, the executor, administrator, or personal representative of that person shall transfer his or her interest to a third party approved by Us within six (6) months after such death or permanent disability. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same restrictions and conditions as any *inter vivos* transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to fully satisfy the conditions contained in this Agreement, the personal representative of the deceased Franchisee shall have a reasonable time, in Our sole discretion, to dispose of the deceased's interest in the Franchise, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the deceased's interest is not transferred within a reasonable time, as determined by Us in Our sole discretion, We may terminate this Agreement. The term "permanent disability" shall mean a mental, physical or emotional disability, incapacity, impairment, or condition that is reasonably expected to prevent or actually does prevent You (or an owner controlling You) from supervising the management and operation of the Franchised Restaurant for a period of one hundred and twenty (120) days from the onset of such disability, incapacity, impairment or condition. In any event, the Franchised Restaurant must at all times be managed by a designated manager who has complied with all of Our training requirements, regardless of any death or permanent disability covered by this Section.

30. OPERATION OF FRANCHISED RESTAURANT IN THE EVENT OF ABSENCE, INCAPACITY OR DEATH

In order to prevent any interruption of the business of the Franchised Restaurant which would cause harm to such business and thereby depreciate its value, You authorize Us, in the event that You are absent or incapacitated or die, and are not, therefore, in Our sole judgment, able to operate the Franchised Restaurant, to operate said business for so long as We deem necessary and practical, and without waiver of any other rights or remedies We may have under this Agreement; provided, however, that in the event that We commence to operate the Franchised Restaurant, We shall not be obligated to operate the Franchised Restaurant for a period of more than one hundred and twenty (120) days. All monies from the operation of the Franchised Restaurant during the period of Our operation shall be maintained in a separate account. The expenses of the Franchised Restaurant, including reasonable compensation and expenses for Our representatives, shall be charged to such account. If, as provided in this Section 30, We temporarily operate the Franchised Restaurant, You agree to indemnify and hold Us harmless, and hold harmless any representative of Ours who may operate the Franchised Restaurant, from any and all claims arising from the acts and omissions of Us and Our representative arising from such operation.

31. FRANCHISOR RIGHT OF FIRST REFUSAL

If You receive from a third party, and desire to accept, a bona fide written offer to purchase Your business, franchise and interests in the Franchised Restaurant (or seek to effect a sale of the Franchised Restaurant), We shall have a right of first refusal, exercisable by written notice to You furnished within sixty (60) days after written notice and receipt of a copy of such offer and the other information set forth in this Section, to purchase such business, franchise and interests on the same financial terms and conditions as offered to or by such third party; provided further that We may substitute cash for any other form of payment proposed in such offer. In order that We may have

information sufficient to enable Us to determine whether to exercise Our right of first refusal, You shall deliver to Us, to the extent requested by Us, certified financial statements as of the end of Your most recent fiscal year, any financial statements prepared by or for You since the end of such fiscal year and such other information about the business and operations of Franchisee as You have provided or will make available to such third party. If We do not exercise Our right under this Section 31, You may, within ninety (90) days from the expiration of the option period, sell, assign and transfer Your business, franchise and interests hereunder but only upon the same terms and conditions proposed to Us and provided We have consented to such transfer as required by Section 28 hereof.

If You fail to make such sale, assignment or transfer within this ninety (90) day period, or if there is any material change in the terms of the offer, it shall trigger a new right of first refusal period. Failure by Us to exercise the option afforded by this Section shall not constitute a waiver of any other provisions of this Agreement, including all of the requirements of Section 28 hereof, with respect to the proposed transfer.

If You are not an individual, this right of first refusal shall apply to any management agreement, sale, resale, pledge, assignment, transfer or encumbrance of the voting stock of, or other ownership interest in You which would, alone or together with other related, previous, simultaneous or proposed transfers, result in a change of “control” of Franchisee.

32. TERMINATION

(a) If You are in compliance with this Agreement and We materially breach this Agreement and fail to cure such breach within thirty (30) days after written notice thereof is delivered to Us, then You may terminate this Agreement and the Franchised Restaurant effective thirty (30) days after delivery to Us of notice of termination. Notwithstanding the foregoing, if the breach is capable of being cured but is of a nature which cannot reasonably be cured within such thirty (30) day period, and We have commenced and are continuing to make good faith efforts to cure the breach, We shall be given an additional reasonable period of time to cure the breach, and this Agreement shall not terminate. Any termination of this Agreement and the Franchised Restaurant by You, without complying with the foregoing requirements, or for any reason other than a material breach of this Agreement by Us and Our failure to cure such material breach within the time allowed shall be deemed a termination by You without cause.

(b) You acknowledge that the strict performance of all the terms of this Agreement is necessary not only for Our protection, but also for the protection of You and Our other franchisees. As a result, You acknowledge and agree that the occurrence of any of the following events, each or any of which shall be considered a Material Breach default of this Agreement, constitutes reasonable grounds for termination of this Franchise Agreement by Us; provided, however that You shall be given the opportunity, within fifteen (15) days after receipt of written notice of such Material Breach, to cure the default by promptly providing proof of cure to Us. Notwithstanding the foregoing, if the breach is curable but is of a nature which cannot reasonably be cured within such fifteen (15) day period and You have commenced and are continuing to make good faith efforts to cure the breach, You shall be given an additional reasonable period of time to cure the default, and this Agreement shall not terminate. If any such default is not cured within the time as specified by

Us, this Agreement shall terminate effective immediately without further notice to You. You shall be in default under this Agreement for failure to comply with any of the requirements imposed by the Agreement, or for failure to carry out the terms of this Agreement in good faith. Such defaults include, but are not limited to:

- (i) If, without Our prior written consent, You or persons controlling, controlled by, or under common control with You shall have any interest, direct or indirect, in the ownership or operation of any business engaged in the sale of similar or other related products or services, that looks like, copies, or imitates any CAP'T LOUI business, or operates in a manner tending to have such effect;
 - (ii) A failure by You to remit any payments when due under this Agreement;
 - (iii) A failure by You to establish, equip, maintain, or update the Franchised Restaurant in accordance with Our plans and specifications;
 - (iv) A failure by You to submit to Us financial reports or other information required under this Agreement, or a failure to allow reasonable access to Your records within the time periods required by this Agreement;
 - (v) A failure by You to operate the Franchised Restaurant in accordance with Our Operations Manual or other manuals, or a failure by You to use products, methods, equipment or suppliers which conform to Our specifications and standards, or Your failure to maintain Our standards of quality service in the operation of the Franchised Restaurant;
 - (vi) A failure by You to obtain Our prior written approval or consent as expressly required by this Agreement;
 - (vii) A failure by You to accurately or completely record all sales made in, upon or from the Franchised Restaurant at the time of sale;
 - (viii) A breach by You of any other covenant, term, or provision of this Agreement;
 - (ix) A failure by You to open the Franchised Restaurant within two hundred and forty (240) days of the execution of this Agreement;
 - (x) A failure by You to comply with any of Your agreements with any third parties as related to the Franchised Restaurant; or
 - (xi) A failure by You to consistently pay the debts of the Franchised Restaurant as they become due.
- (c) In the event You are delivered three (3) or more notices of Material Breach from Us within a twenty four (24) month period pertaining to any one (1) or more of the foregoing events of default whether or not cured after notice, during the initial Term or any renewal terms of this Agreement, We shall have the right to terminate this Agreement. The effective date of any such termination

notice under this Subsection shall be upon the expiration of Your receipt of fifteen (15) days written notice to that effect, or such longer period as may be required by law.

(d) Notwithstanding the foregoing, We shall deem You to be in material breach and, at Our option, may terminate this Agreement and all rights granted under it, without affording You any opportunity to cure the breach, effective immediately after written notice of termination is received by You, if You do any of the following:

(i) Abandon, vacate, desert, surrender, transfer control or otherwise ceases operation of the Franchised Restaurant, or fail to continuously and actively operate the Franchised Restaurant, or to do so for a period of 48 consecutive hours or any shorter period that indicates an intent by You to discontinue operation of the Franchised Restaurant without Our express written consent, unless and only to the extent that You are precluded from doing so by damage to the Franchised Restaurant due to war, act of God, civil disturbance, natural disaster, labor dispute or other events beyond Your reasonable control, and so long as within one hundred and eighty (180) days, You have begun and diligently pursued relocation or re-establishment of the Franchised Restaurant;

(ii) Misuse the Licensed Rights, or any other names, marks, e-marks, systems, insignias, symbols, copyrights or rights provided by Us to You, or otherwise materially impair the goodwill associated therewith the Licenses Rights, or if You shall use at the Franchised Restaurant any names, marks, e-marks, systems, insignias, or symbols copyrights not authorized by Us;

(iii) Consistently (e.g. twice or more in any twelve (12) month period) fail or refuse to submit when due any financial statement, tax return or schedule, or to pay when due the Royalty Fees or any other payments or to submit any required reports due to Us;

(iv) Intentionally underreport Gross Revenue in any amount or negligently underreport Gross Revenue by five percent (5%) or more during any reporting period;

(v) Operate the Franchised Restaurant in a manner that violates any federal, state, or local law, rule, regulation or ordinance;

(vi) Make a material misrepresentation to Us or on Your application to own and operate the Franchised Restaurant or in conducting the business franchised and licensed under this Agreement;

(vii) Attempt to transfer, assign or sub-franchise this Agreement without Our prior written consent as set forth in this Agreement;

(viii) Disclose or divulge to any unauthorized person or entity or copy or reproduce any of the contents of the Operations Manual or any other trade secrets or Confidential Information provided to You by Us or any of Our subsidiaries or affiliates;

(ix) Engage in any activity that has an adverse effect on Us, Our affiliates, Our franchisees

and/or the Marks;

(x) Are convicted of or plead “nolo contendere” to a felony, a crime involving fraud, deception or moral turpitude, or commit any crime or offense reasonably likely, in Our sole opinion, to materially and unfavorably affect the Licensed Rights, the marks and associated goodwill and reputation of CAP’T LOUI and/or Franchisor;

(xi) (1) Fail to satisfy any judgment within thirty (30) days unless a supersedeas or other appeal bond has been filed; or (2) fail to obtain discharge within five (5) days an execution levied against You, Your business or property or any person with a controlling interest in You; or (3) fail to obtain dismissal within thirty (30) days any suit to foreclose any lien or mortgage against the Franchised Restaurant, the equipment of such business, or the land upon which the Franchised Restaurant is situated; or (4) fail to obtain dismissal or release within a thirty (30) day period of any attachment of or liens on Your bank accounts, property or receivables; or (5) if the real or personal property of Your business is sold after levy by any sheriff, marshal, or constable;

(xii) Fail to maintain an independent contractor relationship with Us;

(xiii) Commit a default under any loan or lease required to operate the Franchised Restaurant and fail to cure that default by the date specified by the lender or lessor;

(xiv) Create or allow the continuation of any condition in or at the Franchised Restaurant, or on or about the Franchised Restaurant’s premises, which We reasonably believe presents health and/or safety concerns for the Franchised Restaurant’s customers or employees;

(xv) Engage in any act(s) that is so dishonest, untrustworthy, self-dealing, and/or fraudulent, that it goes to the essence of the Franchise Agreement and/or frustrates one of the principal purposes of the Franchise Agreement and/or irreparably damages the trust between Us and You; or

(xvi) Commit a material breach that cannot be cured.

(e) Notwithstanding the foregoing provisions of this Section, You shall be in breach under this Agreement and all rights granted under this Agreement will automatically terminate without notice to You, if You do any of the following:

(i) Make an assignment for the benefit of creditors or an admission of Your inability to pay Your obligations as they become due; or

(ii) File a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution or similar release under any law, or admit or fail to contest the material allegations of any such pleading or action for the benefits of creditors filed against You, or are adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of Your assets or the assets of the Franchised Restaurant, or the claims of Your creditors or the creditors of the Franchised Restaurant are abated or subject to moratorium under any laws.

(f) If You are in material default as described in subsection (b) above, We have the right to suspend any and all operating assistance as described in this Agreement and/or the Operation Manual to You.

(g) In the event state law requires a notice period prior to the effective date of a termination under this Section, We shall have the right to take possession of the Franchised Restaurant and diligently run it on Your behalf until such time as the termination becomes legally effective. You, on behalf of Yourself, Your heirs, and Your legal representatives, consent to such operation of the Franchised Restaurant by Us, and release and indemnify Us from any liability arising in connection with Our operation of the Franchised Restaurant pursuant to the terms of this Subsection.

33. STEP-IN RIGHTS

(a) If a material default under this Agreement occurs and remains uncured, or is not subject to cure, or if Your actions jeopardize the integrity of the Marks or System, then You authorize Us or Our designee to operate the Franchised Restaurant for as long as, in Our reasonable judgment, it is necessary or practical. You acknowledge that this right to step-in is necessary to preserve the value and integrity of the System. Even if We exercise this right to step in, You agree that We do not lose or waive a right to exercise any other rights or remedies which We may have legally under this Agreement. Among the reasons We may act under these step-in rights are:

(i) We reasonably determine that You are unable to operate the Franchised Restaurant because You are absent or incapacitated because of illness, accident, injury or death;

(ii) You have not paid Your monetary obligations to Us or others when they are due;

(iii) You have not removed non-consensual liens or encumbrances which have been placed against the Franchised Restaurant; or

(iv) We determine that material operational problems require that We operate the Franchised Restaurant for a period of time.

(b) During a step-in period, We will maintain in a separate account, all Gross Revenue of the Franchised Restaurant. From that account We will pay all expenses of the Franchised Restaurant, which will include the Royalty Fee, all Advertising Fund contributions or payments, and reasonable compensation and expenses for Our representatives. If these step-in rights are exercised, You agree to hold Us harmless and hold harmless Our representatives for all actions or omissions which occur during the course of the temporary operation. You agree to pay Our reasonable attorneys' fees and costs which might arise from the exercise of these step-in rights. Nothing in this Section 33 will prevent Us from exercising any other rights which We may have under this Agreement, including the right to terminate the Agreement.

34. CROSS-DEFAULT

Any default by You of any other agreement between Us and You or Us and any of Your affiliates shall be deemed a default under this Agreement, and any default by You under this Agreement shall

be deemed a default under any and all other agreements between the parties. If the nature of such default under any other agreement would have permitted Us to terminate this Agreement had such default occurred under this Agreement, We shall have the right to terminate all of the other agreements between Us and You or Us and any of Your affiliates in the same manner as provided herein for termination of this Agreement.

35. OBLIGATIONS OF FRANCHISEE UPON TERMINATION OR EXPIRATION

(a) Upon termination of this Agreement for any reason or upon expiration of its Term, You agree as follows:

- (i) To pay immediately to Us, Our subsidiaries and/or Our affiliates the full amount of all sums due under this Agreement or otherwise;
- (ii) To cease immediately to operate the Franchised Restaurant and cease to use the Licensed Rights provided by Us under this Agreement, including but not limited to CAP'T LOUI Marks, or any other mark registered by Us and Our affiliates or any of Our trade secrets, signs, symbols, devices, materials constituting part of Our System, and any confusingly similar name, marks, e-marks, copyrights, systems, insignias, symbols and other rights, procedures or methods;
- (iii) To immediately return to Us all originals and copies of Our Operations Manuals and all other manuals, plans and specifications, designs, training aids, records, data, samples, models, programs, or handbooks and other materials loaned or provided to You by Us or any of Our subsidiaries or affiliates;
- (iv) To immediately turn over to Us any and all originals and copies of customer lists, records, files, instructions, social media contact lists, correspondence including customer related emails, brochures, computer software, computer CDs, DVDs and any and all Confidential Information in Your possession, custody or control concerning or relating to the operation of the Franchised Restaurant and/or Our operations or business. The only documents that You shall be permitted to retain are Your copy of this Agreement, any correspondence between You and Us and any other documents that You reasonably need to comply with a provision of applicable law;
- (v) To cease immediately to hold Yourself out in any way as Our franchisee or to do anything that would indicate any past or present relationship between You and Us;
- (vi) To the extent possible, to immediately remove or permanently cover any and all structures, signs or advertisements identifiable in any way with Us or CAP'T LOUI name or image;
- (vii) To promptly take such action that may be required to cancel all fictitious or assumed names or equivalent registrations relating to Your use of any of the Marks or, at Our option, assign same to Us;

(viii) Promptly assign to Us any interest that You may have in the telephone number(s), telephone listing(s) and/or directory(ies), social media and networking accounts, and/or Internet numbers used by You in connection with the operation of the Franchised Restaurant. You shall promptly transfer all telephone calls by call-forwarding to Us or to such other party or entity as We shall direct; to execute any such instruments and take such actions as We may deem necessary to effect such transfer and call-forwarding of telephone calls. You acknowledge that this Agreement shall be conclusive evidence of Our rights to such telephone numbers, telephone directory listings, social media and networking accounts and Internet numbers and Our authority to direct this transfer;

(ix) Abide by all restrictive covenants set forth in Sections 25 through 27 of this Agreement;

(x) Assign any and all accounts receivable to Us for collection. In connection therewith You hereby appoint Us as attorney-in-fact to engage in such collection activities following the termination or expiration of this Agreement and You specifically undertake to refrain from engaging in any such collection activities upon termination or expiration. We agree to employ good faith efforts, including, where appropriate in Our sole and exclusive judgment, the commencement of legal proceedings, to collect such accounts receivable. Nothing contained herein shall be construed or deemed to impose any duty or obligation upon Us to collect such accounts receivable and, if all or a portion of such accounts receivable are not collected by Us, You release and waive any claims thereto against Us. If We are successful in collecting all or a part of such accounts receivable, We shall remit to You such sums collected after first deducting any and all monies owed to Us; after deducting the pro rata cost of serving the customer(s) with respect to whom the receivables were collected; and, after further deducting Our costs of collection; and

(xi) Immediately refrain from engaging in any and all contacts with customers or former customers of the Franchised Restaurant, whether with respect to collection of accounts receivable, to provide services to such customers or former customers pursuant to any business conducted by You, whether or not similar to the Franchised Restaurant, or for any other purpose whatsoever.

(b) If termination of this Agreement arises out of a default or defaults by You in complying with terms of this Agreement, We shall have the option to purchase at fair market value all or part of Your supplies and products used by You in the Franchised Restaurant. Such option shall be exercised, if at all, in whole or in part, by Us upon or within fifteen (15) days of termination of this Agreement. It is expressly understood that this provision is an option that We may or may not exercise, and that We are under no obligation to do so. We shall have the right to set off all amounts due from You against any payment We would otherwise make to You under this Subsection. If We and You cannot agree on the fair market value of the property, it will be determined by an independent appraisal paid for by both You and Us. You shall have the right to maintain Your own property not bearing any of the Marks, including equipment and supplies, and are under no obligation to sell such property to Us.

36. NOTICES

All approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive the notice in accordance with this Section. All such approvals, requests, notices, and reports, as well as all payments, will be deemed delivered at the time delivered by hand; or one (1) Business Day after sending by ~~facsimile~~, e-mail or comparable electronic system or through a nationally recognized commercial courier service for next Business Day delivery; or three (3) Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified and/or, with respect to any approvals and notices that We provide to You or Your Owners, at the Franchised Restaurant's address. As of the Effective Date of this Agreement, notices should be addressed to the following addresses unless and until a different address has been designated by written notice to the other party:

(a) If to Us at:
73 Dewey Street
Garfield, New Jersey 07026

(b) If to You at:

37. DISPUTE RESOLUTION

(a) We and You agree that it is in each of our best interests to resolve claims, controversies and disputes arising out of or relating to Your operation of the Franchised Restaurant under this Agreement between them in an orderly fashion and in a consistent manner. For that reason, We and You agree as follows:

(i) Except for matters where either party seeks equitable relief, neither party will seek a judicial resolution of a dispute between them without first requesting a meeting or telephone conference with the other party by written notice, which notice will designate a party who is a senior executive with authority to reach a resolution of the dispute on their behalf. The party receiving the notice will also designate a representative of similar authority for the purpose of discussing the specific matter in dispute. If the Franchisee is an individual, You will be Your designated representative. At least one meeting or telephone conference of the designated representatives will be held in an effort to resolve the dispute. The parties will agree on a location, date and time for the meeting or telephone conference which must be within thirty (30) days of the initial notice. If the meeting(s) and/or telephone conferences do not resolve the dispute, either party may pursue mediation in accordance with Subsection 37(a)(ii).

