<u>**FRANCHISE DISCLOSURE DOCUMENT**</u>

RALPH'S FAMOUS ITALIAN ICES
FRANCHISE CORP.
(a New York Corporation)

Staten Island, New York 10302
(718) 448-0853
www.ralphsices.com

The franchise offered is to operate a Ralph's Famous Italian Ices shop. Ralph's Famous Italian Ices shops are retail stores, specializing in distinctive water ices, hard and soft serve ice cream, and sherbets in a variety of select flavors.

The total investment necessary to begin operation of a Ralph's Famous Italian Ices shop is \$111,750-\$317,900. This includes \$22,000 to \$25,000 that must be paid to us or our affiliates.

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 9, 2022

How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E 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 Ralph's Famous Italian Ices business in my area?	Item 12 and the "territory" provisions in the franchise agreement and multi-unit operator agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Ralph's Famous Italian Ices franchisee?	Item 20, Exhibit D 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 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 Multi-State Addendum. See the Table of Contents for the location of the Multi-State Addendum.

Special Risks to Consider About *This* Franchise

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

1) **Out-of-State Dispute Resolution.** The franchise agreement and multi-unit operator agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in NEW YORK Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in NEW YORK than in your own state.

Certain states may require other risks to be highlighted. If so, check the "Multi-State Addendum" (if any) to see whether your state requires other risks to be highlighted.

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language of this disclosure document, “we,” “us,” or “Ralph’s” refers to Ralph’s Famous Italian Ices Franchise Corp., the franchisor. “You” refers to the franchisee who enters into a franchise agreement. The franchisee may be a person, corporation, partnership or limited liability company. If the franchisee is a corporation, partnership or limited liability company, “you” does not include the principals of the corporation, partnership or limited liability company.

Ralph’s was incorporated in New York on October 27, 2000. Our principal place of business is 501 Port Richmond Avenue, Staten Island, New York 10302. We do business under the name “Ralph’s” or “Ralph’s Famous Italian Ices” and under no other names. Our agents for service of process are listed in Exhibit B.

We have offered franchised businesses of a type substantially similar to those offered in this disclosure document since May 2001. We have never operated a business of a type substantially similar to those offered in this disclosure document, and we have never offered franchises in any other line of business. We do not engage, and have never engaged, in any business activities or any other line of business other than as described in this disclosure document.

Various members of the Scolaro and Silvestro families commenced manufacturing and selling in a retail business substantially similar to that offered in this disclosure document, Ralph’s Famous Italian Ices products in 1928. Since 1989, a company affiliated with us, JMS Ices, Inc. (“JMS” or “Ralph’s affiliate”), has manufactured the Ralph’s Famous Italian Ices products. From July 1998 to April 2000, JMS had entered into license agreements with licensees to sell Ralph’s Famous Italian Ices. Under the license agreement, JMS did not provide the licensees with training, an operations manual, or any other support. In late 2001, the JMS licensees signed franchise agreements with us or their license agreements were allowed to expire. JMS has never offered Ralph’s Famous Italian Ices franchises of a type substantially similar to those offered in this disclosure document or franchises in any other line of business. JMS’ principal business address is 501 Port Richmond Avenue, Staten Island, New York 10302.

Since 1993, Ralph’s Ice Cream, Inc. has operated a business substantially similar to that offered in this disclosure document. Ralph’s Ice Cream, Inc. is a New York corporation formed on January 7, 1993 and is headquartered at our address. Ralph’s Ice Cream, Inc. does not offer franchises in this or any other type of business.

We have no parents or predecessors and no other affiliates.

Description of the Franchised Business

General. We grant franchises to establish and operate a Ralph’s Famous Italian Ices shop (the “Franchised Business” or the “-”) under a franchise agreement (the “Franchise Agreement”). The Franchised Business is retail shop which features and offers for sale to the public distinctive water ices, ice cream, and sherbets in several select flavors, and a limited menu of other frozen desserts and drinks (including “Ralph’s Arctic Milkshake,” “Ralph’s Smoothie,” “Ralph’s Sundae,” “Ralphie,” and “Ralphaccino”), under the trade name “Ralph’s Famous Italian Ices.” You are required to operate your Ralph’s Famous Italian Ices Shop in accordance with our standards and specifications, and you must sign a Franchise Agreement in the form attached to this disclosure document as Exhibit F. If you are an existing Ralph’s Famous Italian Ices franchisee, you must sign a Renewal Addendum to the Franchise Agreement in the form attached to this disclosure document as Exhibit G.

The Ralph's System. The Franchised Business will operate according to a unique system developed and owned by us (the "System"). The distinguishing characteristics of the System include distinctive exterior and interior design, décor, color scheme, fixtures, and furnishings; standards and specifications for products and supplies; uniform standards, specifications, and procedures for operations; training and assistance, and advertising and promotional programs; all of which we may change, improve and further develop from time to time.

The Franchised Business will be operated in accordance with a Confidential Operations Manual ("Manual") to be provided to you. You will also be provided with the right to use certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the mark "Ralph's Famous Italian Ices," and trademarks, service marks, logos, emblems and other indicia of origin as we may designate in the Manual or otherwise in writing for use in connection with the System ("Proprietary Marks").

Our affiliate, JMS, has developed, and continues to develop, water ice, ice cream, and sherbets based on proprietary formulas and recipes, and may develop other proprietary frozen desserts and food products, including ice cream, for sale to you for resale in Ralph's Famous Italian Ices shops using original formulas, trade secrets, quality standards and specifications (collectively, "Ralph's Frozen Desserts"). In addition, we may periodically require you to sell in the Ralph's Famous Italian Ices Shop, as specified in the Manual or otherwise in writing, various other menu items and products and services in addition to the Ralph's Frozen Desserts (collectively, the "Additional Products").

Market and Competition. The market for water ices and other frozen dessert products, such as those that will be offered by the Franchised Business, is well-developed and competitive. The Franchised Business is seasonal, generally will operate from April 1 through November 1 of each year (or as we otherwise specify in the Manual or in writing), and is sensitive to local weather conditions and temperature. The Franchised Business will compete with other national and local retail businesses that sell frozen desserts (including ice cream), such as supermarkets, convenience stores, grocery stores, vending machines, variety stores and restaurants. Your ability to compete will depend upon such factors as consumer taste, local weather conditions, traffic patterns and local economic conditions.

Industry Specific Laws and Regulations. Your Franchised Business will be subject to laws and regulations that are applicable to businesses generally, but not specific to the industry in which the Franchised Business operates.

ITEM 2

BUSINESS EXPERIENCE

Listed below are our principal officers, directors and other individuals who have management responsibility relating to the sale or operation of franchises offered by this disclosure document. The principal occupation and business experience of each, including the names and locations of prior employers, are indicated below. Unless otherwise indicated, the employer is Ralph's and the location of employment is Staten Island, New York.

John Scolaro
President

John Scolaro has been President of Ralph's since its inception in October 2000. Mr. Scolaro has also served as Vice President and Secretary of JMS, Ralph's affiliate, since May 1989.

Mike Scolaro
Vice President

Mike Scolaro has been Vice President of Ralph's since its inception in October 2000. Mr. Scolaro has also served as President of JMS, Ralph's affiliate, since May 1989.

Larry Silvestro
Secretary/Treasurer

Larry Silvestro has been Ralph's Secretary/Treasurer since its inception in October 2000. Mr. Silvestro has also served as Treasurer for JMS, Ralph's affiliate, since January 1991.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this disclosure document.

ITEM 4

BANKRUPTCY

No person or entity previously identified in Items 1 and 2 of this disclosure document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code or the bankruptcy laws of foreign nations required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Franchise Fee

Unless you are a current Ralph's Famous Italian Ices franchisee renewing an existing Franchise Agreement, you must pay us a $20,000 non-refundable initial franchise fee for a single Ralph's Famous Italian Ices Shop to be operated under a Franchise Agreement. You must pay the entire initial franchise fee no later than the date of your signing the Franchise Agreement.

Renewal Franchise Fee

If you are a current Ralph's Famous Italian Ices franchisee renewing an existing Franchise Agreement, you must pay us a $20,000 non-refundable renewal franchise fee for your Ralph's Famous Italian Ices Shop. You must pay the entire renewal franchise fee no later than the date of your signing the Franchise Agreement.

Goods and Services

You must purchase your initial inventory of Ralph's Frozen Desserts from JMS, which we estimate to be about 150 2½ gallon tubs. This initial inventory purchase from JMS will cost between $2,000 and $5,000, depending on a variety of factors (see Item 7 for a more detailed description). This purchase is non-refundable.

ITEM 6

OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Product[1]	Cost of the Ralph's Frozen Dessert products	As incurred; the earlier of (a) 10 days from your receipt of the invoice, or (b) prior to delivery of any subsequent purchase from JMS.	You must purchase the Ralph's Frozen Dessert products solely from JMS, or other such sources as we designate in the Manual or otherwise in writing from time to time.
Royalty[2]	$1 for each 2½ gallon tub of Ralph's Frozen Dessert purchased from JMS; $3 for each gallon of soft-serve mix purchased by Franchisee from Franchisor's approved supplier; 5% of Gross Sales from sales of Additional Products	As incurred; the earlier of (a) 10 days from your receipt of the invoice, or (b) prior to delivery of any subsequent purchase from JMS; paid by the 15th day of the month following the month soft-serve mix delivered to Franchisee; monthly.	During the term of the Franchise Agreement, you must pay a continuing royalty fee to us or our designee of $1 for each 2½ gallon tub of Ralph's Frozen Dessert purchased from JMS in the amount we or our designee invoice.
Local Advertising and Promotion[3]	$1,500 annually	Between April 1 and August 30; as incurred.	Each year during the term of the Franchise Agreement, between April 1 and August 30, you must spend at least $1,500 on local advertising and promotion.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Advertising Fund[4]	50¢ for each 2½ gallon tub of Ralph's Frozen Dessert purchased from JMS	As incurred; within 10 days of your receipt of the invoice.	During the term of the Franchise Agreement, you must also contribute to the System's advertising fund (the "Fund") for advertising and promotion in the amount we or our designee invoice (the "Ad Fee").
Advertising Cooperative[5]	Up to $4,000 annually	Bi-annually; within 10 days of your receipt of the invoice.	During the term of the Franchise Agreement, you must contribute to the regional advertising and promotional cooperative ("Cooperative") applicable to your Ralph's Famous Italian Ices Shop in the amount the Cooperative or we invoice.
Late Payment Fee and Interest[6]	4% surcharge plus interest on payments overdue by 30 days or more	As incurred	All required royalty fees must be paid at the earlier of (a) 10 days from your receipt of such invoice, or (b) prior to the delivery of any subsequent purchase of Frozen Dessert products from JMS; and all advertising fund and cooperative contributions must be paid within 10 days of your receipt of such invoice.
Returned Check Fee[7]	Then-current returned check fee	As incurred	You must pay us or JMS the then-current returned check fee as described in the Manual (which is currently $50) for each check returned for insufficient funds.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Insurance[8]	Cost of insurance and, if not obtained by you, our procurement expense	As required and as incurred.	If you fail to obtain or maintain the insurance required, we will have the right and authority (but not the obligation) to procure the required insurance and to charge you for it, which charges, together with a reasonable fee for our expenses in so acting, will be payable by you immediately upon notice.
Audit[9]	Cost of audit	As incurred	We and our designated agents will have the right at all reasonable times to examine and copy, at our expense, your books, records, accounts, and tax returns. We will also have the right, at any time, to have an independent audit made of your books.
Training[10]	Amount of expenses	As incurred	Prior to the opening of your Ralph's Famous Italian Ices Shop, you (or, if you are a corporation, partnership or limited liability company, a principal of you we approve), and your manager or another person that you designate and we approve (but no more than 2 persons) must attend and complete to our satisfaction the initial training program for franchisees offered by us.
Site Selection[11]	Amount of expenses	As incurred	These evaluations will be at our cost, if the proposed site is within 100 miles of our principal place of business in Staten Island, New York, and at your cost, if the proposed site is more than 100 miles of our principal place of business.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Transfer Fee[12]	$7,500	Time of transfer	If there is a transfer under the Franchise Agreement (as described in Item 17 and the Franchise Agreement), you must pay to us a transfer fee of $7,500.
Renewal Franchise Fee[13]	$20,000	Time of renewal	If you renew your rights under existing Franchise Agreement, you must pay us a $20,000 non-refundable renewal franchise fee for your Ralph's Famous Italian Ices Shop.
Indemnification[14]	Cost of liability	As incurred	You must indemnify and hold us, and our officers, directors and employees harmless against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with your operation of the Franchised Business, as well as the costs, including attorneys' fees, of the indemnified party in defending against them.
Collection Costs and Attorneys' Fees[15]	Cost of collection and attorneys' fees	As incurred	You must pay to us all damages, costs, and expenses, including all court costs, mediation costs, and reasonable attorneys' fees, and all other expenses we incur in enforcing any obligation or in defending against any claim, demand, action, or proceeding relating to the Franchise Agreement, including the obtaining of injunctive relief

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Fines for Non-Compliance With Advertising Requirements[16]	$250 for the first violation; $500 for the second violation; and $1,000 for the third and each additional violation; plus our costs and expenses	As required	You must pay us a fine of $250 for the first violation, $500 for the second violation, and $1,000 for the third and each additional violation.
Daily Fines for Other Defaults[17]	$250 for each day that such default remains uncured	As required	If you commit any of the following defaults, in addition to any other remedies we may have, you must pay us a fine of $250 for each day that such default remains uncured.
Liquidated Damages	See Foot Note 18		

NOTES

We uniformly impose and collect all fees. All fees are non-refundable

1 During the term of the Franchise Agreement, you must purchase the Ralph's Frozen Dessert products solely from JMS, or other such sources as we designate in the Manual or otherwise in writing from time to time. You must pay JMS for the Ralph's Frozen Dessert products that you purchase at the prices set forth in JMS' then-current price list, and at the earlier of (a) 10 days from your receipt of the invoice for such purchases, or (b) prior to the delivery of any subsequent purchase of Frozen Dessert products from JMS.

2 During the term of the Franchise Agreement, you must pay a continuing royalty fee to us or our designee of $1 for each 2½ gallon tub of Ralph's Frozen Dessert purchased from JMS in the amount we or our designee invoice. You must also pay a continuing royalty fee to us or our designee of $3 for each gallon of soft-serve mix purchased by you from our approved supplier, based on our invoice. In addition, we have the right to increase these royalty fees by up to 50¢ per tub or gallon, respectively, no more often than once every 3 years. We also reserve the right to change the size of the tub of the Ralph's Frozen Dessert products and to adjust the royalty fee, as specified in the Franchise Agreement. These payments must be paid at the earlier of (a) 10 days from your receipt of the invoice for such purchases, or (b) prior to the delivery of any subsequent purchase of Frozen Dessert products from JMS. However, for the 1st delivery of each calendar year during the term of the Franchise Agreement, as well as the last delivery of each calendar year during the term of the Franchise Agreement, payment will be due cash on delivery.

In addition, you may be required to sell other various menu items, products and services (collectively, the "Additional Products") during the term of the Franchise Agreement, for which you will also be required to pay to us a continuing royalty fee. If you are required to sell these Additional Products, you must pay to us, on a monthly basis, an amount equal to 5% of the Gross Sales of all Additional Products sold at your Ralph's Famous Italian Ices Shop during the preceding calendar month. For purposes of calculating this royalty fee, "Gross Sales" means all revenue from the sale of all products and services and all other income of every kind and nature at or from your Ralph's Famous Italian Ices Shop or otherwise related to your Ralph's Famous Italian Ices Shop, including any proceeds from business interruption insurance, and regardless of collection in the case of credit. Gross Sales will not include any sales taxes or other taxes collected from customers by you and paid directly to the appropriate taxing authority. These payments must be paid by the 10th day of each month for Gross Sales in the preceding month.

3 Each year during the term of the Franchise Agreement, between April 1 and August 30, you must spend at least $1,500 on local advertising and promotion.

4 During the term of the Franchise Agreement, you must also contribute to the System's advertising fund (the "Fund") for advertising and promotion in the amount we or our designee invoice (the "Ad Fee"). As of the date of this Disclosure Document, the Ad Fee payable by you to us is 50¢ for each 2½ gallon tub of Ralph's Frozen Dessert purchased from JMS. In addition, we reserve the right to increase the Ad Fee by up to an additional 25¢ once every 3 years. We also reserve the right to change the size of the tub of the Ralph's Frozen Dessert products and to adjust the Ad Fee, as specified in the Franchise Agreement. These contributions to the Fund must be paid within 10 days of your receipt of the invoice for such purchases.

