



Crab N Spice Group
A California corporation
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www.crabnspice.com

The franchised business is to operate a seafood restaurant under the trade name “Crab N Spice”.

The total investment necessary to begin operation of a Crab N Spice franchise is \$318,000 to \$591,000. This includes \$46,000 to \$46,500 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation under a three- to five-unit Multi-Unit Development Agreement is \$359,000 to \$676,000. This includes \$96,000 to \$146,500 that must be paid to the franchisor. There is no minimum number of Crab N Spice units that you are required to develop under the Multi-Unit Development Agreement.

FRANCHISE DISCLOSURE DOCUMENT

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC- HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW. Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance date: March 12, 2024

FRANCHISE DISCLOSURE DOCUMENT

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.
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 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 Crab N Spice 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 an Crab N Spice franchisee?	Item 20 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 and/or litigation only in California. Out-of-state mediation and/or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in California than in your own state.
2. **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 service and support to you.
3. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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.

EXHIBIT A

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EXHIBITS

- A. State Addenda to Disclosure Document
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement, Rider to Lease Agreement, Form of General Release, and State Addenda to Agreements)
- C. Multi-Unit Development Agreement
- D. State Administrators and Agents for Service of Process

Receipt (2 copies)

FRANCHISE DISCLOSURE DOCUMENT

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, “we”, “us,” or “our” refers to Crab N Spice Group. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

Us, Any Parents, and Certain Affiliates

Our name is Crab N Spice Group. Our principal business address is 40008 10th Street West Suite A, Palmdale CA 93551. We do not have any parent entities. We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

Our Predecessors

We do not have any predecessors.

Our Business Name

We use the names “Crab N Spice”. We do not intend to use any other names to conduct business.

Agent for Service of Process

Our agent for service of process in California is Roy Ecosar, phone number is 818-836-1758, and the agent’s principal business address is 21900 Burbank Blvd, Suite 3010, Woodland Hills, CA 91367. Our agents for service of process in other states are disclosed in Exhibit A.

Business Organization

We are a California corporation. We were formed on 9/07/2018.

Information About Our Business and the Franchises Offered

We do not operate businesses of the type being franchised.

We do not have any other business activities. We have not offered franchises in other lines of business.

If you sign a franchise agreement with us, you will develop and operate a seafood restaurant under the trade name Crab N Spice. If you sign a Multi-Unit Development Agreement (attached as Exhibit C to this disclosure document), you will develop multiple Crab N Spice outlets, on an agreed-upon schedule. For each future unit franchise, we will require you to sign our then-current form of franchise agreement, which may be different from the form of franchise agreement included in this disclosure document.

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The general market for the restaurant is open to all seafood lovers. This market is highly developed depending on the area. Our customers are primarily families and people from all demographics. Sales are not seasonal.

You will compete against national chains, regional chains, and independent owners. Some of these competitors are franchised.

Laws and Regulations

The restaurant industry has certain laws and regulations specific to it. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and various state and local health departments administer and enforce laws and regulations that govern food preparation and service, waste disposal, and sanitary conditions. State and local agencies inspect restaurants for compliance with these requirements. Certain provisions of these laws impose limits on emissions resulting from commercial food preparation. Some states have also adopted or are considering proposals to regulate indoor air quality.

The menu labeling provisions of the Patient Protection and Affordable Health Care Act require restaurant chains with 20 or more units to post caloric information on menus and menu boards, and to provide additional written nutrition information available to consumers upon request. For smaller chains, some states and local governments may require you to comply with laws relating to the labeling that is included on your menus, menu boards, and related materials. Some state and local authorities have also adopted, or are considering adopting, laws or regulations that would affect the content or make-up of food served in restaurants, such as the level of trans-fat contained in a food item.

If your location serves alcohol, you will be required to obtain certain licenses that permit you to sell and serve alcoholic beverages from your location. These rules and regulations will vary greatly depending on your state or market where you operate the franchised business from. You should consult with an attorney to work with you on this process in order to verify you have gone through the appropriate licensing needed to serve alcohol.

You should consult with a legal advisor about legal requirements that may apply to your business.

Prior Business Experience

We have offered franchises since 2019. None of our affiliates has offered franchises in other lines of business. None of our affiliates provides products or services to our franchisees.

Ventura Crab N Spice, LLC – formed 6/08/2015 is located at 4732 Telephone Rd, Suite 5B, Ventura, CA 93003 and has operated a Crab N Spice location since 2015.

Antelope Valley Crab N Spice, Inc. was incorporated on 9/01/2016 is located at 40008 10th St, West, Suite A, Palmdale, CA 93551 and has operated a Crab N Spice since 2017.

Bakersfield Crab N Spice, Inc. was incorporated on 2765 Calloway Dr, Suite 100, Bakersfield, CA 93312 was incorporated 4/02/2019 and the store was opened in 2020.

FRANCHISE DISCLOSURE DOCUMENT

**Item 2
BUSINESS EXPERIENCE****Jerrico Reyes: President (9/2018 to Present)**

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
Ventura Crab N Spice, LLC	Owner	6/08/2015	Present	Ventura CA
Antelope Valley Crab N Spice, LLC	Owner	9/01/2016	Present	Palmdale, CA
Bakersfield Crab N Spice, LLC	Owner	4/02/2019	Present	Bakersfield, CA
Optimal Homecare	Owner	9/2012	Present	Tarzana CA
Wellspring Hospice	Owner	1/2015	Present	Tarzana CA

Marlon Arsenal: Vice President (9/2018 to Present)

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
Ventura Crab N Spice, LLC	Owner	6/08/2015	Present	Ventura CA
Antelope Valley Crab N Spice, LLC	Owner	9/01/2016	Present	Palmdale, CA
Bakersfield Crab N Spice, LLC	Owner	4/02/2019	Present	Bakersfield, CA
Optimal Home Health	Owner	1/2017	Present	Tarzana CA
Aquamarine Retirement	Owner	1/2016	Present	Lancaster

Maricar Reyes: Secretary (9/2018 to Present)

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
Optimal Home Health	Owner	9/2012	Present	Tarzana CA
Ventura Crab N Spice, LLC	Owner	6/08/2015	Present	Ventura CA
Antelope Valley Crab N Spice, LLC	Owner	9/01/2016	Present	Palmdale, CA
Bakersfield Crab N Spice, LLC	Owner	4/02/2019	Present	Bakersfield, CA
Aquamarine Retirement	Owner	1/2016	Present	Lancaster CA

FRANCHISE DISCLOSURE DOCUMENT

Christine Reyes: CFO (9/2018 to Present)

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
Ventura Crab N Spice, LLC	Owner	6/08/2015	Present	Ventura CA
Antelope Valley Crab N Spice, LLC	Owner	9/01/2016	Present	Palmdale, CA
Bakersfield Crab N Spice, LLC	Owner	4/02/2019	Present	Bakersfield, CA
Optimal Home Health	Owner	9/2012	Present	Tarzana CA
Crab N Spice	Owner	8/2015	Present	Ventura CA

Euphemia Latayan: Treasurer (9/2018 to Present)

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
Antelope Valley Crab N Spice, LLC	Owner	9/01/2016	Present	Palmdale, CA
Bakersfield Crab N Spice, LLC	Owner	4/02/2019	Present	Bakersfield, CA
TLC Retirement	Owner	01/98	Present	Lancaster CA
Optimal Home Health	Owner	09/12	Present	Tarzana CA
Oasis Hospice	Owner	8/16	Present	Lancaster CA

**Item 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**Item 4
BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

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Item 5 INITIAL FEES

Unit Fees

The Initial Fees you will pay to us include the training fee of \$20,000, the site approval fee of \$5,000, and the franchise fee of \$20,000. This fee is uniform and not refundable.

You must purchase the seasoning to be used in the operation of the franchised business from us. These products and seasoning will be used in a variety of the menu options. The total inventory investment that you will pay to us is \$1,000 - \$1,500.

Multi-Unit Development

If you and we agree that you will develop multiple franchises, then you will sign our Multi-Unit Development Agreement (“MUDA”) in the form of Exhibit C to this disclosure document. Your franchise fees will be \$20,000 for each franchise but you will not pay an additional training fee for units managed by the same person. The site approval fee will be collected for each site as they are approved. You will pay all franchise fees upon signing the MUDA. They are not refundable.

Item 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	6% of your gross sales	Weekly, on Tuesday	See Note 1 and Note 2.
Marketing Fund Contribution	1% of your gross sales	Weekly, on Tuesday	
Market Cooperative Contribution	As determined by co-op. Currently, none.	Weekly, on Tuesday	We have the right to establish local or regional advertising cooperatives. There is no maximum on the contribution determined by the co-op.
Replacement / Additional Training fee	\$20,000	Prior to attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.

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Type of Fee	Amount	Due Date	Remarks
Third party vendors	Currently, none.	Varies	We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together a reasonable markup or charge for administering the payment program.
Non-compliance fee	\$500	On demand	We may charge you \$500 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you \$250 per week until you correct such non-compliance.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.
Late fee	\$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	\$30 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.

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Type of Fee	Amount	Due Date	Remarks
Special support fee	Our then-current fee, plus our expenses. Currently, \$500 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Unauthorized Advertising Fee	\$250	Per occurrence	This fee is payable to the Marketing Fund if you use unauthorized advertising in violation of the terms of the Franchise Agreement.
Food Safety Audit	\$2,500	On demand	If you fail a food safety audit, we will require you to undergo an additional food safety audit at your own expense within 45 days. You will pay the third party auditor directly upon invoicing. This fee is uniformly imposed and is not refundable in any circumstances.
Customer complaint resolution	Our expenses		We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any 4-week period.
Special inspection fee	Currently \$500, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Transfer fee	\$2,500	When transfer occurs	Payable if you sell your business.

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Type of Fee	Amount	Due Date	Remarks
Liquidated damages	An amount equal to royalty fees and marketing fund contributions for the lesser of (i) 2 years or (ii) the remaining weeks of the franchise term.	On demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any litigation proceeding (excluding mediation), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us . All fees are imposed by us and collected by us. All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

Notes

1. "Gross Sales" is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

2. We currently require you to pay royalty fees and other amounts due to us by pre-authorized bank draft. However, we can require an alternative payment method.

**Item 7
ESTIMATED INITIAL INVESTMENT****YOUR ESTIMATED INITIAL INVESTMENT - FRANCHISE AGREEMENT**

FRANCHISE DISCLOSURE DOCUMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Franchise Fee (see Note 1)	\$20,000 - \$20,000	Check or wire transfer	Upon signing the franchise agreement	Us
Training Fee (see Note 1)	\$20,000 - \$20,000	Check or wire transfer	Upon signing the franchise agreement	Us
Site Approval Fee (see Note 1)	\$5,000 - \$5,000	Check or wire transfer	Upon signing the franchise agreement	Us
Rent and Lease Security Deposit (see Note 2)	\$5,000 - \$16,000	Check	Upon signing lease	Landlord
Utilities	\$1,000 - \$2,000	Check, debit, and/or credit	Upon ordering service	Utility providers
Leasehold Improvements	\$125,000 - \$250,000	Check	As incurred or when billed	Contractors
Market Introduction Program	\$10,000 - \$10,000	Check, debit, and/or credit	As incurred or when billed	Vendors and suppliers
Furniture, Fixtures, and Equipment	\$60,000 - \$120,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Computer Systems	\$1,500 - \$3,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Insurance	\$2,000 - \$9,000	Check	Upon ordering	Insurance company
Signage	\$4,000 - \$8,000	Check, debit, and/or credit	Upon ordering	Vendor
Office Expenses	\$1,000 - \$2,000	Check, debit, and/or credit	As incurred	Vendors
Inventory (see Note 6)	\$20,000 - \$40,000	Check, debit, and/or credit	Upon ordering	Us and Vendors
Licenses and Permits	\$3,000 - \$5,000	Check	Upon application	Government
Professional Fees (lawyer, accountant, etc.)	\$1,500 - \$3,000	Check, debit, and/or credit	As incurred or when billed	Professional service firms

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Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Travel, lodging and meals for initial training	\$4,000 - \$8,000	Cash, debit or credit	As incurred	Airlines, hotels, and restaurants
Additional funds (for first 3 months) (see Note 3)	\$35,000 - \$70,000	Varies	Varies	Employees, suppliers, utilities
Total (see Note 5)	\$318,000 - \$591,000			

YOUR ESTIMATED INITIAL INVESTMENT - MULTI UNIT DEVELOPMENT AGREEMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Investment for a Single Unit (See Above)	\$318,000 - \$591,000	Varies	Varies	Varies
Additional initial franchise fees (see Note 4)	\$40,000 - \$80,000	Check or wire transfer	Upon signing the MUDA	Us
Business planning and miscellaneous expenses	\$1,000 - \$5,000	Check	As incurred	Vendors and suppliers
Total (see Note 5)	\$359,000 - \$676,000			

Notes

1. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

2. Our estimates in this table assume you pay one month rent plus a security deposit before you open for business. For this to occur, you would need to negotiate a “free rent” period for the time it takes to build out your business. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different.

3. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a Crab N Spice business by our affiliate, and our general knowledge of the industry.

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4. This estimate assumes you sign a Multi-Unit Development Agreement for three to five franchises. The franchise fee for your first unit is counted in the “Estimated Initial Investment – Franchise Agreement” table. You will pay all franchise fees upon signing the MUDA. These additional franchise fees are refundable as described in Item 5.

5. These figures are estimates, and we cannot guarantee that you will not have additional, or higher, expenses. You should review these figures carefully with a business advisor before making any decision to purchase a franchise.

6. This estimate includes \$1,000 to \$1,500 for seasonings.

Item 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your business location is subject to our approval and must meet our specifications. You must use reasonable efforts to have your landlord sign our form of Rider to Lease Agreement (attached to this disclosure document as Exhibit D).

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Manual, which includes (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit, (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, and (v) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation.

C. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify and you will be required to purchase the email addresses you will use in operating the franchised business from us. See Item 11 for more details.

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D. Food Suppliers. You will purchase all of your food products and supplies from our approved suppliers.

E. Proprietary Products. Crab N Spice Seasoning and Lemon Garlic Seasoning and branded apparel will be purchased from us directly. We are the only approved supplier for these products.

Us or our Affiliates as Supplier

We will be the supplier of seasonings that you must purchase. Outside of this, you will not purchase any products or services from us or our Affiliates.

Ownership of Suppliers

Outside of your requirement to purchase some of the inventory from us, none of our officers owns an interest in any supplier to our franchisees.

Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

Revenue to Us and Our Affiliates

We will derive revenue from the required purchases and leases by franchisees. Our total revenue from 2023 was \$. Our revenue from all required purchases and leases of products and services by franchisees in 2023 was \$. The percentage of our total revenues that were from required purchases or leases in 2023 was %.

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Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 80% to 90% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 40% to 60% of your total purchases and leases of goods and services to operate your business.

Payments by Designated Suppliers to Us

We do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, the franchise agreement does not prohibit us from doing so.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

We do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. However, we may do so in the future.

Benefits Provided to You for Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

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 agreement	Disclosure document item
a. Site selection and acquisition/lease	§§ 6.1, 6.2	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6	Items 5, 7, 8 and 11
d. Initial and ongoing training	§§ 5.4, 6.4, 7.6	Items 5, 6, 8 and 11
e. Opening	§§ 6.5, 6.6	Items 7, 8 and 11
f. Fees	Article 4, §§ 5.5, 7.8, 10.5, 11.2, 11.3, 14.5, 15.2, 16.1, 17.6	Items 5, 6 and 7

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Obligation	Section in agreement	Disclosure document item
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.5, 7.9 – 7.13, 7.15, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.3, 7.8, 7.9	Item 8
k. Territorial development and sales quotas	Not applicable	Item 12
l. Ongoing product/service purchases	Article 8	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	§§ 3.2, 7.12, 7.13, 15.2	Items 6, 7 and 8
n. Insurance	§ 7.15	Items 6, 7 and 8
o. Advertising	Article 9	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6 and 8
q. Owner's participation/management/staffing	§ 2.4	Items 15
r. Records and reports	Article 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Article 15	Items 6 and 17
u. Renewal	§ 3.2	Item 17
v. Post-termination obligations	Article 13, § 14.3	Item 17
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Article 17	Items 6 and 17

Item 10
FINANCING

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

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

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

Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* We will review and advise you regarding potential locations that you submit to us. (Section 5.4). If you sign a Multi-Unit Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

- (i) We generally do not own your premises.
- (ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. Your site is subject to our approval. To obtain our approval, you must provide all information and documents about the site that we require.
- (iii) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.
- (iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1). If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your franchise agreement.
- (v) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

B. *Constructing, remodeling, or decorating the premises.* We will provide you with a set of our standard building plans and specifications and/or standard recommended floor plans, and our specifications for required decor (Section 5.4).

C. *Hiring and training employees.* We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), operational instructions in the Manual which you can use as part of training new employees (Section 5.3), and our initial training program described below. Our opening support (as described below) includes assisting you in training employees. All hiring decisions and conditions of employment are your sole responsibility.

D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Section 5.4) We do not provide

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these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

E. *Operating Manual.* We will give you access to our Operating Manual (Section 5.1).

F. *Initial Training Program.* We will conduct our initial training program. (Section 5.4). The current initial training program is described below.

G. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Section 5.4).

H. *On-site opening support.* We will have a representative provide on-site support for at least 7 days in connection with your business opening. (Section 5.4).

Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is 6-8 months. Factors that may affect the time period include your ability to obtain a lease, obtain financing, develop your location, obtain business permits and licenses, and hire employees.

Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers.* Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

B. *Hiring and training employees.* We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), and operational instructions in the Manual which you can use as part of training new employees (Section 5.3). All hiring decisions and conditions of employment are your sole responsibility.

C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$500 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.5).

D. *Establishing prices.* Upon your request, we will provide recommended prices for products and services. (Section 5.5).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administration,

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bookkeeping, accounting, and inventory control. (Section 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund.* We will administer the Marketing Fund. (Section 5.5).

G. *Website.* We will maintain a website for the Crab N Spice brand, which will include your business information and telephone number. (Section 5.5)

Advertising

Our obligation. We will use the Marketing Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which will be paid for by the Marketing Fund). We have no other obligation to conduct advertising.

Your own advertising material. You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

Advertising council. We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

Local or Regional Advertising Cooperatives. We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. Each franchisee in the area would have one vote per outlet (unless the franchisee is in default under its franchise agreement). The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% of gross sales. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees, and they will vote on the same basis as other members. If our outlets have controlling voting power, there is no maximum on fees that could be imposed. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives will prepare annual financial statements which will be made available for review only by us and by the members of cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

Advertising Fund. You and all other franchisees must contribute to our Marketing Fund. Your contribution is 1% of gross sales per week. We reserve the right to have other franchisees contribute a different amount or at a different rate. Outlets that we own are not obligated to contribute to the Marketing Fund. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request.

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Because we are a new franchisor, we did not spend any money from the Marketing Fund in our most recently concluded fiscal year.

If less than all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year.

No money from the Marketing Fund is spent principally to solicit new franchise sales.

Market introduction plan. You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your business.

Required spending. After you open, you must spend at least 2% of gross sales each month on marketing your business.

Point of Sale and Computer Systems

We require you to buy (or lease) and use a point-of-sale system and computer system as follows:

Clover POS

Two Terminals for POS

QuickBooks

Email Addresses

In addition to the POS System, you must have a basic computer/laptop to use exclusively in connection with your Computer System that must have: (i) the ability to access high-speed Internet (wirelessly) twenty-four (24) hours a day; (ii) Windows XP, Vista or newer Windows operating system software installed, along with a Microsoft Office software suite containing Word and Excel; and (iii) the ability to run the accounting/bookkeeping software we designate (if any). The principal functions of the Computer System will be for bookkeeping, creating invoices, preparing materials, and for other general use in connection with the Franchised Business. We do not currently have any minimum requirements regarding the RAM storage that your computer / laptop must have, so long as the hardware you are using can perform the tasks outlined in this Item and the Manuals. You will also need a basic printer to use in connection with your back-office computer/laptop. The computer/laptop you use in connection with the Franchised Business may not be used for any other business purpose. We may modify our System standards and specifications for our Computer System, and may otherwise require you to use any Required Software we designate.

If you already have computer hardware and/or software that meets our then-current standards for your back of office computer, then you may use these items in connection with your Franchised Business provided you obtain our approval.

The system will include the appropriate hardware and software to run a thriving business. Including the above POS and printers specifically required. These systems will generate or store

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data such as sales data, customer information, sales trends and charts, labor data, inventory and financial reports.

We estimate that these systems will cost between \$1,500 and \$3,000 to purchase.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter into any such contract with a third party.

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$100 to \$200 per month depending on the level of support you need for your business. Email addresses will be \$20 per month per email address.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

Operating Manual

Manual Section	Number of Pages
Preface & Introduction	35
Establishing My Franchise Business	37
Personnel	48
Administrative Procedures	25
Daily Procedures	41
Selling & Marketing	22
Total Number of Pages	208

Training Program

Our training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Establishing the Franchised Business - Location Design and Layout - Brand Positioning and Market Overview - Administrative - Banking and Licensing	4	2	Our corporate location, Palmdale, CA or your Location.

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Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Menu and Food - Delivering Great Experiences - Food Preparation - Food Presentation	8	4	Our corporate location, Palmdale, CA or your Location.
Customer Experience - Staffing - Customer Interaction - Process - Technology - Creating a Great Experience	8	8	Our corporate location, Palmdale, CA or your Location.
Opening Procedures - Food Preparation - Cleaning and Stages of Opening	4	2	Our corporate location, Palmdale, CA or your Location.
Closing Procedures - Cleaning - Closing down the Location	4	2	Our corporate location, Palmdale, CA or your Location.
Operations Procedures - Day to Day Management - POS - Scheduling - Consistency	8	8	Our corporate location, Palmdale, CA or your Location.
Marketing and Promotions - Generating Traffic - Brand - Creating Awareness - In-Store Marketing/Sales	4	4	Our corporate location, Palmdale, CA or your Location.
TOTALS:	40	30	

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training classes once per month. Training will be held at the site of the proposed location. We reserve the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the initial training program.

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The instructional materials consist of the Operating Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

Training classes will be led or supervised by Marlon Arsenal. His experience is described in Item 2. He has been working in our industry and with our brand since 2015es.

There is no fee for up to 2 people to attend training. You must pay the travel and living expenses of people attending training.

You and the manager must attend training. You may send any additional persons to training that you want (up to the maximum described above). You must complete training to our satisfaction at least four weeks before opening your business.

Your business must at all times be under your on-site supervision or under the on-site supervision of a general manager who has completed our training program. If you need to send a new general manager to our training program, we will charge a fee, which is currently \$250. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

Item 12 TERRITORY

Your Location

Your franchise is for a specific location. If the specific location is not known at the time you sign a franchise agreement, then your location is subject to our approval.

Grant of Territory

Your franchise agreement will specify a territory, which will be determined by us. Your territory will be based on a 100,000-population center or a 5-mile radius from the location, whichever is less. Territories will be mapped based on the individual market circumstances for each unit sold.

Relocation; Establishment of Additional Outlets

You do not have the right to relocate your business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee's business on case-by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control.

You do not have the right to establish additional franchised outlets unless you sign a Multi-Unit Development Agreement ("MUDA") in the form attached as Exhibit C to this disclosure document. If you and we sign a MUDA, then you will have the right establish a mutually-agreed number of additional outlets. Under the MUDA, your right to develop additional outlets is subject to (1) you must comply with the mutually-agreed development schedule, (2) you must have sufficient financial and organizational capacity to develop, open, operate, and manage each additional Crab N Spice business, (3) you must be in compliance with all brand requirements at

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your open Crab N Spice business(es), and (4) you must not be in default under any other agreement with us. We will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply.

Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

Territory Protection

We grant you an exclusive territory. In your territory, we will not open a Crab N Spice outlet, nor license or franchise another party to open a Crab N Spice outlet. The continuation of your territorial protection does not depend on achieving a certain sales volume, market penetration, or other contingency. There are no circumstances that permit us to modify your territorial rights.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory

There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

Soliciting by You Outside Your Territory

There are no restrictions on you from soliciting or accepting orders from consumers outside of your territory, except that we reserve the right to control all internet-based marketing.

Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.

Item 13 TRADEMARKS

Principal Trademark

The following are the principal trademarks that we license to you that are registered on the principal register of the United State Patent and Trademark Office and for which all required affidavits have been filed:

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Trademark	Registration Date	Identification Number	Renewal Date
	7/09/2019	5799067	07/09/2025

Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

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Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

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

Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operating Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights.

We do not know of any copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential operations manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

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You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our operations manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Participation

You are not required to participate personally in the direct operation of your business. However, we recommend that you participate.

You must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B).

“On-Premises” Supervision

You are not required to personally conduct “on-premises” supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

Restrictions on Your Manager

If we request, you must have your general manager sign a confidentiality and non-compete agreement. We do not require you place any other restrictions on your manager.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale only goods and services that we have approved.

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You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that all sales must be made at or from your premises.

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.

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Franchise Agreement (FA): § 3.1 Multi-Unit Development Agreement (MUDA): none	10 years from date of franchise agreement.
b. Renewal or extension of the term	FA: § 3.2 MUDA: none	You may obtain a successor franchise agreement.
c. Requirements for franchisee to renew or extend	FA: § 3.2 MUDA: none	For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement. You may be asked to sign a contract with materially different terms and conditions than your original contract. To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; renovate to our then-current standards; sign then-current form of franchise agreement and related documents (including personal guaranty); sign general release (unless prohibited by applicable law).
d. Termination by franchisee	FA: § 14.1 MUDA: § 4	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you. If you sign a MUDA, you may terminate it at any time.

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Provision	Section in franchise or other agreement	Summary
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	FA: § 14.2 MUDA: § 4	We may terminate your agreement for cause, subject to any applicable notice and cure opportunity. If you sign a Multi-Unit Development Agreement, termination of your MUDA does not give us the right to terminate your franchise agreement. However, if your franchise agreement is terminated, we have the right to terminate your MUDA.
g. “Cause” defined--curable defaults	FA: § 14.2 MUDA: none	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. “Cause” defined--non-curable defaults	FA: § 14.2 MUDA: § 4	FA: Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our business inspection; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of a felony, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured. MUDA: failure to meet development schedule; violation of franchise agreement or other agreement which gives us the right to terminate it.
i. Franchisee’s obligations on termination/non-renewal	FA: §§ 14.3 – 14.6 MUDA: none	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by franchisor	FA: § 15.1 MUDA: § 7	Unlimited

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Provision	Section in franchise or other agreement	Summary
k. "Transfer" by franchisee - defined	FA: Article 1 MUDA: Background Statement	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) direct or indirect ownership interest of more than 25% of the business, or (iv) control of the business.
l. Franchisor's approval of transfer by franchisee	FA: § 15.2 MUDA: § 7	No transfers without our approval.
m. Conditions for franchisor's approval of transfer	FA: § 15.2 MUDA: none	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you've made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release; business complies with then-current system specifications (including remodel, if applicable).
n. Franchisor's right of first refusal to acquire franchisee's business	FA: § 15.5 MUDA: none	If you want to transfer your business (other than to your spouse, sibling, or child), we have a right of first refusal.
o. Franchisor's option to purchase franchisee's business	Not Applicable	
p. Death or disability of franchisee	FA: §§ 2.4, 15.4 MUDA: none	If you die or become incapacitated, a new principal operator acceptable to us must be designated to operate the business, and your executor must transfer the business to a third party within nine months.
q. Non-competition covenants during the term of the franchise	FA: § 13.2 MUDA: none	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, or be engaged or employed by, any competitor.

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Provision	Section in franchise or other agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	FA: § 13.2 MUDA: none	For two years, no ownership or employment by a competitor located within five miles of your former territory or the territory of any other Crab N Spice business operating on the date of termination.
s. Modification of the agreement	FA: § 18.4 MUDA: § 7	No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	FA: § 18.3 MUDA: § 7	Only the terms of the agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement (or MUDA) may not be enforceable. However, no claim made in any franchise agreement (or MUDA) is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	FA: § 17.1 MUDA: § 7	All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).
v. Choice of forum	FA: §§ 17.1; 17.5 MUDA: § 7	Arbitration will take place where our headquarters is located (currently, Palmdale, California) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	FA: § 18.8 MUDA: § 7	California (subject to applicable state law).

Item 18 PUBLIC FIGURES

We do not use any public figure to promote our franchise.

FRANCHISE DISCLOSURE DOCUMENT

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 performance 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jerrico Reyes, Marlon Arsenal, Christine Reyes & Maricar Reyes, 40008 10th Street West Suite A, Palmdale CA 93551, and 661-267-1599, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20 OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For years 2021 to 2023

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	2021	2	5	+3
	2022	5	4	-1
	2023	4	4	0
Company-Owned	2021	3	3	0
	2022	3	4	+1
	2023	4	4	0
Total Outlets	2021	5	8	+3
	2022	8	8	0
	2023	8	8	0

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Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Number of Transfers
N/A	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

Table 3
Status of Franchised Outlets
For years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
Arizona	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	1	0	0
	2023	0	0	0	0	0	0	0
California	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Nevada	2021	0	2	0	0	0	0	2
	2022	2	1	1	0	0	0	2
	2023	2	0	0	0	0	0	2
Totals	2021	2	3	0	0	0	0	5
	2022	5	1	1	0	1	0	4
	2023	4	0	0	0	0	0	4

Table 4
Status of Company-Owned Outlets
For years 2021 to 2023

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Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
Arizona	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
California	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
Totals	2021	3	0	0	0	0	3
	2022	3	1	0	0	0	4
	2023	4	0	0	0	0	4

Table 5
Projected Openings As Of December 31, 2023

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company- Owned Outlets In the Next Fiscal Year
Arizona	0	1	0
California	3	3	0
Nevada	0	1	0
Totals	3	5	0

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 our franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

List of Current Franchisees

The following is a list of the current franchisees in our system:

Sacramento Crab N Spice Inc.
7411 W. Stockton Blvd. STE 150
Sacramento, CA 95823

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J & G Capital Inc.
24425 Town Center Dr.
Santa Clarita, CA 91355

Global Concession Alliance Inc (2 units)
7501 W Lakemead Blvd #100
Las Vegas, NV 89128

The following is a list of the current franchisees who had signed franchise agreements as of the end of our last fiscal year but are not yet open:

KKSS Family Corporation
10920 Gothic Ave.
Granada Hills, CA 91344

David Dang & Be Nguyen
Sacramento Crab N Spice
7411 W Stockton Blvd, Ste150
Sacramento, CA 95823
3/19/2019

JRDC Corporation
6000 Etiwanda Ave. #222
Tarzana, CA 91356

List of Terminated Franchisees

The following is a list of the franchisees who have had an unit terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with Franchisor within 10 weeks of the application date:

Double Rabbit Inc.
6455 Valley Circle Terr.
West Hills, CA 91307

List of Units for Sale

The following is a list of the franchised units now under Franchisor control that Franchisor is selling:

None.

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Item 21 FINANCIAL STATEMENTS

The following are our audited financial statements from 12/31/2023, 12/31/2022, and 12/31/2021. Our fiscal year end is December 31.

FINANCIAL STATEMENTS

CRAB N SPICE GROUP

Financial Statements For The Years Ended December 31, 2023 & December 31, 2022
& December 31, 2021

TOGETHER WITH INDEPENDENT ACCOUNTANT AUDIT REPORT

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924 W. 75th Street
Suite 120 - 189
Naperville, IL 60565
+1 (815) 348-2421
omar@napercpa.com

INDEPENDENT ACCOUNTANT AUDIT REPORT

To the Management of CRAB N SPICE GROUP

Opinion

We have audited the financial statements of CRAB N SPICE GROUP (the “Company”), which comprise the Balance Sheet as of December 31, 2023 & December 31, 2022 & December 31, 2021, the related Profit & Loss Statements, the related Statements of Cashflows, the related Statements of Shareholders’ Equity, and the related notes for the twelve-month periods then ended. (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 & December 31, 2022 & December 31, 2021, and the results of its operations and its cash flows for the twelve-month periods then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 the Company 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 of material misstatement, whether due to fraud or error.

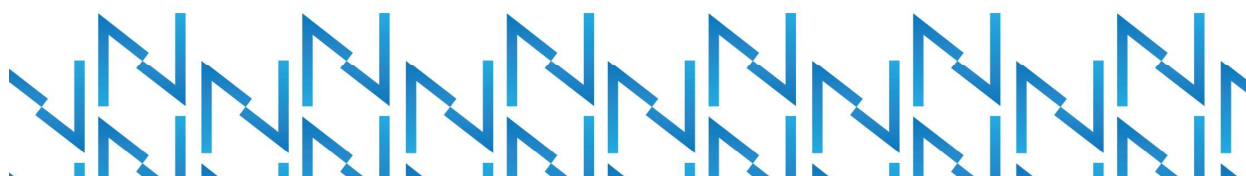
In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that the financial statements are available to be 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 of 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.



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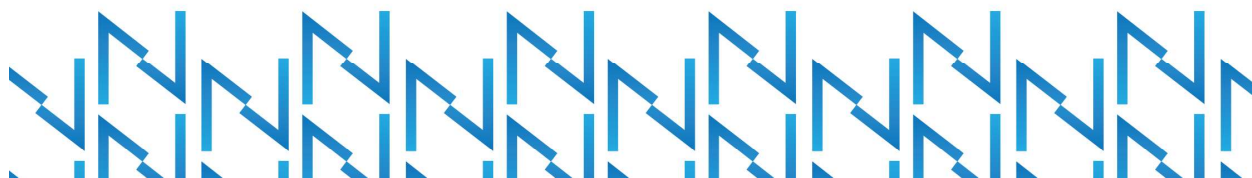
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 the Company'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 the Company'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.

A handwritten signature in blue ink, appearing to read 'Omar Alnuaimi, CPA'.

Omar Alnuaimi, CPA

Naperville, IL
March 11, 2024



FRANCHISE DISCLOSURE DOCUMENT

CRAB N SPICE GROUP
PROFIT & LOSS STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2023 & DECEMBER 31, 2022 & DECEMBER 31, 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue			
Franchise Fee Revenue	\$ 39,032	\$ 130,841	\$ 90,000
Royalty	66,981	35,309	-
Services & Products	16,319	46,565	28,240
Total Revenue	<u>122,332</u>	<u>212,715</u>	<u>118,240</u>
Cost of Sales	<u>16,100</u>	<u>36,214</u>	<u>34,028</u>
Gross Profit	<u>106,232</u>	<u>176,501</u>	<u>84,212</u>
Operating Expense			
Salaries & Wages Expense	17,880	-	-
Legal & Professional Fees	18,484	91,040	33,013
Travel Expense	11,257	20,795	11,110
Office Expense	12,350	16,155	11,063
Supplies & Materials Expense	20,532	10,960	10,986
Advertising & Marketing Expense	53,460	42,058	5,398
Total Operating Expenses	<u>133,963</u>	<u>181,008</u>	<u>71,570</u>
Net Income From Operations	(27,731)	(4,507)	12,642
Other Income (Expense)			
Total Other Income (Expense)	<u>-</u>	<u>-</u>	<u>-</u>
Net Income Before Provision for Income Tax	(27,731)	(4,507)	12,642
Provision for Income Taxes	-	-	-
Net Income (Loss)	<u><u>\$ (27,731)</u></u>	<u><u>\$ (4,507)</u></u>	<u><u>\$ 12,642</u></u>

See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.