(ii) If the dispute is not resolved pursuant to Subsection 37(a)(i), the parties shall submit the dispute to mediation in accordance with the Commercial Arbitration Rules and Mediation Procedures (Including Procedures for Large, Complex Commercial Disputes) of the American Arbitration Association ("AAA") unless both parties agree to waive mediation and proceed directly to arbitration as set forth in Subsection 37(a)(iii).

- (iii) If the parties have not resolved a claim, controversy or dispute by negotiation, mediation, or otherwise (which the parties will make a diligent effort to do) or if a claim, controversy or dispute arises subsequent to the termination or expiration of this Agreement, such claim, controversy or dispute shall be referred to Arbitration in accordance with the AAA's Commercial Arbitration Rules and Mediation Procedures (Including Procedures for Large, Complex Commercial Disputes), as amended (and specifically including the Optional Rules). If such Rules are in any way contrary to or in conflict with this Agreement, the terms of this Agreement shall control. The Arbitrator shall apply the Federal Rules of Civil Procedure and the Federal Rules of Evidence to the extent possible while, in Arbitrator's discretion, still effecting the arbitration goal of streamlined administrative procedure. The laws of the State of New Jersey shall govern the construction and interpretation of this Agreement in Arbitration.
- (b) The Arbitration proceedings shall be conducted before a single Arbitrator, selected in accordance with AAA Rules, who shall be a member of the bar of the State of New Jersey who has been actively engaged in the practice of law for at least ten (10) years. Prior to the commencement of hearings, the Arbitrator shall provide an oath of undertaking of impartiality.
- (c) Arbitration shall be conducted in New Jersey (or, if the AAA office in New Jersey is no longer in existence, at the location of the AAA nearest to the State of New Jersey). The award of the Arbitrator shall be final and judgment upon the award rendered in Arbitration may be entered in any court having jurisdiction thereof. The costs and expenses of Arbitration, including compensation and expenses of the Arbitrator, shall be borne by the non-prevailing party.
- (d) Any party to this Agreement may bring an action, including a summary or expedited proceeding to compel Arbitration of any such dispute or controversy, in a court of competent jurisdiction in New Jersey and, further, may seek provisional or ancillary remedies including temporary or injunctive relief in connection with such dispute or controversy, without providing or posting any bond or security regardless of any legal requirements to do so, provided that the dispute or controversy is ultimately resolved through binding Arbitration conducted in accordance with the terms and conditions of this Agreement.
- (e) In proceeding with Arbitration and in making determinations hereunder, the Arbitrator shall not extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by Us in good faith. Notice of or request to or demand for arbitration shall not stay, postpone or rescind the effectiveness of any termination of this Agreement. In the event that either Party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such Party notwithstanding said failure to appear.
- (f) Whenever We reserve or are deemed to have reserved discretion in a particular area or where We agree or are deemed to be required to exercise Our rights reasonably or in good faith, We will satisfy Our obligations whenever We exercise Reasonable Business Judgment in making Our decision or exercising Our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Our financial or other individual

interest. Examples of items that will promote or benefit the System include without limitation enhancing the value of the Marks, improving customer service and satisfaction, improving service or product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System. We are not required to consider any of Your or any other franchisee's particular economic or other circumstances when exercising Our Reasonable Business Judgment. Decisions We make using Our Reasonable Business Judgment will not affect all franchisees equally, and some may be benefited while others are not. Neither You nor any third party (including without limitation an arbitrator or a court of competent jurisdiction), shall substitute its judgment for Our Reasonable Business Judgment.

38. REMEDIES

(a) The parties agree that any claim for lost earnings or profits by You shall be limited to a maximum amount equal to the net profits of the Franchised Restaurant for the prior year as shown on Your federal income tax return.

(b) The parties further agree that, in addition to such other damages awarded, if this Agreement is terminated by Us because of Your default or if You terminate without cause, You shall be liable to Us for a lump sum ~~amount~~termination fee equal to the net present value of the Royalties and Advertising Fund Fees, if Advertising Fund activated, that would have become due following termination of this Agreement in addition to any and all other damages We may have in the future for any violations of Your post-termination obligations for the period this Agreement would have remained in effect but for Your default. Royalties and Advertising Fund Fees for purposes of this Section shall be calculated based on the Franchised Restaurant's average monthly Gross Revenue for the twelve (12) months preceding the termination date. If you have not operated your Franchised Business for at least twelve (12) months preceding the termination date, Royalty Fees and Advertising Fund Fees will be calculated based on the average monthly Gross Sales of franchised businesses operating under the same Mark during our last fiscal year and the payment amount would be equal to the net present value utilizing the Prime Rate as published per the Wall Street Journal. This fee is in addition to, and not in lieu of any other damages we sustain as a result of the termination. The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages We would incur from this Agreement's termination due to Your default, and the loss of cash flow due to, among other things, the complications of determining what costs, if any, We might have saved and how much the fees would have grown over what would have been this Agreement's remaining Term. The parties consider this liquidated damages provision to be a reasonable, good faith and genuine pre-estimate of those damages, and not a penalty.

(c) In the event that there is any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach or enforcement thereof, and any arbitration, action or proceeding is commenced to enforce the provisions of this Agreement, the prevailing party shall be entitled to its reasonable attorney's fees, costs and expenses from the non-prevailing party.

39. REMEDIES CUMULATIVE

All rights and remedies of the parties hereto shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for in this Agreement or which

may be available at law or in equity in case of any actual or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between You and Us or Our affiliates. The rights and remedies of the parties under this Agreement shall be continuing and may be exercised at any time or from time to time. The expiration, earlier termination, or exercise of Our rights pursuant to Section 32 of this Agreement shall not discharge or release You from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination, or the exercise of such rights under this Agreement.

40. LIMITATIONS OF CLAIMS

Except with regard to Your obligation to pay Us and Our affiliates Royalty Fees, any Advertising Fund Fees and other fees or payments of every nature and kind due from You pursuant to this Agreement or otherwise, any claims between the parties must be commenced within one (1) year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim or such claim shall be barred. The parties understand that this time limit might be shorter than otherwise allowed by law. You agree that the sole recourse for claims arising between the parties shall be against Us or Our successors and assigns. You agree that Our shareholders, members, directors, officers, employees and agents and Our affiliates shall not be personally liable nor named as a party in any action between Franchisee and Franchisor. You and We further agree that, in connection with any such proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim that is not submitted or filed as described above shall be forever barred. The parties agree that any proceeding will be conducted on an individual, not a class-wide, basis and that a proceeding between You and Us may not be consolidated with another proceeding between Us and any other person or entity. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

41. INJUNCTIVE RELIEF

(a) Nothing in this Agreement shall bar Our right to seek specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause Us loss or damages under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You specifically acknowledge that any failure by You to comply with the requirements of Sections 25, 26 and/or 27 of this Agreement will cause Us irreparable injury and that We shall be entitled to obtain specific performance of, and/or an injunction against any violation of, such requirements. You agree to pay all court costs and reasonable attorneys' fees incurred by Us in obtaining specific performance of, and/or an injunction against any violation of, the requirements of this Agreement. The foregoing remedies shall be in addition to any other legal or equitable remedies that We may possess.

(b) You agree that We will not be required to post a bond to obtain any injunctive relief and that Your only remedy if an injunction is entered against You will be to seek the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby).

(c) Should legal proceedings be brought against You to enforce any non-competition covenant or for Your failure to maintain confidentiality and protect against infringement, the period of restriction shall be deemed to begin running on the date of entry of an order granting Us injunctive relief and shall continue uninterrupted for the entire period of restriction.

42. DAMAGES AND WAIVER OF JURY TRIAL

The parties waive, to the extent permitted by law, any claim for punitive or exemplary damages against each other, regardless of each parties' respective right to such damages under the choice of law provision herein. Only claims, controversies or disputes involving You and no claims for or on behalf of any other franchisee, franchisor or supplier may be brought by You hereunder.

FURTHERMORE, YOU AND WE EACH IRREVOCABLY WAIVE OUR RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY. YOU AND WE ACKNOWLEDGE THAT THIS WAIVER OF JURY TRIAL RIGHTS PROVIDES THE PARTIES WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND RESOLUTION OF ANY DISPUTE ARISING OUT OF THIS AGREEMENT AND ANY ASPECT OF THE PARTIES' RELATIONSHIP. YOU AND WE FURTHER ACKNOWLEDGE THE SUFFICIENCY AND RECEIPT OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.

43. ENFORCEMENT COSTS AND EXPENSES

You shall pay Us on demand any and all costs and expenses We incur in enforcing the terms of this Agreement, including, but not limited to, Our overhead costs and Our expenses for Our staff's time and efforts to obtain overdue reports and/or payments or to address and/or resolve defaults, costs and commissions due a collection agency, attorneys' fees and Our administrative costs. If a claim for amounts owed by You to Us or any of Our affiliates is asserted in any legal proceeding or if We are required to enforce this Agreement in a judicial or arbitration proceeding and We prevail, You must reimburse Us for Our costs and expenses, including court costs, arbitration and arbitrator costs, expert witness fees, discovery costs, and reasonable accounting and attorneys' fees and costs on appeal together with interest charges on all of the foregoing whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. All such costs and expenses shall be prorated to properly reflect any partial prevailing in the proceeding, as determined by the arbitrator or the court. Your duty to pay all of the above costs and expenses shall survive the termination or expiration of this Agreement.

44. NO RIGHT TO SET OFF

You shall not be allowed to set off amounts owed to Us or Our affiliates for Royalties, fees, or other amounts due against any monies owed to You, which right of set off is hereby expressly waived by You.

45. WAIVER

No waiver by Us or by You of any covenant or condition or the breach of any covenant or condition

of this Agreement to be kept or performed by the other party shall constitute a waiver by the waiving party of any subsequent breach of such covenant or condition or authorize the breach or non-observance on any other occasion of the same or any other covenant or condition of this Agreement. Subsequent acceptance by Us of any payments due to Us hereunder shall not be deemed to be a waiver by Us of any preceding breach by You of any terms, covenants or conditions of this Agreement. Any conditional waiver granted by Us shall be subject to Our continuing review, may subsequently be revoked for any reason effective upon Your receipt of ten (10) days prior written notice to that effect, and shall be without prejudice to any other rights We may have.

46. CONSENTS

Whenever this Agreement requires Our approval or consent, You shall make a timely written request to Us and such approval shall be obtained in writing.

47. JOINT AND SEVERAL OBLIGATION

If You consist of more than one person, Your liability under this Agreement shall be joint and several.

48. GOVERNING LAW; CONSENT TO VENUE AND JURISDICTION

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1051 et seq.), as amended, or other federal law, this Agreement and the franchise rights granted herein shall be governed by and construed in accordance with the substantive laws of the State of New Jersey which laws shall prevail in the event of any conflict of law. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Franchised Restaurant is located. If, any provision, or portion hereof in any way contravenes the laws of any state or jurisdiction where this Agreement is to be performed, such provision, or portion thereof, shall be deemed to be modified to the extent necessary to conform to such laws, and still be consistent with the parties' intent as evidenced by this Agreement. All claims which, as a matter of law or public policy, cannot be submitted to arbitration in accordance with Section 37 shall be brought within New Jersey in the judicial district in which We have Our principal place of business; provided, however, with respect to any action which includes injunctive relief, We may bring such action in any court in any state which has jurisdiction. You irrevocably submit to the jurisdiction of such courts and waive any objection You may have to either the jurisdiction or venue of such courts.

49. ENTIRE AGREEMENT; MODIFICATION

This Agreement has been negotiated in the English language and the rules of construction and definitions of the English language will be applied in interpreting this Agreement. You represent that You and Your Principal Owner and Your Operating Principal are fluent in English and have consulted with legal counsel to the extent necessary to understand the provisions of this Agreement. The English language version of this Agreement will be the official and binding Agreement between the Parties. All notices and communications required or permitted under this Agreement, including without limitation all meetings, mediations, arbitration and litigation, will be conducted

and written in the English language. In addition, We will provide all services and materials under this Agreement, including without limitations the Manuals and all training programs, seminars, conventions, programs and meetings, in the English language and will not have a duty to provide any translation or interpreter services for any of Your personnel. You will be solely responsible for the cost of any related translation or interpreter services.

This Agreement and the Addenda constitute the entire Agreement between the parties with respect to its subject matter, and this Agreement supersedes all prior and contemporaneous oral and/or written agreements between the parties. No officer, employee or other servant or agent of Ours or Yours is authorized to make any representation, warranty or other promise not contained in this Agreement. No change, modification, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon Us or You unless in writing and signed by an authorized officer of both Franchisor and Franchisee.

Nothing in this Agreement is intended to disclaim the representations We have made in the Franchise Disclosure Document which We furnished to You.

50. SEVERABILITY

All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder, or requires the taking of some other action not required the terms of this Agreement, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements hereof.

51. CONSTRUCTION

The term “You”, “Your”, and “Franchisee” as used herein is applicable to one or more persons, a corporation or partnership, or such other form of legal entity as We shall approve from time to time, as the case may be. References to “You”, “Your”, and “Franchisee” applicable to an individual or individuals shall mean the principal owner or owners of the equity or operating control of Franchisee, if Franchisee is a corporation, or partnership or limited liability company or other legal business entity.

52. HEADINGS

The headings to the various sections of this Agreement have been inserted for convenience only and shall not modify, define, limit or expand express provisions of this Agreement.

53. GENDER

Throughout this Agreement, wherever the context requires or permits, the neutral gender shall be deemed to include the masculine and feminine and the singular number, the plural and vice versa.

54. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

55. SPECIAL REPRESENTATIONS

You hereby represent as follows:

~~(a) That You have conducted an independent investigation of Our business and System and recognize that the business venture contemplated by this Agreement involves business risks;~~

~~(b) You acknowledge that We have advised You to consult with advisors and attorneys of Your own choosing about the potential benefits and risks of entering into this Agreement;~~

~~(c) You acknowledge that You have received a complete copy of this Agreement, with all Attachments and Addenda referenced in this Agreement, and other related Agreements, if any, at least seven (7) days prior to the date on which this Agreement was executed;~~

~~(da)~~ You ~~also~~ acknowledge that prior to the date of this Agreement, no other Agreement was entered into, no promises were made by Us, and no funds were offered to or accepted by Us;

~~(eb)~~ You are aware of the fact that We may in the future modify Our franchise agreements, that some franchisees of Ours may operate under different forms of agreements, and, consequently, that Our obligations and rights in respect to Our various franchisees may differ materially in certain circumstances; and

~~(fc)~~ You understand that any training, support, guidance or tools We provide to You as part of the franchise are for the purpose of protecting the CAP'T LOUI brand and Marks and to assist You in the operation of Your Franchised Restaurant and not for the purpose of controlling or in any way intended to exercise or exert control over Your decisions or day-to-day operations of Your Franchised Restaurant, including Your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of Your employees and all other employment and employee related matters.

~~(gd)~~ The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) 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 in connection with the franchise.

56. EFFECTIVE DATE

This Agreement shall not be effective until accepted by Us as evidenced by signing by an authorized a Managing Member of Franchisor.

[signatures on following page]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement As Of The Day and Year specified in the pre-ample,

FRANCHISOR: CAPT LOUI, LLC

BY: _____

OFFICE HELD: _____

FRANCHISEE: _____
PRINT NAME OF INDIVIDUAL

(SIGNATURE AND DESIGNATION OF SOLE PROPRIETOR OR PARTNER AS THE CASE MAY BE)

FRANCHISEE: _____
PRINT NAME OF INDIVIDUAL

(SIGNATURE AND DESIGNATION OF SOLE PROPRIETOR OR PARTNER AS THE CASE MAY BE)

“BUSINESS ENTITY FRANCHISEE, MEMBERS, SHAREHOLDERS AND OFFICERS”
In the event Franchisee is a business entity (corporation, limited liability company or other legal entity) then in accordance with this Agreement, the undersigned, who are each either executive officers or shareholders or members, or other equity participants with ownership in Franchisee, each agree to be jointly and severally personally liable for Franchisee’s payment and performance of this Agreement and join in this Agreement on behalf of Franchisee.

“FRANCHISEE”:

PRINT NAME OF BUSINESS ENTITY

PRINT NAME OF OFFICER/
SHAREHOLDER/MEMBER

SIGNATURE

TITLE/NATURE OF
EQUITY INTEREST

DATE

PRINT NAME OF OFFICER/
SHAREHOLDER/MEMBER

SIGNATURE

TITLE/NATURE OF
EQUITY INTEREST

DATE

ADDENDUM A TO FRANCHISE AGREEMENT

FRANCHISEE'S SEARCH AREA AND ACCEPTED SITE

CAPT LOUI, LLC, a New Jersey limited liability company ("**Franchisor**"), and _____ ("**Franchisee**"), have this day _____, entered into that certain "CAP'T LOUI Franchise Agreement" (the "**Agreement**") for the operation of a CAP'T LOUI Franchised Restaurant and desire to supplement its terms, as follows:

In accordance with the provisions of Section 4 of the Franchise Agreement, Franchisee is granted a Search Area in which to find the Accepted Site.

1. Search Area.

The Search Area is described as follows _____.

2. Accepted Site.

If known at the time this Agreement is executed, the Accepted Site will be (or if not known, insert later): _____.

3. Lease.

The effective date of the Lease or Purchase Documents for the Franchised Restaurant is: _____; and the expiration date of Lease (if any) is _____.

The Accepted Site is that location specified by address and, if applicable, suite or space number, described in the final executed lease or other Acquisition Documents for the Franchised Restaurant.

Franchisee(s):

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

Franchisor: CAPT LOUI, LLC

By: _____

Name: _____

Title: _____

ADDENDUM B TO FRANCHISE AGREEMENT

NOTICE OF KEY EMPLOYEES

In accordance with the provisions of Section 12 of the Franchise Agreement, the following list of owners, partners, and/or employees, if any, are hereby identified as Key Employees of Franchisee and/or the Franchised Restaurant.

KEY EMPLOYEES:

NAMES

RELATIONSHIP TO FRANCHISEE

Dated _____.

FRANCHISEE:

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

FRANCHISOR: CAPT LOUI, LLC

By: _____

Name: _____

Title: _____

ADDENDUM C TO FRANCHISE AGREEMENT

GUARANTY AGREEMENT

This guaranty agreement is entered into on _____, between _____ with its principal address at _____ (“Guarantor”) and CAPT LOUI, LLC with its principal address at 73 Dewey Street, Garfield, New Jersey 07026 (“Franchisor”).

- A. Franchisor and _____ (“Franchisee”) have entered into a Franchise Agreement dated _____.
- B. Guarantor is a shareholder, director, officer, member, trustee, and/or partner of Franchisee.
- C. In consideration of and as an inducement to Franchisor to enter into the Franchise Agreement with Franchisee, Guarantor hereby covenants and agrees as follows:
 - 1. Guarantor warrants that the facts contained in Recital A and B are correct;
 - 2. Guarantor has read the terms and conditions of the Franchise Agreement;
 - 3. Guarantor personally and unconditionally makes all the covenants, representations and agreements of Franchisee set forth in the Franchise Agreement and that Franchisee is obligated to perform thereunder;
 - 4. Guarantor personally, unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee’s obligations, undertakings, agreements and covenants set forth in the Franchise Agreement will be punctually paid and performed during the Term of the Franchise Agreement and thereafter, as applicable;
 - 5. Guarantor unconditionally and irrevocably agrees to be personally bound by, and personally liable for the breach of, each and every provision of the Franchise Agreement by Franchisee;
 - 6. Upon default by Franchisee or notice from Franchisor, Guarantor will immediately make each payment and perform each obligation required of Franchisee under the Franchise Agreement;
 - 7. Without affecting the obligations of any guarantor under this Guaranty Agreement, Franchisor may, without notice to Guarantor, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee or any guarantor, or settle, adjust or compromise any claims against Franchisee or any guarantor;
 - 8. Guarantor waives all demands and notices of every kind with respect to enforcement of this Guaranty Agreement, including, without limitation, notice of presentment,

demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for the Franchise Agreement or the obligations of Franchisee;

9. Franchisor may pursue its rights against any guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise of such right or remedy shall preclude the further exercise of such right or remedy;
10. Upon receipt by Franchisor of notice of the death of Guarantor, the estate of deceased Guarantor shall be bound by the foregoing Guaranty Agreement, but only for defaults and obligations under the Franchise Agreement existing at the time of death; the obligations of all other guarantors shall continue in full force and effect;
11. This Guaranty Agreement will continue and is irrevocable during the Term of the Franchise Agreement and, if required by the Franchise Agreement, after its termination or expiration;
12. Guarantor's obligations under this Guaranty Agreement are effective on the Effective Date of the Franchise Agreement, regardless of the actual date of signature;
13. This Guaranty Agreement is governed by New Jersey law and Guarantor irrevocably submits to the jurisdiction and venue of the courts of New Jersey;
14. If Franchisor is required to enforce this Guaranty Agreement in any judicial or arbitration proceeding or on any appeals, Guarantor must reimburse Franchisor for its enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty Agreement;
15. Guarantor acknowledges that he or she has obtained independent legal advice before signing this Guaranty Agreement.