5 During the term of the Franchise Agreement, you must contribute to the regional advertising and promotional cooperative ("Cooperative") applicable to your Ralph's Famous Italian Ices Shop in the amount the Cooperative or we invoice. Each Cooperative will have the right to require its members to make contributions to the Cooperative in such amounts as are determined by the Cooperative; however, you will not be required to make contribute to any Cooperative in excess of $4,000 during any calendar year. These contributions to the Cooperative must be paid within 10 days of your receipt of such invoice. Your payments to the Cooperative of up to $1,000 during any single calendar year will be credited to the $1,500 annual local expenditure described in Note 3, above.

6 All required royalty fees must be paid at the earlier of (a) 10 days from your receipt of such invoice, or (b) prior to the delivery of any subsequent purchase of Frozen Dessert products from JMS; and all advertising fund and cooperative contributions must be paid within 10 days of your receipt of such invoice. All required monthly royalty fees based upon your purchase of Additional Product must be paid by the 10th day of each month for Gross Sales in the preceding month and must be submitted to us together with any reports or statements required by the Franchise Agreement. If any payment is overdue by 30 days or more, you must pay us or our designee immediately upon demand, in addition to the overdue amount, (a) a surcharge in the amount of 4% of the overdue amount, and (b) interest on such amount at the rate of 1% per month thereafter until paid, or the maximum rate permitted by law, whichever is less. Our entitlement to interest will be in addition to any other remedies we may have. You will not be entitled to set-off any payments required to be made under the Franchise Agreement against any monetary claim you may have against us.

7 You must pay us or JMS the then-current returned check fee as described in the Manual (which is currently $50) for each check returned for insufficient funds. Neither we nor JMS will re-deposit any returned check, and you will be required to issue a new check to cover payment. If 2 checks are returned during any single business season, we and JMS reserve the right to require payment for any or all future shipments of products to be made in cash on delivery, and the right to withhold delivery of product until all payment terms have been met.

8 Before you open your Ralph's Famous Italian Ices Shop, you must purchase and maintain at your sole expense at all times during the term of the Franchise Agreement the insurance coverage required by the Franchise Agreement, including comprehensive general liability insurance, property and casualty insurance, business interruption insurance, statutory workers' compensation insurance, employer's liability insurance, product liability insurance, and automobile insurance coverage for all vehicles used in

connection with the operation of your Ralph's Famous Italian Ices Shop. If you fail to obtain or maintain the insurance required, we will have the right and authority (but not the obligation) to procure the required insurance and to charge you for it, which charges, together with a reasonable fee for our expenses in so acting, will be payable by you immediately upon notice.

9 We and our designated agents will have the right at all reasonable times to examine and copy, at our expense, your books, records, accounts, and tax returns. We will also have the right, at any time, to have an independent audit made of your books. If an inspection should reveal that any payments have been understated in any report to us, then you must immediately pay to us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of 18% per annum, or the maximum rate permitted by law, whichever is less. If an inspection discloses an understatement in any report, you must, in addition to repayment of monies owed with interest, reimburse us for any and all costs and expenses in connection with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs). These remedies will be in addition to any other remedies we may have.

10 Prior to the opening of your Ralph's Famous Italian Ices Shop, you (or, if you are a corporation, partnership or limited liability company, a principal of you we approve), and your manager or another person that you designate and we approve (but no more than 2 persons) must attend and complete to our satisfaction the initial training program for franchisees offered by us. In addition, you must provide training, as we prescribe in the Manual or otherwise in writing, to any persons who have not attended our initial training program but who will be responsible for the direct, on-premises supervision of your Ralph's Famous Italian Ices Shop. You must also attend additional courses, seminars, and other training programs as we may reasonably require from time-to-time.

All training programs we conduct will be at the times and places as we may designate. For all required training courses, seminars, and programs, for up to 2 persons only, we will provide instructors and training materials; and you or your employees will be responsible for any and all other expenses incurred by you or your employees in connection with any courses, seminars, and programs, including the costs of transportation, lodging, meals, and wages. For any more than 2 persons, you will be solely responsible for all costs and expenses associated with required training for such persons.

11 Under the Franchise Agreement, we will conduct, if we deem necessary and appropriate, up to 2 on-site evaluations of any properly submitted proposed sites. These evaluations will be at our cost, if the proposed site is within 100 miles of our principal place of business in Staten Island, New York, and at your cost, if the proposed site is more than 100 miles of our principal place of business. For each additional on-site evaluation (if any), you must reimburse us for our expenses, including the costs of travel, lodging and meals.

12 If there is a transfer under the Franchise Agreement (as described in Item 17 and the Franchise Agreement), you must pay to us a transfer fee of $7,500. However, in the case of a transfer to a corporation formed by you for the convenience of ownership, no transfer fee will be required, but you must reimburse us for our costs and expenses as a result of such transfer, including reasonable attorneys' fees.

13 If you renew your rights under the Franchise Agreement, you must pay us a renewal franchise fee equal to Twenty Thousand Dollars ($20, 000).

14 You must indemnify and hold us, and our officers, directors and employees harmless against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with your operation of the Franchised Business, as well as the costs, including attorneys' fees, of the indemnified party in defending against them.

[15] You must pay to us all damages, costs, and expenses, including all court costs, mediation costs, and reasonable attorneys' fees, and all other expenses we incur in enforcing any obligation or in defending against any claim, demand, action, or proceeding relating to the Franchise Agreement, including the obtaining of injunctive relief.

[16] You may not advertise, market, or promote any products or services offered at the Ralph's Famous Italian Ices Shop in the territory of any other Ralph's Famous Italian Ices franchisee. You also may not use any advertising that has not been approved by us. If you violate either of these obligations, in addition to any other remedies we may have, you must pay us a fine of $250 for the first violation, $500 for the second violation, and $1,000 for the third and each additional violation. You will also be responsible for our costs and expenses, including attorneys' fees, associated with any violations.

[17] If you commit any of the following defaults, in addition to any other remedies we may have, you must pay us a fine of $250 for each day that such default remains uncured. You will also be responsible for our costs and expenses, including attorneys' fees, associated with these defaults. The defaults subject to daily fines include: (a) storing, offering, or selling unapproved product; (b) selling gift certificates or gift cards that were not obtained from us; (c) failing to open or close the Franchised Business on a seasonal basis as we require; (d) use of unapproved or non-compliant uniforms; and (e) such other defaults as Franchisor may specify from time to time in the Manual.

[18] If we terminate your franchise agreement because you default, you must pay us liquidated damages in an amount equal to your average monthly royalty and ad fees due us for the immediately preceding 12 calendar months multiplied by 36 months or the number of months remaining in the franchise agreement, whichever is less.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial franchise Fee[1]	$20,000	Lump sum	At signing of Franchise Agreement	Ralph's
Lease[2]	$1,200-$5,000	Lump sum	At signing of lease agreement	Landlord
Leasehold Improvements[3]	$15,000-$90,000	As arranged	Prior to opening	Suppliers
Fixtures & Furnishings[4]	$2,500-$10,000	As arranged	Prior to opening	Suppliers
Equipment[5]	$50,000-$150,000	As arranged	Prior to opening	Suppliers
Signage/Neon Lights[6]	$6,000-$12,000	As arranged	Prior to opening	Suppliers
Supplies[7]	$1,500-$3,000	As arranged	As incurred	Suppliers
Opening Inventory[8]	$2,500-$6,000	Lump sum; As arranged	Prior to opening; as incurred	JMS and Suppliers
Grand Opening Advertising[9]	$1,500	As arranged	As incurred	Suppliers

Advertising[9]	$1,200-$2,200	As arranged	Prior to opening; as incurred	Suppliers
Prepaid Insurance Premiums[10]	$1,500-$2,500	As arranged	As incurred	Insurance Broker
Traveling and Living Expenses While Training[11]	$100-$200	As arranged	As incurred	Suppliers
Utility Deposits[12]	$1,000	As arranged	Prior to opening; as incurred	Suppliers
Permits & Licenses[13]	$250-$2,500	As arranged	As incurred	Suppliers
Additional Funds - 3 months[14]	$7,500-$12,000	As arranged	As incurred	Suppliers
TOTAL	**$111,750-$317,900**			

Except as otherwise described in the notes below, the table provides an estimate of your initial investment for a new, single Ralph's Famous Italian Ices shop and the costs to begin operation of your Ralph's Famous Italian Ices Shop. All costs listed in the table are estimates only. Actual costs will vary for each franchisee and each location depending on a number of factors. All fees and payments described in this Item are non-refundable, unless otherwise stated or permitted by the payee.

NOTES

1 See Item 5 for a description of the initial franchise fee for franchisees.

2 If you do not already own a site for your Ralph's Famous Italian Ices Shop, you must lease or acquire a site for your Ralph's Famous Italian Ices Shop for the term of the Franchise Agreement. You will probably choose for your Ralph's Italian Ices Shop to be located in a strip shopping center or on its own as a freestanding unit. In the event that you lease the premises for the Ralph's Famous Italian Ices Shop, we have provided an estimated cost, which estimate includes one month's rent plus one month's rent as security deposit. We have not provided an estimate of costs incurred for purchasing the premises for a Ralph's Famous Italian Ices Shop.

3 You must renovate or construct your Ralph's Famous Italian Ices Shop. This estimate includes costs of construction, remodeling, painting, and assumes that basic plumbing exists in the premises.

4 You must purchase the fixtures and furnishings for your Ralph's Famous Italian Ices Shop. This estimate includes the costs of outside tables and chairs, lighting fixtures, shelving and countertops.

5 You must equip your Ralph's Famous Italian Ices Shop. This estimate includes the costs of one walk-in freezer, 6 to 10 dipping freezers, one display freezer, two cash registers, one three-bay sink, a mop sink, a hand sink, dipper wells, a time clock, two BlendTec blenders, one under-counter refrigerator, a hot fudge warmer, a microwave, one soft-serve machine, one cone dip warmer, one beverage cooler, one countersink, and product shelving.

6 The figures in the chart reflect the estimated cost of interior and exterior signage required under Ralph's standards, specifications and requirements. The costs of signs depends on the size and location of your Ralph's Famous Italian Ices Shop, the particular requirements of the landlord, local and state ordinances and zoning requirements. The estimates provided in the chart include exterior and interior artwork and graphics, a menu sign, an awning, and neon lights.

[7] You must purchase the supplies for the Ralph's Famous Italian Ices Shop. This estimate includes the cost of mops, cleaning equipment, brooms, and paper and plastic food and beverage serving items (such as cups, bowls, plates, and utensils).

[8] You must purchase an initial inventory of Ralph's Frozen Desserts before the Ralph's Famous Italian Ices Shop opens for the first time and for each new season. The above estimated cost covers a supply of inventory for sales from approximately 2 days to approximately 5 weeks and is for a Ralph's Famous Italian Ices Shop located within 75 miles of JMS' place of business in Staten Island, New York. Your cost will be based upon the amount purchased. Your amount purchased will depend on your anticipated sales for your Ralph's Famous Italian Ices Shop, which will depend on a variety of factors such as weather, the size and location of your Ralph's Famous Italian Ices Shop, the time of year, and overall anticipated demand. This is a seasonal business and you may contact other franchisees in the System to gather information for how much inventory they typically order for the months when you anticipate opening your business.

If your Ralph's Famous Italian Ices Shop is located more than 75 miles from JMS' place of business in Staten Island, New York, JMS may also require you to pay shipping costs, and your costs for shipment and initial inventory would be higher, and depend on a variety of factors such as subject to delivery schedule and local demand.

[9] During the two-week time period prior to the initial opening of your Ralph's Famous Italian Ices Shop, you must spend at least $1,500 on grand opening local advertising and promotion. The grand opening advertising requirement does not apply to renewing Ralph's franchisees.

Between April 1 and August 30 of each year, you must spend an additional $1,500 on local advertising and promotion. We also have the right to increase this minimum expenditure at any time by any amount up to a maximum of $3,000. You must also, at your expense, obtain listings in the white and yellow pages of local telephone directories in accordance with our specifications. The amount of money you spend on advertising will depend on what month your Ralph's Famous Italian Ices Shop opens.

[10] Before you open your Ralph's Famous Italian Ices Shop, you must purchase the insurance coverage required by the Franchise Agreement, and described in Item 6, above. The cost of the business insurance coverage will vary from state to state and will depend on your prior loss experience, if any, and/or the prior loss experience of your insurance carrier in the state or locale in which you operate, and national or local market conditions. We anticipate that you will be required to pay your insurance carrier or agent a full annual premium in advance. The estimate provided in the chart is for a full annual premium.

[11] This estimate includes the travel, food and lodging expenses of 2 persons to attend the initial training course in Staten Island, New York required by the Franchise Agreement. We estimate that the training course will be for two or three days.

[12] This estimate includes the costs of deposits for gas and electric service that you will need to operate your Ralph's Famous Italian Ices Shop.

[13] Prior to the opening of your Ralph's Famous Italian Ices Shop, you must obtain all necessary permits and licenses. The above estimate includes building permits, certificates of occupancy and certificates of health.

[14] The need for additional funds varies, depending on a variety of factors. Assuming that your Ralph's Famous Italian Ices Shop is open during the first 3 months, we estimate the monies described in the chart will be necessary during the first 3 months of the operation of your Ralph's Famous Italian Ices

Shop. We have relied upon the expenditures paid by, and the experience of, our affiliate, JMS, in determining this estimate. The actual amount of additional funds you will need depends on factors such as the number of paid employees you hire and their rate of pay, your own management and operational skill, the time of season in which the Shop first opens, economic conditions and competition.

We do not offer direct or indirect financing to franchisees for any items described above.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To insure that the highest degree of quality and service is maintained, you must operate the Ralph's Famous Italian Ices Shop in strict conformity with the methods, standards and specifications as we may from time to time prescribe in the Manual or otherwise in writing; and you must refrain from deviating from such methods, standards and specifications without our prior written consent. We may revise the contents of the Manual, and you must comply with each new or changed standard and specification. You must at all times insure that your copy of the Manual is kept current and up to date.

You must maintain in sufficient supply (as we may prescribe in the Manual or otherwise in writing), and use at all times, only such frozen desserts, products and ingredients acquired from a supplier or suppliers we designate or approve, and such other ingredients, products, materials, supplies, paper goods, fixtures, furnishings, equipment, signs and menu items, as conform with our standards and specifications, and refrain from deviating from those standards and specifications by the use of nonconforming items, without our prior written consent.

You must sell or offer for sale only such Ralph's Frozen Desserts, Additional Products, beverages, and other products and services as we have expressly approved for sale in writing; sell or offer for sale all types of Ralph's Frozen Desserts, Additional Products, beverages, products and services we specify; refrain from any deviation from our standards and specifications without our prior written consent; and discontinue selling and offering for sale any Ralph's Frozen Desserts, Additional Products, beverages, products or services which we may, in its discretion, disapprove in writing at any time.

You must purchase the Ralph's Frozen Desserts solely from JMS, or other such sources as we designate in the Manual or otherwise in writing. You must purchase the Ralph's Frozen Desserts directly from JMS, and make payments for the Ralph's Frozen Desserts directly to JMS. You must pay JMS for the Ralph's Frozen Desserts that you purchase at the prices set forth in JMS' then-current price list for our franchisees, which JMS has the right to change from time to time. Currently, our franchisees pay less than the amount JMS charges to its wholesale customers. You must pay JMS for the Ralph's Frozen Desserts at the earlier of (a) 10 days from the date of receipt of the invoice for those products, or (b) prior to the delivery of any subsequent purchase of Frozen Desserts product from JMS. You must buy soft-serve mix from our approved vendor. Our officers, John Scolaro, Mike Scolaro, and Larry Silvestro, own an interest in JMS. They do not own an interest in any other approved supplier.

If you commit a default under the Franchise Agreement, which is capable of cure, we and are affiliates (including JMS) have the right, at our option, to suspend or refuse shipment to you of additional Ralph's Frozen Dessert Products or any other product which we or our affiliates are providing to you until you have cured the default beginning: (a) immediately after written notice if the default is for non-payment; (b) 7 days after written notice if the default is for failing to maintain the cleanliness of the Ralph's Famous Italian Ices Shop or failing to comply with our specifications; or (c) 14 days after written notice for any other curable default. This remedy is not exclusive and will not deprive us or our affiliates of any other remedies they may have under the Franchise Agreement (including termination of the Franchise Agreement).