FRANCHISE DISCLOSURE DOCUMENT

CRAB N SPICE GROUP BALANCE SHEET AS OF DECEMBER 31, 2023 & DECEMBER 31, 2022 & DECEMBER 31, 2021

	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 224	\$ 1,683	\$ 46,524
Due from Affiliate	152,840	132,232	52,374
Accounts Receivable	67,606	38,871	7,757
TOTAL CURRENT ASSETS	220,669	172,786	106,655
NON-CURRENT ASSETS			
TOTAL NON-CURRENT ASSETS	-	-	-
TOTAL ASSETS	220,670	172,786	106,655
<u>LIABILITIES AND OWNER'S EQUITY</u>			
CURRENT LIABILITIES			
Due to Affiliate	62,698	113,689	46,808
Company Credit Card	32,662	34,685	4,731
Payroll Liabilities	10,535	-	-
TOTAL CURRENT LIABILITIES	105,895	148,374	51,539
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES	-	-	-
TOTAL LIABILITIES	105,895	148,374	51,539
OWNER'S EQUITY			
Retained Earnings (Deficit)	142,505	28,918	42,474
Net Income (Loss)	(27,731)	(4,507)	12,642
TOTAL SHAREHOLDERS' EQUITY	114,774	24,411	55,116
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$220,670	\$172,786	\$106,655

See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.

FRANCHISE DISCLOSURE DOCUMENT

CRAB N SPICE GROUP
STATEMENT OF CASHFLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 & DECEMBER 31, 2022 & DECEMBER 31, 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES			
Net Income	\$(27,731)	\$(4,507)	\$12,642
Non-Cash Adjustments			
Due from Affiliate	(20,608)	(79,858)	(52,374)
Accounts Receivable	(28,735)	(31,114)	(7,757)
Due to Affiliate	(50,991)	66,881	32,381
Other Changes in Working Capital	8,512	29,954	4,731
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(119,552)	(18,644)	(10,377)
INVESTING ACTIVITIES			
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-	-
FINANCING ACTIVITIES			
Owner's Contribution (net)	118,093	(26,199)	56,864
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	118,093	(26,199)	56,864
NET INCREASE (DECREASE) IN CASH	(1,459)	(44,843)	46,487
CASH AT BEGINNING OF PERIOD	1,683	46,524	37
CASH AT END OF PERIOD	\$ 224	\$ 1,683	\$46,524

See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.

FRANCHISE DISCLOSURE DOCUMENT

CRAB N SPICE GROUP
STATEMENT OF SHAREHOLDERS' EQUITY
AS OF DECEMBER 31, 2023 & DECEMBER 31, 2022 & DECEMBER 31, 2021

	Opening Equity Balance	Yearly Changes	Total
Beginning Balance	\$ (14,390)	\$ -	\$ (14,390)
Net Income for the period ending December 31, 2021	-	12,642	12,642
Equity Contributions (Distributions)	-	56,864	56,864
Balance, December 31, 2021	\$ (14,390)	\$ 69,506	\$ 55,116

	Opening Equity Balance	Yearly Changes	Total
Beginning Balance	\$ 55,116	\$ -	\$ 55,116
Net Income for the period ending December 31, 2022	-	(4,507)	(4,507)
Equity Contributions (Distributions)	-	(26,199)	(26,199)
Balance, December 31, 2022	\$ 55,116	\$ (30,706)	\$ 24,411

	Opening Equity Balance	Yearly Changes	Total
Beginning Balance	\$ 24,411	\$ -	\$ 24,411
Net Income for the period ending December 31, 2023	-	(27,731)	(27,731)
Equity Contributions (Distributions)	-	118,093	118,093
Balance, December 31, 2023	\$ 24,411	\$ 90,362	\$ 114,774

See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.

FRANCHISE DISCLOSURE DOCUMENT

CRAB N SPICE GROUP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 & DECEMBER 31, 2022 & DECEMBER 31, 2021

NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES

CRAB N SPICE GROUP (“The Company”) was incorporated under the laws of the State of California for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own Crab N Spice restaurant location.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). As a result, the Company records revenue when earned and expenses when incurred. The Company has adopted the calendar year as its basis of reporting.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities and other items, as well as the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and any cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

Franchisee Receivables

The Company’s franchisee receivables primarily result from initial franchise fees, royalty fees, brand development contributions and training fees charged to franchisees. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. The Company reports these receivables at net realizable value.

Management determines the allowance for doubtful accounts based on historical losses, current expectations, and economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. The Company determined that an allowance on outstanding franchisee receivables of \$0 was necessary as of December 31, 2023, December 31, 2022, & December 31, 2021. Franchisee bad debt expense was \$0 for the year ended December 31, 2023, December 31, 2022, & December 31, 2021. Franchisee amounts written off were \$0 for the year ended December 31, 2023, December 31, 2022, & December 31, 2021.

FRANCHISE DISCLOSURE DOCUMENT

CRAB N SPICE GROUP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 & DECEMBER 31, 2022 & DECEMBER 31, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Fixed Assets and Depreciation

Property and Equipment is stated at cost. Accounting principles generally accepted in the United States of America require that property and equipment be depreciated using the straight-line method. Depreciation in these financial statements reflects accelerated depreciation methods used for the tax return. The effects of these departures from accounting principles generally accepted in the United States of America on financial position, results of operations, and cash flows have not been determined. Expenditures for normal repairs and maintenance are charged to operations as incurred.

The Company reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is present when the sum of the undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. As of December 31, 2023, December 31, 2022, & December 31, 2021, no impairment loss has been recognized for long-lived assets.

Fair Value of Financial Instruments

Financial Accounting Standards Board ("FASB") guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).
- Level 3 - Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

As of December 31, 2023, December 31, 2022, & December 31, 2021, the carrying amounts of the Company's financial assets and liabilities reported in the balance sheets approximate their fair value.

FRANCHISE DISCLOSURE DOCUMENT

CRAB N SPICE GROUP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 & DECEMBER 31, 2022 & DECEMBER 31, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Revenue Recognition

Revenues are primarily derived from franchise fees (one-time and recurring monthly fees). In accordance with Accounting Standards Codification (ASC) Topic 606, Revenue will be recognized when persuasive evidence of an arrangement exists, delivery has occurred, or services have been rendered, the seller's price to the buyer is fixed or determinable, and collectability is reasonably assured. The determination of whether fees and fixed or determinable and collection is reasonably assured involves the use of assumptions. Arrangement terms and customer information are evaluated to ensure that these criteria are met prior to recognition of revenue.

Specifically for franchisors, The Financial Accounting Standards Board (FASB) has issued an Accounting Standards Update (ASU) to ASC 606, Franchisors—'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' in 2021 which provides a new practical expedient that permits private company franchisors to account for preopening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. The Company has elected to adopt this new standard.

Unearned Revenue

The Company's primary performance obligation under the franchise agreement mainly includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including initial training and other such activities commonly referred to collectively as "pre-opening activities", which are recognized as a single performance obligation. The Company expects that certain pre-opening activities provided to the franchisee will not be brand specific and will provide the franchisee with relevant general business information that is separate and distinct from the operation of a company-branded franchise unit. The portion of pre-opening activities that will be provided that is not brand specific is expected to be distinct as it will provide a benefit to the franchisee and is expected not to be highly interrelated or interdependent to the access of the Company's intellectual property, and therefore will be accounted for as a separate distinct performance obligation. All other pre-opening activities are expected to be highly interrelated and interdependent to the access of the Company's intellectual property and therefore will be accounted for as a single performance obligation, which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company will first allocate the initial franchise fees and the fixed consideration, under the franchise agreement to the stand-alone selling price of the training services that are not brand specific and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, which are not brand specific are recognized ratably as those services are rendered. Consideration allocated to pre-opening activities included under Accounting Standards Update (ASU) to ASC 606, Franchisors—'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' is recognized when the related services have been rendered.

The remaining franchisee fee not allocated to pre-opening activities are recorded as Unearned Revenue and will be recognized over the term of the franchise agreement.

FRANCHISE DISCLOSURE DOCUMENT

CRAB N SPICE GROUP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 & DECEMBER 31, 2022 & DECEMBER 31, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Income Taxes

The Company, with the consent of its shareholders, intends to elect to be an S-Corporation (for tax purposes). In lieu of corporate income taxes, the shareholder(s) of an S-Corporation is taxed based on its proportionate share of The Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

Commitments and Contingencies

The Company may be subject to pending legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Company does not anticipate that the final outcome, if any, arising out of any such matter will have a material adverse effect on its business, financial condition or results of operations. As of December 31, 2023, December 31, 2022, & December 31, 2021, the Company has not reported any lawsuit or known plans of litigation by or against the Company.

NOTE C - TRANSACTIONS WITH RELATED PARTY

The Due to Affiliate account represents four short term loans due to various related affiliates. These loans are unsecured and have no stated interest rates. The sole shareholder of The Company possesses ownership interests of the outstanding common stock of these related affiliates.

NOTE D – CONCENTRATIONS OF RISK

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company places its cash and any cash equivalents with a limited number of high-quality financial institutions and do not exceed the amount of insurance provided on such deposits.

NOTE E – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 11, 2024, the date on which the financial statements were available to be issued. Management has determined that none of the events occurring after the date of the balance sheet through the date of Management's review substantially affect the amounts and disclosure of the accompanying financial statements.

Item 22 CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement, Rider to Lease Agreement, Form of General Release, and State Addenda to Agreements)
- C. Multi-Unit Development Agreement

Item 23
RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department Of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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.

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 OFFERING CIRCULAR.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF BUSINESS OVERSIGHT NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT risk IF YOUR FRANCHISE FAILS.

The Franchisee must comply with the requirements set forth in the Alcoholic Beverage Control Act and the California code of Regulations, Title 4 for the sale of alcoholic beverages.

The State of California has codified regulations specific to the food service industry which may be applicable to you. You may refer to the California Plan Check Guide for Retail Food Facilities at www.cdph.ca.gov/resourecs/documents/food-safety-guidelines-1/152-california-plan-check-guide-for-retail-food-facilities-2/file. For further requirements, please see the California Retail Food Code at www.cdph.ca.gov/services/Documents/fdbRFC.pdf.

EXHIBIT A

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or 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 that association or exchange.

2. The following is added to Item 5 of the Disclosure Document:

All fees are deferred until Franchisor has delivered all pre-opening obligations and Franchisee is open for business.

3. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

4. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

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

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.

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.).

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.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires application of the laws of California. This provision may not be enforceable under California law.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

EXHIBIT A

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 DISCLOSURE DOCUMENT 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
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: _____

2. A proposed registration or filing is or will be shortly on file in the following states:

3. No states have refused, by order or otherwise to register these franchises.

4. No states have revoked or suspended the right to offer these franchises.

5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i)

EXHIBIT A

waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the “Act”), this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Act provides that any provision in a franchise agreement that designates jurisdiction of venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Act.

The following is added to Item 5 of the Disclosure Document:

Payment of Initial and Development Fees will be deferred until the franchisor has met its initial obligations to franchisee, and franchisee has commenced business operations. This financial assurance requirement was imposed by the Office of the Illinois Attorney general due to franchisor’s financial condition.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 11:

Fees related to advertising are to be raised and spent as follows: _____ . You may obtain an accounting of advertising expenditures by the Marketing Fund by making a written request to us.

The following is added to Item 15:

Your spouse is not required to sign a separate personal guaranty, non-competition agreement, or confidentiality agreement. However, it would be a breach of the franchise agreement if your spouse directly or indirectly has any ownership interest in, or is engaged or employed by, any competitor.