IN WITNESS WHEREOF Guarantor has signed this Guaranty Agreement under seal.

Signature

Print Name

Address

ADDENDUM D TO FRANCHISE AGREEMENT

PRINCIPAL OWNER'S STATEMENT

This form must be completed by the Franchisee ("I," "me" or "my") if I have multiple owners or if I, or my Franchised Restaurant, is owned by a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise to me.

1. **Form of Owner.** I am a (check one):

- (i) General Partnership _____
- (ii) Corporation _____
- (iii) Limited Partnership _____
- (iv) Limited Liability Company _____
- (v) Other _____
Specify: _____

2. **Business Entity.** I was incorporated or formed on _____, _____ under the laws of the State of _____. I have not conducted business under any name other than my corporate, limited liability company or partnership name. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

**Name of Person
Held**

Position(s)

3. **Owners.** The following list includes the full name and mailing address of each person who is an owner and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

Owner's Name and Address

Description of Interest

4. **Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Statement of Principal Owners is current and complete as of _____.

OWNER INDIVIDUALS:

(Signature)

(Print Name)

(Signature)

(Print Name)

**CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP:**

(Name)

By: _____

Title: _____

**ADDENDUM E TO FRANCHISE AGREEMENT
ACKNOWLEDGEMENT STATEMENT**

Prohibited Parties Clause. I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;
2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;
3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or
4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the Term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

OWNER INDIVIDUALS:

(Signature) (Date)

(Print Name)

(Signature) (Date)

(Print Name)

**CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP:**

(Name)

By: _____

Title: _____

ADDENDUM F TO FRANCHISE AGREEMENT

Electronic Funds Transfer Authorization

The undersigned Franchisee hereby authorizes CAPT LOUI, LLC, a New Jersey limited liability company, with principal offices at 73 Dewey Street, Garfield, New Jersey 07026 , to initiate electronic transfer of funds out of Franchisee's business bank account into CAPT LOUI, LLC's bank account for payment of Royalties or other amounts which Franchisee may owe CAPT LOUI, LLC on the due date(s) specified in the terms set forth in the Franchise Agreement and/or Operations Manual. All costs and expenses, including any resulting from the dishonor by Your bank of any electronic funds transfer, shall be Your sole responsibility. This authorization is irrevocable and shall remain in effect until the termination or expiration of the underlying CAP'T LOUI Franchise Agreement.

Executed on _____
(date)

Franchisee: _____

Address: _____

Name of Bank: _____

Bank Address: _____

ABA Routing and Transit Number: _____

Account Number: _____

Authorized By: _____

Signature

Print Name

Its: _____

TRANSFER OF SERVICE AGREEMENT

(Name of Telephone Company)

(Address)

In the event my CAP'T LOUI Franchised Restaurant is discontinued for any reason, I hereby release the use of the following telephone number(s):

used in conjunction with said business to Franchisor or its designee and any and all rights I may have in any telephone listings and/or directories.

(Present Customer's Signature)

(Date)

SWORN AND SUBSCRIBED before me on this _____ day of _____, 20____, before me, the undersigned notary public, personally appeared _____ proved to me through satisfactory evidence of identification, which was _____ to be the person whose name is signed on the preceding document, and acknowledged to me that he signed it voluntarily for its stated purpose.

Notary Public

State of _____

My Commission expires:

I hereby assume all charges outstanding, either billed or unbilled, including White Pages directory charges, on the telephone number(s) listed above.

(New Customer's Signature)

(Date)

SWORN AND SUBSCRIBED before me on this _____ day of _____, 20____, before me, the undersigned notary public, personally appeared _____, proved to me through satisfactory evidence of identification, which was _____ to be the person whose name is signed on the preceding document, and acknowledged to me that he signed it voluntarily for its stated purpose.

Notary Public

State of _____

My Commission expires:

EXHIBIT D TO THE DISCLOSURE DOCUMENT

**CAPT LOUI, LLC
MULTIPLE UNIT DEVELOPMENT AGREEMENT**

MULTIPLE UNIT DEVELOPMENT AGREEMENT

THIS MULTIPLE UNIT DEVELOPMENT AGREEMENT (the “Agreement”) is made at Garfield, New Jersey, on _____, (the “Effective Date”) by and between CAPT LOUI, LLC, a New Jersey limited liability company with its principal place of business at 73 Dewey Street, Garfield, New Jersey 07026 (hereinafter referred to as “We,” “Us,” “Our” or “Franchisor”), and _____ [a/an Individual/Entity] with its principal address at _____, (hereinafter referred to as “You,” “Your,” or “Multiple Unit Developer”) and, if Multiple Unit Developer is a partnership, corporation, trust or limited liability company, including each of its partners, shareholders, trustee or members. Franchisor and Multiple Unit Developer may be collectively referred to as “Parties”.

RECITALS

1. We and Our affiliates and/or predecessors have developed a system for establishing, operating and marketing dine-in, fast casual and/or carry-out restaurants featuring Cajun style Louisiana cuisine and related services under the trade name and/or trademark “CAP’T LOUI” and Franchisor is currently marketing and selling franchises under that name and/or mark;
2. Through the expenditure of time, effort and money, We have acquired unique experience, special skills, techniques and knowledge, marks, concepts, recipes and proprietary information and have created and developed a unique business system for restaurants featuring Cajun style Louisiana cuisine (“Franchisor’s System” or “System”), which System includes standards, specifications, methods, procedures, techniques, know-how, management directives, identification schemes, and proprietary marks and information in connection with the operation of the CAP’T LOUI business (“System Standards”), which System Standards may be further developed by Us;
3. Our System is used in connection with the name CAP’T LOUI, CAP’T LOUI design trademark, other trademarks, service marks, trade names and trade symbols, trade dress, signs, slogans, logos, designs, emblems, uniform resource locators (URLs), domain names, website addresses, email addresses, digital cellular addresses, wireless web addresses and the like, and copyrights (hereinafter referred to collectively as “Marks”), as We have adopted and designated, or may subsequent to the date of this Agreement acquire and/or develop and designate for use in connection with Our System (“Licensed Rights”);
4. We are the owner of the Licensed Rights, together with all the goodwill connected to and/or with such rights;
5. All of the enumerated Licensed Rights are recognized by the public as distinctive and valuable, and You recognize the potential benefits to be derived from being associated with and licensed by Us and from utilizing the Licensed Rights as We make available to Our franchisees through and under franchise agreements;
6. By establishing and maintaining uniformity and high standards of quality and service, We have developed an excellent reputation and significant goodwill with the public with respect to the products and services available through CAP’T LOUI businesses, which will continue to be a major benefit to Us and those associated with Us;
7. You desire to obtain the right to develop, manage and operate the number of CAP’T LOUI

Franchised Restaurants listed under the development schedule described in Addendum B attached hereto (“Development Schedule”) and within the designated territories (“Designated Territories”) described in Addendum A attached hereto (“Development Area”), under Our System and Marks, as well as to receive assistance provided by Us in connection therewith;

8. Each Search Area described in the Development Area, attached as Addendum A to this Agreement, is being made available by Us as a search area for a single unit CAP’T LOUI franchised restaurant; and
9. You acknowledge that You have read this Agreement and Franchisor's franchise disclosure document (“Franchise Disclosure Document”), and that You understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of the System Standards at all CAP’T LOUI businesses which operate pursuant to the System and thereby to protect and preserve the goodwill of the Licensed Rights.

In consideration of the respective representations, warranties, covenants and agreements contained in this Agreement, the Parties agree as follows:

1. INCORPORATION OF RECITALS

The Recitals are incorporated herein by reference.

2. GRANT

2.1 We hereby grant to You the right and license to develop the number of CAP’T LOUI Franchised Restaurants listed in Addendum B in strict accordance with the Licensed Rights within the Development Area described in Addendum A. This Agreement is not a license or franchise agreement. It does not give You the right to operate a CAP’T LOUI franchised restaurant or use the System or the Marks, nor does it give You any right to license others to operate CAP’T LOUI businesses. Each CAP’T LOUI Franchised Restaurant shall be governed by and operated according to the terms of the individual franchise agreement (“Franchise Agreement”) signed by Franchisor and Multiple Unit Developer or its approved affiliate with respect thereto.

2.2 If You are developing CAP’T LOUI Franchised Restaurants, and comply with the terms of this Agreement, the Development Schedule, and the individual Franchise Agreement for each CAP’T LOUI Franchised Restaurant, then We will not franchise or license others to use the Licensed Rights, nor will We, directly or indirectly develop, own or operate a CAP’T LOUI restaurant, in any Search Area identified as part of the Development Area during the search period until such time as a site has been accepted as the Accepted Site (“Accepted Site”) pursuant to the individual Franchise Agreement. We reserve the right to sell products and services under the Marks or any other marks, through any other channels of distribution, including the Internet. We also reserve the right to (a) establish, operate or license to any other person or entity the right to establish or operate a CAP’T LOUI Franchised Restaurant at any location outside the Development Area; (b) develop, lease and license the use of, at any location inside or outside of the Development Area, trademarks other than the Marks, in connection with the operation of a system which offers products or services which are similar to or different from those offered under the System, on any terms or conditions which We deem advisable; (c) merge with, acquire or be acquired by any other business, including a business that competes with the CAP’T LOUI Franchised Restaurants operated by You, whether

located inside or outside of the Development Area; (d) acquire any food service business operated by competitors, or operated independently as part of, or in association with, any other system or chain, whether franchised or corporately owned, and convert it to the CAP'T LOUI System inside or outside of the Development Area; and (e) implement multi-area marketing programs which may allow Us, Our affiliates or other CAP'T LOUI franchisees to solicit or sell to customers anywhere, and to issue mandatory policies to coordinate these multi-area marketing programs. Upon the expiration or termination of this Agreement, You will no longer have a designated Development Area and each CAP'T LOUI Franchised Restaurant that You opened will be limited to operating solely at the Franchisee's Accepted Site described in the individual Franchise Agreement.

2.3 You shall ensure that a person having management responsibility at each CAP'T LOUI Franchised Restaurant ("Designated Restaurant Manager") shall be fully trained and at all times devote his or her full time attention to managing, supervising, and developing each CAP'T LOUI Franchised Restaurant and that the Designated Manager is at all times identified to Us. You shall identify all equity owners of Multiple Unit Developer by completing the Principal Owner's Statement attached to this Agreement as Addendum D. You shall provide Us with an updated form of Addendum D within five (5) business days of any change in the equity ownership of Multiple Unit Developer. Your failure to provide Us with an updated Addendum D within the timeframe specified in this Section 2.3 shall constitute a material default of this Agreement.

2.4 If You are a legal business entity, You must be newly formed. Further, You must appoint an individual owner as Your Operating Principal who either owns a majority interest in the Multiple Unit Developer entity or, where there is no majority owner, who we otherwise approve of in writing to serve as Operating Principal ("Operating Principal"). Your Operating Principal must have authority over all business decisions related to this Agreement and must have the power to bind You in all dealings with Us. You must provide Us with written notice of Your Operating Principal by completing the Principal Owner's Statement attached to this Agreement as Addendum D and may not change Your Operating Principal without Our prior written approval. Each and every person with an ownership interest in You shall sign the Guaranty Agreement attached to this Agreement as Addendum C and You shall provide the original signed Guaranty Agreement to Us.

3. TERM

Unless sooner terminated pursuant to the provisions of Section 6, the Term of this Agreement shall expire upon the earlier of (a) the completion date listed on Addendum B, or (b) completion of the Term of the Development Schedule. There is no renewal term for this Agreement.

4. FRANCHISEE ENTITY, AND FRANCHISE FEE AND INITIAL TRAINING FEE

4.1 If You propose that an affiliated entity will own and operate one of Your CAP'T LOUI Franchised Restaurants provided for in this Agreement, You must submit information to Us regarding the proposed franchisee entity. We reserve the right to request as much additional information regarding the proposed franchisee entity and its ownership as We deem necessary, in Our sole discretion, and You agree to provide the information immediately upon request. You understand and acknowledge that We shall have the sole right to approve or deny the proposed franchisee entity as a substitute for the Multiple Unit Developer as the Franchisee. It is the express intent of the Parties hereto to limit Our responsibility under this Section to general guidance and assistance as We may periodically provide in Our operations manual ("Operations Manual").

4.2 You shall pay to Us a franchise fee ("Franchise Fee") of Fifty Thousand Dollars (\$50,000.00) for the first CAP'T LOUI Franchise Agreement and a development fee ("Development Fee") of Fifteen Thousand Dollars (\$15,000.00) for each additional CAP'T LOUI Franchised Restaurant to be developed under this Agreement. The Franchise Fee and Development Fees are due in full upon the execution of this Agreement. All amounts collected shall be deemed fully earned immediately upon receipt and shall be non-refundable, regardless of whether You open any of the CAP'T LOUI Franchised Restaurants You are obligated to open in the Development Area. We will credit each Development Fee paid towards payment of the franchise fee due for each subsequent franchise to be opened under this Agreement as set forth on Addendum B.

5. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

5.1 You shall exercise the development rights granted under this Agreement only by entering into a separate Franchise Agreement with Us for each CAP'T LOUI Franchised Restaurant for which a development right is granted for that Franchised Restaurant pursuant to the terms of the Development Schedule. The Franchise Agreement for the first CAP'T LOUI Franchised Restaurant to be developed under this Agreement shall be executed and delivered at the same time You sign this Agreement. All subsequent CAP'T LOUI Franchised Restaurants developed under this Agreement shall be established and operated pursuant to the form of Franchise Agreement then being used by Us for a CAP'T LOUI Franchised Restaurant. You acknowledge that the then-current form of Franchise Agreement may differ from Our current Franchise Agreement, and may include materially different economic terms, including, but not limited to, higher training fees and advertising fund and tech fund contributions, however, the franchise fee and royalty fee will remain as set forth on Addendum B to this Agreement.

5.2 Development Schedule.

(a) Acknowledging that time is of the essence, You agree to exercise Your development rights according to Section 5.1 and according to the Development Schedule set forth on Addendum B, which schedule designates the number of CAP'T LOUI Franchised Restaurants in the Development Area to be established and in operation by You upon the expiration of each of the designated development periods ("Development Periods").

(b) During any Development Period, You may, with Our prior written consent, develop more than the number of CAP'T LOUI Franchised Restaurants that You are required to develop during that Development Period. Any CAP'T LOUI Franchised Restaurants developed during a Development Period in excess of the minimum number of CAP'T LOUI Franchised Restaurants required to be developed upon expiration of that Development Period shall be applied to satisfy Your development obligation during the next succeeding Development Period. You shall not open more than the number of CAP'T LOUI Franchised Restaurants You are obligated to develop under this Agreement, as set forth in the Development Schedule; provided, however, that You may be permitted to open CAP'T LOUI Franchised Restaurants in excess of the number permitted by the Development Schedule if You receive Our advanced written permission, which may be granted or denied in Our sole discretion. You shall pay Us the then-current Franchise Fee, reduced as applicable, at the time You sign a Franchise Agreement for any additional CAP'T LOUI Franchised Restaurants.

(c) If during the Term of this Agreement, You, in accordance with the terms of any Franchise Agreement for a CAP'T LOUI Franchised Restaurant developed under this Agreement,

transfer Your interest in such CAP'T LOUI Franchised Restaurant, the transferred CAP'T LOUI Franchised Restaurant shall continue to be counted in determining whether You have complied with the Development Schedule so long as it continues to be operated as a CAP'T LOUI Franchised Restaurant.

(d) Failure by You to adhere to the Development Schedule shall constitute a material event of default under this Agreement.

5.3 You acknowledge that the projected opening dates ("Projected Opening Dates") for each CAP'T LOUI Franchised Restaurant set forth on Addendum B are reasonable and consistent with the requirements of the Development Schedule. You shall execute a Franchise Agreement for each CAP'T LOUI Franchised Restaurant at or prior to the applicable execution deadline ("Execution Deadline") set forth on Addendum B. The Parties agree that, except with respect to the Franchise Agreement executed concurrently herewith, the Execution Deadline shall be a date no later than six (6) months prior to the Projected Opening Date for each subsequent CAP'T LOUI Franchised Restaurant to be developed.

6. FRANCHISE AGREEMENT

You shall not commence opening any CAP'T LOUI Franchised Restaurant until the individual Franchise Agreement for said CAP'T LOUI Franchised Restaurant has been signed by both the Multiple Unit Developer, or its affiliate, and Franchisor.

7. DEFAULT AND TERMINATION

You shall be in default under this Agreement should You (or Your affiliate): (a) fail to comply with the Development Schedule; (b) fail to perform any of Your obligations under this Agreement or any individual Franchise Agreement; (c) cease to be a Franchisee of Franchisor in good standing; or (d) fail to comply with the provisions on transfer contained herein.

Upon the default, We shall have the right, at Our option, and in Our sole discretion, to do any or all of the following:

7.1 terminate this Agreement;

7.2 terminate the territorial rights granted to You; or

7.3 reduce the size of Your Development Area or the number of CAP'T LOUI Franchised Restaurants You may develop in the Development Area.

In addition, if any individual Franchise Agreement issued to You or an approved affiliate of Yours, whether or not issued pursuant to this Agreement, is terminated for any reason, We shall have the right to terminate this Agreement on immediate written notice to You. Upon termination or expiration of the Term of this Agreement, this Agreement shall be of no further effect, and We shall have the right to open, or license others to open, CAP'T LOUI Businesses within the Development Area. For purposes of this Section 7, any Franchise Agreement issued by Us to You or Your approved affiliates, or any corporation, limited liability company, partnership or joint venture, in which You or Your affiliates, or any stockholder, member, partner or joint venturer of Yours or Your affiliates, has any direct or indirect ownership or participation interest, shall be deemed a Franchise Agreement issued to You.

8. ASSIGNMENT

8.1 We shall have the absolute right to transfer or assign all or any part of Our rights or obligations hereunder to any person or legal entity which assumes Our obligations under this Agreement and We shall thereby be released from any and all further liability to You.

8.2 By Multiple Unit Developer.

(a) You understand and acknowledge that the rights and duties set forth in this Agreement are personal to You and are granted in reliance upon the personal qualifications of You or Your principals. You have represented to Us that You are entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of transferring the development and option rights hereunder.

(b) Neither You nor any affiliate, partner, member, or shareholder thereof shall, without Our prior written consent, directly or indirectly assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or in the Multiple Unit Developer. Any proposed assignment occurring by operation of law or otherwise, including any assignment by a trustee in bankruptcy, without Our prior written consent, shall be a material default of this Agreement.

(c) Any assignment, transfer or other disposition by You or Your affiliate of a single-unit CAP'T LOUI Franchised Restaurant within the Development Area will be governed by the Franchise Agreement to which the single-unit CAP'T LOUI Franchised Restaurant is bound.