Unless prohibited by local ordinance or otherwise approved by us in advance in writing, you must sell or offer for sale all approved products and services for walk-up window service only at your Ralph's Famous Italian Ices Shop, refrain from permitting any customer in-store dining or purchases, and prohibit all customers and public traffic from otherwise entering the premises of your Ralph's Famous Italian Ices Shop for any reason whatsoever (including for purchases of products or services). You must participate in our gift certificate program for all Ralph's Famous Italian Ices shops operating under the System, as we prescribe in the Manual or otherwise in writing, including selling and offering for sale gift certificates which may be redeemed at any Ralph's Famous Italian Ices shop for menu items or products, and permitting customers who purchased gift certificates from another Ralph's Famous Italian Ices shop or us to redeem their gift certificates for menu items or products at your Ralph's Famous Italian Ices Shop.

You must purchase and install, at your expense, all fixtures, furnishings, equipment (including the walk-in freezer, dipping freezers, refrigerator, sinks, dipper wells, blenders, hot fudge warmer, microwave, telecopy machine, telephone, and cash register or point-of-sale recording system), décor and signs as we may reasonably direct from time to time; and refrain from installing or permitting to be installed on or about the premises of your Ralph's Famous Italian Ices Shop, without our prior written consent, any fixtures, furnishings, equipment, décor, signs or other items not previously approved as meeting our standards and specifications.

All products sold or offered for sale at the Franchised Business must meet our then-current standards and specifications, as established in the Manual or otherwise in writing. You must purchase all products solely from suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your and other franchisees' needs promptly and reliably, and who we have approved in the Manual or otherwise in writing. We have the right to require you to purchase any or all approved products, equipment, or merchandise solely from us or our affiliate. If you desire to purchase products from other than approved suppliers, you must submit to us a written request to approve the proposed supplier, together with such evidence of conformity with our specifications as we may reasonably require. We will have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility we designate. A charge not to exceed the reasonable cost of the evaluation and testing must be paid by you or the supplier. We will, within 30 days after our receipt of your completed request and completion of such evaluation and testing (if we require), notify you in writing of our approval or disapproval of the proposed supplier. Approval will not be unreasonably withheld. You must not sell or offer for sale any products of the proposed supplier until our written approval of the proposed supplier is received. We may from time to time revoke our approval of particular products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease to sell any disapproved products and cease to purchase from any disapproved supplier.

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

Our affiliate, JMS, is the only approved supplier for water ice, hard ice cream, and sherbet frozen dessert products. JMS will derive revenue from your purchases of such products. In addition, we or our affiliates are approved suppliers for certain branded merchandise and certain items you will use in the marketing and promotion of your Ralph's Famous Italian Ices Shop such as T-shirts and hats. We and our affiliates may derive revenue from these required purchases. We estimate that the proportion of your required purchases from JMS to all your purchases of goods and services in establishing the Franchised Business will range from 3% to 10%, and in operating the Franchised Business will range from 25% to 35%. Based on the sales records of JMS, JMS derived $7,665,498.in revenue from franchisee purchases of frozen dessert products in its fiscal year December 31, 2021. JMS may derive revenue from sales of whipped cream dispensers and charges, toppings, brownies, pound cake, chocolate chip cookies, paper supplies and other related items to franchisees.

There are no purchasing or distribution cooperatives related to our franchises. We do not provide any material benefit to franchisees for use of approved suppliers. We may negotiate purchase arrangements with some of our suppliers (including price terms) for the benefit of our franchisees, but we are under no obligation to do so. We do not currently receive payment, in the form of preferred pricing, from any suppliers due to such suppliers' transactions with us or our franchisees.

Insurance

You also must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting you, us, our affiliates, and our respective officers, directors, partners, and employees. The policies must provide protection against any demand or claim relating to personal and bodily injury, death, or property damage, or any liability arising from your operation of the Unit. Required insurance will include comprehensive general liability coverage, including employment practices coverage; personal injury coverage; automobile coverage, including underinsured or uninsured coverage; and property damage coverage. All policies must be written by a responsible carrier or carriers whom we determine to be acceptable, must name us and our affiliates as additional insureds, and must provide at least the types and minimum amounts of coverage specified in the Franchise Agreement or otherwise in the Manual. In addition, we may designate one or more insurance companies as the insurance carrier(s) for Ralph's Famous Italian Ices Shop. If we do so, we may require that you obtain your insurance through the designated carrier(s).

Presently you must maintain the following minimum insurance amounts: (1) broad form comprehensive general liability with limits of no less than $1,000,000 in case of damage or injury to one or more persons, including indemnification coverage and property damage insurance of $500,000; both of which shall be considered primary policies; (2) all risk coverage on all personal property covering the Unit, its premises and its contents, and business interruption insurance; (3) worker's compensation, disability and employer's liability insurance, as well as any other insurance required by law; (4) product liability insurance with limits of at least $1,000,000 aggregate; and (5) any other insurance required by the state or local municipality where the Unit is located or that may be required by the terms of your lease.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	1.2	Item 11
b. Pre-opening purchases/leases	7.7	Items 5, 6, 7 and 8
c. Site development and other pre-opening requirements	5.1 and 5.2	Item 11
d. Initial and ongoing training	6	Items 6, 7 and 11
e. Opening	5.3	Item 11
f. Fees	4	Items 5, 6 and 7
g. Compliance with standards and policies/ Operating Manual	7.3, 7.4, 7.5, and 9.1	Items 8 and 11
h. Trademarks and proprietary information	8 and 10	Items 13 and 14
i. Restrictions on products/services offered	7.2, 7.3, and 7.5	Items 8 and 16
j. Warranty and customer service requirements	Not Applicable	Item 11
k. Territorial development and sales quota	2.2 and 14.3	Item 12
l. Ongoing product/service purchases	7.3	Item 8
m. Maintenance, appearance and remodeling requirements	7.10 and 7.11	Item 11
n. Insurance	13	Items 6 and 7
o. Advertising	7.6 and 12	Items 6, 7 and 11
p. Indemnification	20.3	Item 6
q. Owner's participation/management/staffing	7.12 and 7.13	Items 11 and 15
r. Records/reports	11	Item 6
s. Inspections/audits	3.6, 7.8 and 11.4	Items 6 and 11
t. Transfer	14	Item 17
u. Renewal	2.2	Item 17
v. Post-termination obligations	16	Item 17
w. Non-competition covenants	17	Item 17
x. Dispute resolution	25	Item 17
y. Other: Spousal Guaranty	18.4, Exhibit D	Item 15, Item 17, Exhibit J

ITEM 10

FINANCING

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

ITEM 11

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

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

Pre-Opening Obligations

Before the Ralph's Famous Italian Ices Shop opens, we will provide you with the following:

1. We will make available to you standard plans and specifications for a prototypical Ralph's Famous Italian Ices Shop (Franchise Agreement, Section 3.1);

2. We will provide initial training for up to 2 persons (Franchise Agreement, Sections 3.2 and 6);

3. We will provide two days of on-site supervision and assistance (unless you are already a current Ralph's Famous Italian Ices franchisee) (Franchise Agreement, Section 3.3);

4. We may make available to you on occasion, at your expense, advertising and promotional materials (Franchise Agreement, Sections 3.4 and 12);

5. We will provide you, on loan, one copy of our Confidential Operating Manual (Franchise Agreement, Sections 3.5 and 9); and

6. We or JMS will make available to you for sale, or will designate or approve other suppliers who will make available to you for sale, the initial inventory of Ralph's Frozen Desserts and ingredients for any other menu items as we may designate in writing from time to time (Franchise Agreement, Section 3.7).

Continuing Obligations

After the Ralph's Famous Italian Ices Shop opens, we will provide you with the following:

1. During the required time period of operations of the Ralph's Famous Italian Ices Shop, as we specify in the Manual or otherwise in writing from time to time, we or JMS will make available to you for sale, or will designate or approve other suppliers who will make available to you for sale, the Ralph's Frozen Desserts and ingredients for any other menu items as we may designate in writing from time to time (Franchise Agreement, Section 3.7);

2. We have the right, as we deem advisable in our sole discretion, to conduct inspections of your operation of the Ralph's Famous Italian Ices Shop, including annual inspections before the Ralph's Famous Italian Ices Shop opens for each season (Franchise Agreement, Section 3.6); and

3. We may make available to you on occasion, at your expense, advertising and promotional materials (Franchise Agreement, Sections 3.4 and 12).

Advertising Programs

Advertising Fund. You must contribute to the System's advertising fund (the "Fund") for advertising and promotion in the amount we or our designee invoice (the "Ad Fee"). We reserve the right to change the size of the tub of the Ralph's Frozen Dessert products and to adjust the advertising fee, as specified in the Franchise Agreement. Each new franchisee is required to contribute to the Fund at the same rate. Some of our existing franchisees pay a lower Ad Fee. Our company-owned store does not contribute to the Fund.

We direct all advertising programs of the Fund, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation of them. (Franchise Agreement, Section 12.5.1). The Fund's advertising may be disseminated in print, radio, or television, and may be local, regional, or national in scope. The source of the advertising is from in-house advertising or a local advertising agency. The Fund, all contributions to it, and any of its earnings, are used exclusively to meet any and all costs of filing, maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs, registration and maintenance of trademarks including legal fees and any other activities which we believe will enhance the image of the System, including, among other things, the costs of preparing and conducting radio, cable television, print, and Internet-based advertising campaigns; utilizing networking media sites, such as Facebook, Twitter, LinkedIn, and on-line blogs and forums; developing, maintaining, monitoring and updating a Web site on the Internet; direct mail advertising; marketing surveys; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; providing promotional and other marketing materials and services to the businesses operating under the System; and advertising for the sale of franchises. (Franchise Agreement, Section 12.5.2). During our last fiscal year ending December 31, 2021, we expended 5% of Fund contributions on promotional materials and 95% of Fund contributions on media placement. We do not intend to use any monies contributed to the Fund for the solicitation of the sale of franchises.

All sums paid by you to the Fund will be maintained in an account separate from our other monies and will not be used to defray any of our expenses, except for any reasonable costs and overhead as we may incur in activities reasonably related to the direction and implementation of the Fund and advertising programs for franchisees and the System, including, among other things, costs of personnel for creating and implementing advertising, promotional, and marketing programs.

We maintain separate bookkeeping accounts for the Fund. The Fund is audited annually after the end of our fiscal year (December 31), but we are not required to make available for your review copies of the Fund's audited financial statements. However, we will furnish them to you upon written request. (Franchise Agreement, Section 12.5.3).

Except as indicated above, we do not receive payment for providing goods or services to the Fund. We are not be obligated, in administering the Fund, to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or from expenditures by the Fund. (Franchise Agreement, Section 12.5.3). It is anticipated that all contributions to and earnings of the Fund will be expended for advertising and/or promotional purposes during the taxable year within which the contributions are made. If, however, excess amounts remain in the Fund at the end of such taxable year, all expenditures in the following taxable year(s) will be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions. We do not intend to use any monies contributed to the Fund for the solicitation of the sale of franchises. (Franchise Agreement, Section 12.5.4).

Although we intend that the Fund will be of perpetual duration, we maintain the right to terminate the Fund. The Fund may not be terminated, however, until all monies in the Fund have been expended for advertising and/or promotional purposes or returned to contributors on the basis of their respective contributions. (Franchise Agreement, Section 12.5.5).

Local Advertising. All advertising and promotion by you must be in such media and of such type and format as we may approve, must be conducted in a dignified manner, and must conform to such standards and requirements as we may specify. You must not use any advertising or promotional plans or materials unless and until you have received written approval from us. (Franchise Agreement, Section 12.6). You must submit to us, for our prior written approval, samples of all advertising and promotional plans and materials (along with the proposed publication or other media in which such advertising will be used, the circulation or geographic reach of such media, and a list of any franchisees that may be affected by such advertising), and proposed coupons for any print, broadcast, cable, electronic, computer or other media (including the Internet) that you desire to use. Our approval of any advertising or promotional materials will be effective for 6 months from the date you receive our written approval, but our approval will be limited to the advertisement's use in the publication or other media originally approved by us. You may not use any plans, materials, or coupons until they have been approved by us in writing. If written notice of approval is not received by from us within 15 days of the date we receive the samples or materials, we will be deemed to have disapproved them. If you use any unapproved advertising, you must pay us the fines described in Item 6 (see Note 16). (Franchise Agreement, Section 12.7). You may not advertise outside of your Territory without our prior written consent. (Franchise Agreement, Section 12.1).

You may not advertise, market, or promote any products or services offered at the Ralph's Famous Italian Ices Shop in the territory of any other Ralph's Famous Italian Ices franchisee. This prohibition includes advertising conducted through newspapers and other print media, radio, television, direct mail, electronic mail, and distribution of leaflets, coupons, or other promotional items as determined by us in our sole discretion. This prohibition does not include telephone directory listings. If you violate this obligation, you must pay us the fines and fees described in Item 6 (see Note 16). In addition, if another Ralph's Famous Italian Ices franchisee honors any coupon, discount, or promotion advertised by you in the other franchisee's territory, you will be obligated to compensate that franchisee for the amount of the coupon, discount, or promotion honored. (Franchise Agreement, Section 12.2).

We may make available to you, at your expense, such promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions and similar advertising and promotional materials. (Franchise Agreement, Section 12.6).

Web Site. We reserve the right to require you to establish and maintain a Website (defined below), at your expense, in connection with your Ralph's Famous Italian Ices Shop. Except as we otherwise approve in advance, you may not establish or maintain any other Web site, or otherwise maintain a presence or advertise on the Internet or any other public computer network, in connection with your Ralph's Famous Italian Ices Shop. The term "Website" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including any account, page, or other presence on a social or business networking media site, such as Facebook, Twitter, LinkedIn, and on-line blogs and forums.

In connection with your Web site, you must comply with the following requirements, in addition to those we may set forth in the Manuals or otherwise in writing. You may only use Web materials, Web pages, Web site content which we have approved in advance in writing. You must promptly incorporate on, and remove from, your Web site any information we require. You must provide on your Web site all hyperlinks or other links we require. You are prohibited from using the Proprietary Marks on your Web site except as we expressly permit. You are prohibited from posting or including any confidential information (as described in the Franchise Agreement) or any other copyrighted material or information on your Web site without our prior written approval. You must not modify your approved Web site without our prior written approval. We may provide you with materials for your Web site, which you must adapt and use, but we will at all times remain the owner of the copyrights for all material which appears on your Web site. You must obtain our prior written approval for each Internet domain name and/or home page address you use in connection with your Web site, and we will at all times remain the sole owner of the domain name and/or home page address for the Web site you maintain in connection with the Ralph's Famous Italian Ices Shop. (Franchise Agreement, Section 12.8).

Advertising Cooperative. We reserve the right to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative") in the future, and to determine whether such a Cooperative applies to your Ralph's Famous Italian Ices Shop. If we have established a Cooperative applicable to your Ralph's Famous Italian Ices Shop at the time you commence operation of your Ralph's Famous Italian Ices Shop, you must immediately become a member of the Cooperative. If we establish a Cooperative applicable to your Ralph's Famous Italian Ices Shop at any later time during the term of your Franchise Agreement, you must become a member of such Cooperative within 30 days of the date on which the Cooperative commences operation. If your Ralph's Famous Italian Ices Shop is within the territory of more than one Cooperative, then you are only required to be a member of one Cooperative. (Franchise Agreement, Section 12.10).

Each Cooperative will be organized and governed in a form and manner, will commence operation on a date, and will operate according to written governing documents, all of which we must approve in advance in writing. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior approval. Each Cooperative will have the right to require its members to make contributions to the Cooperative in the amounts as are determined by the Cooperative. You will not be required to contribute more than $4,000 to the Cooperative during any calendar year, and any contributions you make up to $1,000 during a single calendar year will be credited to your $1,500 required annual expenditure for local advertising and promotion for the same calendar year.

Your contributions to the Cooperative must be submitted in the amount the Cooperative or we invoice, together with such statements or reports as may be required by us or by the Cooperative with our prior approval. All contributions made to the Cooperative will be forwarded to us, which we will expend on behalf of the Cooperative. We reserve the right to require Cooperatives to be changed, dissolved, or merged.

Advertising Council. There is no advertising council in existence at this time, although we reserve the right to create an advertising council in the future.

Operations Manual

You must operate the Franchised Business in accordance with the Manual provided to you. We may revise the contents of the Manual, and you must comply with each new or changed standard. You must at all times insure that your copy of the Manual is kept current and up to date. The Table of Contents of the Manual is attached to this disclosure document as Exhibit C. The total numberof pages are 115 and the number of pages devoted to each topic are reflected in the Table of Contents.