The following is added to Item 17:

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Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

You are not required to assent to a period of limitations for causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland, other than the period of limitations set forth in that statute. You must bring an action under such law within three years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 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 (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 Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) 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 (2) 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, Section 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.

EXHIBIT A

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states “No action may be commenced pursuant to this Section more than three years after the cause of action accrues.”

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

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 NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY ST. 21ST FLOOR, NEW YORK, NY 10005. 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

EXHIBIT 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 Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

EXHIBIT A

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. 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.

6. 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.

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. 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.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

2. 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.

3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

EXHIBIT A

4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. 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.
10. 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.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

EXHIBIT A

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

(See Exhibit J for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

EXHIBIT B



FRANCHISE AGREEMENT

SUMMARY PAGE

Franchisee	
Franchisee's Address	
Principal Executive	
Initial Franchise Fee	\$
Training Fee	\$
Site Fee	\$
Development Area	
Opening Deadline	

FRANCHISE AGREEMENT

This Agreement is made between Crab N Spice Group, a California corporation (“CNS Franchising”), and Franchisee effective as of the date signed by CNS Franchising (the “Effective Date”).

Background Statement:

A. CNS Franchising and its affiliates Ventura Crab N Spice, Inc. and Antelope Valley Crab N Spice, Inc. have created and own a system (the “System”) for developing and operating a seafood restaurant under the trade name “Crab N Spice”.

B. The System includes (1) methods, procedures, and standards for developing and operating a Crab N Spice business, (2) plans, specifications, equipment, signage and trade dress for Crab N Spice businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by CNS Franchising from time to time.

C. The parties desire that CNS Franchising license the Marks and the System to Franchisee for Franchisee to develop and operate a Crab N Spice business on the terms and conditions of this Agreement.

ARTICLE 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by CNS Franchising.

“**Business**” means the Crab N Spice business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business which offers seafood focused restaurant or food service business operations similar to that of the franchised business.

“**Confidential Information**” means all non-public information of or about the System, CNS Franchising, and any Crab N Spice business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

“**Gross Sales**” means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

FRANCHISE AGREEMENT

“Input” means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

“Location” means the location stated on the Summary Page. If no location is stated on the Summary Page, then the Location will be determined in accordance with Section 6.1.

“Losses” includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of CNS Franchising’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

“Manual” means CNS Franchising’s confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

“Marketing Fund” means the fund established (or which may be established) by CNS Franchising into which Marketing Fund Contributions are deposited.

“Marks” means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by CNS Franchising from time to time for use in a Crab N Spice business.

“Owner” means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

“Remodel” means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new Crab N Spice business.

“Required Vendor” means a supplier, vendor, or distributor of Inputs which CNS Franchising requires franchisees to use.

“System Standards” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by CNS Franchising, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, marketing and public relations, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

FRANCHISE AGREEMENT

“**Territory**” means the territory stated on the Summary Page. If no territory is stated on the Summary Page, then the Territory is determined in accordance with Section 6.1.

“**Transfer**” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) direct or indirect ownership interest of more than 25% of the Business, or (iv) control of the Business.

ARTICLE 2. GRANT OF LICENSE

2.1 Grant. CNS Franchising grants to Franchisee the right to operate a Crab N Spice business solely at the Location. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open and operate a Crab N Spice business at the Location for the entire term of this Agreement.

2.2 Protected Territory. CNS Franchising shall not establish, nor license the establishment of, another Crab N Spice business within the Territory. CNS Franchising retains the right to:

- (i) establish and license others to establish and operate Crab N Spice businesses outside the Territory;
- (ii) operate and license others to operate businesses anywhere that do not operate under the Crab N Spice brand name; and
- (iii) sell and license others to sell products and services in the Territory through channels of distribution (including the internet) other than Crab N Spice outlets.

2.3 Franchisee Control. Franchisee shall provide Franchisor with the following information: (i) the identity of each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner’s interest in Franchisee. If any of this information changes (which is not a Transfer), Franchisee shall notify CNS Franchising within 10 days.

2.4 Principal Executive. Franchisee agrees that the person designated as the “Principal Executive” on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to CNS Franchising’s reasonable approval.

2.5 Guaranty. If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee’s obligations to CNS Franchising, in the form of Attachment 2.

2.6 No Conflict. Franchisee represents to CNS Franchising that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition

FRANCHISE AGREEMENT

covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or “blocked” in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

ARTICLE 3. TERM

3.1 Term. This Agreement commences on the Effective Date and continues for 10 years.

3.2 Successor Agreement. When the term of this Agreement expires, Franchisee may enter into a successor agreement subject to the following conditions prior to each expiration:

- (i) Franchisee notifies CNS Franchising of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with CNS Franchising (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to CNS Franchising) renovations and changes to the Business as CNS Franchising requires (including a Remodel, if applicable) to conform to the then-current System Standards;
- (iv) Franchisee executes CNS Franchising’s then-current standard form of franchise agreement, which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another training fee or site selection fee;
- (v) Franchisee pays Franchisor the then current franchise fee;
- (vi) Franchisee and each Owner executes a general release (on CNS Franchising’s then-standard form) of any and all claims against CNS Franchising, its affiliates, and their respective owners, officers, directors, agents and employees.

ARTICLE 4. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay an initial Franchise Fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

4.2 Training Fee. Upon signing this Agreement, Franchisee shall pay an initial Training Fee in the amount stated on the Summary Page. This initial Training Fee is not refundable.

4.3 Site Location Fee. Upon signing this Agreement, Franchisee shall pay an initial Site Location fee in the amount stated on the Summary Page. This initial Site Location Fee is not refundable.

4.4 Royalty Fee. Franchisee shall pay CNS Franchising a weekly royalty fee (the “Royalty Fee”) equal to 6% of Gross Sales. The Royalty Fee for any given week is due on the first Tuesday of the following week.

4.5 Marketing Contributions.

(a) Marketing Fund Contribution. Franchisee shall pay CNS Franchising a contribution to the Marketing Fund (the “Marketing Fund Contribution”) equal to 1% of Franchisee’s Gross Sales (or such lesser amount as CNS Franchising determines), at the same time as the Royalty Fee.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative.

4.6 Replacement / Additional Training Fee. If Franchisee sends an employee to CNS Franchising’s training program after opening, CNS Franchising may charge its then-current training fee.

4.8 Non-Compliance Fee. CNS Franchising may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee’s non-payment of a fee owed to CNS Franchising) which Franchisee fails to cure after 30 days’ notice. Thereafter, CNS Franchising may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of CNS Franchising’s internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee’s breach. The non-compliance fee is in addition to all of CNS Franchising’s other rights and remedies.

4.10 Payment Terms.

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, and any other amounts owed to CNS Franchising by pre-authorized bank draft or in such other manner as CNS Franchising may require. Franchisee shall comply with CNS Franchising’s payment instructions.

(b) Calculation of Fees. Franchisee shall report weekly Gross Sales to CNS Franchising by Tuesday of the following week. If Franchisee fails to report weekly Gross Sales, then CNS Franchising may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to 125% of the last Gross Sales reported to CNS Franchising, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that CNS Franchising has the right to remotely access Franchisee’s point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 “late fee” plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

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(d) Insufficient Funds. CNS Franchising may charge \$30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by CNS Franchising (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. CNS Franchising may apply any payment received from Franchisee to any obligation and in any order as CNS Franchising may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to CNS Franchising any fees or amounts described in this Agreement are not dependent on CNS Franchising's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

ARTICLE 5. ASSISTANCE

5.1 Manual. CNS Franchising shall make its Manual available to Franchisee.

5.2 Assistance in Hiring Employees. CNS Franchising shall provide its suggested staffing levels to Franchisee. CNS Franchising shall provide suggested guidelines for hiring employees. All hiring decisions and conditions of employment are Franchisee's sole responsibility.

5.3 Assistance in Training Employees. CNS Franchising shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees.

5.4 Pre-Opening Assistance.

(a) Selecting Location. CNS Franchising shall provide its criteria for Crab N Spice locations to Franchisee. CNS Franchising will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Pre-Opening Plans, Specifications, and Vendors. Within a reasonable period of time after the Effective Date, CNS Franchising shall provide Franchisee with (i) CNS Franchising's sample set of standard building plans and specifications and/or standard recommended floor plans; (ii) the applicable System Standards, (iii) other specifications as CNS Franchising deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (iv) CNS Franchising's lists of Approved Vendors and/or Required Vendors.

(c) Pre-Opening Training. CNS Franchising shall make available its standard pre-opening training to the Principal Executive and up to 1 other employee, at a Crab N Spice business designated by CNS Franchising. CNS Franchising shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. CNS Franchising reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

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(d) Market Introduction Plan. CNS Franchising shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

(e) On-Site Opening Assistance. CNS Franchising shall have a representative support Franchisee's business opening with at least 7 days of onsite opening training and assistance.

5.5 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, CNS Franchising will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent CNS Franchising deems reasonable. If CNS Franchising provides in-person support in response to Franchisee's request, CNS Franchising may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, CNS Franchising will provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. CNS Franchising will provide Franchisee with CNS Franchising's recommended administrative, bookkeeping, accounting, and inventory control procedures. CNS Franchising may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. CNS Franchising shall manage the Marketing Fund.

(e) Internet. CNS Franchising shall maintain a website for Crab N Spice, which will include Franchisee's location (or territory) and telephone number.

ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 Determining Location and Territory.

(i) Franchisee shall find a potential Location within the Development Area described on the Summary Page Franchisee shall submit its proposed Location to CNS Franchising for acceptance, with all related information CNS Franchising may request. If CNS Franchising does not accept the proposed Location in writing within 30 days, then it is deemed rejected.

(ii) When CNS Franchising accepts the Location, it shall issue a Location Acceptance Letter in the form of Attachment 1 which states the Location and Territory. CNS Franchising shall determine the Territory in its good faith discretion, substantially in accordance with Item 12 of the Franchise Disclosure Document.

(iii) **CNS Franchising's advice regarding or acceptance of a site is not a representation or warranty that the Business will be successful, and CNS Franchising has no liability to Franchisee with respect to the location of the Business.**

6.2 Lease. In connection with any lease between Franchisee and the landlord of the Location:
(i) if requested by CNS Franchising, Franchisee must submit the proposed lease to CNS

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Franchising for written approval, (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement, and (iii) Franchisee shall use commercially reasonable efforts to obtain the landlord's signature to a rider to the lease in the form required by CNS Franchising.

6.3 Development. Franchisee shall construct (or remodel) and finish the Location in conformity with CNS Franchising's System Standards. If required by CNS Franchising, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining CNS Franchising's approval of Franchisee's plans. CNS Franchising may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by CNS Franchising or its representatives regarding any architectural, engineering or legal matters in the development and construction of the Business, and CNS Franchising assumes no liability with respect thereto. CNS Franchising's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering or legal standards.

6.4 New Franchisee Training. Franchisee's Principal Executive and one manager must complete CNS Franchising's training program for new franchisees to CNS Franchising's satisfaction at least four weeks before opening the Business.

6.5 Conditions to Opening. Franchisee shall notify CNS Franchising at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) CNS Franchising has inspected and approved the Business, (5) Franchisee has hired sufficient employees, (6) Franchisee's officers and employees have completed all of CNS Franchising's required pre-opening training; and (7) CNS Franchising has given its written approval to open, which will not be unreasonably withheld.

6.6 Opening Date. Franchisee shall open the Business to the public on or before the date stated on the Summary Page.

ARTICLE 7. OPERATIONS

7.1 Compliance with Manual and System Standards. Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards.

7.2 Compliance with Law. Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

7.3 Products, Services, and Methods of Sale. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by CNS Franchising in the Manual or otherwise in writing. Franchisee shall make sales only to retail customers, and only at the Location. Unless otherwise approved or required by CNS Franchising, Franchisee shall not make sales by any other means, including without limitation by wholesale, by delivery, by mail

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order or over the internet, or at temporary or satellite locations. Franchisee shall provide all products and perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that CNS Franchising may require.