(d) Subject to the other provisions of Section 8 herein, including Section 8.2(c) above and Section 8.2(e) below, if You wish to sell, transfer or otherwise assign any portion, or all, of this Agreement, You shall notify Us in writing, and We will then approve or disapprove the same in Our sole discretion, and in addition, We may require any or all of the following as conditions of Our approval:

(i) All of Your and Your affiliates' accrued monetary obligations and all other outstanding obligations to Us, Our affiliates and suppliers must be fully paid and satisfied;

(ii) You and Your affiliates must not be in default of any provision of Your Franchise Agreements, any amendments thereof or successors thereto, or any other agreement between You or Your affiliates and Us, Our subsidiaries or affiliates;

(iii) You and each of Your affiliates, shareholders, members, partners, officers, managers and directors must sign a general release, under seal, the consideration for which shall be the approval of the transfer, in a form satisfactory to Us, of any and all claims against Us and Our affiliates, managers, officers, directors, members, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

(iv) The transferee must enter into a written assignment, under seal and in a form satisfactory to Us, assuming and agreeing to discharge all of Your obligations under this Agreement and the relevant Franchise Agreement(s), and the transferee's principals, individually, shall guarantee the performance of all these obligations in writing in a form satisfactory to Us;

(v) The transferee must demonstrate to Our satisfaction that the transferee meets Our then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to open and operate the CAP'T LOUI Franchised Restaurants (as may be evidenced by prior related experience or otherwise); has at least the same managerial and financial acumen required of new Multiple Unit Developers; and has sufficient equity capital, as determined by Us in Our sole discretion, to open and operate the CAP'T LOUI Franchised Restaurants required under the terms of this Multiple Unit Development Agreement;

(vi) At Our option, the transferee must sign (and, upon Our request, shall cause all interested parties to sign), for a term ending on the expiration date of each of the Franchise Agreement(s) and with the renewal term as may be provided by the Franchise Agreement(s), the standard form of Franchise Agreement, and concurrently sign, for a term ending on the expiration date of this Agreement, the standard form of Multiple Unit Development Agreement then being offered to new Multiple Unit Developers and any other ancillary agreements as We may require for the CAP'T LOUI Franchised Restaurants, which agreements shall supersede the Franchise Agreements and the Multiple Unit Development Agreement between You and Us in all respects and the terms of which agreements may differ from the terms of the Franchise Agreements and the Multiple Unit Development Agreement, including, without limitation, the implementation of other fees;

(vii) You, Your principals and Your affiliates must remain liable for all direct and indirect obligations to Us in connection with the CAP'T LOUI Franchised Restaurants before the effective date of transfer and will continue to remain responsible for Your obligations of nondisclosure, noncompetition, as permitted by law and indemnification as provided in the Franchise Agreements and Guaranty Agreement, attached to this Agreement as Addendum C and shall sign any and all instruments reasonably requested by Us to further evidence this liability; and

(viii) You or Your approved transferee shall pay to Us, at the time of said transfer, a transfer fee ("Development Transfer Fee") equal to Seven Thousand Five Hundred Dollars (\$7,500.00) for each unopened CAP'T LOUI Franchised Restaurant to be transferred, at the time You notify Us of Your intent to transfer or assign this Agreement (which transfer or assignment shall be in compliance with the terms of each open CAP'T LOUI individual Franchise Agreement), to cover Our administrative and other expenses in connection with the transfer of the CAP'T LOUI Franchised Restaurants by You. For each CAP'T LOUI operating Franchised Restaurant which was opened under this Agreement, the transfer fee and terms will be pursuant to the governing franchise agreement.

(e) If You, Your principals or Your affiliates shall at any time determine to sell, transfer or otherwise dispose of all or part of the rights under this Agreement or an ownership interest in You or the Multiple Unit Developer entity, and You, Your principals or Your affiliates shall obtain a bona fide, signed written offer from a responsible and fully disclosed prospective buyer, You shall notify Us in writing of each offer, and We shall have the right and option, exercisable within a period of sixty (60) days from the date of delivery of this offer, by written notice to You or Your owners, to acquire the rights under this Agreement or this ownership interest for the price and on the terms and conditions contained in said prospective buyer's offer. If We do not exercise Our right of first refusal, You, Your principals or Your affiliates may complete the sale of Multiple Unit Developer or said ownership interest, subject to Our approval of the buyer and all other conditions set forth in this Section 8.2,

provided that if this sale is not completed within ninety (90) days after delivery of this offer to Us, We shall again have the right of first refusal herein provided. In the event that You wish to publicly offer Your shares in any partnership or corporation which has an ownership interest in the Multiple Unit Developer, said public offering shall be subject to Our approval; this approval shall not be unreasonably withheld.

8.3 Each shareholder, member, or partner of the corporation, limited liability company, or partnership which is granted the rights to serve as the Multiple Unit Developer hereunder shall be a party to a shareholders' agreement, operating agreement, or partnership agreement which shall provide, inter alia, that upon any dissolution of the corporation, limited liability company, or partnership, or upon any divorce decree among the parties who are also shareholders, members, or partners, that ownership of the shares, membership interest, or partnership interest shall be transferred to the shareholder, member, or partner for agreed upon consideration, which has primary responsibility for management activities, typically the President, following any dissolution or decree. The form and content of the shareholders' agreement, operating agreement, or partnership agreement must be approved by Us before execution. Your failure to comply with this Section 8.3 shall constitute a material default of this Agreement.

9. FORCE MAJEURE

In the event that You are unable to comply with the Development Schedule due to strike, riot, civil disorder, war, fire, natural catastrophe or other similar events beyond Your control, upon notice to Us, the Development Schedule and this Agreement shall be extended for a corresponding period, not to exceed ninety (90) days; provided, however, that this Section 9 shall not extend the time for payment of any monetary obligations owed to Us.

10. CONFIDENTIALITY

10.1 Nothing contained in this Agreement shall be construed to require Us to divulge to You any trade secrets, techniques, methods or processes except the material contained in Our Operations Manuals and training materials, and then only pursuant to the terms, conditions and restrictions contained in the applicable Franchise Agreement. You acknowledge that Your knowledge of Our know-how, processes, techniques, information and other proprietary data is derived entirely from information disclosed to You by Us and that the information is proprietary, confidential and a trade secret ("Confidential Information") of Ours. You agree to adhere fully and strictly to the confidentiality of the information and to exercise the highest degree of diligence in safeguarding Our trade secrets during and after the Term of this Agreement. You shall divulge the material only to Your employees and agents and only to the extent necessary to permit the efficient operation of the CAP'T LOUI Franchised Restaurants. It is expressly agreed that the ownership of all the Confidential Information and property is and shall remain vested solely in Us.

10.2 You agree that all terms of this Agreement shall remain confidential and You shall not make any public announcement, issue any press release or publicity, make any confirmation of statements made by third (3rd) parties concerning the terms of this Agreement, or make any other disclosures other than the existence of this Agreement without Our prior written consent unless compelled by law or ordered to do so by a court of competent jurisdiction. It is agreed and understood that You may disclose the terms of this Agreement to Your professional advisors and lenders. We shall be free to make the disclosure of the terms of this Agreement as We determine, in Our sole discretion, to be in the best interest of Us or the System.

11. NON-COMPETITION AND NON-SOLICITATION

11.1 You have heretofore specifically acknowledged that, pursuant to this Agreement, You will receive valuable specialized Confidential Information and information regarding the business of Franchisor, and the Franchisor's System. You covenant that during the Term of this Agreement and subject to the post-term provisions contained herein, except as otherwise approved in writing by Us, You shall not, either directly or indirectly, for Yourself or through, on behalf of or in conjunction with any person, persons, partners, corporations or other recognized legal business entity:

(a) solicit, divert or attempt to solicit or divert any business or customer of any of Your CAP'T LOUI Franchised Restaurants to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act deemed by Us to be injurious or prejudicial to the goodwill associated with the Licensed Rights or Our System; or

(b) own, manage, maintain, operate, engage in, advise, consult with, invest in, be employed by, make loans to, or perform services as a director, officer, manager, representative, agent, or otherwise, or have any direct or indirect interest in any business that (i) specializes, in whole or in part, in offering to the public substantially similar products and/or services to those products and/or services offered by a CAP'T LOUI Franchised Restaurant prior to the termination or expiration of this Agreement (a "Competitive Business") or (ii) grants franchises or licenses to others to operate a Competitive Business.

11.2 You covenant that, except to the extent prohibited by the laws of the state where the Franchised Business is located or as otherwise approved in writing by Us, You shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for Yourself or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any business which is the same as or substantially similar to a CAP'T LOUI Franchised Restaurant and which is located within a radius of ten (10) miles of each Franchised Restaurant described in the Development Area hereunder or within ten (10) miles of the location of any Franchisor-owned, franchisee-owned or affiliate-owned CAP'T LOUI Business under the System which is in existence on the date of expiration or termination of this Agreement.

11.3 Sections 11.1 and 11.2 shall not apply to ownership by You of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation provided that You have no management responsibility or advisory responsibility with such publicly-traded company.

11.4 The Parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If any or all portions of the covenants in this Section 11 are held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, You expressly agree to be bound by any lesser covenant subsumed within the terms of this covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 11.

11.5 You understand and acknowledge that We shall have the right, in Our sole discretion, to reduce the scope of any covenant set forth in Sections 11.1 and 11.2 in this Agreement, or any portion thereof,

without Your consent, effective immediately upon receipt by You of written notice thereof, and You agree that You shall forthwith comply with any covenant as so modified, which shall be fully enforceable.

11.6 You expressly agree that the existence of any claims You may have against Us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Us of the covenants in this Section 11. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Us in connection with the enforcement of this Section 11 provided We prevail in any or all of Our claims against You.

11.7 You acknowledge that Your violation of the terms of this Section 11 would result in irreparable injury to Us for which no adequate remedy at law may be available, and You accordingly consent to the issuance of an injunction by any court of competent jurisdiction or arbitrator having jurisdiction over the Agreement prohibiting any conduct by You in violation of the terms of this Section 11.

11.8 At Our request, You shall require and obtain execution of covenants similar to those set forth in this Section 11 (including covenants applicable upon the termination of a person's relationship with You) from any or all of the following persons: (a) all directors and managers of each CAP'T LOUI Franchised Restaurant; (b) all officers, directors and holders of a beneficial interest of the securities of Multiple Unit Developer and of any corporation directly or indirectly controlling Multiple Unit Developer if You are a corporation; and (c) the members or general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of the securities of any corporation which controls, directly or indirectly, any general or limited partner) if You are a limited liability company or partnership. All covenants required by this Section 11 shall be in forms satisfactory to Us, including, without limitation, specific identification of Us as a third (3rd) party beneficiary of these covenants with the independent right to enforce them. Failure by You to obtain execution of a covenant required by this Section 11 shall constitute a material default under Section 7 hereunder.

12. ENTIRE AGREEMENT

This Agreement constitutes the entire understanding of the Parties with respect to the development of the Development Area, and shall not be modified except by a written agreement signed by the Parties hereto. Where this Agreement and any Franchise Agreement between the Parties conflict with respect to the amount or payment terms of Initial Franchise Fees or equity interests held by You or Your owners, the terms of this Agreement shall govern. Under no circumstances do the Parties intend that this Agreement be interpreted in a way as to grant You any rights to grant sub-franchises in the Development Area. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

13. MONTHLY REPORTS

You agree that You shall provide to Us a monthly report of Your activities and progress in developing and establishing CAP'T LOUI Franchised Restaurants as provided herein. The monthly reports shall be submitted no later than the fifteenth (15th) day of the next succeeding month during the Term of this Agreement.

14. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

14.1 It is acknowledged and agreed that the Multiple Unit Developer and Franchisor are independent contractors and nothing contained herein shall be construed as constituting You as the agent,

partner, joint venturer, joint employer or legal representative of Ours for any purpose whatsoever. You shall enter into contracts for the development of the Development Area contemplated by this Agreement at Your sole risk and expense and shall be solely responsible for the direction, control and management of Your agents and employees. You acknowledge that You do not have authority to incur any obligations, responsibilities or liabilities on behalf of Us, or to bind Us or Our affiliates by any representations or warranties, and agree not to hold Yourself out as having this authority.

14.2 You agree to protect, defend, indemnify and hold Us harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, directly or indirectly incurred as a result of, arising from, out of, or in connection with Your carrying out Your obligations hereunder.

15. COMPLIANCE WITH APPLICABLE LAWS

You shall develop all CAP'T LOUI Franchised Restaurants in the Development Area in accordance and compliance with all applicable federal, state and local statutes and laws, including all [employment laws](#) and relevant laws, ordinances and regulations (where applicable) relating to the offer and sale of food and alcohol and agree to promptly pay all financial obligations incurred in connection therewith.

16. CHANGE IN DEVELOPMENT AREA

The Parties acknowledge that the development of the Development Area as anticipated hereunder has been determined according to the needs of the Multiple Unit Developer's targeted markets in the Development Area, as determined by You and Us, as of the date of execution of this Agreement. You understand that, if there is an increased public demand for the products and services offered by Us due to an increase in the number of businesses in the Development Area, We will expect You to develop the CAP'T LOUI Franchised Restaurants within the Development Area to maximize sales and properly service the demand within the Development Area.

17. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of each of the Parties hereto and their heirs, successors, permitted assigns and personal representatives.

18. APPLICABLE LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey, which laws shall govern in the event of any conflict of laws, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et. seq.). The Parties expressly consent to personal jurisdiction in the State of New Jersey and agree that, except as set forth in Section 21, the state and federal court(s) located in New Jersey will have exclusive jurisdiction for the purposes of carrying out this provision.

19. RECEIPT OF DOCUMENTS

You acknowledge receipt of the Multiple Unit Development Agreement, Franchise Agreement, and other contracts for the CAP'T LOUI Franchised Restaurant complete with all material terms at least seven (7) calendar days before execution hereof or payment of any monies.

20. NOTICE

All approvals, requests, notices, and reports required or permitted to be given hereunder shall be in writing and all such notices, and any other material required to be delivered hereunder, shall be considered duly given if by (i) hand delivery, ~~facsimile~~, e-mail or comparable electronic system, or if sent by (ii) registered or certified mail, postage prepaid, return receipt requested, or (iii) overnight delivery paid for by sender, and addressed as follows:

Notices to Franchisor:

CAPT LOUI, LLC at:

73 Dewey Street, Garfield, New Jersey 07026;

Notice to Multiple Unit Developer:

Or at such other address as Franchisor or Multiple Unit Developer shall have specified by written notice to the other party hereunder. Such notice shall be deemed to have been received (i) if hand delivered, facsimile, e-mail or comparable electronic system, on the date delivered; (ii) if by registered or certified mail, then three (3) business days after mailing; and (iii) if by overnight delivery, then the first business day after being sent.

21. ARBITRATION

21.1 Except for matters where either party seeks equitable relief, neither party will seek a judicial resolution of a dispute between them without first requesting a meeting or telephone conference with the other party by written notice, which notice will designate a party who is a senior executive with authority to reach a resolution of the dispute on their behalf. The party receiving the notice will also designate a representative of similar authority for the purpose of discussing the specific matter in dispute. If the Multiple Unit Developer is an individual, You will be Your designated representative. If the Multiple Unit Developer is a legal entity, Your Operating Principal will be Your designated representative. At least one (1) meeting or telephone conference of the designated representatives will be held in an effort to resolve the dispute. The Parties will agree on a location, date and time for the meeting or telephone conference which must be within thirty (30) days of the initial notice. If the meeting(s) and/or telephone conference(s) do not resolve the dispute, either party may pursue mediation in accordance with Section 21.2.

21.2 If the dispute is not resolved pursuant to Section 21.1 above, the Parties shall submit the dispute to mediation in accordance with the Commercial Arbitration Rules and Mediation Procedures (Including Procedures for Large, Complex Commercial Disputes) of the American Arbitration Association unless both Parties agree to waive mediation and proceed directly to arbitration as set forth in Section 21.3. Each party will bear their own costs and fees of the mediation, however, the mediator's fee will be split equally between the Parties.

21.3 If the Parties have not resolved a claim, controversy or dispute by negotiation, mediation, or otherwise (which the Parties will make a diligent effort to do), the Parties agree that all controversies, claims and disputes between them arising out of or relating to this Agreement, the rights and obligations of the Parties hereto, or any other claims or causes of action relating to the performance of either party, and/or the development of the development rights by You shall be finally resolved by submitting this matter to binding arbitration under the auspices of, and using the commercial arbitration rules of, the American Arbitration

Association as such rules are in effect as of the date the demand for arbitration is filed. In accordance with the terms of the Federal Arbitration Act, the Arbitrator shall hear the dispute in the American Arbitration Association offices in New Jersey or their closest office thereto. The arbitrator shall have no authority to amend or modify the terms of this Agreement. Each party further agrees that, unless a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrator shall have no authority to award the same. The decision of the arbitrator shall be final and binding. You know, understand, and agree that it is the intent of the Parties that any arbitration between Franchisor and the Multiple Unit Developer shall be of the Multiple Unit Developer's individual claims and that the claims subject to arbitration shall not be arbitrated in conjunction with the claims of other Multiple Unit Developers or franchisees or on a class-wide basis, and You hereby waive any right You may assert to have Your claims arbitrated in conjunction with the claims of other Multiple Unit Developers or franchisees or on a class-wide basis. The costs and expenses of Arbitration, including compensation and expenses of the Arbitrator, shall be borne by the non-prevailing party.

21.4 Notwithstanding any provision contained in this Section 21, We may, at Our sole option, institute an action or actions for temporary or preliminary injunctive relief or seeking any other temporary or permanent equitable relief against You that may be necessary to protect the Marks or other rights or property. However, in Our sole discretion, the final right of determination of the ultimate controversy, claim or dispute shall be decided by arbitration as aforesaid and recourse to the courts shall thereafter be limited to seeking an order to enforce an arbitral award. In no event shall You be entitled to make, shall not make, and hereby waive, any claim for money damages by way of set-off, counterclaim, defense or otherwise based upon any claim or assertion by You that We have unreasonably withheld or unreasonably conditioned or delayed any consent or approval to a proposed act by You under any of the terms of this Agreement. Your sole remedy for any claim shall be an action or proceeding to enforce any provisions, for specific performance or declaratory judgment.

22. MODIFICATION BY FRANCHISOR

We may modify and update Our Operations Manuals, the Marks and the System Standards unilaterally under any conditions and to any extent which We, in the exercise of Our sole discretion, deem necessary to meet competition, protect trademarks or trade name, or improve the quality of the products or services provided through the CAP'T LOUI Franchised Restaurants, and You shall exclusively incur the costs of any change in the CAP'T LOUI Franchised Restaurant or the System which has been caused by this modification. In the event that any improvement or addition to the Operations Manuals, the System Standards or the Marks is developed by You, then You agree to assign all right, title, and interest to such improvement or addition or, if such assignment is prohibited by law, to grant to Us an irrevocable, world-wide, exclusive, royalty-free license, with the right to sub-license the improvement or addition.

23. ACKNOWLEDGEMENTS

23.1 You acknowledge and recognize that different terms and conditions, including different fee structures, may pertain to different multiple unit developer agreements and franchise agreements offered in the past, contemporaneously herewith, or in the future, and that We do not represent that all multiple unit developer agreements or franchise agreements are or will be identical.

23.2 You acknowledge that it is not, nor is it intended to be, a third party beneficiary of this Agreement or any other agreement to which We are a party.

23.3 You represent to Us that You have the business acumen, corporate authority, and financial wherewithal to enter into this Agreement and to perform all of Your obligations hereunder and furthermore that the execution of this Agreement is not in contravention of any other written or oral obligation of the Multiple Unit Developer.

23.4 You acknowledge and accept the following:

YOU HAVE BEEN GIVEN THE OPPORTUNITY TO OBTAIN INDEPENDENT ADVICE FROM LEGAL AND OTHER PROFESSIONALS BEFORE ENTERING INTO THIS AGREEMENT. THIS OFFERING IS NOT A SECURITY AS THAT TERM IS DEFINED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE OBLIGATION TO TRAIN, MANAGE, PAY, RECRUIT AND SUPERVISE EMPLOYEES AND CONTRACTORS OF THE CAP'T LOUI FRANCHISED RESTAURANTS RESTS SOLELY WITH YOU.

23.5 Nothing in the Agreement or in any related agreement is intended to disclaim the representations We made in the Franchise Disclosure Document.

23.6 **No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:**

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) 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 in connection with the franchise.

[signatures on following page]

IN WITNESS WHEREOF, the Parties hereto have duly signed and delivered this Agreement on the day and year first written above.