Site Selection

You must operate the Franchised Business only at the "Approved Location" set forth in the Franchise Agreement. You may not relocate the Franchised Business without our prior written approval, which we may withhold in our sole discretion. If, at the time of signing of the Franchise Agreement, you have not yet obtained a location approved by us, you must, at your expense, lease or acquire a location approved by us within 365 days, within the Site Selection Territory specified in your Franchise Agreement. If you fail to obtain an Approved Location within 365 days of signing the Franchise Agreement, we can terminate the Franchise Agreement.

You must submit your proposed site to us for approval within 270 days of signing the Franchise Agreement in the manner and form specified in the Franchise Agreement, and we will notify you in writing of its approval or disapproval of your proposed site within 30 days. We will provide such site selection guidelines and consultation as we deem advisable. We will conduct up to 2 on-site evaluations, as we deem necessary and appropriate. Such evaluations will be at our expense if the proposed site is within 100 miles of our principal place of business in Staten Island, New York, or at your expense if the proposed site is more than 100 miles of our principal place of business. For any additional on-site evaluation, you must reimburse us for our expenses, including costs of travel, lodging and meals. Our approval of your proposed site will depend on such factors as general location and neighborhood, parking, traffic patterns, and size of the building.

Computer System

We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at the Franchised Business; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems (the "Computer System"). (Franchise Agreement, Section 7.18.1.)

We also have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs that you must use in connection with the Computer System (the "Required Software"), which you must install at your expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install at your expense; (c) the tangible media upon which you record data; and (d) the database file structure of the Computer System. (Franchise Agreement, Section 7.18.2.)

We currently only require that you purchase a cash register system, which will cost approximately $600. However, your cost will increase if we later require that you purchase additional hardware or software. At our request, you must purchase or lease, and maintain, the Computer System and the Required Software. We have the right to require you to order food items (including Ralph's Frozen Dessert products and soft-serve mix), ingredients, supplies, materials, and other products and equipment using the Computer System and to report sales to Franchisor using the Computer System. We have the right at any time to remotely retrieve and use this data and information from your Computer System or Required Software that we deem necessary or desirable. There are no restrictions on our right to access this data and information. You must keep you Computer System in good maintenance and repair and install all additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we may reasonably direct periodically in writing, all at your own expense. You must upgrade or update your Computer System and Required Software at your expense as we may require. There is no limitation on how often we may require these upgrades or the cost of these upgrades. Your Computer System must be operational before you open your Franchised Business. (Franchise Agreement, Section 7.18.3.)

Your Computer System must be capable of running the Required Software, including bookkeeping, data base functions, and basic cash register functions. The Computer System and Required Software will be used to record and account for all revenues and to track inventory and sales. Neither we, our affiliates, nor any third party is obligated to provide ongoing maintenance, repairs, upgrades, or updates to your Computer System or Required Software. You may have to pay a third party additional fees for these services.

Typical Length of Time Between Signing Franchise Agreement and Opening Franchised Business

The typical length of time between signing the Franchise Agreement and opening a Ralph's Famous Italian Ices Shop is 6 months to 1 year. The factors that affect this time are your ability to obtain a location, financing or building permits; zoning and local ordinances; your ability to complete the initial required training course to our satisfaction; weather conditions; shortages; and delayed installation of equipment and signages.

Training Programs

Our initial training program will consist of approximately 2 days of training and will, at our option, take place in Staten Island, New York or at your Ralph's Famous Italian Ices Shop. You, your manager and, at your option one additional employee must attend and complete the initial training program to our satisfaction at least one week prior to the opening of your Ralph's Famous Italian Ices Shop. Instructional materials for the training program consist of the Manual. We do not maintain a formal training staff, and all training programs are conducted on an as-needed basis. All training will be conducted by John Scolaro and Kristy Pavia. The minimum experience of John Scolaro that is relevant to the subject taught and our operations is from 1 to 25 years. Initial training obligations do not apply to renewing Ralph's franchisees.

You must also attend such additional courses, seminars, and training programs as we may reasonably require from time-to-time. We conduct additional training programs on an as-needed basis. All such training programs shall be at such times and places as we designate.

For all required training courses, seminars, and programs for up to 3 persons only, we will provide instructors and training materials. You are solely responsible for the training (including all associated costs and expenses) of any additional persons as may be required by the Franchise Agreement. You and your employees will be responsible for any and all other expenses incurred in connection with any such courses, seminars, and programs, including the costs of transportation, lodging, meals, and wages.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Overview	Not Applicable	30-60 min.	Ralph's Headquarter
Operations Manual	Not Applicable	30-60 min.	Ralph's Headquarter
Franchisee's Responsibilities	Not Applicable	30-60 min.	Ralph's Headquarter
Training for Product/Service Presentation	Not Applicable	6-10 hrs.	Your Shop

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Hiring your staff and personnel practices and policy	Not Applicable	60 min.	Your Shop
Job & Staff Training	Not Applicable	30-60 min.	Your Shop
Receiving & Storing Products	Not Applicable	30-60 min.	Your Shop
Health, Sanitation & Licensing Requirements	Not Applicable	30-60 min.	Your Shop
Total	Not Applicable	10-17hrs	Your Shop

ITEM 12

TERRITORY

Upon the signing of the Franchise Agreement, you will receive a defined site selection search area which will be exclusive to you. Upon the signing of a lease within the search area, you will then receive a designated Territory ("Designated Territory"). Your Franchise Agreement will specify the site that will be the Approved Location for your Ralph's Famous Italian Ices shop. The size of your Territory will vary depending on the population of a particular location. A territory located in a suburban area could vary in radius from ½ mile to 3 miles, while a territory located in a more populated area could vary in radius from ½ mile to 1 mile.

The Designated Territory granted to you is not dependent upon the achievement of a certain sales volume, market penetration or other contingency. There are no circumstances under which the protected area granted to you may be altered before the expiration or termination of the Franchise Agreement, without our mutual consent.

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

JMS has been selling at wholesale to locations, which may be within your Territory, the Ralph's Frozen Desserts for re-sale under the Proprietary Marks, and, in such cases, JMS will have the right to continue to sell such products at wholesale to these locations for re-sale under the Proprietary Marks. If any such location is within your Territory, it will be specified in your Franchise Agreement.

We retain the rights, among others, on any terms and conditions we deem advisable, and without granting any rights to you: (a) to establish and operate, and license others to establish and operate, a Ralph's Famous Italian Ices shop under the System and the Proprietary Marks at any location outside your Territory; (b) to sell or distribute, directly or indirectly, or license others to sell or distribute water ice, other frozen dessert products, and any other products or services, including sales made at supermarkets, convenience stores, grocery stores, machines, variety stores and the Internet, at any location, whether within or outside your Territory, under the same or different Proprietary Marks; (c) to acquire and operate any business or store of any kind under different proprietary marks, at any location (notwithstanding its proximity to the Approved Location), whether within or outside your Territory; and (d) within and outside your Territory, to acquire, merge with, or otherwise affiliate with, and then own and operate, and franchise or license others to own and operate, any business of any kind, including any business that offers products or services the same as or similar to those offered under the System or that uses the Proprietary Marks or any other system or marks.

You may not sell products or services under the Franchise Agreement outside your Territory. You may not advertise outside of your Territory without our prior written consent. You will not be granted any option, right of first refusal or similar right to acquire additional franchises within your Territory, or in a contiguous territory.

As of the date of this disclosure document, neither we nor any affiliate has used other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within any franchisee's territory using the Proprietary Marks or marks other than the Proprietary Marks; however, we reserve the right to do so. You are not restricted from soliciting or accepting orders from consumers outside of your Territory, but you may not make sales within or outside of your Territory using other channels of distribution, such as the Internet (without our prior written permission), catalog sales, telemarketing, or other direct marketing. Neither we nor other franchisees will have to compensate you for soliciting or accepting orders from inside your Territory.

Neither we nor any affiliate of ours currently operates or franchises, or has present plans to operate or franchise, a business under a different trademark that sells goods and services similar to those being offered at the Ralph's Famous Italian Ices Shop, but we reserve the right to do so.

If your lease for the premises of the shop terminates without your fault, or if the premises are damaged, condemned or otherwise unusable, or if in your and our reasonable judgment there is a change in the character of the location of the shop sufficiently detrimental to its business potential to warrant its relocation, we shall grant permission to you for relocation of the shop.

ITEM 13

TRADEMARKS

You will be granted the right, by the Franchise Agreement, to establish and operate a Franchised Business under the Proprietary Mark "Ralph's Famous Italian Ices" and such other trademarks, trade names, and service marks as we may designate as part of the System.

We have registered the following marks on the Principal Register of the United States Patent and Trademark Office:

Mark	Class	Application/ Registration Number	Application/ Registration Date
Ralph’s Famous Italian Ices	30	2,338,849	April 4, 2000
Ralphie	30	2,792,462	December 9, 2003
Ralphaccino	30	2,848,374	June 1, 2004
Ralph’s Twister	30	3,514,257	October 7, 2008
Ralph’s Famous Italian Ices	35, 43	3,816,413	July 13, 2010
Ralph’s Famous Italian Ices & Ice Cream	35	4,354,214	June 18, 2013
Ralph’s Famous Italian Ices	32	4,661,722	December 30, 2014
Artic Shakes	9	4,666,805	January 6, 2015
Ralph’s Ices Lemon Character	30,32,35,43	5,333,430	November 14,2017
Ralph’s Famous Italian Ices & Ice Cream & lemon Logo	43	5,695,423	March 12, 2019
Ralph’s Famous Italian Ices & Ice Cream & lemon Logo	29,30,32,35,43	6471560	August 31, 2021
Cone Character Design	33	6348185	November 6, 2020
Ralph’s Famous Italian Ices & Ice Cream	43	6158335	September 22, 2020
Ralph’s Awning Design	29,30,32,33,35,43	90/302728	November 6, 2020
Doughnado and Design	30,43	6,602,430	December 28, 2021
Doughnado	30,43	90/160,068	September 4, 2020
Doughnado	30	90/976,417	September 4, 2020

Ralph's Famous Italian Ices & Ice Cream	33	88/841,660	March 20, 2020
Ralph's Famous Italian Ices & Ice Cream & Logo	33	88/841,661	March 20, 2020

WE DO NOT HAVE A FEDERAL REGISTRATION FOR OUR PRINCIPAL TRADEMARKS (90/160,068, 90/302728, 88/841,660,88/841,661 and 90/976,417). THEREFORE, OUR TRADEMARK DOES NOT HAVE MANY LEGAL BENEFITS AND RIGHTS AS A FEDERALLY REGISTERED TRADEMARK. IF OUR RIGHT TO USE THE TRADEMARK IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK, WHICH MAY INCREASE YOUR EXPENSES.

There are no agreements currently in effect which significantly limit our right to use or license the use of such Proprietary Marks which are in any manner material to the franchise. All required affidavits and renewals pertaining to this registration have been filed. We intend to file all required affidavits and renewals pertaining to this registration when they become due. There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state, or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Proprietary Marks which may be relevant to their use in this state or otherwise.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our affiliate's ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlements. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will bear the cost of such defense, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must bear the cost of such defense, including the cost of any judgment or settlement.

We do not actually know of any infringing uses that could materially affect your use of the Proprietary Marks in this state or elsewhere.

We reserve the right, at our sole discretion, to modify, add to, or discontinue use of the Proprietary Marks, or to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. You are required to comply with any such changes, revisions and/or substitutions, and you must bear the costs of modifying your signs, advertising materials, interior graphics and any other items to conform to our new Proprietary Marks.

ITEM 14

PATENTS, COPYRIGHTS AND OTHER PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any right in, or to, any patents or registered copyrights that are material to the franchise.

Confidential Manual

In order to protect our reputation and goodwill and to maintain high standards of operation under the System, you must operate your Ralph's Famous Italian Ices Shop in accordance with the standards, methods, policies, and procedures specified in the Manual. Upon your completion of our initial training program to our satisfaction, we will loan you one copy of the Manual for the term of your Franchise Agreement.

You must treat the Manual, any other manuals created for or approved for use in the operation of the Ralph's Famous Italian Ices Shop, and the information contained therein, as confidential, and you must use all reasonable efforts to maintain such information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place on the Ralph's Famous Italian Ices Shop premises. We may revise the contents of the Manual, and you must comply with each new or changed standard.

You must ensure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.

Confidential Information

You must not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, limited liability company or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised under the Franchise Agreement (including recipes, prepared mixtures or blends of flavors, drawings, materials, or equipment) which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of the Franchise Agreement. You may divulge such confidential information only to those of your employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, techniques, and other data which we designate as confidential shall be deemed confidential for purposes of the Franchise Agreement.

At our request, you must require your manager and any personnel having access to any of our confidential information to sign covenants (attached as Exhibit C to the Franchise Agreement) that they will maintain the confidentiality of information they receive in connection with their employment by you at the Franchised Business.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You must devote full time and best efforts to the management and operation of the Ralph's Famous Italian Ices Shop. You (or, if you are a corporation, partnership or limited liability company, at least one of your principals) must take an active role in the operation of the Ralph's Famous Italian Ices Shop and be on the premises operating the Ralph's Famous Italian Ices Shop during peak hours of store operation as we specify in writing.

The Ralph's Famous Italian Ices Shop must at all times be under the direct, on-premises supervision of an individual who has satisfactorily completed the training as we specify in writing. You must maintain a competent, conscientious, trained staff, including a manager (unless you are the manager), who has completed the training as we specify in writing.

At our request, you must obtain and furnish to us signed non-competition and confidentiality covenants (attached as Exhibit C to the Franchise Agreement) from your manager and other personnel having access to our confidential information by virtue of their relationship with you.

If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. This "Guaranty and Assumption of Obligations" is Exhibit D of the Franchise Agreement. The spouses of your owners are not required to sign the Disclosure of Principals form attached as Exhibit A to the Franchise Agreement and the spouses are not required to sign the Guaranty and Assumption of Obligations.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must (1) sell or offer for sale only such products and services as we have expressly approved for sale in writing; (2) sell or offer for sale all types of products and services we specify, including any proprietary products which we may develop from time to time; (3) refrain from any deviation from our standards and specifications without our prior written consent; and (4) discontinue selling and offering for sale any products or services which we may, in our discretion, disapprove in writing at any time.

All products sold or offered for sale at the Franchised Business must meet our then-current standards and specifications, as established in the Manual or otherwise in writing. You must purchase all food items, ingredients, supplies, materials and other products and equipment to be used or offered for sale at the Ralph's Famous Italian Ices Shop for which we have established standards and specifications solely from suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who we have approved in the Manual or otherwise in writing. See Item 8.

At the time your Ralph's Famous Italian Ices Shop opens, you must stock the initial inventory of frozen dessert products and supplies we prescribe in the Manual or otherwise in writing. Thereafter, you must stock and maintain all types of approved products in quantities sufficient to meet reasonably anticipated customer demand. We have the right to determine the prices of the products and services offered and sold by you. We also have the right to establish minimum prices and/or maximum prices of the products and services offered and sold by you. You must strictly adhere to the prices (including minimum and/or maximum prices) established by us. We retain the right to modify the prices from time-to-time in our absolute discretion. You must comply with all of our policies regarding advertising and promotion, including the use and acceptance of coupons.