7.4 Prices. Notwithstanding any provision of this Agreement or the Manual to the contrary, Franchisee retains the sole discretion to determine the prices it charges for products and services.

7.5 Personnel.

(a) Management. The Business must at all times be under the on-site supervision of the Principal Executive or a general manager who has completed CNS Franchising's training program.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(d) Qualifications. CNS Franchising may set minimum qualifications for categories of employees employed by Franchisee.

(e) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and CNS Franchising are not joint employers, and no employee of Franchisee will be an agent or employee of CNS Franchising. Within seven days of CNS Franchising's request, Franchisee and each of its employees will sign an acknowledgment form stating that Franchisee alone (and not CNS Franchising) is the employee's sole employer. Franchisee will use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and Franchisee will not use the Marks on any of these documents.

7.6 Post-Opening Training. CNS Franchising may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by CNS Franchising. CNS Franchising may charge a reasonable fee for any training programs. CNS Franchising may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

7.7 Software. Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all software and related systems required by CNS Franchising. Franchisee shall enter into any subscription and support agreements that CNS Franchising may require. Franchisee shall upgrade, update, or replace any software from time to time as CNS Franchising may require. Franchisee shall protect the confidentiality and security of all software systems, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give CNS Franchising

unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by CNS Franchising.

7.8 Customer Evaluation and System Compliance Programs. Franchisee shall participate at its own expense in programs required from time to time by CNS Franchising for obtaining customer evaluations and/or reviewing Franchisee's compliance with the System, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. CNS Franchising shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by CNS Franchising for such programs.

7.9 Payment Systems. Franchisee shall accept payment from customers in any form or manner designated by CNS Franchising (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by CNS Franchising. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

7.10 Gift Cards, Loyalty Programs, and Incentive Programs. At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs, membership/subscription programs, or customer incentive programs, designated by CNS Franchising, in the manner specified by CNS Franchising in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Crab N Spice business. Franchisee shall comply with all procedures and specifications of CNS Franchising related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty, membership/subscription, or customer incentive programs.

7.11 Maintenance and Repair. Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as CNS Franchising may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

7.12 Remodeling. In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, CNS Franchising may require Franchisee to undertake and complete a Remodel of the Location to CNS Franchising's satisfaction. Franchisee must complete the Remodel in the time frame specified by CNS Franchising. CNS Franchising may require the Franchisee to submit plans for CNS Franchising's reasonable approval prior to commencing a required Remodel. CNS Franchising's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

7.13 Meetings. The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that CNS Franchising requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

7.14 Insurance.

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by CNS Franchising in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

- (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible);
- (ii) Business interruption insurance covering at least 12 months of income;
- (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit;
- (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; and
- (v) Workers Compensation coverage as required by state law.

(b) Franchisee’s policies (other than Workers Compensation) must (1) list CNS Franchising and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of CNS Franchising and its affiliates, (3) be primary and non-contributing with any insurance carried by CNS Franchising or its affiliates, and (4) stipulate that CNS Franchising shall receive 30 days’ prior written notice of cancellation.

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to CNS Franchising prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of CNS Franchising.

7.15 Suppliers and Landlord. Franchisee shall pay all vendors and suppliers in a timely manner. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location.

7.16 Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Crab N Spice, the Business, or any particular incident or occurrence related to the Business, without CNS Franchising’s prior written approval.

7.17 Association with Causes. Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without CNS Franchising’s prior written approval.

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7.18 No Other Activity at the Location. Franchisee shall not engage in any activity at the Location other than operation of the Crab N Spice Business.

7.19 No Other Businesses. If Franchisee is an entity, Franchisee shall not own or operate any other business except Crab N Spice businesses.

7.20 No Third-Party Management. Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of CNS Franchising, which will not be unreasonably withheld.

7.21 No Co-Branding. Franchisee shall not “co-brand” or associate any other business activity with the Crab N Spice Business in a manner which is likely to cause the public to perceive it to be related to the Crab N Spice Business.

7.22 Identification. Franchisee must identify itself as the independent owner of the Business in the manner prescribed by CNS Franchising. Franchisee must display at the Business signage prescribed by CNS Franchising identifying the Location as an independently owned franchise.

7.23 Business Practices. Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from CNS Franchising. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

ARTICLE 8. SUPPLIERS AND VENDORS

8.1 Generally. Franchisee shall acquire all Inputs required by CNS Franchising from time to time in accordance with System Standards. CNS Franchising may require Franchisee to purchase or lease any Inputs from CNS Franchising, CNS Franchising’s designee, Required Vendors, Approved Vendors, and/or under CNS Franchising’s specifications. CNS Franchising may change any such requirement or change the status of any vendor. To make such requirement or change effective, CNS Franchising shall issue the appropriate System Standards.

8.2 Alternate Vendor Approval. If CNS Franchising requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by CNS Franchising. CNS Franchising may condition its approval on such criteria as CNS Franchising deems appropriate, which may include evaluations of the vendor’s capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. CNS Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee’s request.

8.3 Alternate Input Approval. If CNS Franchising requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by CNS Franchising. CNS Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee’s request.

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8.4 Purchasing. CNS Franchising may negotiate prices and terms with vendors on behalf of the System. CNS Franchising may receive rebates, payments or other consideration from vendors in connection with purchases by franchisees. CNS Franchising may implement a centralized purchasing system. CNS Franchising may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as CNS Franchising may determine.

8.5 No Liability of Franchisor. CNS Franchising shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

8.6 Product Recalls. If CNS Franchising or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from CNS Franchising or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item.

ARTICLE 9. MARKETING

9.1 Implementation. Franchisee shall not use any marketing materials or campaigns (including point-of-sale materials, advertising, social media marketing, and sponsorships) that have not been approved by CNS Franchising. Franchisee shall implement any marketing plans or campaigns determined by CNS Franchising.

9.2 Use By CNS Franchising. CNS Franchising may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, royalty-free license to CNS Franchising for such purpose.

9.3 Marketing Fund. CNS Franchising may establish a Marketing Fund to promote the System on a local, regional, national, and/or international level. If CNS Franchising has established a Marketing Fund:

(a) Separate Account. CNS Franchising shall hold the Marketing Fund Contributions from all franchisees in one or more bank accounts separate from CNS Franchising's other accounts.

(b) Use. CNS Franchising shall use the Marketing Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as CNS Franchising reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of CNS Franchising's employees working on

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marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Marketing Fund).

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Marketing Fund will be spent at CNS Franchising's sole discretion, and CNS Franchising has no fiduciary duty with regard to the Marketing Fund.

(d) Contribution by Other Outlets. CNS Franchising is not obligated to (i) have all other Crab N Spice businesses (whether owned by other franchisees or by CNS Franchising or its affiliates) contribute to the Marketing Fund, or (ii) have other Crab N Spice businesses that do contribute to the Marketing Fund contribute the same amount or at the same rate as Franchisee.

(e) Surplus or Deficit. CNS Franchising may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, CNS Franchising may loan such funds to the National Marketing Fund on reasonable terms.

(f) Financial Statement. CNS Franchising will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of CNS Franchising's fiscal year and will provide the financial statement to Franchisee upon request.

9.4 Marketing Cooperatives. CNS Franchising may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days. CNS Franchising shall not require Franchisee to be a member of more than one Market Cooperative. If CNS Franchising establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by CNS Franchising. CNS Franchising may require the Market Cooperative to adopt bylaws or regulations prepared by CNS Franchising. Unless otherwise specified by CNS Franchising, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. CNS Franchising will be entitled to attend and participate in any meeting of a Market Cooperative. Any Crab N Spice business owned by CNS Franchising in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, CNS Franchising may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

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(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to CNS Franchising's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of CNS Franchising pursuant to Section 9.1. CNS Franchising may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% of Gross Sales.

(e) Enforcement. Only CNS Franchising will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. CNS Franchising may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

9.5 Required Spending. Franchisee shall spend at least 2% of Gross Sales each month on marketing the Business. Upon request of CNS Franchising, Franchisee shall furnish proof of its compliance with this Section. CNS Franchising has the sole discretion to determine what activities constitute "marketing" under this Section. CNS Franchising may, in its discretion, determine that if Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee's required spending under this Section.

9.6 Market Introduction Plan. Franchisee must develop a market introduction plan and obtain CNS Franchising's approval of the market introduction plan at least 30 days before the projected opening date of the Business.

9.7 Internet Marketing. CNS Franchising has the exclusive right to conduct and manage all marketing and commerce on the internet or other electronic media, including all websites and "social media" marketing. Franchisee shall not conduct such marketing or commerce, nor establish any website or social media presence independently, except as CNS Franchising may specify, and only with CNS Franchising's consent. CNS Franchising retains the right to approve any linking to or other use of CNS Franchising's website. Franchisee must comply with any internet, online commerce and/or social media policy that CNS Franchising may prescribe.

ARTICLE 10. RECORDS AND REPORTS

10.1 Systems. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as CNS Franchising may specify in the Manual or otherwise in writing.

10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as CNS Franchising may require in the Manual or otherwise in writing, including:

- (i) a quarterly profit and loss statement and balance sheet for the Business within 30 days after the end of each fiscal quarter of CNS Franchising's fiscal year;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of CNS Franchising's fiscal year; and
- (iii) any information CNS Franchising requests in order to prepare a financial performance representation for CNS Franchising's franchise disclosure document.

(b) Legal Actions and Investigations. Franchisee shall promptly notify CNS Franchising of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as CNS Franchising may request.

(c) Government Inspections. Franchisee shall give CNS Franchising copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to CNS Franchising such other financial statements, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that CNS Franchising may reasonably request.

10.3 Initial Investment Report. Within 120 days after opening for business, Franchisee shall submit to CNS Franchising a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of CNS Franchising's Franchise Disclosure Document and with such other information as CNS Franchising may request.

10.4 Business Records. Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as CNS Franchising may specify in the Manual or otherwise in writing.

10.5 Records Audit. CNS Franchising may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. CNS Franchising may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by CNS Franchising. Franchisee shall also reimburse CNS Franchising for all costs and expenses of the examination or audit if (i) CNS Franchising conducted the audit because Franchisee failed to submit required reports or was

otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any 4-week period.

ARTICLE 11. FRANCHISOR RIGHTS

11.1 Manual; Modification. The Manual, and any part of the Manual, may be in any form or media determined by CNS Franchising. CNS Franchising may supplement, revise, or modify the Manual, and CNS Franchising may change, add or delete System Standards at any time in its discretion. CNS Franchising may inform Franchisee thereof by any method that CNS Franchising deems appropriate (which need not qualify as “notice” under Section 18.9). In the event of any dispute as to the contents of the Manual, CNS Franchising’s master copy will control.

11.2 Inspections. CNS Franchising may enter the premises of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with CNS Franchising’s inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. CNS Franchising may videotape and/or take photographs of the inspection and the Business. Without limiting CNS Franchising’s other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If CNS Franchising conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then CNS Franchising may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

11.3 CNS Franchising’s Right to Cure. If Franchisee breaches or defaults under any provision of this Agreement, CNS Franchising may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse CNS Franchising for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

11.4 Right to Discontinue Supplies Upon Default. While Franchisee is in default or breach of this Agreement, CNS Franchising may (i) require that Franchisee pay cash on delivery for products or services supplied by CNS Franchising, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by CNS Franchising shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of CNS Franchising are in addition to any other right or remedy available to CNS Franchising.

11.5 Business Data. All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by CNS Franchising. CNS Franchising hereby licenses such data back to Franchisee without charge solely for Franchisee’s use in connection with the Business for the term of this Agreement.