“FRANCHISOR”: CAPT LOUI, LLC

BY: _____

OFFICE HELD: _____

“MULTIPLE UNIT DEVELOPER”:

(SIGNATURE AND DESIGNATION OF SOLE PROPRIETOR OR PARTNER AS THE CASE MAY BE)

“BUSINESS ENTITY MULTIPLE UNIT DEVELOPER, ITS OFFICERS, MEMBERS AND SHAREHOLDERS”

In the event the **Multiple Unit Developer** is a corporation, limited liability company or other legal entity then in accordance with this Agreement, the undersigned, who are each either executive officers or managers or shareholders or members, or other equity participants of the **Multiple Unit Developer**, each agree to be jointly and severally personally liable for **Multiple Unit Developer’s** payment and performance of this Agreement and join in this Agreement on behalf of the **Multiple Unit Developer**.

BUSINESS ENTITY FRANCHISEE: _____

PRINT NAME

SIGNATURE

OFFICER TITLE/NATURE OF
EQUITY INTEREST

DATE

PRINT NAME

SIGNATURE

OFFICER TITLE/NATURE OF
EQUITY INTEREST

DATE

MULTIPLE UNIT DEVELOPMENT AGREEMENT

ADDENDUM A

DEVELOPMENT AREA

ADDENDUM A

DEVELOPMENT SEARCH AREA

CAP'T LOUI FRANCHISED RESTAURANTS	DEVELOPMENT AREA:
Franchised Restaurant # 1	Search Area # 1:
Franchised Restaurant # 2	Search Area # 2:
Franchised Restaurant #3	Search Area # 3:
Franchised Restaurant #4	Search Area # 4:

MULTIPLE UNIT DEVELOPMENT AGREEMENT

ADDENDUM B

DEVELOPMENT SCHEDULE

ADDENDUM B
DEVELOPMENT SCHEDULE

CAP'T LOUI FRANCHISED RESTAURANT	FRANCHISE FEE/ ROYALTY FEE	DEVELOPMENT SCHEDULE PERIOD	FRANCHISE AGREEMENT EXECUTION DEADLINE DATE	PROJECTED OPENING DATES
Franchised Restaurant # 1	\$50,000.00/4.5% of Gross Revenue			
Franchised Restaurant # 2	\$45,000.00/4.0% of Gross Revenue			
Franchised Restaurant # 3	\$40,000.00/3.5% of Gross Revenue			
Franchised Restaurant # 4	\$35,000.00/3.0% of Gross Revenue			

Number of CAP'T LOUI Franchised Restaurants to be Developed:

Initial Franchise Fee Paid:

Development Fees Paid:

Completion Date:

MULTIPLE UNIT DEVELOPMENT AGREEMENT
ADDENDUM C
GUARANTY AGREEMENT

ADDENDUM C
GUARANTY AGREEMENT

This guaranty agreement is entered into on _____, between _____ of _____ (“Guarantor”) and CAPT LOUI, LLC with its principal place of business at 73 Dewey Street, Garfield, New Jersey 07026 (“Franchisor”).

WHEREAS:

- A. Franchisor and _____ (“Multiple Unit Developer”) have entered into a Multiple Unit Development Agreement dated _____.
- B. Guarantor is a shareholder, director, officer, member, manager, owner, trustee and/or partner of Multiple Unit Developer.
- C. In consideration of and as an inducement to Franchisor to enter into the Multiple Unit Development Agreement with Multiple Unit Developer, Guarantor hereby covenants and agrees as follows:
1. Guarantor warrants that the facts contained in Recital A and B are correct;
 2. Guarantor has read the terms and conditions of the Multiple Unit Development Agreement;
 3. Guarantor personally and unconditionally makes all the covenants, representations and agreements of Multiple Unit Developer set forth in the Multiple Unit Development Agreement and that the Multiple Unit Developer is obligated to perform thereunder;
 4. Guarantor personally, unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of the Multiple Unit Developer's obligations, undertakings, agreements and covenants set forth in the Multiple Unit Development Agreement will be punctually paid and performed during the Term of the Multiple Unit Development Agreement and thereafter, as applicable;
 5. Guarantor unconditionally and irrevocably agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Multiple Unit Development Agreement by the Multiple Unit Developer;
 6. Upon default by Multiple Unit Developer or notice from Franchisor, Guarantor will immediately make each payment and perform each obligation required of the Multiple Unit Developer under the Multiple Unit Development Agreement;
 7. Without affecting the obligations of any guarantor under this Guaranty Agreement, Franchisor may, without notice to Guarantor, waive, renew, extend, modify, amend or release any indebtedness or obligation of Multiple Unit Developer or any guarantor, or settle, adjust or compromise any claims against the Multiple Unit Developer or any guarantor;

8. Guarantor waives all demands and notices of every kind with respect to enforcement of this Guaranty Agreement, including, without limitation, notice of presentment, demand for payment or performance by Multiple Unit Developer, any default by Multiple Unit Developer or any guarantor, and any release of any guarantor or other security for the Multiple Unit Development Agreement or the obligations of the Multiple Unit Developer;
9. Franchisor may pursue its rights against any guarantor without first exhausting its remedies against Multiple Unit Developer and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise of such right or remedy shall preclude the further exercise of such right or remedy;
10. Upon receipt by Franchisor of notice of the death of Guarantor, the estate of the deceased Guarantor shall be bound by the foregoing Guaranty Agreement, but only for defaults and obligations under the Multiple Unit Development Agreement existing at the time of death; the obligations of all other guarantors shall continue in full force and effect;
11. This Guaranty Agreement will continue and is irrevocable during the Term of the Multiple Unit Development Agreement and, if required by the Multiple Unit Development Agreement, after its termination or expiration;
12. Guarantor's obligations under this Guaranty Agreement are effective on the Effective Date of the Multiple Unit Development Agreement, regardless of the actual date of signature;
13. This Guaranty Agreement is governed by the law of the state in which our principal place of business is located, which is currently New Jersey and Guarantor irrevocably submits to the jurisdiction and venue of the courts of New Jersey;
14. If Franchisor is required to enforce this Guaranty Agreement in any judicial or arbitration proceeding or on any appeals, Guarantor must reimburse Franchisor for its enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty Agreement;
15. Guarantor acknowledges that he or she has obtained independent legal advice before signing this Guaranty Agreement.

IN WITNESS WHEREOF Guarantor has signed this Guaranty Agreement under seal.

Signature

Print Name

Address

MULTIPLE UNIT DEVELOPMENT AGREEMENT

ADDENDUM D

PRINCIPAL OWNER'S STATEMENT

This form must be completed by the Multiple Unit Developer ("I," "me" or "my") if I have multiple owners or if I, or my business, is owned by a business organization such as a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Multiple Unit Development to me.

1. **Form of Owner.** I am a (check one):

- (vi) General Partnership _____
(vii) Corporation _____
(viii) Limited Partnership _____
(ix) Limited Liability Company _____
(x) Other _____
Specify:

2. **Business Entity.** I was incorporated or formed on _____, under the laws of _____. I have not conducted business under any name other than my corporate, limited liability company or partnership name. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

<u>Name of Person</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

3. **Owners.** The following list includes the full name and mailing address of each person who is an owner and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

<u>Owner's Name and Address</u>	<u>Description of Interest</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

4. **Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Statement of Principal Owners is current and complete as of _____, 20__.

OWNER INDIVIDUALS:

(Signature)

(Print Name)

(Signature)

(Print Name)

**CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP:**

(Name)

By: _____

Title: _____

EXHIBIT E TO THE DISCLOSURE DOCUMENT

CAPT LOUI, LLC

STATE SPECIFIC AMENDMENTS/RIDERS TO THE FRANCHISE AGREEMENT

**AMENDMENT TO CAPT LOUI, LLC
FRANCHISE AGREEMENT AND RELATED FRANCHISE DOCUMENTS
FOR THE STATE OF CALIFORNIA**

The Franchise Agreement between _____ (“Franchisee”) and CAPT LOUI, LLC, a New Jersey limited liability company (“Franchisor”), dated _____ (the “Franchise Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this “Amendment”):

“The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.”

To comply with California Corporations Code section 31512 this Agreement Section 48 is hereby amended by deleting the following sentence:

“You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Franchised Restaurant is located.”

To comply with California Corporations Code section 31512 this Agreement Section 49 is hereby amended by deleting the following sentence:

“You understand and agree that We shall not be liable for or bound by any oral representations or commitments made prior to the execution of this Agreement or for claims of negligent or fraudulent misrepresentation,”

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) 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 in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement on this _____.

FRANCHISOR: CAPT LOUI, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

**AMENDMENT TO CAPT LOUI, LLC
FRANCHISE AGREEMENT AND RELATED FRANCHISE DOCUMENTS
FOR THE STATE OF INDIANA**

1. The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchise Act, Ind. Code Ann. §§ 1-51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-27 (1985). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning non-renewal and termination of the Franchise Agreement. To the extent the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.
- b. If the Franchisee is required in the Franchise Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule of order under the Act, such release shall exclude claims arising under the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, and such acknowledgements shall be void with respect to claims under the Act.
- c. If the Franchise Agreement contains covenants not to compete upon expiration or termination of the Franchise Agreement that are inconsistent with the Indiana Deceptive Franchise Practices Act, the requirements of the Act will control.
- d. The Indiana Deceptive Franchise Practices Act provides that substantial modification of the Franchise Agreement by Franchisor requires written consent of the Franchisee. If the Franchise Agreement contains provisions that are inconsistent with this requirement, the Act will control.
- e. If the Franchise Agreement requires litigation/arbitration to be conducted in a forum other than the State of Indiana, the requirement may be unenforceable as a limitation on litigation under the Indiana Deceptive Franchise Practices Act §§ 23-2.2.7(10).
- f. If the Franchise Agreement requires that it be governed by a state's law, other than the State of Indiana, to the extent that such law conflicts with the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, the Acts will control.
- g. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning the waiver of claims or rights. To the extent the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.
- h. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning the time period to bring an action against the Franchisor. To the extent the Agreement contains a provision that is inconsistent with the Act, the Act will control.
- i. The Indiana Deceptive Franchise Practices Act prohibits the Franchisor from operating a substantially identical business to that of the Franchisee's within the Franchisee's territory, regardless of trade name. To the extent the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.

j. The Indiana Deceptive Franchise Practice Act excludes any indemnification for liability caused by the Franchisee's proper reliance on or use of procedures or materials provided by the Franchisor. To the extent the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.

2. Indiana Code § 23-2-2.5-9(2) requires us to give you a copy of the Franchise Disclosure Document at the earlier of: (i) 10 days prior to signing the Franchise Agreement; or (ii) 10 days prior to our receipt of any consideration.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Indiana Deceptive Practices Act and the Indiana Franchises Act, with respect to each such provision, are net independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement on _____.

FRANCHISOR: CAPT LOUI, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

**AMENDMENT TO CAPT LOUI, LLC
FRANCHISE AGREEMENT AND RELATED FRANCHISE DOCUMENTS
FOR THE STATE OF ILLINOIS**

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or** any other law of Illinois is void.

Payment of the initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. The financial assurance requirement was imposed by the Office of the Attorney General due to Franchisor's financial condition.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) 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 in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement on this _____.

FRANCHISOR: CAPT LOUI, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

**AMENDMENT TO CAPT LOUI, LLC
MULTIPLE UNIT DEVELOPMENT AGREEMENT AND RELATED DOCUMENTS
FOR THE STATE OF ILLINOIS**

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or** any other law of Illinois is void.

Payment of the initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. The financial assurance requirement was imposed by the Office of the Attorney General due to Franchisor's financial condition.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) 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 in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Multiple Unit Development Agreement on _____.

FRANCHISOR: CAPT LOUI, LLC

By: _____

Name: _____

Title: _____

MULTIPLE UNIT DEVELOPER:

By: _____

Name: _____

Title: _____

**AMENDMENT TO CAPT LOUI, LLC
FRANCHISE AGREEMENT AND RELATED FRANCHISE DOCUMENTS**

FOR THE STATE OF MARYLAND

The Franchise Agreement between _____ (“Franchisee”) and CAPT LOUI, LLC, a New Jersey limited liability company (“Franchisor”), dated _____ (the “Franchise Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this “Amendment”):

1. All initial fees and payments shall be deferred until such time as the Franchisor’s completes its initial obligations under the Franchise Agreement.
2. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:
 - a. The Franchise Agreement requires the Franchisee to execute a general release as a condition of renewal; such general release as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
 - b. The Franchise Agreement requires the Franchisee to execute a general release as a condition of assignment/transfer; such general release as a condition of assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
 - c. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
 - d. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)
 - e. The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
 - f. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) 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 in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement on _____.

FRANCHISOR: CAPT LOUI, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

**AMENDMENT TO CAPT LOUI, LLC
MULTIPLE UNIT DEVELOPMENT AGREEMENT AND RELATED DOCUMENTS
FOR THE STATE OF MARYLAND**

The Multiple Unit Development Agreement between _____ (“Multiple Unit Developer”) and CAPT LOUI, LLC, a New Jersey limited liability company (“Franchisor”), dated _____ (the “Multiple Unit Development Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this “Amendment”):

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law. To the extent that the Multiple Unit Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:
 - a. All development fees and initial payments by area developers shall be deferred until the first franchise under the multiple unit development agreement opens.
 - b. The Multiple Unit Development Agreement requires the Multiple Unit Developer to execute a general release as a condition of renewal; such general release as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
 - c. The Multiple Unit Development Agreement requires the Multiple Unit Developer to execute a general release as a condition of assignment/transfer; such general release as a condition of assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
 - d. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
 - e. The Multiple Unit Development Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)
 - f. The Multiple Unit Development Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
 - g. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) 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 in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Multiple Unit Development Agreement on _____.

FRANCHISOR: CAPT LOUI, LLC

By: _____

Name: _____

Title: _____

MULTIPLE UNIT DEVELOPER:

By: _____

Name: _____

Title: _____

**AMENDMENT TO CAPT LOUI, LLC
FRANCHISE AGREEMENT & RELATED FRANCHISE DOCUMENTS**

FOR THE STATE OF MINNESOTA

The Franchise Agreement between _____ (“Franchisee”) and CAPT LOUI, LLC, a New Jersey limited liability company (“Franchisor”), dated _____ (the “Franchise Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this “Amendment”):

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor 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 agreements can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given ninety (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.
- The franchisor 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.

Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

[signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement on _____.

FRANCHISOR: CAPT LOUI, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

**AMENDMENT TO CAPT LOUI, LLC
FRANCHISE AGREEMENT & RELATED FRANCHISE DOCUMENTS**

FOR THE STATE OF NORTH DAKOTA

The Franchise Agreement between _____
("Franchisee") and CAPT LOUI, LLC, a New Jersey limited liability company ("Franchisor"), dated _____
(the "Franchise Agreement") shall be amended by the addition of the following
language, which shall be considered an integral part of this Agreement (this "Amendment"):

1. Sub-Paragraph 7 (a) of the Agreement, under the heading "FRANCHISEE'S PAYMENTS" is hereby deleted in its entirety and replaced with the following paragraph:

“(a) You shall pay to Us an Initial Franchise Fee of Fifty Thousand Dollars (\$50,000.00). All initial fees are deferred until Our initial pre-opening obligations to You are complete and the franchise is open for business. You understand and acknowledge that the Initial Franchise Fee is non-refundable and is fully earned by Us at the time of performance of Our initial pre-opening obligations and the franchisee is open for business.”

2. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota Law, including the North Dakota Franchises Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1993). To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchisee is required in the Franchise Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgements shall be void with respect to claims under the Law.
- b. Covenants not to compete during the Term and upon termination or expiration of the Franchise Agreement are enforceable only under certain conditions according to North Dakota Law. If the Franchise Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.
- c. If the Franchise Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.
- d. If the Franchise Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with the North Dakota Franchise Investment Law, the North Dakota Franchise Investment Law will control.
- e. If the Franchise Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.
- f. If the Franchise Agreement requires payment of a termination penalty, the requirement may be

unenforceable under the North Dakota Franchise Investment Law.

- g. Section 51-19-08 of the North Dakota Franchise Investment Law requires franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) seven days prior to signing the Franchise Agreement; or (ii) seven days prior to franchisor's receipt of any consideration.

3. THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (SECTION 51-19-09, N.D.C.C.):

- a. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to the statute.
 - b. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
 - c. Restrictions of Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
 - d. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
 - e. Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota.
 - f. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
 - g. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
 - h. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
 - i. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
 - j. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement on _____.

FRANCHISOR: CAPT LOUI, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

**AMENDMENT TO CAPT LOUI, LLC
FRANCHISE AGREEMENT & RELATED FRANCHISE DOCUMENTS**

FOR THE STATE OF RHODE ISLAND

The Franchise Agreement between _____
("Franchisee") and CAPT LOUI, LLC, a New Jersey limited liability company ("Franchisor"), dated _____
(the "Franchise Agreement") shall be amended by the addition of the following
language, which shall be considered an integral part of this Agreement (this "Amendment"):

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law. Ch. 395 Sec. 19-28.1-1 – 19-28.1-34. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void under Rhode Island Franchise Investment Act Sec. 19-28.1-14.
- b. If the Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Sec. 19-28.1-14.
- c. If the Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule of order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgements shall be void with respect to claims under the Act.

2. Section 19-28.1-8 of the Rhode Island Franchise Investment Act requires a franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) the first personal meeting; (ii) 10 business days before the execution of the Franchise Agreement; or (iii) 10 business days before the payment of any consideration that relates to the franchise relationship.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

[signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR: CAPT LOUI, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

**AMENDMENT TO CAPT LOUI, LLC
FRANCHISE AGREEMENT & RELATED FRANCHISE DOCUMENTS**

FOR THE STATE OF SOUTH DAKOTA

The Franchise Agreement between _____
("Franchisee") and CAPT LOUI, LLC, a New Jersey limited liability company ("Franchisor"), dated _____
(the "Franchise Agreement") shall be amended by the addition of the following
language, which shall be considered an integral part of this Agreement (this "Amendment"):

1. The Director of the South Dakota Division of Securities requires that certain provisions contained in franchise documents be amended to be consistent with South Dakota law, including the South Dakota Franchises for Brand-Name Goods and Services Law, South Dakota Codified Laws, Title 37, Chapter 37-5B, Sections 37-5B-1 through 37-5B-53 (2008). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the South Dakota Franchises for Brand-Name Goods and Services Law, and such acknowledgements shall be void with respect to claims under the Law.
- b. Covenants not to compete upon termination or expiration of the Agreement are generally unenforceable in the state of South Dakota, except in certain limited instances as provided by law. If this Agreement contains a covenant not to compete which is inconsistent with South Dakota Law, the covenant may be unenforceable.
- c. Regardless of the terms of the Agreement concerning termination, if Franchisee fails to meet performance and quality standards or fails to make any royalty payments under the Agreement, Franchisee will be afforded thirty (30) days' written notice with an opportunity to cure the default before termination.
- d. If the Agreement requires payment of liquidated damages that are inconsistent with South Dakota law, the liquidated damage clause may be void under SDCL 53-9-5.
- e. If the Agreement requires litigation to be conducted in a forum other than the State of South Dakota, the requirement is void with respect to any cause of action otherwise enforceable under South Dakota Law.
- f. If the Agreement requires that it be governed by a state's law, other than the State of South Dakota, matters regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, the Agreement and all provisions of this Amendment will be and remain subject to the application,

construction, enforcement, interpretation under the governing law set forth in the Agreement.

- g. If the Agreement requires that disputes between Franchisor and Franchisee be mediated/arbitrated at a location that is outside the State of South Dakota, the mediation/arbitration will be conducted at a location mutually agreed upon by the parties. If the parties cannot agree on location for the mediation/arbitration, the location shall be determined by the mediator/arbitrator selected.