We have the right, in our sole discretion, to designate, in the Manual or otherwise in writing, the dates by which the Ralph's Famous Italian Ices Shop must open and close for each season. For each day that the Ralph's Famous Italian Ices Shop is not open after the required opening date, and for each date that the Ralph's Famous Italian Ices Shop remains open after the required closing date, you must pay us a daily fine in an amount designated in the Manual or otherwise in writing.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The following table lists important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this disclosure document.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a.	Term of franchise	2.1	7 years (10 years for renewal).
b.	Renewal or extension of the term	2.2	You have the right to renew the initial Franchise Agreement for 1 consecutive terms of 10 years.
c.	Requirements for you to renew or extend	2.2	Give written notice between 9 and 12 months before the end of the current term; have purchased at least 6,500 gallons of Frozen Desserts from JMS during the most recently completed season; make or provide for renovation of the premises of the Ralph's shop as we reasonably require; not be in default of any agreement between us and you, or between any of our affiliates and you; complied with such agreements during their terms; satisfied all obligations owed to us or to our affiliates, and met those obligations throughout the term of the Franchise Agreement; show to us that you have the right to remain in possession of the premises for the duration of the renewal period; sign our then-current franchise agreement, which may contain materially different terms and conditions than your initial Franchise Agreement; sign a Renewal Addendum, which includes a general release of us and our affiliates (see Exhibit G); comply with our then-current qualification and training requirements; and pay us a renewal franchise fee in an amount equal to Twenty Thousand Dollars($20,000).
d.	Termination by you	No provision	The Franchise Agreement does not contain such a provision.
e.	Termination by Ralph's without cause	No provision	The Franchise Agreement does not contain such a provision.
f.	Termination by us with cause	15	We have the right to terminate the Franchise Agreement with cause. Depending upon the reason for termination, we may not provide you an opportunity to cure. See this Item 17(g) and (h) for further description.
g.	Cause defined default which can be cured	15.3	You will have 30 days to cure defaults that are capable of cure, except that you will have 15 days to cure any failure to pay monies owing to us or our affiliates. Defaults capable of cure include, for example: (1) failure to maintain the cleanliness of the Ralph's Famous Italian Ices Shop, or failure to comply with any of our specifications; (2) failure to comply with the requirements of the Franchise Agreement or the Manual; (3) failure, refusal or neglecting to promptly

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
			pay monies owing to us or our affiliates when due; (4) failure to maintain and observe standards or procedures prescribed in the Franchise Agreement, the Manual or otherwise in writing; (5) failure to obtain required approvals; (6) acting in a manner which is inconsistent with or contrary to your lease or sublease for the premises, or jeopardizing your right to renew the lease or sublease; or (7) engaging in any business which uses a confusingly similar mark.
h.	Cause defined - default which cannot be cured	15.1 and 15.2	Your rights will automatically terminate without notice if you become insolvent, file for bankruptcy, or are subject to various legal actions or proceedings. We may terminate the Franchise Agreement, without any opportunity to cure the default, effective immediately upon notice, if, for example: (1) you fail to locate an approved site or to construct and open the Ralph's Famous Italian Ices Shop within the time prescribed by the Franchise Agreement or the Site Selection Addendum; (2) you fail to open and/or close the Ralph's Famous Italian Ices Shop each season on the dates we require; (3) you or your designated trainees fail to complete the initial training program, or you fail to provide training to your employees as required by the Franchise Agreement; (4) you cease to operate the Franchised Business or you lose the right to possession of the premises of the Franchised Business; (5) you are convicted of certain crimes; (6) a threat to public health or safety results from the operation of the Franchised Business; (7) you attempt to transfer any percentage of your rights under the Franchise Agreement or in Franchisee or the Franchised Business without our consent; (8) an approved transfer is not made within the time provided following death or mental incapacity; (9) you fail to comply with the covenants relating to non-disclosure and non-competition or fail to obtain execution of covenants from others, as required by the Franchise Agreement; (10) you disclose the contents of the Manual or other confidential information; (11) you submit false reports; (12) you misuse the Proprietary Marks or damage the goodwill in the Proprietary Marks; (13) you refuse to let us inspect the premises of the Franchised Business, or your books, records or accounts; (14) you receive a notice of default and do not initiate a cure immediately; or (15) if after you cure any default, you commit the same default again.
i.	Your obligations on termination/ non-renewal	16	Cease to operate the Franchised Business, cease to use any confidential information, the Proprietary Marks and certain other material associated with the System, cancel any assumed name registration, pay all amounts owed to us plus liquidated damages. There are other obligations as well.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
j.	Assignment of contract by us	14.1	We have the right to transfer or assign all or any part of our rights or obligations under the Franchise Agreement to any person or legal entity.
k.	"Transfer" by you – definition	14.2	You may not transfer any percentage of your interest in the Franchise Agreement or Franchisee, or sell substantially all of the assets of the Franchised Business, without our prior written consent.
l.	Our approval of transfer by you	14.2	Any purported assignment or transfer, by operation of law or otherwise, not having our written consent required by the Franchise Agreement, will be null and void.
m.	Condition for our approval of transfer	14.3	We may impose any or all of the following conditions on our approval of your proposed transfer: you have operated the Franchised Business for at least two complete seasons of six consecutive months; you have satisfied your accrued monetary obligations and other obligations to us and our affiliates; you are not in default of any agreement between us and you, or between any of our affiliates and you; you have purchased at least 6,500 gallons of Ralph's Frozen Desserts from JMS during the most recently completed season prior to your transfer notice; you sign a general release of us; the transferee enter into a written assignment, assuming and agreeing to perform your obligations under the Franchise Agreement, and that you guarantee the performance of all such obligations; the transferee show to us that it meets our standards, as specified in the Franchise Agreement; the transferee sign our then-current form of franchise agreement; you remain liable for all of your obligations to us in connection with the Franchised Business which arose prior to the transfer; the transferee complete our training programs; and you pay a $7,500 transfer fee to us.
n.	Our right of first refusal to acquire your business	14.5	We will have the option to purchase the seller's interest on the same terms and conditions offered by a third party.
o.	Our option to purchase your business	16.8	We have the option to purchase from you any or all of the equipment, signs and customer lists related to the operation of the Franchised Business at fair market value or at your depreciated book value, whichever is less, and to purchase any or all supplies and inventory of the Franchised Business at your cost or depreciated book value, whichever is less.
p.	Your death or disability	14.6	Upon your death or mental incapacity, your executor, administrator, or personal representative must transfer your interest in the Franchise Agreement, the Franchisee, or the Franchised Business to a third party approved by us within 9 months after your death or mental incapacity. Such transfers will be subject to the same conditions as any other transfer.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
q.	Non-competition covenants during the term of the franchise	17.2	You must not: (a) divert or attempt to divert any business or customer to any competitor, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System; (b) own, maintain, operate, engage in, be employed by, provide any assistance to, or have any interest in any business that (i) offers, sells or manufactures products or services which are the same as or similar to the products and services being offered by the Ralph's Famous Italian Ices Shop under the System, including water ice, hard and soft serve ice cream, sherbet, or frozen desserts; and (ii) is, or is intended to be, located at or within: your territory (as defined in the Franchise Agreement); the county or municipality in which the Approved Location is located; the state in which the Approved Location is located; or 10 miles of any business operating under the Proprietary Marks.
r.	Non-competition covenants after the franchise is terminated or expires	17.3	You must not, for a continuous uninterrupted period of 2 years following the transfer, termination or expiration of the Franchise Agreement own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in any business that: (i) offers, sells or manufactures products or services which are the same as or similar to the products and services offered by the Franchised Business under the System, including providing water ice, hard and soft serve ice cream, sherbet, or frozen desserts; and (ii) is, or is intended to be, located at or within: your territory (as defined in the Franchise Agreement); the county or municipality in which the Approved Location is located; 15 miles of the Approved Location; or 10 miles of any business operating under the Proprietary Marks.
s.	Modification of the Agreement	23	No amendment, change, or variance from the Franchise Agreement will be binding on either party unless mutually agreed to by the parties and signed in writing.
t.	Integration/ merger clauses	23	The Franchise Agreement, the documents referred to in the Franchise Agreement, and the attachments if any, constitute the entire, full, and complete agreement between you and us concerning the subject matter of the Franchise Agreement, and supersede all prior agreements.
u.	Dispute resolution by arbitration or mediation	25.2	All disputes and claims relating to the Franchise Agreement must be settled by arbitration at the JAMS Resolution Center located in New York City, New York in accordance with the Federal Arbitration Act and the JAMS Comprehensive Arbitration Rules and Procedures.
v.	Choice of forum	25.2	All disputes and claims relating to the Franchise Agreement must be arbitrated at the JAMS Resolution Center located in New York City, New York. Judgment upon the arbitrator's

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
			award must be submitted for confirmation to the United States District Court for the Southern District of New York.
w.	Choice of law	25.1	The Franchise Agreement will be interpreted and construed under the laws of the State of New York.

ITEM 18

PUBLIC FIGURES

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

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 Larry Silvestro, 501 Port Richmond Avenue, Staten Island, New York 10302, (718) 448-0853, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2019 TO 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	79	79	0
	2020	79	81	+2
	2021	81	84	+3
Company-Owned	2019	1	1	0
	2020	1	1	0

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
	2021	1	1	0
Total Outlets	2019	80	80	0
	2020	80	82	+2
	2021	82	85	+3

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2019 TO 2021

State	Year	Number of Transfers
New Jersey	2019	0
	2020	0
	2021	1
New York	2019	3
	2020	1
	2021	5
Total	2019	3
	2020	1
	2021	6

STATUS OF FRANCHISED OUTLETS
FOR YEARS 2019 TO 2021

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewal	Reacquired by Franchisor	Ceased Operations–Other Reasons	Outlets at End of Year
CT	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
NJ	2019	11	0	0	0	0	1	10
	2020	10	0	0	0	0	0	10
	2021	10	1	0	0	0	1	10
NY	2019	68	3	0	0	0	2	69
	2020	69	1	0	0	0	0	70
	2021	70	3	0	0	0	0	73
Total	2019	79	3	0	0	0	3	79
	2020	79	2	0	0	0	0	81
	2021	81	4	0	0	0	1	84

STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2019 TO 2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
NY	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Total	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1

The following table gives the projected number of new franchised and company-owned shops during the one-year period January 1, 2019 through December 31, 2021.

PROJECTED OPENINGS
AS OF DECEMBER 31, 2021

State	Franchise Agreement Signed But Unit Not Yet Opened As of 12/31/21	Projected New Franchised Units Opening in Fiscal Year 2021	Projected New Company-Owned Units in Fiscal Year 2021
NJ	0	1	0
NY	0	2	0
Total	0	3	0

A list of our franchisees and the addresses and telephone numbers of their outlets as of December 31, 2021 is attached as Exhibit D.

The following franchisees had a shop transferred, terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or has not communicated with Ralph's within the 10 weeks preceding the date of this Disclosure Document:

Franchisee Name	Last Known Location and Telephone Number
David Zimet	122 South Main Street, Hightstown, BJ 08520 Tel:609-469-0162
Merlina Barbuscia	18 Vineyard Way, Mount Sinai, NY 11766
Michael Felicetti	495 Venetian Blvd, Lindenhurst Ny 11757
Yolanda Torres	293 East 7th Street Brooklyn, NY 11218 (207)351-1030
John Paul Cassese	4212 Hylan Blvd, SI, Ny 10308 (718)6055052
Richard Ramaci	84 Oak Street Centereach NY 11720 (631)-428-7237
Donna Dorsi	109 Main Street, Matawan, NJ 07747 (732)765-1912

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

No franchisees have signed confidentiality clauses during the last three fiscal years that restrict their ability to speak with you about their franchised business. We do not know of any trademark-specific franchisee organizations associated with our franchise system.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit E are audited financial statements as of December 31, 2021, December 31, 2020 and December 31, 2019.

ITEM 22

CONTRACTS

The Ralph's Famous Italian Ices:

Franchise Agreement (with exhibits) is attached as Exhibit F.

General Release is Attached as Exhibit J

ITEM 23

RECEIPTS

A receipt in duplicate is attached to this disclosure document as Exhibit H. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Ralph's Famous Italian Ices Franchise Corp., 501 Port Richmond Avenue, Staten Island, New York 10302.

EXHIBIT A

LIST OF STATE ADMINISTRATORS

California
Department of Department of BusinessOversight
Department of BusinessOversight
320 West 4th Street
Suite 750
Los Angeles, California 90013

Florida
Florida Department of Agriculture &
Consumer Services
Division of Consumer Affairs
Mayo Building, Second Floor
Tallahassee, Florida 32399-0800

Hawaii
Business Registration Division
Securities Compliance Branch
Department of Commerce
and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813

Illinois
Office of Attorney General
Franchise Division
500 South Second Street
Springfield, Illinois 62706

Indiana
Secretary of State
Franchise Section
Indiana Securities Division
302 West Washington, Room E-111
Indianapolis, Indiana 46204

Kentucky
Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive
P.O. Box 2000
Frankfort, Kentucky 40602

Maryland
Office of the Attorney General
Division of Securities
200 St. Paul Place

Baltimore, Maryland 21202-2020

Michigan
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
525 W. Ottawa Street, 6th Floor
Lansing, Michigan 48933

MINNESOTA
(state administrator)

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1600

(for service of process)
Minnesota Commissioner of Commerce

Nebraska
Department of Banking and Finance
1200 N Street
Suite 311
P.O. Box 95006
Lincoln, Nebraska 68509

NEW YORK
(Administrator)
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236 Phone
(212) 416-6042 Fax

(Agent for service of process)
Attention: NY Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

North Dakota
Office of Securities Commissioner
Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505

Rhode Island
Department of Business Regulation
Securities Division
1511 Pontiac Avenue
Cranston, Rhode Island 02920-4407

South Dakota
North Dakota Securities Department
State Capitol, Fifth Floor, Dept. 414
600 East Boulevard Avenue
Bismarck, North Dakota 58505
(701) 328-4712

Texas
Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
Ninth Floor
1300 East Main Street
Richmond, Virginia 23219

WASHINGTON
(state administrator)

Department of Financial Institutions
Securities Division
150 Israel Road S.W.
Tumwater, Washington 98501
(360) 902-8760

(for service of process)
Director, Department of Financial Institutions
Securities Division
150 Israel Road S.W.
Tumwater, Washington 98501

WISCONSIN
(state administrator

Division of Securities
Department of Financial Institutions
201 W. Washington Ave., 3rd Floor
Madison, Wisconsin 53703
(608) 266-1064

(for service of process)
Administrator, Division of Securities
Department of Financial Institutions
201 W. Washington Ave., 3rd Floor
Madison, Wisconsin 537

EXHIBIT B
LIST OF AGENTS FOR SERVICE OF PROCESS

California
Commissioner of Department of BusinessOversight
Department of Department of BusinessOversight
320 West 4th Street, Suite 750
Los Angeles, CA 90013
1-866-275-2677

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

Illinois
Attorney General of the State of Illinois
500 South Second Street
Springfield, Illinois 62706

Indiana
Secretary of State
201 State House
Indianapolis, Indiana 46204

Kentucky
Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive
P.O. Box 2000
Frankfort, Kentucky 40602

Maryland
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

Michigan
Corporations Division
Bureau of Commercial Services
Department of Labor and Economic Growth
P.O. Box 30054
Lansing, Michigan 48909

Minnesota
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198

Nebraska
Department of Banking and Finance
1200 N Street, Suite 311
P.O. Box 95006
Lincoln, Nebraska 68509

New York
New York Secretary of State
99 Washington Avenue
Albany, NY 12231

North Dakota
Office of Securities Commissioner
Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505

Rhode Island
Department of Business Regulation
Securities Division
1511 Pontiac Avenue
Cranston, Rhode Island 02920-4407

South Dakota
Division of Securities
c/o 445 E. Capitol Avenue
Pierre, South Dakota 57501

Texas
Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711

Virginia
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

Washington
Department of Financial Institutions
Securities Division
150 Israel Road S
Tumwater, Washington 98501

Wisconsin
Department of Financial Institutions
Division of Securities
P.O. Box 1768
Madison, Wisconsin 53701

EXHIBIT C

TABLE OF CONTENTS OF OPERATIONS MANUAL

5. PERSONNEL

6. Ralph’s Products

7. ADVERTISING

EXHIBIT D

RALPH'S FRANCHISEES AS OF DECEMBER 31, 2021

State	Franchisee	Address and Telephone Number of Ralph's Shop
Connecticut	Scott Rosenberg	900 High Ridge Rd, Stamord, CT 06905 203 998-7700 Signed: April, 2020 Open: May 12, 2020
New Jersey	Four Flavors, LLC	1729 Union Avenue, Hazlet, NJ 07730 (732) 335-5559
New Jersey	Mark Chiacchio	349 North Main Street, Lanoka Harbor, NJ 08734 (609) 242-8006
New Jersey	Four Flavors Two, LLC	607 Newman Spring Road Lincroft, NJ 07738 (732) 219-9292
New Jersey	Rob Cigini	508 Main Street, Spotswood, NJ 08884 (917)797-5374 Transferred from Four Flavors Two , LLC
New Jersey	Mark Chiacchio	570 Fisher Blvd., Toms River, NJ 08753 (732) 573-0150
New Jersey	Donna Dorsi	1077-L Route 34, Aberdeen, NJ 07747 (732) 566-2250
New Jersey	Harry Antonopoulos	711 Cookman Avenue, Asbury Park, NJ 07712 (917) 359-3328
New Jersey	Lisa Capitelli	41 Route 34, Old Bridge, NJ (732) 727-7701
New Jersey	Frisko Italian Ices Corp Francisco Vega	Hasbrouck Heights 239 Boulevard Hasbrouck Heights, New Jersey 07604 (201)-393-4891 Signed and Opened May 2021
New Jersey	Amorcitos Ices LLC Robert Jensen	522 Central Avenue Westfield, NJ 07090