FRANCHISE AGREEMENT

11.6 Innovations. Franchisee shall disclose to CNS Franchising all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, “Innovations”) conceived or developed by Franchisee, its employees, agents or contractors. CNS Franchising will automatically own all Innovations, and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by CNS Franchising to document CNS Franchising’s ownership of Innovations.

11.7 Communication Systems. If CNS Franchising provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes CNS Franchising to access such communications.

11.8 Delegation. CNS Franchising may delegate any duty or obligation of CNS Franchising under this Agreement to an affiliate or to a third party.

11.9 System Variations. CNS Franchising may vary or waive any System Standard for any one or more Crab N Spice franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

11.10 Temporary Public Safety Closure. If CNS Franchising discovers or becomes aware of any aspect of the Business which, in CNS Franchising’s opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon CNS Franchising’s order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. CNS Franchising shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

ARTICLE 12. MARKS

12.1 Authorized Marks. Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by CNS Franchising, and only in the manner as CNS Franchising may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee’s operation of the Business, will inure to the exclusive benefit of CNS Franchising.

12.2 Change of Marks. CNS Franchising may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after CNS Franchising makes any such change, Franchisee must comply with the change, at Franchisee’s expense.

12.3 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) CNS Franchising shall defend Franchisee (at CNS Franchising’s expense) against any Action by a third party alleging infringement by Franchisee’s use of a Mark, and (ii)

FRANCHISE AGREEMENT

CNS Franchising will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify CNS Franchising if Franchisee becomes aware of any possible infringement of a Mark by a third party. CNS Franchising may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. CNS Franchising shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

ARTICLE 13. COVENANTS

13.1 Confidential Information. With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by CNS Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by CNS Franchising, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by CNS Franchising (except for Confidential Information which CNS Franchising licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the “Restricted Parties”) shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor within five miles of Franchisee’s Territory or the territory of any other Crab N Spice business operating on the date of termination or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of CNS Franchising. Franchisee agrees that the existence of any claim it may have against CNS Franchising shall not constitute a defense to the enforcement by CNS Franchising of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

13.3 Employee Recruitment. During the term of this Agreement and for one year after termination, transfer, or expiration of this Agreement, Franchisee shall not knowingly employ or

FRANCHISE AGREEMENT

seek to employ or engage as an independent contractor any person then employed by CNS Franchising or its affiliates.

13.4 General Manager and Key Employees. If requested by CNS Franchising, Franchisee will cause its general manager and other key employees to sign CNS Franchising's then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Termination by Franchisee. Franchisee may terminate this Agreement only if CNS Franchising violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after CNS Franchising receives written notice of termination.

14.2 Termination by CNS Franchising.

(a) Subject to 10-Day Cure Period. CNS Franchising may terminate this Agreement if Franchisee does not make any payment to CNS Franchising when due, or if Franchisee does not have sufficient funds in its account when CNS Franchising attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after CNS Franchising gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to CNS Franchising's satisfaction within 30 days after CNS Franchising gives notice to Franchisee of such breach, then CNS Franchising may terminate this Agreement.

(c) Without Cure Period. CNS Franchising may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to CNS Franchising;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open for business by the date specified on the Summary Page;

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- (v) Franchisee loses possession of the Location;
- (vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vii) Franchisee abandons or ceases operation of the Business for more than five consecutive days;
- (viii) Franchisee or any Owner slanders or libels CNS Franchising or any of its employees, directors, or officers;
- (ix) Franchisee refuses to cooperate with or permit any audit or inspection by CNS Franchising or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;
- (x) the Business is operated in a manner which, in CNS Franchising's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from CNS Franchising or otherwise);
- (xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;
- (xii) CNS Franchising (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate) (provided that termination of a Multi-Unit Development Agreement with Franchisee or its affiliate shall not give CNS Franchising the right to terminate this Agreement); or
- (xiii) Franchisee or any Owner is accused by any governmental authority or third party of any act that in CNS Franchising's opinion is reasonably likely to materially and unfavorably affect the Crab N Spice brand, or is charged with, pleads guilty to, or is convicted of a felony.

14.3 Effect of Termination. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to CNS Franchising based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to CNS Franchising all copies of the Manual, Confidential Information and any and all other materials provided by CNS Franchising to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all

items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;

- (iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to CNS Franchising or any new franchisee as may be directed by CNS Franchising, and Franchisee hereby irrevocably appoints CNS Franchising, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and
- (iv) cease doing business under any of the Marks.

14.4 Remove Identification. Within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a Crab N Spice business, to the reasonable satisfaction of CNS Franchising. Franchisee shall comply with any reasonable instructions and procedures of CNS Franchising for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, CNS Franchising may enter the Location to remove the Marks and de-identify the Location. In this event, CNS Franchising will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by CNS Franchising.

14.5 Liquidated Damages. If CNS Franchising terminates this Agreement based upon Franchisee's default (or if Franchisee purports to terminate this Agreement except as permitted under Section 14.1), then within 10 days thereafter Franchisee shall pay to CNS Franchising a lump sum (as liquidated damages and not as a penalty) calculated as follows: (x) the average Royalty Fees and Marketing Fund Contributions that Franchisee owed to CNS Franchising under this Agreement for the 52-week period preceding the effective date of termination; multiplied by (y) the lesser of (1) 104 or (2) the number of weeks remaining in the then-current term of this Agreement. If Franchisee had not operated the Business for at least 52 weeks, then (x) will equal the average Royalty Fees and Marketing Fund Contributions that Franchisee owed to CNS Franchising during the period that Franchisee operated the Business. Franchisee acknowledges that a precise calculation of the full extent of CNS Franchising's damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable. Franchisee's payment to CNS Franchising under this Section will be in lieu of any direct monetary damages that CNS Franchising may incur as a result of CNS Franchising's loss of Royalty Fees and Marketing Fund Contributions that would have been owed to CNS Franchising after the date of termination; however, such payment shall be in addition to all damages and other amounts arising under Section 14.3 and Section 14.4, CNS Franchising's right to injunctive relief for enforcement of Article 13, and any attorneys' fees and other costs and expenses to which CNS Franchising is entitled under this Agreement. Except as provided in this Section, Franchisee's payment of this lump sum shall be in addition to any other right or remedy that CNS Franchising may have under this Agreement or otherwise.

14.6 Purchase Option. When this Agreement expires or is terminated, CNS Franchising will have the right (but not the obligation) to purchase any or all of the assets related to the Business, and/or to require Franchisee to assign its lease or sublease to CNS Franchising. To exercise this option, CNS Franchising must notify Franchisee no later than 30 days after this Agreement expires or is terminated. The purchase price for all assets that CNS Franchising elects to purchase will be the lower of (i) the book value of such assets as declared on Franchisee's last filed tax returns or (ii) the fair market value of the assets. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. CNS Franchising's purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other commercial symbol used in the business, the value of any intangible assets, or any goodwill or "going concern" value for the Business. CNS Franchising may withdraw its exercise of the purchase option at any time before it pays for the assets. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by CNS Franchising. If CNS Franchising exercises the purchase option, CNS Franchising may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by CNS Franchising to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, CNS Franchising may pay a portion of the purchase price directly to the lienholder to pay off such lien. CNS Franchising may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. CNS Franchising may assign this purchase option to another party.

ARTICLE 15. TRANSFERS

15.1 By CNS Franchising. CNS Franchising may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and CNS Franchising may undergo a change in ownership and/or control, without the consent of Franchisee.

15.2 By Franchisee. Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that CNS Franchising entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing CNS Franchising at least 60 days prior notice of the proposed Transfer, and without obtaining CNS Franchising's consent. In granting any such consent, CNS Franchising may impose conditions, including, without limitation, the following:

- (i) CNS Franchising receives a transfer fee equal to \$15,000 plus any broker fees and other out-of-pocket costs incurred by CNS Franchising;
- (ii) the proposed assignee and its owners have completed CNS Franchising's franchise application processes, meet CNS Franchising's then-applicable standards for new franchisees, and have been approved by CNS Franchising as franchisees;
- (iii) the proposed assignee is not a Competitor;

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- (iv) the proposed assignee executes CNS Franchising's then-current form of franchise agreement and any related documents; which form may contain materially different provisions than this Agreement;
- (v) all owners of the proposed assignee provide a guaranty in accordance with Section 2.5;
- (vi) Franchisee has paid all monetary obligations to CNS Franchising and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to CNS Franchising or its affiliates;
- (vii) the proposed assignee and its owners and employees undergo such training as CNS Franchising may require;
- (viii) Franchisee, its Owners, and the transferee and its owners execute a general release of CNS Franchising in a form satisfactory to CNS Franchising; and
- (ix) the Business fully complies with all of CNS Franchising's most recent System Standards.

15.3 Transfer for Convenience of Ownership. If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to CNS Franchising, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by CNS Franchising, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

15.4 Transfer upon Death or Incapacity. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the person with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by CNS Franchising within nine months after death or incapacity. Such transfer must comply with Section 15.2.

15.5 CNS Franchising's Right of First Refusal. Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3 or to a spouse, sibling, or child of an Owner), CNS Franchising will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to CNS Franchising a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of CNS Franchising's receipt of such copy, CNS Franchising will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that CNS Franchising may substitute cash for any other form of payment). If CNS Franchising does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

15.6 No Sublicense. Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

FRANCHISE AGREEMENT

15.7 No Lien on Agreement. Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an “all assets” security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

ARTICLE 16. INDEMNITY

16.1 Indemnity. Franchisee shall indemnify and defend (with counsel reasonably acceptable to CNS Franchising) CNS Franchising, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, “Indemnitees”) against all Losses in any Action by or against CNS Franchising and/or any Indemnatee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnatee from Actions arising as a result of any Indemnatee’s misconduct or negligence. This indemnity will continue in effect after this Agreement ends.

16.2 Assumption by CNS Franchising. CNS Franchising may elect to assume the defense and/or settlement of any Action subject to this indemnification, at Franchisee’s expense. Such an undertaking shall not diminish Franchisee’s obligation to indemnify the Indemnitees.

ARTICLE 17. DISPUTE RESOLUTION

17.1 Mediation.

(a) Disputes Subject to Mediation. Except as expressly provided in subsection (c), any controversy or claim arising out of or relating to this Agreement (including its formation) shall be resolved by mediation administered by the American Arbitration Association in accordance with its Rules.

(b) Location. The place of mediation shall be the city and state where CNS Franchising’s headquarters are located.

(c) Confidentiality. All documents, information, and results pertaining to any mediation will be confidential, except as required by law or as required for CNS Franchising to comply with laws and regulations applicable to the sale of franchises.

(d) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, CNS Franchising and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the mediation process.

17.2 Damages. In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party’s actual damages, except damages expressly authorized by federal statute and damages expressly authorized by this Agreement.

17.3 Waiver of Class Actions. The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

17.4 Time Limitation. Any mediation or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the mediation or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

17.5 Venue. For any legal proceeding not required to be submitted to mediation, the parties agree that any such legal proceeding will be filed where CNS Franchising's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it may have to the laying of venue of any proceeding in any of these courts.

17.6 Legal Costs. In any litigation proceeding (excluding mediation) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. CNS Franchising is not a fiduciary of Franchisee. CNS Franchising does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect CNS Franchising's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. CNS Franchising has no liability for Franchisee's obligations to any third party whatsoever.

18.2 No Third-Party Beneficiaries. This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, CNS Franchising, and CNS Franchising's affiliates.

18.3 Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by CNS Franchising in its franchise disclosure document.

18.4 Modification. No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit CNS Franchising's rights to modify the Manual or System Standards.

18.5 Consent; Waiver. No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

FRANCHISE AGREEMENT

18.6 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.7 Severability. The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

18.8 Governing Law. The laws of the state of California (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any California law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

18.9 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to CNS Franchising, addressed to 40008 10th Street West Suite A, Palmdale CA 93551. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, CNS Franchising may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

18.10 Joint and Several Liability. If two or more people sign this Agreement as “Franchisee”, each will have joint and several liability.