2. Section 37-5B-17 of the South Dakota Codified Laws requires us provide you with a copy of the Franchise Disclosure Document at the earlier of: (i) fourteen days prior to signing the Franchise Agreement; or (ii) fourteen days prior to our receipt of any consideration.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the South Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR: CAPT LOUI, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

**AMENDMENT TO CAPT LOUI, LLC
FRANCHISE AGREEMENT & RELATED DOCUMENTS**

FOR THE STATE OF WASHINGTON

The Franchise Agreement between _____
("Franchisee") and CAPT LOUI, LLC, a New Jersey limited liability company ("Franchisor"), dated _____
(the "Franchise Agreement") shall be amended by the addition of the following
language, which shall be considered an integral part of this Agreement (this "Amendment"):

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i)

soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) 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 in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR: CAPT LOUI, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

**AMENDMENT TO CAPT LOUI, LLC
MULTIPLE UNIT DEVELOPMENT AGREEMENT & RELATED DOCUMENTS
FOR THE STATE OF WASHINGTON**

The Multiple Unit Development Agreement between _____
("Multiple Unit Developer") and CAPT LOUI, LLC, a New Jersey limited liability company
("Franchisor"), dated _____ (the "Franchise Agreement") shall be amended by the addition
of the following language, which shall be considered an integral part of this Agreement (this
"Amendment"):

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i)

soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) 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 in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR: CAPT LOUI, LLC

By: _____
Name: _____
Title: _____

MULTIPLE-UNIT DEVELOPER:

By: _____
Name: _____
Title: _____

**AMENDMENT TO CAPT LOUI, LLC
FRANCHISE AGREEMENT & RELATED FRANCHISE DOCUMENTS**

FOR THE STATE OF WISCONSIN

The Franchise Agreement between _____
("Franchisee") and CAPT LOUI, LLC, a New Jersey limited liability company ("Franchisor"), dated _____
(the "Franchise Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this "Amendment"):

1. The Securities Commissioner of the State of Wisconsin requires that certain provisions contained in franchise documents be amended to be consistent with the Wisconsin Fair Dealership Law, Wisconsin Statutes, Chapter 135. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. To the extent that the provisions of this Agreement regarding renewal are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants Franchisee the right, in most circumstances, to 90 days prior written notice to termination and 60 days within which to remedy any claims deficiencies), said renewal provision will be superseded by the requirement of the Wisconsin Fair Dealership Law and will have no force or effect."
- b. To the extent that the provision of this Agreement regarding termination are inconsistent with requirements of the Wisconsin Fair Dealership Law (which, among other things, grants Franchisee the right, in most circumstances to 90 days prior written notice of termination and 60 days within which to remedy any claimed deficiencies), said termination provisions will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect.
- c. If the franchise agreement requires that it be governed by a state's law, other than the State of Wisconsin, to the extent that any provision of the franchise agreement conflicts with the Wisconsin Fair Dealership Law such provision shall be supersede by the law's requirement.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Wisconsin law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

[signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR: CAPT LOUI, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

EXHIBIT F TO THE DISCLOSURE DOCUMENT

CAPT LOUI, LLC LIST OF CURRENT & FORMER FRANCHISEES

Current Franchisees as of December 31, 202~~2~~³:

ALABAMA

Hyung Sup Kim
Barnn, LLC
5510 Promenade Point Pkwy, Suite 195A-B
Madison, AL 35758
(256) 858-1388

CALIFORNIA

Hyun Chung, Jiyeon Baik
ChocoBiscuits Inc.
19700 Vallco Pkwy., Suite 150
Cupertino, CA 95014

GEORGIA

Tiger Kim
LouiLoui – Duluth Inc.
3330 Satellite Boulevard, Suite 4
Duluth, Georgia 30096
(678) 740-8888

Hoyoung Kim
Captloui – Decatur, LLC
319 W. Ponce de Leon Ave.
Decatur, GA 30030
(404) 600-4387

MASSACHUSETTS

Joni Nashi
Nashi Restaurant Group
250 Granite Street
Braintree, Massachusetts 02184
(857) 526-6874

Serok Lim
YMI LLC
385 Southbridge Street
Auburn, Massachusetts 01501
(505) 407-8781

NEVADA

Sung Su Kim
Captloui LV-VS, LLC
9430 W. Sahara Ave.
Las Vegas, NV 89117
(702) 410-9181

NEW JERSEY

Bryce Han, Heesoo Yang
10 Park Street
Montclair, NJ 01042
(973) 337-5227

Joni Nashi
CL Springfield, LLC
25 US-22, Suite 5
Springfield, NJ 07081
(973) 218-6717

NEW YORK

Yongwoon Na, Jihoon Joung, Jihoon Lee
Louiamsterdam, Inc.
3147 Broadway
New York, New York 10027
(212) 222-6608

Yongwoon Na
Louibrooklyn, Inc.
413 Myrtle Avenue
Brooklyn, New York 11205
(347) 844-9920

Jihoon Joung, Gilbum Kang, Jonathan Joo, Edward Kang, Woog Park
Louirockaway, LLC
105-02 Rockaway Blvd
Ozone Park, NY 11417
(718) 480-1103

Djourney Diallo
Diallo Capt Loui Throngs Neck, LLC
815 Hutchinson River Pkwy
The Bronx, NY 10465
(347) 293-6871

RHODE ISLAND

Joni Nashi
Albo Restaurant Group, LLC
238 Atwells Ave.
Providence, RI 02903
(401) 537-7659

Former Franchisees:

NONE

~~Frederick Hunter, Sr., Charles Blackwell
Naranja Capt Loui Harlem Inc.
2906 Frederick Douglass Boulevard
New York, New York 10039
(212) 256-0008~~

List of Franchisees signed but not opened:

ILLINIOS

Amjed Abdallah, Ishaq Abdallah
Issacs Subs
1745 35th Avenue
Stone Park, IL 60165
224-645-5679

NEW YORK

Djourney Diallo
CL Seafood Boil Harlem 125 LLC
17 W. 125th Street
New York, NY 10027
347-459-4864

TEXAS

Hanna Rhee, Danny Rhee
Delta Provision One, LLC
5565 Blazing Star Road
Fisco, TX. 75036

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EXHIBIT G TO THE DISCLOSURE DOCUMENT

**CAPT LOUI, LLC
FINANCIAL STATEMENTS**



CDM Financials, LLC

Certified Public Accountants, Business Advisors

Independent Auditor's Report

***Board of Directors of
Cap't Loui, LLC***

Opinion

We have audited the financial statements of Cap't Loui, LLC, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cap't Loui, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. *We are required to be independent of Cap't Loui, LLC and to meet our other ethical responsibilities*, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cap't Loui, LLC's ability to continue as a going concern for one year from the date that the financial statements are issued.

Auditor's Responsibilities/or the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will

always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, *there is a substantial likelihood that*, individually or in the aggregate, they *would* influence the *judgment made by a reasonable user based on the* financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cap't Loui, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cap't Loui, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

CDM Financials, LLC

CDM Financials, LLC
Fairburn, GA
March 7, 2024

CAPT LOUL, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2023 and 2022

ASSETS

	2023	2022
Current Assets		
Cash	\$ 41,762	\$ 5,511
Accounts Receivable	147,796	145,043
Total Current Assets	<u>\$ 189,558</u>	<u>\$ 150,554</u>
 Fixed Assets	 380	 -
Notes Receivable - Related Party	124,565	14,000
Total Assets	<u>\$ 314,503</u>	<u>\$ 164,554</u>

LIABILITIES AND MEMBERS EQUITY

Current Liabilities		
Accounts Payable	\$ 5,688	\$ 469
Other Current Liabilities	4,081	\$ -
Total Current Liabilities	<u>9,769</u>	<u>469</u>
 Loan Payable - Related Party	 -	 81,400
Other Loans Payable	-	-
Total Liabilities	<u>\$ 9,769</u>	<u>\$ 81,869</u>
 Members Equity		
Equity	16,328	85,428
Retained Earnings	288,406	(2,743)
Total Members Equity	<u>\$ 304,734</u>	<u>\$ 82,685</u>
 Total Liabilities and Members Equity	 <u>\$ 314,503</u>	 <u>\$ 164,554</u>

CAPT LOUI, LLC
INCOME STATEMENT
FOR THE PERIODS ENDED DECEMBER 31, 2023 and 2022

	<u>2023</u>		<u>2022</u>	
Revenue				
Franchise Fees	\$ 100,000		\$ 122,148	
Royalty Income	923,491		440,708	
Other Income	3,681		-	
Total Revenue	<u>\$ 1,027,172</u>	100%	<u>\$ 562,856</u>	100%
Expense				
Computer and Internet	16,813	1.6%	8,416	1.5%
Tax and License	16,832	1.6%	30,274	5.4%
Office Expense	19,613	1.9%	13,570	2.4%
Professional Fees	43,011	4.2%	110,808	19.7%
Labor	156,000	15.2%	188,568	33.5%
Employee Benefit	14,423	1.4%	3,886	0.7%
Insurance	1,999	0.3%	485	0.1%
Postage	886	0.2%	1,599	0.3%
Advertising	4,574	0.5%	35	0.0%
Travel Expense	74,084	7.2%	44,149	7.8%
Automobile Expense	20,630	2.1%	15,425	2.7%
Occupancy Expense	65,000	6.3%	45,000	8.0%
Commission	201,398	19.6%	138,911	24.7%
Discounts	17,437	1.7%	-	0.0%
Franchise Expense	7,789	0.9%	-	0.0%
Meals and Entertainment	75,534	7.4%	56,726	10.1%
Total Expense	<u>736,023</u>	72%	<u>657,852</u>	117%
Income From Operations	291,149	28%	(94,996)	-17%
Beginning Members' Equity	82,685		102,253	
Contribution/(Distributions)	(69,100)		75,428	
Ending Members' Equity	<u>\$ 304,734</u>		<u>\$ 82,685</u>	

CAPT LOUL, LLC
STATEMENT OF CASH FLOWS
AS OF DECEMBER 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Net Income / (Loss)	\$ 291,149	\$ (94,996)
Adjustments to reconcile net income to net cash provided by operating activities		
Changes in current assets	(2,753)	(88,602)
Changes in current liabilities	9,300	(5,147)
Net Cash Provided by / (used for) Operating Activities	<u>297,696</u>	<u>(188,745)</u>
INVESTING ACTIVITIES		
Change in notes receivable	(110,565)	105,000
Change in fixed assets	(380)	9,838
Net Cash Provided by / (used for) Investing Activities	<u>(110,945)</u>	<u>114,838</u>
FINANCING ACTIVITIES		
Proceeds from notes payable	-	(48,376)
Debt to equity Conversion	(81,400)	-
Contributions/(Distributions)	(69,100)	75,428
Net Cash Provided by / (Used for) Financing Activities	<u>(150,500)</u>	<u>27,052</u>
 Net Change in Cash	 36,251	 (46,855)
 Cash at Beginning of Period	 5,511	 52,366
 Cash at End of Period	 <u>\$ 41,762</u>	 <u>\$ 5,511</u>

CAP'T LOUI, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDING DECEMBER 31, 2023 and 2022

Note 1 - Nature of Business

Loui Loui, LLC was originally established as a Limited Liability Company during August, 2015 in the State of Massachusetts. During 2022, the company was established in New Jersey under the new name Cap't Loui, LLC. Cap't Loui, LLC was established to set up franchise restaurants under the Cap't Loui, LLC name.

As of December 31, 2023, the location, number of stores sold, and number of open stores are as follows:

Location	Franchises Sold	Franchises Open
Massachusetts	3	3
New Jersey	3	3
Georgia	2	2
New York	5	5
Rhode Island	1	1
California	1	1
Nevada	1	1
Alabama	1	1
Illinois	1	0
Texas	1	0
Total	19	17

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements for Cap't Loui, LLC were prepared using the accrual basis of accounting. Under this method income is recorded when earned and expenses are recorded when incurred.

Reporting Period

For tax and reporting purposes, Cap't Loui, LLC operates on a calendar year consisting of a full twelve months beginning with January 1 and ending December 31.

CAP'T LOUI, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDING DECEMBER 31, 2023 and 2022

Note 2 - Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Company considers cash on hand, cash in banks and other short-term securities with maturities of three months or less when purchased as cash and cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 – Revenue Recognition

The Company adopted ASU 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, “ASU 606”) which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. In adopting ASC 606 the full retrospective method was used to determine revenue under the current standard; no adjustments were needed to beginning retained earnings. Initial franchise fees cover training and orientation of the company’s new franchisees. Franchise sales are only recognized when the company satisfies all its performance obligations to its franchisees. Accordingly, at year end, for periods prior to adoption of ASC 606 the company had no open contracts and no unearned income to report.

Note 4 - Advertising Expense

Cap’t Loui, LLC accounts for advertising expense in accordance with SOP 93-7 ‘Reporting of Advertising Cost’. Accordingly, advertising that does not provide a future benefit should be expensed as incurred. Advertising expense for December 31, 2023 and 2022 was \$4,574 and \$35 respectively.

Note 5 – Note Receivable – Related Party

The note receivable reported on the balance sheet represents amounts due from a related party. No interest is being charged and there are no formal repayment terms.

CAP'T LOUI, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDING DECEMBER 31, 2022 and 2021

Note 6 –Notes Payable – Related Party

The notes payable previously reported were converted to equity during 2023. These amounts are no longer payable to the related parties.

Note 7 - Provision for Income Taxes

Cap't Loui, LLC has elected to be taxed as a Limited Liability Company. Under this provision, all income is passed through to its owner who is liable for paying income tax on the related income. Thus, no income tax provisions have been made at the company level.

Note 8 – Subsequent Events

The Company has evaluated subsequent events through the date which the financial statements were available to be issued. No such events have occurred.



CDM Financials, LLC

Certified Public Accountants, Business Advisors

Independent Auditor's Report

***Board of Directors of
Cap't Loui, LLC***

Opinion

We have audited the financial statements of Cap't Loui, LLC, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cap't Loui, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. *We are required to be independent of Cap't Loui, LLC and to meet our other ethical responsibilities*, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cap't Loui, LLC's ability to continue as a going concern for one year from the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will

always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, *there is a substantial likelihood that*, individually or in the aggregate, they *would* influence the *judgment made by a reasonable user based on the* financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cap't Loui, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cap't Loui, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

CDM Financials, LLC

CDM Financials, LLC
Fairburn, GA
March 30, 2023

CAP'T LOUI, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2022 and 2021

ASSETS

	2022	2021
Current Assets		
Cash	\$ 5,511	\$ 52,366
Accounts Receivable	145,043	56,441
Total Current Assets	<u>\$ 150,554</u>	<u>\$ 108,807</u>
 Fixed Assets	 -	 9,838
Notes Receivable - Related Party	14,000	119,000
Total Assets	<u>\$ 164,554</u>	<u>\$ 237,645</u>

LIABILITIES AND MEMBERS EQUITY

Current Liabilities		
Accounts payable	\$ 469	\$ 5,616
Total Current Liabilities	<u>469</u>	<u>5,616</u>
 Loan Payable - Related Party	 81,400	 129,776
Other Loans Payable	-	-
Total Liabilities	<u>\$ 81,869</u>	<u>\$ 135,392</u>
 Members Equity		
Equity	85,428	10,000
Retained Earnings	(2,743)	92,253
Total Members Equity	<u>\$ 82,685</u>	<u>\$ 102,253</u>
 Total Liabilities and Members Equity	 <u>\$ 164,554</u>	 <u>\$ 237,645</u>

CAPT LOUI, LLC
INCOME STATEMENT
FOR THE PERIODS ENDED DECEMBER 31, 2022 and 2021

	<u>2022</u>		<u>2021</u>	
Revenue				
Franchise Fees	\$ 122,148		\$ 240,000	
Royalty Income	440,708		335,506	
Other Income	-		88,171	
Total Revenue	<u>\$ 562,856</u>	100%	<u>\$ 663,677</u>	100%
Expense				
Computer and Internet	8,416	1%	12,399	2%
Tax and License	30,274	5%	10,256	2%
Office Expense	13,605	2%	36,901	6%
Professional Fees	110,808	20%	58,859	9%
Labor	188,568	34%	138,046	21%
Employee Benefit	3,886	1%	1,742	0.3%
Insurance	485	0%	330	0.05%
Postage	1,599	0%	1,133	0.2%
Travel Expense	44,149	8%	37,691	6%
Automobile Expense	15,425	3%	9,822	1%
Occupancy Expense	45,000	8%	53,750	8%
Commission	138,911	25%	-	0%
Meals and Entertainment	56,726	10%	47,107	7%
Total Expense	<u>657,852</u>	117%	<u>408,036</u>	61%
Income From Operations	(94,996)	-17%	255,641	39%
Beginning Members' Equity	102,253		91,717	
Contribution/(Distributions)	75,428		(245,105)	
Ending Members' Equity	<u>\$ 82,685</u>		<u>\$ 102,253</u>	

CAPT LOUI, LLC
STATEMENT OF CASH FLOWS
AS OF DECEMBER 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Net Income / (Loss)	\$ (94,996)	\$ 255,641
Adjustments to reconcile net income to net cash provided by operating activities		
Changes in accounts receivable	(88,602)	(33,779)
Changes in accounts payable	(5,147)	3,735
Changes in other current assets	-	6,139
Net Cash Provided by / (used for) Operating Activities	<u>(188,745)</u>	<u>231,736</u>
INVESTING ACTIVITIES		
Change in notes receivable	105,000	(24,000)
Change in fixed assets	9,838	(9,838)
Net Cash Net Cash Provided by / (used for) Investing Activities	<u>114,838</u>	<u>(33,838)</u>
FINANCING ACTIVITIES		
Proceeds from notes payable	(48,376)	57,919
Contributions/(Distributions)	75,428	(245,105)
Net Cash From Used for Financing Activities	<u>27,052</u>	<u>(187,186)</u>
Net Change in Cash	(46,855)	10,712
Cash at Beginning of Period	52,366	41,654
Cash at End of Period	<u>\$ 5,511</u>	<u>\$ 52,366</u>

CAP'T LOUI, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDING DECEMBER 31, 2022 and 2021

Note 1 - Nature of Business

Loui Loui, LLC was originally established as a Limited Liability Company during August, 2015 in the State of Massachusetts. During 2022, the company was established in New Jersey under the new name Cap't Loui, LLC. Cap't Loui, LLC was established to set up franchise restaurants under the Cap't Loui, LLC name.

As of December 31, 2022, the location, number of stores sold, and number of open stores are as follows:

Location	Franchises Sold	Franchises Open
Massachusetts	3	3
New Jersey	3	3
Georgia	2	2
New York	4	4
Rhode Island	1	1
California	1	1
Nevada	1	1
Alabama	1	1
Texas	1	1
Total	17	17

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements for Cap't Loui, LLC were prepared using the accrual basis of accounting. Under this method income is recorded when earned and expenses are recorded when incurred.

Reporting Period

For tax and reporting purposes, Cap't Loui, LLC operates on a calendar year consisting of a full twelve months beginning with January 1 and ending December 31.

CAP'T LOUI, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDING DECEMBER 31, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Company considers cash on hand, cash in banks and other short-term securities with maturities of three months or less when purchased as cash and cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 – Revenue Recognition

The Company adopted ASU 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, “ASU 606”) which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. In adopting ASC 606 the full retrospective method was used to determine revenue under the current standard; no adjustments were needed to beginning retained earnings. Initial franchise fees cover training and orientation of the company’s new franchisees. Franchise sales are only recognized when the company satisfies all its performance obligations to its franchisees. Accordingly, at year end, for periods prior to adoption of ASC 606 the company had no open contracts and no unearned income to report.

Note 4 - Advertising Expense

Cap’t Loui, LLC accounts for advertising expense in accordance with SOP 93-7 ‘Reporting of Advertising Cost’. Accordingly, advertising that does not provide a future benefit should be expensed as incurred. Advertising expense for December 31, 2022 and 2021 was \$35 and \$0 respectively.

Note 5 – Note Receivable – Related Party

The note receivable reported on the balance sheet represents amounts due from a related party. No interest is being charged and there are no formal repayment terms.

CAP'T LOUI, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDING DECEMBER 31, 2022 and 2021

Note 6 –Notes Payable – Related Party

The note payable reported on the balance sheet represents amounts due to a related party. No interest is being charged and there are no formal repayment terms.

Note 7 - Provision for Income Taxes

Cap't Loui, LLC has elected to be taxed as a Limited Liability Company. Under this provision, all income is passed through to its owner who is liable for paying income tax on the related income. Thus, no income tax provisions have been made at the company level.

Note 8 – Subsequent Events

The Company has evaluated subsequent events through the date which the financial statements were available to be issued. No such events have occurred.