State	Franchisee	Address and Telephone Number of Ralph's Shop
New York	Sicilian Edge Distributors, Inc.	11 Cooper Street, Babylon, NY 11702 (631) 893-5646
New York	Stephen O'Neill	71 East Main Street Bayshore, NY (631) 647-2927
New York	Scott Rosenburg	850 N. Broadway, White Plains, NY 10603 914-437-9801 open 6/2017
New York	Sam Rejtig, Anthony Indelicato	206 Bedford Avenue, Bellmore, NY 11710 (516) 221-3230
New York	Alsco of Commack, Inc.	214A Commack Road, Commack, NY 11725 (631) 462-8779
New York	Rainbow Ice, Inc.	235 Deer Park Road, Dix Hills, NY 11746 (631) 493-4444
New York	Valcin Frozen Treats, Inc.	342 Newbridge Road, East Meadow, NY 11554 (516) 679-3742
New York	Ice Castle III, Inc.	850 S. Main Street, Farmingdale, NY 11735 (516) 249-2925
New York	Italian Ice Box, Inc.	623 Horseblock Road Farmingville, NY 11738 (631) 736-4484
New York	Ice Box, Inc.	264-21 Union Turnpike, Floral Park, NY 11001 (718) 343-8724
New York	Ice Castle, Inc.	531 Franklin Avenue, Franklin Square, NY 11010 (516) 352-7282
New York	Al Di Cicco	147A Woodcliff Avenue, Freeport, NY 11520 (516) 771-2805
New York	Robert Pachtman	75 Forest Avenue Glen Cove, NY 11542
New York	Robert Pachtman	685A Glen Cove Avenue, Glenhead, NY 11547 (516) 609-0903
New York	Anthony DiCicco	1191 Grundy Ave., Holbrook, NY (631) 619-6688 Transferred from Richard Ramaci

State	Franchisee	Address and Telephone Number of Ralph's Shop
New York	Segato Inc	362 New York Ave., Huntington, NY 11743 (631) 673-4237
New York	Ice House, Inc.	114 Austin Blvd, Island Park, NY 11561 (516) 670-3108
New York	Stacin Corporation	301 Wantagh Avenue, Levittown, NY 11756 (516) 520-0168
New York	Michael Felicetti	678 W. Montauk Highway Lindenhurst, NY 11757 (631) 226-3199
New York	Vicky Yousef	1090 West Beach Street, Long Beach, NY 11561 (516) 431-7406
New York	Kelray Enterprises, Inc.	1045 Park Boulevard, Massapequa Park, NY 11762 (516) 797-2227
New York	S.M.B.A., Inc.	46A Merrick Avenue, Merrick, NY 11560 (516) 771-5922
New York	BNAM, Inc.	153 Merrick Road, Merrick, NY 11566 (516) 868-2462
New York	Nesconset Ice	221 Smithtown Blvd., Nesconset, NY 11767 (631) 382-7999
New York	Ice + Fire Ltd	1064 North Broadway, North Massapequa, NY 11758 (516) 752-4233
New York	Zulfikar Memon	3111B Lawson Boulevard Oceanside, NY 11572 (516) 764-0552
New York	Luigi's Frozen Desserts, Inc.	128 (Rear) East Main Street Patchogue, NY 11772 (631) 758-1700
New York	Richard Salant, Andrew Serrao	633 Old Country Rd., Plainview, NY (516) 279-4530 Transferred from Scott Rosenburg
New York	Robert Aglialoro	112 Main St., Port Jefferson, NY (631) 331-0322 Transferred from Merlina Barbuscia
New York	Rocky Road Enterprises, Inc.	292 Main Street, Port Washington, NY 11050 (516) 944-3880

State	Franchisee	Address and Telephone Number of Ralph's Shop
New York	Ice Castle IV	242 Merrick Road Oceanside, NY 11572 (516) 678-3101
New York	Sayville Ices Inc. Andrew Serrao Richard Salant	153 Main Street, Sayville, NY 11782 (631) 218-2049 Transferred from Michael Felicetti
New York	Sweets Of Smithtown	316 Maple Avenue, Smithtown, NY 11787 (631) 863-0199
New York	FJKS, Ltd	6272 Amboy Road, Staten Island, NY 10309 (718) 605-8133
New York	Paul Sineer Thomas Dilollo	4212 Hylan Boulevard, Staten Island, NY 10308 (718) 605-5052 Transferred from Jon Paul Cassese
New York	P.V. Desserts, Inc.	1320-27 Stony Brook Road, Stony Brook, NY 11790 (631) 941-4750
New York	Syosset Ices, Inc.	80 West Jericho Turnpike, Syosset, NY 11791 (516) 364-9511
New York	Ice Box, Inc.	1091B Rockaway Avenue, Valley Stream, NY 11581 (516) 568-3763
New York	Michael Felicetti	1017 Little East Neck Road, West Babylon, NY 11704 (631) 587-2901
New York	Carmen Ave Enterprises, Inc.	834 Carmen Avenue, Westbury, NY 11590 (516) 997-6161
New York	Flips Ices Inc.	25 Hillside Avenue, Williston Park, NY 11596 (516) 294-6911
New York	Paul Smith	990 Montauk Highway Shirley, NY 11967
New York	Jack Kelly	346 Larkfield Road, East Northport, NY 11731 (631) 623-6150
New York	Greg & Kim Verdino	1192 Hempstead Tpk., Uniondale, NY 11553 (516) 292-2710

State	Franchisee	Address and Telephone Number of Ralph's Shop
New York	Free Peach Enterprises	12B N Park Ave Rockville Centre, NY 11570 Transferred from Yolanda Torres Se Simmone
New York	Frank Magnota	745 Route 25A Miller Place Rocky Point, NY 11764 (631) 228-4418
New York	David Serine	37 Front Street, Greenport, NY 11944 (631)592-8391
New York	Ray Longo	54 West Main Street, East Islip, NY 11730 (631) 650-0878
New York	Scott Rosenberg	1290 Deer Park Avenue, North Babylon, NY 11703 (631) 940-7739
New York	Mary Beth & David Morgenbesser	12-48 Clintonville Street, Whitestone, NY 11357 (718) 746-1456
New York	Robert Pachtman	117 Pine Hollow Road, Oyster Bay, NY 11771 (516) 922-7257
New York	Sam Rejtig, Anthony Indelicato	2250-A Washington Avenue, Seaford, NY 11783 (516) 977-2707
New York	Jon-Paul Cassese, Steve Lazzara	894 Huguenot Avenue, Staten Island NY 10312 (718) 554-4669
New York	Jon-Paul Cassese, Steve Lazzara	2361 Hylan Blvd., New Dorp, NY 10306 (718) 605-8133
New York	Patrick Armetta	1370 Middle Country Road Selden, NY 11720 (631) 320-1317
New York	Paul Corvino	73-03 Metropolitan Ave. Middle Village, NY
New York	William Gibleski Diane Rurak-Gibleski	3285 Richmond Ave. Staten Island, NY (718) 967-1212
New York	Glem Gieck	309 East Main St Riverhead, New York 11901 (631) 284-9661
New York	Clock Tower Ices	1-15 Schwab Road Melville, New York 11747
New York	Paul Smith	6346 Route 25 A Wading River
New York	Lisa Coyne Ferguson Albert Ciminera	150 Middle Neck Great Neck, NY

State	Franchisee	Address and Telephone Number of Ralph's Shop
New York	NPTZ	NPTZ 407 Fort Salonga Road Northport, New York 11768
New York	Lake Ronkonkoma	189 Portion Road Lake Ronkonkoma, NY (631)-468-8792
New York	Long Beach II	8 West Park Avenue Long Beach, NY 11561 (516)-807-5206 Transferred from Jason Romance to Vladislav Todorov on July 2018
New York	Paul Scholz	8 S. Etna Avenue Montauk, NY 11954 631-238-5908
New York	2nd Avenue Ices, Inc. Richard Salant	370 2nd Avenue New York, New York 10010
New York	Bay Street Ices Guys, Inc Jon Raul Cassese Stephen Lazzara	1071 Bay Street SI, NY 10305
New York	1st Avenue Ices.Inc Richard Salant	1588 1st Avenue New York, New York 10010
New York	Yonkers Ices Inc.	2353 Central Park Ave Yonkers, NY 10710 914-652-7256 Signed: August 10, 2018 Opened: March 5, 2020
New York	Mamaroneck Avenue Treats	407 Mamaroneck Avenue Mamaroneck, NY 10543 914-341-1966
New York	Astoria	30-02 30th Street Astoria, NY 11102 917-396-1100 Signed and opened May 2021
New York	NYC #3	145 Avenue A New York, New York 917-409-1506 Signed and opened May 2021
New York	Joseph Dimino	14 Main Street, Kings Park, NY 11754 631-522-2079 Signed and opened May 2021

<u>EXHIBIT E</u>

FINANCIAL STATEMENTS

Ralph's Famous Italian Ices Franchise Corp.

Financial Statements

December 31, 2021

Tiffany Montaruli, CPA, PLLC
Certified Public Accountant
2493 Richmond Road
Staten Island, NY 10306
Phone: 929-297-0238 E-mail: tiffany@montarulicpa.net

INDEPENDENT AUDITOR'S REPORT

To the Stockholders' of
Ralph's Famous Italian Ices Franchise Corp.

Opinion

We have audited the accompanying financial statements of Ralph's Famous Italian Ices Franchise Corp. (a New York S corporation), which comprise the balance sheet as of December 31, 2021, and the related statements of operations, stockholders' equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ralph's Famous Italian Ices Franchise Corp. as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Ralph's Famous Italian Ices Franchise Corp. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ralph's Famous Italian Ices Franchise Corp.'s ability to continue as a going concern within 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 from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ralph's Famous Italian Ices Franchise Corp.'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 Ralph's Famous Italian Ices Franchise Corp.'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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended December 31, 2021, Ralph's Famous Italian Ices Franchise Corp. adopted new accounting guidance resulting in a change in the manner in which it recognizes revenue. Our opinion is not modified with respect to this matter.

Tiffany Montaruli, CPA, PLLC

Tiffany Montaruli, CPA, PLLC
Staten Island, NY
March 9, 2022

Ralph's Famous Italian Ices Franchise Corp.

Balance Sheet

at December 31

		2021
Assets		
Current Assets		
Cash and cash equivalents	$	557,689
Franchise Fees Receivable		1,111,780
Prepaid Expenses		19,641
Total Current Assets		**1,689,110**
Other Assets		
Organizational Costs		15,048
Less: Accumulated Amortization		(15,048)
Total Non- Current Assets		-
Total Assets		**1,689,110**
Liabilities and Stockholder's Equity		
Current Liabilities		
Accrued Expenses		15,512
Advertising Fund Liabilities		419,336
Total Current Liabilities		434,848
Non Current Liabilities		
Deferred Tax Liability		4,443
Deferred Revenues - contract liabilities		996,000
Officer Loans		722
Total Non Current Liabilities		1,001,165
Total Liabilities		1,436,013
Stockholder's Equity		
Common Stock - No par value		
200 shares authorized, 30 shares issued and outstanding		50,000
Additional Paid-in Capital		15,058
Retained Earnings		188,039
Total Stockholder's Equity		253,097
Total Liabilities and Equity	**$**	**1,689,110**

The accompanying notes are an intergral part of these financial statements.

Statement of Operations

For the Year Ended December 31

		2021
Revenue		
Transfer Fees	$	50,000
Royalty Fees		279,841
Royalty Soft Serve		160,156
New Franchise Fees		32,720
Renewal Fees		227,000
Total Revenue		749,717
Expenses		
Salaries & Wages		3,740
Officer Salaries		436,778
Insurance		464
Rent		15,600
Automobile expense		18,000
Postage & Delivery		2,313
Utilities		4,900
Supplies & Office Expenses		4,977
Computer Expenses		1,714
Payroll Taxes		8,427
Professional Fees		49,567
Total Expense		**546,480**
Excess of revenue over expenses before taxes		203,237
Income tax - current		(6,221)
Income tax - provision		-
Net income		**197,016**
Stockholders' equity - beginning of year		(8,977)
Stockholders' equity - end of year	**$**	**188,039**

The accompanying notes are an intergral part of these financial statements.

at December 31, 2021

	Common Stock No Par Value	Additional Paid - in Capital	Retained Earnings	Total
Balance at January 1, 2021	**$ 50,000**	**$ 15,058**	**$ 29,243**	**$ 94,301**
Net Income - For the year ended Decmeber 31, 2021	-	-	197,016	**197,016**
Prior Period Adjustment - See Note 1	-	-	(38,220)	**(38,220)**
Balance at December 31, 2021	**$ 50,000**	**$ 15,058**	**$ 188,039**	**$ 253,097**

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

For the Year Ended December 31

		2021
Operating Activities		
Net income	$	197,016
Prior period adjustment		(38,220)
(Increase) decrease in assets		
Accounts receivable		(1,061,780)
Prepaid expenses		(8,861)
Increase (decrease) in liabilities		
Accrued expenses		(1,478)
Unexpended advertising fund		(457)
Deferred revenue		946,000
Net cash used in operating activities		32,220
Net increase in cash and cash equivalents		32,220
Cash and cash equivalents at beginning of year		525,469
Cash and cash equivalents at end of year	**$**	**557,689**
Supplemental Disclosures		
Interest paid	$	-
Income taxes paid	$	6,221

The accompanying notes are an integral part of these financial statements.

Note 1 - Organization and Significant Accounting Policies:

Nature of Business

Ralph's Famous Italian Ices Franchise Corp. (the Company) was organized in October 2000 as a New York S Corporation for the purpose of establishing franchises to sell Ralph's Famous Italian Ices. Its principal place of business is 501 Port Richmond Avenue, Staten Island, New York, 10302. Larry Silvestro, John Scolaro, and Michael Scolaro currently own the company.

Basis of Accounting

The accompanying financial statements of the Company have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, as applicable to nonpublic entities.

Revenue and Revenue Recognition

Revenues from initial franchise fees are recognized in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606. New franchise fees consist of the license to operate the store and pre-opening services which include site evaluation and selection, store design and development and operational training. The initial franchise fee and renewal fees are recognized as one distinct performance obligation in accordance with Accounting Standards Update 2021-02, which allows the Company to use a practical expedient to recognize the license and pre-opening services as one performance obligation which is satisfied upon completion of the related performance obligations over the time period of the franchise agreement.

Royalty fees are recognized at the time the purchased goods are shipped to the franchisees.

Contract liabilities are comprised of unamortized initial and renewal franchise fees received from franchisees. The unamortized fees are presented as deferred revenues – contract liabilities on the balance sheet as of December 31, 2021 in the amount of $996,000. Fees are recognized on a straight line basis over the life of the license.

At December 31, 2021 deferred revenues are expected to be recognized as revenues over the remaining terms of the associated franchise agreements as follows:

2022	$ 144,000
2023	138,000
2024	138,000
2025	138,000
2026	138,000
Thereafter	300,000
Total:	$996,000

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on deposit with financial institutions and securities with a maturity date of three months or less.

Income Taxes

Since the Company has elected to be taxed as an S Corporation, the provision contained in the statement of income and expense is only for state and local income taxes. Income or losses of the corporation flows through to the individual stockholders. Accordingly, each are responsible for including their share of the results of operations and other tax related items on their respective tax returns. The Company has elected to use the cash basis of accounting for income tax purposes.

Deferred Taxes

Deferred taxes are provided in accordance with FASB ASC 740-10. Deferred taxes are provided for accumulated temporary differences due to accounting basis and income tax purposes. The Company's temporary differences relate to the difference in accounting methods between tax and financial accounting. At December 31, 2021 the deferred tax liability was $4,443.

In accordance with FASB ASC 740-10, it is the Company's policy to evaluate tax positions throughout the year, including the Company's status as an S Corp. The Corporation believes that there are no uncertain tax positions taken as of December 31, 2021. The Corporation's tax returns are open for review by applicable taxing authorities for 2020, 2019, and 2018.

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 judgments that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

Fees Receivable

Fees receivable represent fees owed to the franchisor for the initial franchise fees, renewal fees, royalty fees and royalty advertising fees. During the year ended December 31, 2021, the receivable balance was $1,111,780, and the Company recognized no bad debt expense.