18.11 No Offer and Acceptance. Delivery of a draft of this Agreement to Franchisee by CNS Franchising does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and CNS Franchising.

Agreed to by:

FRANCHISOR:

CRAB N SPICE GROUP

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

FRANCHISE AGREEMENT

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISE AGREEMENT

Attachment 1 to Franchise Agreement

LOCATION ACCEPTANCE LETTER

To: _____

This Location Acceptance Letter is issued by Crab N Spice Group for your Crab N Spice franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

2. The Territory of the Business is:

CRAB N SPICE GROUP

By: _____

Name: _____

Title: _____

Date: _____

Attachment 2 to Franchise Agreement

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of Crab N Spice Group, a California corporation (“CNS Franchising”).

Background Statement: _____ (“Franchisee”) desires to enter into a Franchise Agreement with CNS Franchising for the franchise of a Crab N Spice business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce CNS Franchising to enter into the Franchise Agreement.

Guarantor agrees as follows:

1. Guaranty. Guarantor hereby unconditionally guarantees to CNS Franchising and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to CNS Franchising, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and CNS Franchising upon demand from CNS Franchising. Guarantor waives (a) acceptance and notice of acceptance by CNS Franchising of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that CNS Franchising make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. Confidential Information. With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by CNS Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by CNS Franchising, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by CNS Franchising or its affiliates (except for Confidential Information which CNS Franchising

FRANCHISE AGREEMENT

licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to CNS Franchising. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

3. Covenants Not to Compete.

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor located within five miles of Franchisee's Territory or the territory of any other Crab N Spice business operating on the date of termination or transfer, as applicable.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of CNS Franchising. Guarantor agrees that the existence of any claim it or Franchisee may have against CNS Franchising shall not constitute a defense to the enforcement by CNS Franchising of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

4. **Employee Recruitment.** During the term of the Franchise Agreement and for one year after termination, transfer, or expiration of the Franchise Agreement, Guarantor shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by CNS Franchising or its affiliates.

5. **Modification.** Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which CNS Franchising may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

6. **Governing Law; Dispute Resolution.** This Guaranty shall be governed by and construed in accordance with the laws of the state of California (without giving effect to its principles of conflicts of law). The parties agree that any California law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 6. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to CNS Franchising all costs incurred by CNS Franchising (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

FRANCHISE AGREEMENT

Agreed to by:

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

FRANCHISE AGREEMENT

Attachment 2 to Franchise Agreement

RIDER TO LEASE AGREEMENT

Landlord: _____

Notice Address: _____

Telephone: _____

Tenant: _____

Leased Premises: _____

Franchisor: Crab N Spice Group

Notice Address: 40008 10th Street West Suite
A, Palmdale CA 93551

Telephone: 661-267-1599

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of a Crab N Spice business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity To Cure. Landlord shall provide Franchisor with copies of any written notice of default ("Default") given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant's Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Lease Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the Crab N Spice brand.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant's business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to

FRANCHISE AGREEMENT

remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Lease Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

By: _____

Name: _____

Title: _____

Date: _____

TENANT:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

CRAB N SPICE GROUP

By: _____

Name: _____

Title: _____

Date: _____

Attachment 3 to Franchise Agreement

FORM OF GENERAL RELEASE

[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of Crab N Spice Group, a California corporation (“CNS Franchising”).

Background Statement: *[describe circumstances of Release]*

Releasor agrees as follows:

- 1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases CNS Franchising, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).
- 2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.
- 3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
- 4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that CNS Franchising reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof. This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

FRANCHISE AGREEMENT

Agreed to by:

Name: _____

Date: _____

FRANCHISE AGREEMENT

Attachment 4 to Franchise Agreement

STATE ADDENDA TO AGREEMENTS

CALIFORNIA RIDER TO FRANCHISE AGREEMENT

This Rider amends the _____ Agreement dated _____ (the “Agreement”), between Crab N Spice Group, a California corporation (“CNS Franchising”) and _____, a _____ (“Franchisee”).

- 1. Initial Fee Deferral.** All fees are deferred until Franchisor has delivered all pre-opening obligations and Franchisee is open for business.
- 2. Choice of Law/Dispute Resolution.** For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.
- 3. Covenant Not to Compete.** The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extend void under California Business and Professions Code Section 16600.
- 4. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

CRAB N SPICE GROUP

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISE AGREEMENT

ILLINOIS RIDER TO FRANCHISE AGREEMENT AND THE AREA DEVELOPER AGREEMENT

This Rider amends the _____ Agreement dated _____ (the “Agreement”), between Crab N Spice Group, a California corporation (“CNS Franchising”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.

2. Governing Law and Jurisdiction. Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

3. Limitation of Claims. No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

4. Waivers Void. Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

5. Fee Deferral. Payment of Initial and Development Fees will be deferred until the franchisor has met its initial obligations to franchisee, and franchisee has commenced business operations. This financial assurance requirement was imposed by the Office of the Illinois Attorney general due to franchisor’s financial condition.

6. Acknowledgements. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

FRANCHISOR:

FRANCHISE AGREEMENT

CRAB N SPICE GROUP

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISE AGREEMENT

INDIANA RIDER TO FRANCHISE AGREEMENT

This Rider amends the _____ Agreement dated _____ (the “Agreement”), between Crab N Spice Group, a California corporation (“CNS Franchising”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Modified. Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new

FRANCHISE AGREEMENT

models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

CRAB N SPICE GROUP

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISE AGREEMENT

MARYLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the _____ Agreement dated _____ (the “Agreement”), between Crab N Spice Group, a California corporation (“CNS Franchising”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.
- 2. No Waiver of State Law In Sale.** Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, CNS Franchising shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve CNS Franchising or any other person from liability under the Maryland Franchise Law.
- 3. No Release of Liability.** Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
- 4. Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.
- 5. Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.
- 6. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

CRAB N SPICE GROUP

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISE AGREEMENT

MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the _____ Agreement dated _____ (the “Agreement”), between Crab N Spice Group, a California corporation (“CNS Franchising”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. Amendments. The Agreement is amended to comply with the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 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 (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 Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) 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 (2) 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, Section 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, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

3. Effective Date. This Rider is effective as of the Effective Date.

FRANCHISE AGREEMENT

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

CRAB N SPICE GROUP

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISE AGREEMENT

NEW YORK RIDER TO FRANCHISE AGREEMENT

This Rider amends the _____ Agreement dated _____ (the “Agreement”), between Crab N Spice Group, a California corporation (“CNS Franchising”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
- 2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve CNS Franchising or any other person from any duty or liability imposed by New York General Business Law, Article 33.
- 3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by CNS Franchising with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.
- 4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

CRAB N SPICE GROUP

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISE AGREEMENT

NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the _____ Agreement dated _____ (the “Agreement”), between Crab N Spice Group, a California corporation (“CNS Franchising”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Amendments. The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
- (7) Waiver of Exemplary and Punitive Damages: The parties do not waive exemplary and punitive damages.
- (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

3. Effective Date. This Rider is effective as of the Effective Date.

FRANCHISE AGREEMENT

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

CRAB N SPICE GROUP

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISE AGREEMENT

RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the _____ Agreement dated _____ (the “Agreement”), between Crab N Spice Group, a California corporation (“CNS Franchising”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Jurisdiction and Venue. Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

CRAB N SPICE GROUP

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISE AGREEMENT

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT AND RIDER TO FRANCHISE AGREEMENT

The state of Washington has a statute, RCW 19.100.180 which 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 involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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 limitation period for claims under the Act, 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.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

CRAB N SPICE GROUP

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT C

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this “MUDA”) is made between Crab N Spice Group, a California corporation (“CNS Franchising”) and _____, a _____ (“Franchisee”) on the Effective Date.

Background Statement: On the same day as they execute this MUDA, CNS Franchising and Franchisee have entered into a Franchise Agreement for the franchise of a Crab N Spice business (the “Franchise Agreement”; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). CNS Franchising and Franchisee desire that Franchisee develop multiple Crab N Spice businesses.

1. Multi-Unit Commitment.

(a) Development Schedule; Fee. Franchisee shall develop and open Crab N Spice businesses on the following schedule:

Store #	Deadline for Opening	Total # of Stores to be Open and Operating On Deadline	Initial Franchise Fee
1		1	\$ _____
2		2	\$ _____
3		3	\$ _____
4		4	\$ _____
5		5	\$ _____
Total Initial Franchise Fee:			

(b) Payment. Upon execution of this MUDA, Franchisee shall pay the total Initial Franchise Fee to CNS Franchising. The Initial Franchise Fee is non-refundable.

2. Form of Agreement. For Store #1, Franchisee and CNS Franchising have executed the Franchise Agreement simultaneously with this MUDA. For each additional Crab N Spice franchise, Franchisee shall execute CNS Franchising’s then-current standard form of franchise agreement no later than three business days after Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate a Crab N Spice business, and Franchisee acknowledges that Franchisee may construct, open, and operate each Crab N Spice business only pursuant to a separate franchise agreement executed pursuant to this MUDA for each such Crab N Spice business.

MULTI-UNIT DEVELOPMENT AGREEMENT

3. Development Area. Franchisee shall locate each Crab N Spice business it develops under this MUDA within the following area: _____ (the “Development Area”). Franchisee will have exclusive rights to develop, open or operate Crab N Spice businesses in the Development Area while this agreement is effective.

4. Default and Termination. CNS Franchising may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee fails to satisfy the development schedule; or
- (ii) CNS Franchising has the right to terminate any franchise agreement between CNS Franchising and Franchisee (or any affiliate thereof) due to Franchisee’s default thereunder (whether or not CNS Franchising actually terminates such franchise agreement).

5. Limitation of Liability. Franchisee’s commitment to develop Crab N Spice businesses is in the nature of an option only. If CNS Franchising terminates this MUDA for Franchisee’s default, Franchisee shall not be liable to CNS Franchising for lost future revenues or profits from the unopened Crab N Spice businesses. Franchisee may terminate this MUDA at any time.

6. Conditions. Franchisee’s right to develop each Crab N Spice franchise after the Store #1 is subject to the following:

- (i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Crab N Spice business, in the reasonable judgment of CNS Franchising, and
- (ii) Franchisee must be in full compliance with all brand requirements at its open Crab N Spice businesses, and not in default under any Franchise Agreement or any other agreement with CNS Franchising.

7. Dispute Resolution; Miscellaneous. The laws of the State of California (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any California law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 7. Franchisee shall not Transfer this MUDA without the prior written consent of CNS Franchising, and any Transfer without CNS Franchising’s prior written consent shall be void. The provisions of Article 17 (Dispute Resolution) and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

Agreed to by:

FRANCHISOR:

CRAB N SPICE GROUP

By: _____

MULTI-UNIT DEVELOPMENT AGREEMENT

Name: _____
Title: _____
Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT D

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677 Ask.DFPI@dfpi.ca.gov www.dfpi.ca.gov	Commissioner of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677 Ask.DFPI@dfpi.ca.gov www.dfpi.ca.gov
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

EXHIBIT D

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 68-2 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501-6456 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 266-0448	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 261-7577

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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	Pending

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 Crab N Spice Group offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Crab N Spice Group 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 any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Jerrico Reyes	40008 10th Street West Suite A, Palmdale CA 93551	661-267-1599

Issuance Date: March 12, 2024.

I received a disclosure document that included the following Exhibits:

- A. State Addenda to Disclosure Document
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement, Rider to Lease Agreement, Form of General Release, and State Addenda to Agreements)
- C. Multi-Unit Development Agreement
- D. State Administrators and Agents for Service of Process

Signature: _____

Print Name: _____

Date Received: _____

Keep This Copy For Your Records

RECEIPT

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Signature: _____

Print Name: _____

Date Received: _____

Return This Copy To Us.

Crab N Spice Group – 40008 10th Street West Suite A, Palmdale CA 93551