CDM Financials, LLC

Certified Public Accountants, Business Advisors

Independent Auditor's Report

***Board of Directors of
Loui Loui, LLC***

Opinion

We have audited the financial statements of Loui Loui, LLC, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Loui Loui, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. *We are required to be independent of Loui Loui, LLC and to meet our other ethical responsibilities*, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Loui Loui, LLC's ability to continue as a going concern for one year from the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will

always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, *there is a substantial likelihood that*, individually or in the aggregate, they *would* influence the *judgment made by a reasonable user based on the* financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Loui Loui, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Loui Loui, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

CDM Financials, LLC

CDM Financials, LLC
Fairburn, GA
March 25, 2022

LOUI LOUI, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2021 and 2020

ASSETS

	2021	2020
Current Assets		
Cash	\$ 52,366	\$ 41,654
Accounts Receivable	56,441	22,662
Other Current Assets	-	6,139
Total Current Assets	<u>\$ 108,807</u>	<u>\$ 70,455</u>
 Fixed Assets	 9,838	 -
Notes Receivable - Related Party	119,000	95,000
Total Assets	<u>\$ 237,645</u>	<u>\$ 165,455</u>

LIABILITIES AND MEMBERS EQUITY

Current Liabilities		
Accounts payable	\$ 5,616	\$ 1,881
Total Current Liabilities	<u>5,616</u>	<u>1,881</u>
 Loan Payable - Related Party	 129,776	 68,226
Other Loans Payable	-	3,631
Total Liabilities	<u>\$ 135,392</u>	<u>\$ 73,738</u>
 Members Equity		
Equity	10,000	10,000
Retained Earnings	92,253	81,717
Total Members Equity	<u>\$ 102,253</u>	<u>\$ 91,717</u>
 Total Liabilities and Members Equity	 <u>\$ 237,645</u>	 <u>\$ 165,455</u>

LOUI LOUI, LLC
INCOME STATEMENT
FOR THE PERIODS ENDED DECEMBER 31, 2021 and 2020

	<u>2021</u>		<u>2020</u>	
Revenue				
Franchise Fees	\$240,000		\$ -	
Royalty Income	335,506		272,837	
Other Income	88,171		15,000	
Total Revenue	<u>\$663,677</u>	100%	<u>\$287,837</u>	100%
Expense				
Computer and Internet	12,399	2%	1,787	0.6%
Tax and License	10,256	2%	6,249	2.2%
Office Expense	36,901	6%	11,062	3.8%
Professional Fees	58,859	9%	41,214	14.3%
Labor	138,046	21%	149,729	52.0%
Employee Benefit	1,742	0.3%	-	0.0%
Insurance	330	0.05%	330	0.1%
Postage	1,133	0.2%	1,623	0.6%
Travel Expense	37,691	6%	13,603	4.7%
Automobile Expense	9,822	1%	2,681	0.9%
Occupancy Expense	53,750	8%	26,619	9.2%
Meals and Entertainment	47,107	7%	20,951	7.3%
Total Expense	<u>408,036</u>	61%	<u>275,848</u>	96%
Income From Operations	255,641	39%	11,989	4%
Beginning Members' Equity	91,717		149,728	
Distributions	(245,105)		(70,000)	
Ending Members' Equity	<u>\$ 102,253</u>		<u>\$ 91,717</u>	

MANAGEMOWED FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
AS OF DECEMBER 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Net Loss	\$ (343,772)	\$ (238,579)
Change in Current Liabilities	40,031	138,259
Change in Accounts Receivable	37,627	(98,497)
Change in Deferred Revenue	426,984	408,995
Net Cash Provided by Operating Activities	<u>\$ 160,870</u>	<u>\$ 210,178</u>
INVESTING ACTIVITIES		
Change in Intangible Assets	<u>(215,585)</u>	<u>(152,541)</u>
Net Cash Used for Investing Activities	<u>(215,585)</u>	<u>(152,541)</u>
FINANCING ACTIVITIES		
Proceeds from Note Payable - Related Party	\$ 3,620	\$ -
Payments on Loan Payable	<u>(6,900)</u>	<u>-</u>
Net Cash Used for Financing Activities	<u>\$ (3,280)</u>	<u>\$ -</u>
Net Change in Cash	(57,995)	57,637
Cash at Beginning of Period	58,037	400
Cash at End of Period	<u>\$ 42</u>	<u>\$ 58,037</u>

LOUI LOUI, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDING DECEMBER 31, 2021 and 2020

Note 1 - Nature of Business

Loui Loui, LLC was established as a Limited Liability Company during August, 2015 in the State of Massachusetts. Loui Loui, LLC was established to set up franchise restaurants in Massachusetts.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements for Loui Loui, LLC were prepared using the accrual basis of accounting. Under this method income is recorded when earned and expenses are recorded when incurred.

Reporting Period

For tax and reporting purposes, Loui Loui, LLC operates on a calendar year consisting of a full twelve months beginning with January 1 and ending December 31.

Cash and Cash Equivalents

The Company considers cash on hand, cash in banks and other short-term securities with maturities of three months or less when purchased as cash and cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 – Revenue Recognition

The Company adopted ASU 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, “ASU 606”) which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. In adopting ASC 606 the full retrospective method was used to determine revenue under the current standard; no adjustments were needed to beginning retained earnings. Initial franchise fees cover training and orientation of the company’s new franchisees. Franchise sales are only recognized when the company satisfies all its performance obligations to its franchisees. Accordingly, at year end, for periods prior to adoption of ASC 606 the company had no open contracts and no unearned income to report.

LOUI LOUI, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDING DECEMBER 31, 2021 and 2020

Note 4 - Advertising Expense

Loui Loui, LLC accounts for advertising expense in accordance with SOP 93-7 'Reporting of Advertising Cost'. Accordingly, advertising that does not provide a future benefit should be expensed as incurred. Advertising expense for December 31, 2021 and 2020 was \$0 and \$409 respectively.

Note 5 – Note Receivable – Related Party

The note receivable reported on the balance sheet represents amounts due from a related party. No interest is being charged and there are no formal repayment terms.

Note 6 –Notes Payable – Related Party

The note payable reported on the balance sheet represents amounts due to a related party. No interest is being charged and there are no formal repayment terms.

Note 7 - Provision for Income Taxes

Loui Loui, LLC has elected to be taxed as a Limited Liability Company. Under this provision, all income is passed through to its owner who is liable for paying income tax on the related income. Thus, no income tax provisions have been made at the company level.

Note 8 – Subsequent Events

The Company has evaluated subsequent events through the date which the financial statements were available to be issued. No such events have occurred.



CDM Financials, LLC

Certified Public Accountants, Business Advisors

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management
Loui Loui, LLC

I have audited the accompanying financial statements of Loui Loui, LLC, which comprise the balance sheet as of December 31, 2020 and 2019, and the related statements of operations, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Loui Loui, LLC as of December 31, 2020 and 2019 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Charlene D. Moultrie

Charlene D. Moultrie, CPA
Fairburn, GA
June 1, 2021

LOUI LOUI, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash	\$ 41,654	\$ 65,584
Accounts Receivable	22,662	4,210
Notes Receivable	95,000	92,000
Other Current Assets	6,139	-
Total Assets	<u>\$ 165,455</u>	<u>\$ 161,794</u>

LIABILITIES AND MEMBERS EQUITY

Current Liabilities		
Accounts payable	\$ 1,881	\$ 693
Total Current Liabilities	<u>1,881</u>	<u>693</u>
Loan Payable - Related Party	68,226	11,373
Other Loans Payable	3,631	-
Total Liabilities	<u>\$ 73,738</u>	<u>\$ 12,066</u>
Members Equity		
Retained Earnings	91,717	149,728
Total Members Equity	<u>\$ 91,717</u>	<u>\$ 149,728</u>
Total Liabilities and Members Equity	<u>\$ 165,455</u>	<u>\$ 161,794</u>

LOU LOU, LLC
INCOME STATEMENT
FOR THE PERIODS ENDED DECEMBER 31, 2020 and 2019

	<u>2020</u>		<u>2019</u>	
Revenue				
Franchise Fees	\$ -		\$ 60,000	
Royalty Income	272,837		146,399	
Other Income	15,000		-	
Total Revenue	<u>\$ 287,837</u>	100%	<u>\$ 206,399</u>	100%
Expense				
Bank charges	-	0%	120	0.1%
Computer and Internet	1,787	1%	929	0.5%
Tax and License	6,249	2%	3,410	1.7%
Office Expense	11,062	4%	79	0.0%
Professional Fees	41,214	14%	23,626	11.4%
Labor	149,729	52%	7,843	3.8%
Franchise Compliance	-	0%	400	0.2%
Employee Benefit	-	0%	500	0.2%
Insurance	330	0%	338	0.2%
Postage	1,623	1%	15	0.0%
Travel Expense	13,603	5%	13,459	6.5%
Automobile Expense	2,681	1%	3	0.0%
Occupancy Expense	26,619	9%	-	0.0%
Meals and Entertainment	20,951	7%	2,549	1.2%
Total Expense	<u>275,848</u>	96%	<u>53,271</u>	26%
Income From Operations	11,989	6%	153,128	74.2%
Beginning Retained Earnings	149,728		16,600	
Distributions	(70,000)		(20,000)	
Ending Retained Earnings	<u>\$ 91,717</u>		<u>\$ 149,728</u>	

LOUI LOUL, LLC
STATEMENT OF CASH FLOWS
AS OF DECEMBER 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Net Income / (Loss)	\$ 11,989	\$ 153,128
Adjustments to reconcile net income to net cash provided by operating activities		
Changes in accounts receivable	(18,452)	(2,450)
Changes in accounts payable	1,188	693
Changes in other current assets	(6,139)	
Net Cash Provided by / (used for) Operating Activities	<u>(11,414)</u>	<u>151,371</u>
INVESTING ACTIVITIES		
Change in notes receivable	<u>(3,000)</u>	<u>(78,000)</u>
Net Cash Provided by / (Used for) Investing Activities	<u>(3,000)</u>	<u>(78,000)</u>
FINANCING ACTIVITIES		
Proceeds from notes payable	60,484	11,373
Distributions	<u>(70,000)</u>	<u>(20,000)</u>
Net Cash From Provided by / (Used for) Financing Activities	<u>(9,516)</u>	<u>(8,627)</u>
Net Change in Cash	(23,930)	64,744
Cash at Beginning of Period	65,584	840
Cash at End of Period	<u>\$ 41,654</u>	<u>\$ 65,584</u>

LOUI LOUI, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDING DECEMBER 31, 2020 and 2019

Note 1 - Nature of Business

Loui Loui, LLC was established as a Limited Liability Company during August, 2015 in the State of Massachusetts. Loui Loui, LLC was established to set up franchise restaurants in Massachusetts.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements for Loui Loui, LLC were prepared using the accrual basis of accounting. Under this method income is recorded when earned and expenses are recorded when incurred.

Reporting Period

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Cash and Cash Equivalents

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Use of Estimates

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Note 3 – Revenue Recognition

The Company adopted ASU 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, “ASU 606”) which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. In adopting ASC 606 the full retrospective method was used to determine revenue under the current standard. Initial franchise fees cover training and orientation of the company’s new franchisees. Franchise sales are only recognized when the company satisfies all its performance obligations to its franchisees. Accordingly, at year end, for periods prior to adoption of ASC 606 the company had no open contracts and no unearned income to report.

LOUI LOUI, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDING DECEMBER 31, 2020 and 2019

Note 4 - Advertising Expense

Loui Loui, LLC accounts for advertising expense in accordance with SOP 93-7 'Reporting of Advertising Cost'. Accordingly, advertising that does not provide a future benefit should be expensed as incurred. Advertising expense for December 31, 2020 was \$409.

Note 5 – Note Receivable

The note receivable reported on the balance sheet represents amounts due from a related party. No interest is being charged and there are no formal repayment terms.

Note 6 –Notes Payable

The note payable reported on the balance sheet represents amounts due to a related party. No interest is being charged and there are no formal repayment terms.

Note 7 – Provision for Income Taxes

Loui Loui, LLC has elected to be taxed as a Limited Liability Company. Under this provision, all income is passed through to its owner who is liable for paying income tax on the related income. Thus, no income tax provisions have been made at the company level.

Note 8 – Subsequent Events

The Company has evaluated subsequent events through the date which the financial statements were available to be issued. No such events have occurred.

EXHIBIT H TO THE DISCLOSURE DOCUMENT

CAPT LOUI, LLC

AREA REPRESENTATIVES, TERRITORY DEVELOPMENT AND SUPPORT BACKGROUNDS

The following constitutes disclosures about our Area Representatives as to Items 2, 3, 4, and 11:

Item 2: Business Experience

Hoyoung Kim, Area Representative. Mr. Kim has served as an Area Representative for us for the state of Georgia, as a Member Manager of Spicy Fingers, LLC, since March 2022. Since August 2017, Mr. Kim has been a franchisee in Georgia.

Item 3: Litigation

There is no litigation related to Area Representative required to be disclosed in this item.

Item 4: Bankruptcy

There is no bankruptcy related to Area Representative required to be disclosed in this item.

Item 11: Franchisor's Assistance, Advertising, Computer Systems, and Training

Area Representatives assist franchisees in its territory with the operational support of restaurant franchisees, assist in the sales and marketing, and training of restaurant franchisees. We describe the Area Representatives' experience, including the length of their experience in the field and with the franchisor, in Item 2 of this Exhibit, above.

EXHIBIT I TO THE DISCLOSURE DOCUMENT

CAPT LOUI, LLC

NON-DISCLOSURE, NON-SOLICITATION AND NON-COMPETITION AGREEMENT

CAPT LOUI, LLC
NON-DISCLOSURE, NON-SOLICITATION AND NON-COMPETITION AGREEMENT

This Agreement is made and entered into on _____, between CAPT LOUI, LLC, a New Jersey LLC ("Franchisor"), _____ ("Franchisee") and _____ ("Trainee").

RECITALS

WHEREAS, Franchisor has developed, is using and is the owner of all rights in a unique system (hereinafter "CAP'T LOUI SYSTEM") for the development and operation of a business which provides dine-in table service restaurants, fast-casual service restaurants, or carry-out restaurants, featuring Cajun style Louisiana cuisine and optional alcoholic beverage service under the trade name and mark CAP'T LOUI® (hereinafter "CAP'T LOUI");

WHEREAS, CAP'T LOUI SYSTEM includes but is not limited to certain trade names, trademarks, trade dress and logos including, but not limited to, the mark CAP'T LOUI, service marks, trade symbols, trade dress, signs, slogans, associated logos, designs, emblems, URLs, domain names, website addresses, email addresses, digital cellular addresses, wireless web addresses and the like and copyrights and such other trade names and trademarks as Franchisor may develop in the future for the purposes of identifying CAP'T LOUI SYSTEM, and such other distinguishing characteristics of CAP'T LOUI SYSTEM including, without limitation, distinctive sales and marketing procedures; knowledge and procedures for opening and operating dine-in, fast casual and/or carry-out restaurants featuring Cajun style Louisiana cuisine and optional alcoholic beverage service; inventory, management and financial control methods; and training and assistance, all of which may be changed, improved and further developed by Franchisor from time to time ("Trade Secrets");

WHEREAS, Franchisor's Trade Secrets provide economic advantages to Franchisor and are not generally known to or readily ascertainable by proper means by Franchisor's competitors who could obtain economic value from knowledge and use of Franchisor's Trade Secrets;

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of Franchisor's Trade Secrets;

WHEREAS, Franchisor has granted Franchisee a limited right to operate a territory using CAP'T LOUI SYSTEM and Franchisor's Trade Secrets for the period defined in the Franchise Agreement made and entered into on _____, _____ between Franchisor and Franchisee ("Franchise Agreement");

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of CAP'T LOUI SYSTEM of restricting use, access and dissemination of Franchisor's Trade Secrets;

WHEREAS, it will be necessary for certain employees and contractors of Franchisee to have access to and to use some or all of Franchisor's Trade Secrets in the development and maintenance of Franchisee's Business using CAP'T LOUI SYSTEM;

WHEREAS, Franchisee has agreed to obtain from certain key employees written agreements protecting Franchisor's Trade Secrets and CAP'T LOUI SYSTEM against unfair competition;

WHEREAS, Trainee wishes to remain, or wishes to become, an employee of Franchisee; and

WHEREAS, Trainee wishes and needs to receive and use Franchisor's Trade Secrets in the course of Trainee's employment in order to effectively perform Trainee's services for Franchisee.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Franchisor and/or Franchisee shall disclose to Trainee some or all of Franchisor's Trade Secrets relating to CAP'T LOUI SYSTEM.

2. Trainee shall receive Franchisor's Trade Secrets in confidence, maintain them in confidence, and use them only in the course of Trainee's employment by Franchisee and then only in connection with the development and/or maintenance by Franchisee of Business using CAP'T LOUI SYSTEM for so long as Franchisee is licensed by Franchisor to use CAP'T LOUI SYSTEM.

3. Trainee shall not at any time make copies of any documents or compilations containing some or all of Franchisor's Trade Secrets without the express written permission of Franchisor.

4. Trainee shall not disclose or permit the disclosure of Franchisor's Trade Secrets except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee who have also signed Non-Disclosure, Non-Solicitation and Non-Competition Agreements or Confidentiality Agreement where appropriate as determined by Franchisor in the development or maintenance of Business using CAP'T LOUI SYSTEM.

5. That all information and materials, including without limitation, specifications, techniques and compilations of data which Franchisor shall designate as confidential shall be deemed Franchisor's Trade Secrets for the purposes of this Agreement.

6. Trainee shall surrender CAP'T LOUI Operations Manual and any other material containing some or all of Franchisor's Trade Secrets to Franchisee or to Franchisor, upon request, or upon termination of employment by Franchisee, or upon conclusion of the use for which the CAP'T LOUI Operations Manual or other information or material may have been furnished to Trainee.

7. Trainee shall not, directly or indirectly, do any act or omit to do any act, which would or would likely to be injurious or prejudicial to the goodwill associated with CAP'T LOUI SYSTEM.

8. In order to protect the goodwill and unique qualities of CAP'T LOUI SYSTEM and the confidentiality and value of Franchisor's Trade Secrets, and in consideration for the disclosure to Trainee of Franchisor's Trade Secrets, Trainee further undertakes and covenants that, during the time he is employed by Franchisee, he will not:

(a) Directly or indirectly, for himself or through, on behalf of or in conjunction with any person, partnership or business entity, engage in or acquire any financial or beneficial interest in (including interest in business entities, partnerships, trusts, unincorporated associations or joint ventures), advise, help or make loans to any entity involved in business which is the same as or similar to that conducted by CAP'T LOUI which Business is, or is intended to be located, within the United States; or

(b) Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of Franchisee's Business(s) to any competitor.

9. Except to the extent prohibited by the laws of the state where the Franchised Business is located or where the Trainee lives or works In further consideration for the disclosure to Trainee of Franchisor's Trade Secrets and to protect the uniqueness of CAP'T LOUI SYSTEM, Trainee agrees that for two (2) years following the termination of Trainee's employment with Franchisee, Trainee will not without the prior written consent of Franchisor, divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of Franchisee's Franchised Restaurant(s) to any competitor.

10. Franchisee undertakes to use Franchisee's best efforts to ensure that Trainee acts as required by this Agreement.

11. Trainee agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions thereof, Franchisor shall be entitled to enforce the provisions of this Agreement against Franchisee and Trainee, and may seek, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, a temporary and /or permanent injunction and a decree for the specific performance of the terms of this Agreement, without being required to furnish a bond or other security.

12. Should legal proceedings have to be brought by Franchisor against Trainee to enforce any Non-Competition Covenant or for Trainee's failure to maintain Confidentiality, the period of restriction shall be deemed to begin running on the date of entry of an order granting Franchisor preliminary injunctive relief and shall continue uninterrupted for the entire period of restriction.

13. This Agreement shall be governed by and construed under the laws of New Jersey.

14. If any Court or other tribunal having jurisdiction to determine the validity or enforceability of this Agreement determines that it would be unenforceable as written, its provisions shall be determined to be withheld, modified or limited to such extent or in such manner as is necessary for it to be valid and enforceable to the greatest extent possible.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE

By: _____
Name: _____
Title: _____
Date: _____

TRAINEE

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT J TO THE DISCLOSURE DOCUMENT

SPOUSAL NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

SPOUSAL NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

This Agreement is made and entered into on _____ between CAPT LOUI, LLC, a New Jersey limited liability company, with its principal place of business at 73 Dewey Street, Garfield, New Jersey 07026 ("Franchisor") and _____, a/an _____ with its principal place of business at _____ ("Franchisee") and _____, the spouse or domestic partner of an owner of Franchisee ("Signer ") with a primary residence at _____.