Franchise Fee Activity

The following chart represents franchise renewals, transfers and new franchises with fees recorded in revenue and deferred revenue-contract liabilities, as described above, for the year ended December 31:

		2021
Number of franchises signed		7
Fees from new Franchises	$	140,000
Number of franchises transferred		3
Fees from franchises transferred	$	22,500
Number of franchises renewed		7
Fees from franchise renewals	$	140,000

Royalty Advertising Fees

Average royalty-advertising fees of fifty cents are charged for each two and one-half gallon tub of Ralph's Frozen Dessert purchased from JMS Ices, Inc. by the franchisees. Royalty advertising fees are paid to the Company to purchase advertising on behalf of the franchisees in accordance with the franchise agreement. At December 31, 2021, the Company recorded a liability for the balance of advertising funds of $419,336.

Royalty Fee Revenue

Royalty fees are charged by JMS Ices to the franchisees for one dollar for each two and one-half gallon tub of Ralph's Frozen Dessert and two dollars per gallon for Ralph's Soft Serve. The following purchases were made by the franchisees for the year ending December 31:

	2021
Tubs of Ralph's Frozen Desert purchased from JMS Ices	$ 279,841
Gallons of Ralph's Soft Serve purchased from JMS	$ 160,156

Amortization

Organizational costs are amortized using the straight-line method over five years. They are fully amortized as of the financial statement date.

New Accounting Pronouncements

The Company has adopted Accounting Standards Update (ASU) No. 2014-09 – *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Company’s financial reporting. Analysis of various provisions of this standard resulted in a prior period adjustment of $38,220 to retained earnings due to the adoption of the standard. Previously report retained earnings of $29,243 were adjusted to a retained deficit of $8,977 and previously report net income of $50,204 was adjusted to $11,984. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Note 2 - Related Party Transactions

During the year, the Company paid rent to Three Amigos Land Corp., which is 100% owned by the three officers of Ralph's Famous Italian Ices Franchise Corp. Total rent paid was $15,600 for the year ended December 31, 2021. Franchisees purchase Ralph's Ices products from JMS Ices, Inc., which is also wholly owned by the owners of the Company

Note 3-Fair Value

The Company's financial instruments are cash and cash equivalents, accounts receivable, and accounts payable. The recorded values of cash and cash equivalents, accounts receivable and accounts payable approximate their fair values based on their short-term nature.

Note 4- Uninsured Cash Balance

The Company maintained cash accounts at a bank located in the New York City area. Accounts at this institution are secured by the Federal Deposit Insurance Corporation for a maximum of $250,000. Uninsured cash at December 31, 2021 was $169,336.

Note 5 - Subsequent Events

Management has evaluated subsequent events through March 9 , 2022, the date the financial statements were available. There were no events that required disclosure.

Ralph's Famous Italian Ices Franchise Corp.

Audited Financial Statements

December 31, 2020 and 2019

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CICERO, LOVERDE & PACIFICO P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders
of Ralph's Famous Italian Ices Franchise Corp.

Opinion

We have audited the accompanying financial statements of Ralph's Famous Italian Ices Franchise Corp. (a New York State Corporation), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income and expenses, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ralph's Famous Italian Ices Franchise Corp as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Ralph's Famous Italian Ices Franchise Corp and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about of Ralph's Famous Italian Ices Franchise Corp's ability to continue as a going concern within 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 from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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.

1336 Forest Ave • Staten Island, NY 10302 • Tel: (718)273-3362 • Fax: (718) 273-7681

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ralph's Famous Italian Ices Franchise Corp'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 Ralph's Famous Italian Ices Franchise'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.

Cicero, LoVerde & Pacifico
Staten Island NY 10302
March 6, 2021

Ralph's Famous Italian Ices Franchise Corp.

Balance Sheets

December 31,		2020		2019
Assets				
Current Assets				
Cash and Cash Equivalents	$	525,469	$	480,250
Franchise Fees Receivable		50,000		-
Prepaid Taxes		2,176		1,093
Prepaid Rent		7,800		7,800
Prepaid Utilities		804		-
Total Current Assets		586,249		489,143
Other Assets				
Organizational Costs		15,048		15,048
Less: Accumulated Amortization		(15,048)		(15,048)
		-		-
Total Assets	**$**	**586,249**	**$**	**489,143**
Liabilities and Stockholders' Equity				
Current Liabilities				
Accrued Expenses	$	16,990	$	8,250
Advertising Fund Liabilities		419,793		435,681
Total Current Liabilities		436,783		443,931
Non Current Liabilities				
Deferred Tax Liability		4,443		-
Defered Revenues		50,000		-
Officers Loans		722		722
Total Non Current Liabilities		55,165		722
Total Liabilities		491,948		444,653
Stockholders' Equity				
Common Stock - No par value 200 shares authorized, 30 shares issued and outstanding		50,000		50,000
Additional Paid-in Capital		15,058		15,058
Retained Earnings / (Deficit)		29,243		(20,568)
Total Stockholders' Equity		94,301		44,490
Total Liabilities and Stockholders' Equity	**$**	**586,249**	**$**	**489,143**

The accompanying notes are an integral part of these financial statements.

Ralph's Famous Italian Ices Franchise Corp.

Statements of Income and Expenses

For the Years Ended December 31,		2020		2019
Income				
Transfer Fees	$	7,500	$	22,500
Royalty Fees		275,005		241,532
Royalty Soft Serve		138,670		114,690
New Franchise		70,000		20,000
Renewal Fees		48,285		20,000
Total Income		**539,460**		**418,722**
Operating Expenses				
Salaries & Wages		4,488		5,015
Officers Salaries		346,781		316,778
Insurance		639		748
Rent		15,600		15,600
Bank Service Charges		-		60
Payroll Expenses		1,517		1,346
Automobile Expense		18,000		18,083
Postage and Delivery		631		899
Professional Fees		67,038		36,433
Utilities		870		7,200
Printing & Reproduction		-		292
Supplies & Office Expense		5,325		3,131
Computer Hardware & Programs		2,322		4,497
Taxes Other Than Income		7,912		8,039
Total Operating Expenses		**471,123**		**418,121**
Income Before Income Taxes		68,337		601
Income Taxes - Current		(13,690)		(4,501)
Deferred Tax Benefit (Provision)		(4,443)		-
Net Income (Loss)	**$**	**50,204**	**$**	**(3,900)**

The accompanying notes are an integral part of these financial statements.

December 31, 2020 and 2019

	Total	Common Stock No Par Value	Additional Paid - in Capital	Retained Earnings
Balance at January 1, 2019	$ 48,390	$ 50,000	$ 15,058	$ (16,668)
Net Income - For the year ended December 31, 2019	(3,900)	-	-	(3,900)
Balance at December 31, 2019	**$ 44,490**	**$ 50,000**	**$ 15,058**	**$ (20,568)**
Net Income - For the year ended December 31, 2020	50,204	-	-	50,204
Prior Period Adjustment	(393)	-	-	(393)
Balance at December 31, 2020	**$ 94,301**	**$ 50,000**	**$ 15,058**	**$ 29,243**

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

December 31, 2020	2020	2019
Cash Flows From Operating Activities		
Net Income (Loss)	$ 50,204	$ (3,900)
Changes in Operating Assets and Liabilities		
(Increace) in Accounts Receivable	(50,000)	-
(Increase)/Decrease in Prepaid Expenses	(2,980)	1,185
Increase/ (decrease) in Deferred Tax Liabilities	4,443	-
Increase in Accrued Expenses	9,440	700
(Decrease)/Increase in Advertising Fund Liability	(15,888)	50,342
Net Cash Provided By Operating Activities	(4,781)	48,327
Cash Flows Used For Financing Activities		
Increase in deferred revenues	50,000	-
Net Cash Used By Financing Activities	50,000	-
Net Increase in Cash and Cash Equivalents	45,219	48,327
Cash and Cash Equivalents st Beginning of Year	480,250	431,923
Cash and Cash Equivalents at End of Year	$ 525,469	$ 480,250
Supplemental Disclosures		
Income Taxes Paid	$ 5,312	$ 4,501

The accompanying notes are an integral part of these financial statements.

Note 1 – Organization and Significant Accounting Policies:

Nature of Business

Ralph's Famous Italian Ices Franchise Corp. (the Company) was organized in October 2000 as a New York S Corporation for the purpose of establishing franchises to sell Ralph's Famous Italian Ices. Its principal place of business is 501 Port Richmond Avenue, Staten Island, New York, 10302. Larry Silvestro, John Scolaro, and Michael Scolaro currently own the company.

Method of Accounting

The books of account reflect transactions on the accrual method of accounting, for income tax reporting, the Company has adopted the cash method.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Revenue and Cost Recognition

Revenues from initial franchise fees are recognized in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606.

Contract liabilities are comprised of unamortized initial and renewal franchise fees received from franchisees which are presented as Deferred Revenues on the balance sheet as of December 31, 2020 in the amount of $50,000.

At December 31, 2020 deferred revenues are expected to be recognized as revenues over the remaining terms of the associated franchise agreements as follows:

2021	$ 6,286
2022	6,286
2023	6,286
2024	6,286
2025	6,286
Thereafter	18,570
Total	$ 50,000

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on deposit with financial institutions and securities with a maturity date of three months or less.

Income Taxes

Since the Company has elected to be taxed as an S Corporation, the provision contained in the statement of income and expense is only for state and local income taxes. Income or losses of the corporation flows through to the individual stockholders. Accordingly, each are responsible for including their share of the results of operations and other tax related items on their respective tax returns.

Deferred Taxes

Deferred taxes are provided in accordance with FASB ASC 740-10. Deferred taxes are provided for accumulated temporary differences due to accounting basis and income tax purposes. The Company's temporary differences relate to the difference in accounting methods between tax and financial accounting. At December 31, 2020 the deferred tax liability was $4,443 while at December 31,2019 it was zero.

In accordance with FASB ASC 740-10, it is the Company's policy to evaluate tax positions throughout the year, including the Company's status as an S Corp. The Corporation believes that there are no uncertain tax positions taken as of December 31, 2020 and 2019. The Corporation's tax returns are open for review by applicable taxing authorities for 2020, 2019, and 2018.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fees Receivable

Fees receivable represent fees owed to the franchisor for the initial franchise fees, royalty fees and royalty advertising fees. During the years ended December 31, 2020, the receivable balance was $50,000, and the Company recognized no bad debt expense. At December 31, 2019 all receivables have been collected.

Franchise Fee Activity

The following chart represents franchise activity for the two years ended December 31.

	2020	2019
Number of franchises signed	3	1
Fees from new franchises	$ 100,000	$ 20,000
Number of franchises transferred	3	3
Fees from franchises transferred	$ 7,500	$ 22,500
Number of franchises renewed	1	1
Fees from franchise renewals	$ 68,285	$ 20,000

Royalty Fee Revenue

Royalty fees are charged by JMS Ices to the franchisees for one dollar for each two and one-half gallon tub of Ralph's Frozen Dessert and two dollars per gallon for Ralph's Soft Serve. The following purchases were made by the franchisees for each of the years ending December 31.

	2020	2019
Tubs of Ralph's Frozen Desert purchased from JMS Ices	275,005	241,532
Gallons of Ralph's Soft Serve purchased from JMS	138,670	114,690

Royalty Advertising Fees

Average royalty-advertising fees of fifty cents are charged for each two and one-half gallon tub of Ralph's Frozen Dessert purchased from JMS Ices, Inc. by the franchisees. Royalty advertising fees are paid to the Company to purchase advertising on behalf of the franchisees in accordance with the franchise agreement. At December 31, 2020 and 2019 Company recorded a liability for the balance of advertising funds of $ 419,793 and $435,681 respectively.

Amortization

Organizational costs are amortized using the straight-line method over five years. They are fully amortized as of the financial statement date.

Note 2 – Related Party Transactions

During the year, the Company paid rent to Three Amigos Land Corp., which is 100% owned by the three officers of Ralph's Famous Italian Ices Franchise Corp.. Total rent paid was $15,600 in the years ended December 31, 2020 and 2019.
Franchisees purchase Ralph's Ices products from JMS Ices, Inc., which is also wholly owned by the owners of the Company.

Note 3 – Fair Value

The Company's financial instruments are cash and cash equivalents, accounts receivable, and accounts payable. The recorded values of cash and cash equivalents, accounts receivable and accounts payable approximate their fair values based on their short-term nature.

Note 4 – Uninsured Cash Balance

The Company maintained cash accounts at a bank located in the New York City area. Accounts at this institution are secured by the Federal Deposit Insurance Corporation for a maximum of $250,000. Unsecured cash at December 31, 2020 and 2019, was $169,793 and $185,681, respectively.

Note 5 – Subsequent Events

Management has evaluated subsequent events through March 6, 2021 the date the financial statements were available. There were no events that required disclosure.

EXHIBIT F

FRANCHISE AGREEMENT

RALPH'S FAMOUS ITALIAN ICES

FRANCHISE AGREEMENT

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RALPH'S FAMOUS ITALIAN ICES
FRANCHISE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into on _____________, 20___, by and between Ralph's Famous Italian Ices Franchise Corp., a New York corporation with its principal place of business at 501 Port Richmond Avenue, Staten Island, New York 10302 ("Franchisor"), and ____, a ______________________________ with its principal place of business at ____ ("Franchisee").

WITNESSETH:

WHEREAS, Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, a distinctive system relating to the establishment and operation of Ralph's Famous Italian Ices shops, which feature and offer for sale to the public distinctive water ices, hard and soft serve ice cream, and sherbets in several select flavors, and an approved, limited menu of other frozen desserts and drinks, including, without limitation, "Ralph's Arctic Milkshake," "Ralph's Smoothie," "Ralph's Sundae," "Ralphie," and "Ralphaccino," under the trade name "Ralph's Famous Italian Ices" (the "System");

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, fixtures, and furnishings; standards and specifications for products and supplies; uniform standards, specifications, and procedures for operations; training and assistance, and advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time;

WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, trade dress, logos, emblems, and indicia of origin, including, but not limited to, the mark "Ralph's Famous Italian Ices," as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (the "Proprietary Marks");

WHEREAS, Franchisor's affiliate, JMS Ices, Inc. ("JMS" or "Franchisor's Affiliate"), has developed, and continues to develop, water ices, hard ice cream, and sherbets based on unique and proprietary formulas and recipes, and may develop, from time to time, other unique and proprietary frozen desserts and food products for sale to Franchisee and for sale in Ralph's Famous Italian Ices shops pursuant to original formulas, trade secrets, quality standards and specifications (collectively, "Ralph's Frozen Dessert Products"); and Franchisor may, from time to time, require for sale in the Franchised Business, as specified in the Manual or otherwise in writing, various other menu items and products and services in addition to the Ralph's Frozen Dessert Products (collectively, "Additional Products");

WHEREAS, Franchisee desires to enter into the business of operating a Ralph's Famous Italian Ices shop under Franchisor's System and Proprietary Marks, and wishes to enter into an agreement with Franchisor for that purpose, and to receive the training and other assistance provided by Franchisor in connection therewith; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, cleanliness, appearances, and service and the necessity of operating the business franchised hereunder in conformity with Franchisor's standards and specifications;

NOW, THEREFORE, the parties agree as follows:

1. GRANT

1.1 Grant of Franchise. Franchisor grants to Franchisee the right and Franchisee undertakes the obligation, upon the express terms and conditions set forth in this Agreement, to establish and operate a Ralph's Famous Italian Ices shop (the "Ralph's Famous Italian Ices Shop" or "Franchised Business"), and to use the Proprietary Marks and the System, as they may be changed and improved from time to time at Franchisor's sole discretion, solely in connection therewith and only at the location set forth in Section 1.2 hereof.

1.2 Approved Location. Franchisee shall operate the Franchised Business only at ____ (the "Approved Location"). If, at the time of execution of this Agreement, a location for the Ralph's Famous Italian Ices Shop has not been obtained by Franchisee and approved by Franchisor, Franchisee shall lease or acquire a location within three hundred sixty-five (365) days after the date of this Agreement, subject to the Franchisor's approval, as provided for in the Site Selection Addendum attached hereto as Attachment 2. Franchisee shall not relocate the Ralph's Famous Italian Ices Shop without the prior written approval of Franchisor. Franchisor shall have the right, in its sole discretion, to withhold approval of relocation.