RECITALS

WHEREAS, Franchisor has developed, is using and is the owner of all rights in a unique system (hereinafter "CAP'T LOUI SYSTEM") for the development and operation of a business which provides dine-in table service restaurants, fast-casual service restaurants, or carry-out restaurants, featuring Cajun style Louisiana cuisine and optional alcoholic beverage service under the trade name and mark CAP'T LOUI® (hereinafter "CAP'T LOUI®");

WHEREAS, CAP'T LOUI SYSTEM includes but is not limited to certain trade names, trademarks, trade dress and logos including, but not limited to, the mark CAP'T LOUI®, service marks, trade symbols, trade dress, signs, slogans, associated logos, designs, emblems, URLs, domain names, Website addresses, email addresses, digital cellular addresses, wireless Web addresses and the like and copyrights and such other trade names and trademarks as Franchisor may develop in the future for the purposes of identifying CAP'T LOUI SYSTEM, and such other distinguishing characteristics of CAP'T LOUI SYSTEM including, without limitation, distinctive sales and marketing procedures; knowledge and procedures for providing dine-in table service restaurants, fast-casual service restaurants, or carry-out restaurants, featuring Cajun style Louisiana cuisine and optional alcoholic beverage service; management and financial control methods; and training and assistance, all of which may be changed, improved and further developed by Franchisor from time to time ("Trade Secrets");

WHEREAS, Franchisor's Trade Secrets provide economic advantages to Franchisor and are not generally known to or readily ascertainable by proper means by Franchisor's competitors who could obtain economic value from knowledge and use of Franchisor's Trade Secrets;

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of Franchisor's Trade Secrets;

WHEREAS, Franchisor and Franchisee desire to enter into a Franchise Agreement which will grant Franchisee a limited right to operate a Franchised Business within a territory using CAP'T LOUI SYSTEM and Franchisor's Trade Secrets for a period defined in the Franchise Agreement ("Franchise Agreement");

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of CAP'T LOUI SYSTEM of restricting use, access and dissemination of Franchisor's Trade Secrets; and

WHEREAS, it is anticipated that Signer may have access to learn Franchisor's Trade Secrets as Franchisee develops and maintains Franchisee's Business using CAP'T LOUI SYSTEM.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Franchisee may disclose to Signer some or all of Franchisor's Trade Secrets relating to CAP'T LOUI SYSTEM.

2. Signer shall receive Franchisor's Trade Secrets in confidence, maintain them in confidence, and shall use them only in connection with the development and/or maintenance by Franchisee of the Franchised Business using CAP'T LOUI SYSTEM for so long as Franchisee is licensed by Franchisor to use CAP'T LOUI SYSTEM.

3. Signer shall not at any time make copies of any documents or compilations containing some or all of Franchisor's Trade Secrets without the express written permission of Franchisor.

4. Signer shall not disclose or permit the disclosure of Franchisor's Trade Secrets to anyone.

5. That all information and materials, including without limitation, specifications, techniques and compilations of data which Franchisor shall designate as confidential shall be deemed Franchisor's Trade Secrets for the purposes of this Agreement.

6. Signer shall not, directly or indirectly, do any act or omit to do any act, which would or would likely to be injurious or prejudicial to the goodwill associated with CAP'T LOUI SYSTEM.

7. Except to the extent prohibited by the laws of the state where the Franchised Business is located, in order to protect the goodwill and unique qualities of CAP'T LOUI SYSTEM and the confidentiality and value of Franchisor's Trade Secrets, and in consideration for the disclosure to Signer of Franchisor's Trade Secrets, Signer further undertakes and covenants that, during the time Franchisee is a franchisee of Franchisor and for the two (2) years following the termination or expiration of Franchisee's Franchise Agreement, Signer will not:

(a) Directly or indirectly, for himself/herself or through, on behalf of or in conjunction with any person, partnership or business entity, engage in or acquire any financial or beneficial interest in (including interest in business entities, partnerships, trusts, unincorporated associations or joint ventures), advise, help or make loans to any entity involved in business which is the same as or similar to that conducted by CAP'T LOUI which business is, or is intended to be located, within the United States; or

(b) Divert or attempt to divert, directly or indirectly, any business, business opportunity or client of Franchisee's Franchised Business(s) to any competitor.

8. Franchisee undertakes to use Franchisee's best efforts to ensure that Signer acts as required by this Agreement.

9. Signer agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions thereof, Franchisor shall be entitled to enforce the provisions of this Agreement against Franchisee and Signer, and may seek, in addition to any other remedies which are

made available to it at law or in equity, including the right to terminate the Franchise Agreement, a temporary and /or permanent injunction and a decree for the specific performance of the terms of this Agreement, without being required to furnish a bond or other security.

10. Signer agrees that the period during which the post-termination/expiration restrictions above apply shall be extended uninterrupted by the length of any period of time during which Signer was in violation of such restrictions.

11. This Agreement shall be governed by and construed under the laws of New Jersey.

12. If any Court or other tribunal having jurisdiction to determine the validity or enforceability of this Agreement determines that it would be unenforceable as written, its provisions shall be determined to be withheld, modified or limited to such extent or in such manner as is necessary for it to be valid and enforceable to the greatest extent possible.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR

By: _____

Name: _____

Title: _____

Date: _____

SIGNER

By: _____

Name: _____

Date: _____

**EXHIBIT K TO THE DOCUMENT DISCLOSURE
FORM OF EMPLOYEE CONFIDENTIALITY AGREEMENT**

EMPLOYEE CONFIDENTIALITY AGREEMENT

This Agreement is made and entered into on _____, by and between _____
_____ (“Employer”) and _____
_____ (“Employee”).

RECITALS

WHEREAS, Employer is a franchisee of CAPT LOUI, LLC (hereinafter “Franchisor”) and as such has rights to a unique system (hereinafter the “CAP’T LOUI SYSTEM”) for the development and operation of a business which provides dine-in table service restaurants, fast-casual service restaurants, or carry-out restaurants, featuring Cajun style Louisiana cuisine and optional alcoholic beverage service under the trade name and mark CAP’T LOUI® (hereinafter “CAP’T LOUI”); and

WHEREAS, Franchisor’s Confidential Information or Materials provide economic advantages to Franchisor and its franchisees including Employer and which are not generally known to nor readily ascertainable by proper means by Franchisor’s competitors who could obtain economic value from knowledge and use of Franchisor’s Trade Secrets; and

WHEREAS, Employer has promised to take and intends to take all reasonable steps to maintain the confidentiality and secrecy of Franchisor’s Confidential Information or Materials; and

WHEREAS, it will be necessary for Employee to have access to and to use some or all of Franchisor’s Confidential Information or Materials as an employee of Employer:

WHEREAS, Employee wishes to remain, or wishes to become, an employee of Employer; and

WHEREAS, Employee wishes and needs to receive and use Franchisor’s Confidential Information or Materials in the course of Employee’s employment in order to effectively perform Employee’s services for Employer;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. For purposes of this Agreement, the term “Confidential Information or Materials” means all trade secrets, customer information, inventions, discoveries, processes, formulae, records, computer programs or data, agreements, business and financial systems, and plans and policies, of Employer and Franchisor or regarding administrative, management, contracting, financial, marketing or production activities of Employer, which Employer treats as confidential.

2. Employee acknowledges that during his/her employment, Employee may gain knowledge of proprietary Confidential Information or Materials. Employee recognizes that Employer and Franchisor have a compelling need to maintain the confidentiality of such Confidential Information and Materials. Accordingly, Employee agrees that:

- (i) Employee shall receive Franchisor’s Confidential Information or Materials in confidence, maintain them in confidence, and use them only in the course of Employee’s employment by Employer.

- (ii) Employee will not, during the Term of this Agreement or thereafter, directly or indirectly disclose to any other person or entity, or use for Employee's own account, or for other than Employer's business, any Confidential Information or Materials without first obtaining the written consent of Franchisor. Employee shall at all times keep confidential all Confidential Information or Materials of Employer and Franchisor.
- (iii) Employee will retain no copies of, and shall promptly deliver to Employer, upon the termination of Employee's services or at any other time Employer may request any and all documentary and other materials (including software) and all copies thereof in whatever form, including electronic versions thereof, made, compiled or otherwise obtained by or delivered or disclosed to Employee concerning any Confidential Information or Materials of Employer or Franchisor.

3. Employee shall not at any time make copies of any documents or compilations containing some or all of Franchisor's Confidential Information or Materials without the express written permission of Employer.

4. Employee shall not disclose or permit the disclosure of Franchisor's Confidential Information or Materials except to other employees of Employer and only to the limited extent necessary to train or assist other employees of Employer who have also signed Confidentiality Agreements or Non-Disclosure, Non-Solicitation and Non-Competition Agreements.

5. Employee understands and agrees that this Agreement may be enforced by either Employer or by Franchisor.

6. Employee agrees that in the event of a breach of this Agreement, Employer and/or Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions thereof, Employer and/or Franchisor shall be entitled to enforce the provisions of this Agreement against Employee, and may seek, in addition to any other remedies which are made available to it at law or in equity, a temporary and /or permanent injunction and a decree for the specific performance of the terms of this Agreement, without being required to furnish a bond or other security.

7. This Agreement shall be governed by and construed under the laws of _____.

8. If any Court or other tribunal having jurisdiction to determine the validity or enforceability of this Agreement determines that it would be unenforceable as written, its provisions shall be determined to be withheld, modified or limited to such extent or in such manner as is necessary for it to be valid and enforceable to the greatest extent possible.

[signatures on the following page]

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

EMPLOYER

By: _____
Name: _____
Title: _____
Date: _____

EMPLOYEE

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT L TO THE DISCLOSURE DOCUMENT

**CAPT LOUI, LLC
FRANCHISE COMPLIANCE QUESTIONNAIRE**

CAPT LOUI, LLC
FRANCHISE COMPLIANCE QUESTIONNAIRE

As you prepare to enter into a Franchise Agreement with Franchisor, it is important to determine whether any statements or promises were made to you, either orally or in writing, which were not authorized by Franchisor and which may be untrue, inaccurate or misleading.

Please provide honest and complete responses to each of the following:

1. Have you received and personally reviewed our Franchise Agreement and all its attachments? Yes ____ No ____

CONSIDER THE FOLLOWING QUESTIONS IN REGARD TO INFORMATION PROVIDED DIRECTLY FROM FRANCHISOR OR ITS REPRESENTATIVES (NOT ITS FRANCHISEES):

2. Has any employee, broker or other person representing Franchisor made any statements or promises concerning the revenues, profits or operating costs of a **CAP'T LOUI** franchise? Yes ____ No ____

3. Has any employee, broker or other person representing Franchisor made any statements or promises, other than those disclosed at Item 19 of the Disclosure Document, concerning the amount of money you may earn in the operating of a **CAP'T LOUI** franchise? Yes ____ No ____

4. Has any employee, broker or other person representing Franchisor made any statements or promises concerning the likelihood of success that you should or might expect to achieve from operating a **CAP'T LOUI** franchise? Yes ____ No ____

5. Has any employee, broker or other person representing Franchisor made any statements or promises concerning the advertising, marketing, training or support service or assistance that we will furnish to you that contradicts any information in the FDD? Yes ____ No ____

6. Has any employee, broker or other person representing Franchisor made any statements or promises concerning the costs you may incur in starting or operating a **CAP'T LOUI** franchise that contradicts any information in the FDD? Yes ____ No ____

7. Has any employee, broker or other person representing Franchisor made any statements or promises or agreements relating to a **CAP'T LOUI** franchise that contradicts any information in the FDD? Yes ____ No ____

If you have answered Yes to any of the questions numbered 2 through 7 above, please provide a full explanation **for each**. Attach additional pages if necessary.

8. I signed the Franchise Agreement and Addendum (if any) on _____, _____, and acknowledge that no Agreement or Addendum is effective until signed and dated by Franchisor.

RESIDENTS OF THE STATE OF CALIFORNIA AND FRANCHISEES WITH A BUSINESS TO BE LOCATED IN CALIFORNIA ARE NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE.

NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND FRANCHISEES WITH A BUSINESS TO BE LOCATED IN MARYLAND: All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

RESIDENTS OF THE STATE OF WASHINGTON AND FRANCHISEES WITH A BUSINESS TO BE LOCATED IN WASHINGTON ARE NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE: This Questionnaire does

not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Your answers are important to us and we will rely on them; by signing this Questionnaire, you are representing that you have responded truthfully to all of the above questions.

Date:_____ Prospective Franchisee:_____

EXHIBIT M TO THE DISCLOSURE DOCUMENT

**CAPT LOUI, LLC
FORM OF GENERAL RELEASE**

FORM OF GENERAL RELEASE

This General Release ("Release") is made and entered into on _____ by and between CAPT LOUI, LLC ("Franchisor") and _____ ("Franchisee").

WITNESSETH:

WHEREAS, Franchisor and Franchisee are parties to a CAP'T LOUI Franchise Agreement (the "Franchise Agreement") dated _____, 20__, granting Franchisee the right to operate a CAP'T LOUI business under Franchisor's proprietary marks and system.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained in this Release, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties hereto agree as follows:

Franchisee, for itself and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the "Releasers"), irrevocably and absolutely releases and forever discharges Franchisor and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the "Releasees"), of and from all claims, obligations, actions or causes of action (however denominated), whether in law or in equity, and whether known or unknown, present or contingent, for any injury, damage, or loss whatsoever arising from any acts or occurrences occurring as of or prior to the date of this Release relating to the Franchise Agreement, the business operated under the Franchise Agreement, and/or any other agreement between any of the Releasees and any of the Releasers. The Releasers, and each of them, also covenant not to sue or otherwise bring a claim against any of the Releasees regarding any of the claims being released under this Release.

This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

This General Release shall not apply to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Release as of the date first above written.

FRANCHISOR
CAPT LOUI, LLC

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT N TO THE DISCLOSURE DOCUMENT
FORM OF ADDENDUM TO LEASE AGREEMENT

ADDENDUM TO LEASE AGREEMENT

THIS ADDENDUM TO LEASE AGREEMENT (this "**Addendum**") is effective as of _____ (the "**Effective Date**"), and is being signed simultaneously with the Lease (the "**Lease**") dated _____, 20__ between _____ (the "**Franchisee**" or "**Tenant**") and _____ (the "**Landlord**") for the real property commonly known as _____ (the "**Premises**").

1. **Incorporation and Precedence.** This Addendum is incorporated into the Lease and supersedes any conflicting provisions in it. Capitalized terms not otherwise defined in this Addendum have the meanings as defined in the Lease.

2. **Background.** The Tenant will operate a CAP'T LOUI Franchised Restaurant at the Premises under a Franchise Agreement dated _____, 20__ (the "**Franchise Agreement**") with CAPT LOUI, LLC (the "**Franchisor**"). The Franchise Agreement requires that the Lease contain certain provisions that the Tenant is requesting the Landlord to include.

3. **Marks.** The Tenant has the right to display the trade and service marks set forth on Exhibit "A" to this Addendum and incorporated by reference herein in accordance with the specifications required by the Franchisor, subject only to the provisions of applicable law, for the term of the Lease.

4. **Easement.** The Landlord grants to the Tenant during the term of the Lease a nonexclusive right and easement over that portion of the property as may be required by the Tenant to improve, renovate, repair, replace and maintain the Premises or replace its signage for the property. The Tenant has the right to change or alter the signage at any time during the term of the Lease provided the signage is in compliance with all applicable governmental codes and regulations. The signage may include: (a) signage on the exterior front wall of the Premises; and (b) other signage which may be required by the Franchisor or agreed upon by the Landlord and the Tenant.

5. **Access to Premises.** During the term of the Lease, the Landlord and Tenant acknowledge and agree that the Franchisor will have unrestricted access to the Premises to inspect the Franchised Restaurant Premises and Tenant's business operations in accordance with the Franchise Agreement.

6. **Copies of Reports.** The Landlord agrees to provide copies of all revenue and other information and data in Landlord's possession related to the operation of the Tenant's CAP'T LOUI Franchised Restaurant on a timely basis as the Franchisor may request, during the term of the Lease.

7. **Notice of Default.** The Landlord will give written notice to the Franchisor (concurrently with the giving of such notice to the Tenant) of any defaults (a "**Default**") by the Tenant under the Lease by certified mail, return receipt requested, or by nationally recognized overnight courier service, at the following address or to such other address as the Franchisor may provide to Landlord from time to time:

CAPT LOUI, LLC
Attn: Henry Hyuk Kim
73 Dewey Street
Garfield, New Jersey 07026

Such notice will grant the Franchisor the right, but not the obligation, to cure any Default, if the Tenant fails to do so, within fifteen (15) days after the expiration of the period in which the Tenant may cure the Default under the Lease.

8. Franchisor's Assumption of Lease. In the event of a default of the Lease by Tenant or the default of the Franchise Agreement by Tenant, and upon written notice by the Franchisor to have the Lease assigned to the Franchisor as lessee (the "**Assignment Notice**"), (i) the Franchisor will become the lessee of the Premises and will be liable for all obligations under the Lease arising after the date of the Assignment Notice and (ii) the Landlord will recognize the Franchisor as the lessee of the Premises effective as of the date of the Assignment Notice.

9. Default Under Franchise Agreement. Any Default under the Lease which is not cured by Tenant within any applicable cure period also constitutes grounds for termination of the Franchise Agreement.

10. Amendment. The Landlord and the Tenant will not cancel, terminate, modify or amend the Lease including, without limitation, the Franchisor's rights under this Addendum, without the Franchisor's prior written consent.

11. Benefits and Successors. The benefits of this Addendum inure to the Franchisor and to its successor and assigns.

12. Remaining Provisions Unaffected. Those parts of the Lease that are not expressly modified by this Addendum remain in full force and effect.

Intending to be bound, the Landlord and the Tenant sign and deliver this Addendum effective on the Effective Date, regardless of the actual date of signature.

THE "Landlord":

Address: _____

Phone: _____

By: _____

Name: _____

Title: _____

Date: _____

THE "Tenant":

Address: _____

Phone: _____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT O TO THE DISCLOSURE DOCUMENT

**OPERATIONS MANUAL
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Captain Loui

Operations Manual

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State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	May 25, 2023 Pending
Illinois	April 14, 2023 Pending
Maryland	April 28, 2023 Pending
New York	Pending
Rhode Island	May 1, 2023 Pending
Virginia	April 25, 2023 Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT P TO THE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

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 CAPT LOUI, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa and Michigan require we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If CAPT LOUI, 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 the State Agency listed in Exhibit A.

The name, principal business address, and telephone number of the franchise seller offering this CAP'T LOUI franchise is: Edward Kang, 73 Dewey Street, Garfield, New Jersey 07026, (973) 699-8434.
Other Sellers: _____

Issuance Date: April 30~~1~~, 2023~~4~~. See Exhibit A for our registered agents authorized to receive service of process.

I received a Disclosure Document dated April 30~~1~~, 2023~~4~~, that included the following Exhibits:

A. List of Administrators/Agents for Service of Process	I. Non-Disclosure, Non-Solicitation and Non-Competition Agreement
B. State Specific Addenda to the Disclosure Document	J. Spousal Non-Disclosure and Non-Competition Agreement
C. Franchise Agreement	K. Employee Confidentiality Agreement
D. Multiple Unit Development Agreement	L. Franchise Compliance Questionnaire
E. State Specific Amendments to the Franchise Agreement	M. Form of General Release
F. List of Current & Former Franchisees	N. Form of Addendum to Lease
G. Financial Statements	O. Operations Manual Table of Content
H. Area Representative, Territory and Support Backgrounds	P. Receipts

Please return one signed copy of this Receipt to the attention of Edward Kang at CAPT LOUI, LLC, 73 Dewey Street, Garfield, New Jersey 07026.

Date Disclosure Document Received: _____

Date Receipt Signed: _____

By: _____

Print Name

RECEIPT

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 CAPT LOUI, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa and Michigan require we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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G. Financial Statements	O. Operations Manual Table of Content
H. Area Representative, Territory and Support Backgrounds	P. Receipts

Please return one signed copy of this Receipt to the attention of Edward Kang at CAPT LOUI, LLC, 73 Dewey Street, Garfield, New Jersey 07026 or by electronic transmission (email) to us at franchise@captloui.com.

Date Disclosure Document Received: _____

Date Receipt Signed: _____

By: _____

Print Name