1.3 Franchisee's Territory. Except as otherwise provided in this Agreement, during the term of this Agreement Franchisor shall not establish or operate, nor license any other person to establish or operate, a Ralph's Famous Italian Ices Shop under the System and the Proprietary Marks at any location within a _____ - mile radius of the Approved Location (the "Franchisee's Territory"). Franchisor further retains the rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein: (a) to establish and operate, and license others to establish and operate, a Ralph's Famous Italian Ices Shop under the System and the Proprietary Marks at any location outside the Franchisee's Territory; (b) to sell or distribute, directly or indirectly, or license others to sell or distribute, water ice, other frozen dessert products, and any other products or services, including, without limitation, sales made at supermarkets, convenience stores, grocery stores, machines, variety stores and the Internet, at any location (notwithstanding its proximity to the Approved Location) whether within or outside the Franchisee's Territory under the same or different Proprietary Marks; (c) to acquire and operate any business or store of any kind under different proprietary marks, at any location (notwithstanding its proximity to the Approved Location) whether located within or outside the Franchisee's Territory; and (d) within and outside Franchisee's Territory, and notwithstanding any other provision hereof, to acquire, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to those offered under the System or that uses the Proprietary Marks or any other system or marks.

1.4 Supplementing the System. Franchisee acknowledges that the System may be supplemented, improved, and otherwise modified from time to time by Franchisor; and Franchisee agrees to comply with all reasonable requirements of Franchisor in that regard, including, without limitation, offering and selling new or different products or services as specified by Franchisor.

2. TERM AND RENEWAL

2.1 Term. This Agreement shall be in effect upon its acceptance and execution by Franchisor and, except as otherwise provided herein, the term of this Agreement shall be seven (7) years from the date first above written; provided, however, if this Agreement is for a renewal term, then the term of this Agreement shall be as described in the Renewal Addendum, which Franchisee shall execute simultaneously with this Agreement.

2.2 Renewal.

Franchisee may, subject to the following conditions, renew the rights granted under this Agreement for one (1) additional consecutive term of ten (10) years. At the end of Franchisee's renewal term, Franchisee shall have the option to renew for a new 10 years term at a cost of Two Thousand Dollars ($2000) per year for a total of Twenty Thousand Dollars ($20,000). All renewal terms under Section 2.2 under this Agreement will apply in the new franchise Agreement

Franchisor may require, in its sole discretion, that any or all of the following conditions be met prior to such renewal:

2.2.1 Franchisee shall give Franchisor written notice of Franchisee's election to renew not less than nine (9) months nor more than twelve (12) months prior to the end of the then-current term;

2.2.2 Franchisee shall have purchased at least six thousand five hundred (6,500) gallons of Ralph's Frozen Dessert Products from JMS, pursuant to Section 7.3.3 hereof, during the most recently completed full season of six (6) consecutive months of operation, preceding Franchisee's renewal notice;

2.2.3 Franchisee shall make or provide for, in a manner satisfactory to Franchisor, such renovation and modernization of the premises of the Ralph's Famous Italian Ices Shop (the "Premises") as Franchisor may reasonably require, including, without limitation, installation of new equipment and renovation of signs, furnishings, fixtures, and décor to reflect the then-current standards and image of the System;

2.2.4 Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates; and Franchisee shall have substantially complied with all the terms and conditions of such agreements during the terms thereof;

2.2.5 Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates, and shall have timely met those obligations throughout the term of this Agreement;

2.2.6 Franchisee shall present evidence satisfactory to Franchisor that Franchisee has the right to remain in possession of the Premises for the duration of the renewal term (including without limitation providing Franchisor a complete copy of Franchisee's lease and all attachments and amendments thereto) or shall obtain Franchisor's approval of a new location for the Ralph's Famous Italian Ices Shop for the duration of the renewal term;

2.2.7 Franchisee shall, at Franchisor's option, execute Franchisor's then-current form of franchise agreement (but only for such renewal terms as are provided by this Agreement), which shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher royalty fee and advertising contribution and a smaller or modified Franchisee's Territory, except that Franchisee shall not be required to pay any initial franchise fee (but shall be required to pay the renewal fee set forth in Section 2.2.10 hereof);

2.2.8 Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, and employees;

2.2.9 Franchisee shall comply with Franchisor's then-current qualification and training requirements; and

2.2.10 Franchisee shall pay Franchisor a renewal fee in the amount of fifty percent (50%) of Franchisor's then-current initial franchise fee.

3. DUTIES OF FRANCHISOR

3.1 Plans and Specifications. Franchisor shall make available, at no charge to Franchisee, standard plans and specifications for a prototypical Ralph's Famous Italian Ices Shop, including exterior and interior design and layout, fixtures, furnishings and signs. Franchisee acknowledges that such plans and specifications shall not contain the requirements of any federal, state or local law, code or regulation (including, without limitation, those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities).

3.2 Training. Franchisor shall provide training as set forth in Section 6 hereof.

3.3 Opening Assistance. Franchisor shall provide two (2) days of on-site, pre-opening supervision and assistance; provided, however, that Franchisor will not provide such supervision and assistance if you are an existing Ralph's franchisee.

3.4 Advertising and Promotional Materials. Franchisor shall make available to Franchisee advertising and promotional materials as provided in Section 12 hereof.

3.5 Confidential Operating Manual. Franchisor shall provide Franchisee, on loan, one copy of Franchisor's Confidential Operating Manual (the "Manual"), as more fully described in Section 9 hereof.

3.6 Inspections. Franchisor shall have the right, as it deems advisable in its sole discretion, to conduct inspections of Franchisee's operation of the Ralph's Famous Italian Ices Shop, including annual inspections prior to the Ralph's Famous Italian Ices Shop opening for each season.

3.7 Ralph's Frozen Dessert Products. During the required time period of operations of the Ralph's Famous Italian Ices Shop, as specified by Franchisor in the Manual or otherwise in writing from time to time, Franchisor or JMS shall make available to Franchisee for sale, or designate or approve other suppliers who shall make available to Franchisee for sale, the Ralph's Frozen Dessert Products and ingredients for such other menu items as Franchisor may designate in writing from time to time.

3.8 Advertising Fund. Franchisor shall have the right, without the obligation, to establish and administer an advertising fund in the manner set forth in Section 12 hereof.

3.9 Performance by Designee. Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any designee, employee, or agent of Franchisor, as Franchisor may direct.

4. FEES

4.1 Initial Franchise Fee. In consideration of the franchise granted herein, Franchisee shall pay to Franchisor, on execution of this Agreement, an initial franchise fee of Twenty Thousand Dollars ($20,000), receipt of which is hereby acknowledged, which is fully earned and non-refundable in consideration of administrative and other expenses incurred by Franchisor in entering into this Agreement and for Franchisor's lost or deferred opportunity to enter into this Agreement with others.

4.2 Payments to JMS. Franchisee shall pay JMS for all of the Ralph's Frozen Dessert Products that Franchisee purchases from JMS on the terms and conditions more fully described in Section 7.3.3 hereof.

4.3 Royalty Fees. Franchisee shall pay the following continuing royalty fees to Franchisor or Franchisor's designee:

4.3.1 Franchisee shall pay One Dollar ($1.00) for each two and one-half (2½) gallon tub of Ralph's Frozen Dessert Products purchased from JMS in the amount invoiced by Franchisor or its designee. Such royalty fee shall be paid at the earlier of (a) ten (10) days from receipt of an invoice for such purchase, or (b) prior to the delivery of any subsequent purchase of Frozen Desserts Products from JMS.

4.3.2 Franchisee shall pay Three Dollars ($3.00) for each gallon of soft-serve mix purchased by Franchisee from Franchisor's approved supplier, based on Franchisor's invoice. Such royalty fee shall be paid by the fifteenth (15^{th}) day of the month following the month such soft-serve mix was delivered to Franchisee.

4.3.3 Franchisor reserves the right to change the size of the tub for sales of Ralph's Frozen Dessert Products and to adjust the royalty fee or advertising fee payable under

Sections 4.3.1 or 12.4 hereof, respectively, to the following mathematical product derived from the following: multiplying the gallon size of the new container by a fraction, for which the numerator is the royalty fee or advertising fee under Section 4.3.1 or 12.4, respectively, and for which the denominator is the gallon size of the container described in such Sections.

4.3.4 In addition to the fee adjustments permitted by Section 4.3.3 hereof, Franchisor reserves the right, no more often than once every three (3) years, to increase (a) by up to one dollar ($1) per tub the royalty fee payable under Section 4.3.1, and (b) by up to one dollar ($1) per gallon the royalty fee payable under Section 4.3.2.

4.3.5 In addition to the royalty fees described in Sections 4.3.1 and 4.3.2 hereof, Franchisor reserves the right to collect a continuing monthly royalty fee in an amount equal to five percent (5%) of the Gross Sales (as defined in Section 11 hereof) for sales of all Additional Products, excluding sales of Ralph's Frozen Dessert Products.

4.4 Advertising Expenditures. Franchisee shall make monthly expenditures and contributions for advertising and promotion as specified in Section 12 hereof.

4.5 Payments. All payments to Franchisor or its designee required by Sections 4.3 and 7.3 hereof shall be paid at the earlier of (a) ten (10) days from the date of receipt of such invoice, or (b) prior to the delivery of any subsequent purchase of Ralph's Frozen Dessert Products from JMS, except for the first delivery and last delivery of such product during each calendar year of the term of this Agreement upon which such purchases shall be paid by Franchisee cash on delivery. All payments to Franchisor or its designee required by Sections 12.4 and 12.11 hereof shall be paid within ten (10) days of the date of receipt of such invoice; and all payments required by Section 4.4 hereof shall be paid by the tenth (10th) day of each month for Gross Sales in the preceding month. Any payment not actually received in full by Franchisor on or before such date shall be deemed overdue if not postmarked at least five (5) days prior thereto. If any payment is overdue by thirty (30) days or more, Franchisee shall pay Franchisor or its designee immediately upon demand, in addition to the overdue amount, (a) a surcharge in the amount of four percent (4%) of the overdue amount, and (b) interest on such amount at the rate of one percent (1%) per month thereafter until paid, or the maximum rate permitted by law, whichever is less. Entitlement to such surcharge and interest shall be in addition to any other remedies Franchisor or its designee may have (including, without limitation, the suspension of product delivery described in Section 7.3.3.2 hereof). Franchisee shall not be entitled to set-off any payments required to be made under this Section 4 against any monetary claim it may have against Franchisor.

4.6 Returned Checks. Franchisee must pay to Franchisor or JMS Franchisor's then-current returned check fee for each check returned for insufficient funds, as described in the Manual or by Franchisor otherwise in writing from time to time. Franchisor and JMS will not re-deposit any returned check, and Franchisee will be required to issue a new check to cover payment. If two (2) checks are returned during any single business season, Franchisor and JMS shall require payment for any or all future shipments of products to be made in cash on delivery, and the right to withhold delivery of product until all payment terms have been met.

5. OPENING OF FRANCHISED BUSINESS

5.1 Construction. Franchisee shall renovate or construct, and equip, the Ralph's Famous Italian Ices Shop at Franchisee's own expense. Before commencing any renovation or construction of the Ralph's Famous Italian Ices Shop, Franchisee, at its expense, shall prepare preliminary and final architectural drawings and specifications of the Premises in accordance with Franchisor's standard plans. Such preliminary and final drawings and specifications shall be submitted to Franchisor for its prior written approval. The drawings and specifications shall not thereafter be changed or modified without the prior written approval of Franchisor. Franchisor's approval shall not relate to Franchisee's obligations with respect to any federal, state or local laws, codes or regulations including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Ralph's Famous Italian Ices Shop, which shall be Franchisee's sole responsibility.

5.2 Permits. Franchisee shall be responsible, at Franchisee's expense, for conforming the premises to local ordinances, building codes and the ADA, and for obtaining all zoning classifications, permits, and clearances, including, but not limited to, certificates of occupancy and certificates of health, which may be required by federal, state or local laws, ordinances, or regulations, or which may be necessary or advisable owing to any restrictive covenants relating to the premises or required by the lessor.

5.3 Opening Deadline. Franchisee shall obtain Franchisor's written approval prior to first opening the Ralph's Famous Italian Ices Shop, which approval shall not be unreasonably withheld. Franchisee shall commence operation of the Ralph's Famous Italian Ices Shop not later than three hundred sixty-five (365) days after the date of this Agreement, if Franchisee has selected a site prior to the execution hereof or, if Franchisee has executed the Site Selection Addendum, within six (6) months after obtaining an Approved Location. The parties agree that time is of the essence in the opening of the Ralph's Famous Italian Ices Shop.

6. TRAINING

6.1 Initial Training Program. At least one week prior to the opening of the Ralph's Famous Italian Ices Shop, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal of Franchisee approved by Franchisor), and Franchisee's manager approved by Franchisor (if Franchisee or Franchisee's principal will not manage the Ralph's Famous Italian Ices Shop) or another person designated by Franchisee and approved by Franchisor (but no more than two (2) persons) shall attend and complete to Franchisor's satisfaction the initial training program for franchisees offered by Franchisor. At Franchisor's option, any persons subsequently employed by Franchisee in the position of manager shall also attend and complete Franchisor's training program, to Franchisor's satisfaction. Franchisee, Franchisee's manager and other employees shall also attend such additional courses, seminars and other training programs as Franchisor may reasonably require from time to time.

6.2 Training Expenses. All training programs required by Section 6.1 hereof shall be at such times and places as may be designated by Franchisor, and may be conducted via Internet, intranet, conference call, or such other means as Franchisor determines in its sole discretion. For all training courses, seminars and programs required by Section 6.1 hereof, Franchisor shall provide, at no charge to Franchisee, instructors and training materials; and Franchisee or its employees shall be responsible for any and all other expenses incurred by them in connection with any such courses, seminars, and programs, including, without limitation, the costs of transportation, lodging, meals, and wages.

6.3 Employee Training. Franchisee shall also provide, at Franchisee's sole expense, initial and ongoing training, as prescribed by Franchisor in the Manual or otherwise in writing from time to time, to any of Franchisee's employees who have not attended Franchisor's training program(s) as described in Section 6.1 hereof, but who will be providing the direct, on-premises supervision of the Ralph's Famous Italian Ices Shop as required by Section 7.12 hereof.

7. DUTIES OF FRANCHISEE

7.1 Operating Standards. Franchisee understands and acknowledges that every detail of the Franchised Business is important to Franchisee, Franchisor and other franchisees in order to develop and maintain high operating standards, to increase the demand for the products sold by all franchised businesses operating under the System, and to protect Franchisor's reputation and goodwill.

7.2 Shop Operations. Franchisee shall use the Premises solely for the operation of the business franchised hereunder; shall keep the Ralph's Famous Italian Ices Shop open and in normal operation for such minimum hours and days as Franchisor may specify; shall refrain from using or permitting the use of the Premises for any other purpose or activity at any time without first obtaining the written consent of Franchisor; and shall operate the Ralph's Famous Italian Ices Shop in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manual or otherwise in writing. Franchisee shall refrain from deviating from such standards, specifications, and procedures without Franchisor's prior written consent. Franchisee acknowledges and agrees that the Franchised Business is a seasonal business and Franchisor has the right, in its sole discretion, to designate, in the Manual or otherwise in writing from time to time, the dates by which the Ralph's Famous Italian Ices Shop must open and close for each season. For each day that the Ralph's Famous Italian Ices Shop is not open after the required opening date, and for each date that the Ralph's Famous Italian Ices Shop remains open after the required closing date, Franchisee shall pay Franchisor a daily fine in an amount designated in the Manual or otherwise in writing.

7.3 Adherence to Standards and Specifications. To insure that the highest degree of quality and service is maintained, Franchisee shall operate the Ralph's Famous Italian Ices Shop in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manual or otherwise in writing. Franchisee agrees:

7.3.1 To maintain in sufficient supply as Franchisor may prescribe in the Manual or otherwise in writing, and to use at all times, only such frozen desserts, products and ingredients acquired from a supplier or suppliers designated or approved by Franchisor, and such other ingredients, products, materials, supplies, paper goods, fixtures, furnishings, equipment, signs and menu items, as conform with Franchisor's standards and specifications, and to refrain from deviating therefrom by the use of nonconforming items, without Franchisor's prior written consent.

7.3.2 To sell or offer for sale only such Ralph's Frozen Dessert Products, Additional Products, beverages, and other products and services as have been expressly approved for sale in writing by Franchisor; to sell or offer for sale all types of Ralph's Frozen Dessert Products, Additional Products, beverages, products, and services specified by Franchisor; to refrain from any deviation from Franchisor's standards and specifications without Franchisor's prior written consent; and to discontinue selling and offering for sale any Ralph's Frozen Dessert Products, Additional Products, beverages, products or services which Franchisor may, in its discretion, disapprove in writing at any time.

7.3.3 To purchase the Ralph's Frozen Dessert Products solely from JMS or other such sources as Franchisor designates in the Manual or otherwise in writing from time to time. Franchisee acknowledges that the Ralph's Frozen Dessert Products are essential to the operation of the Franchised Business; and that certain of the Ralph's Frozen Dessert Products are proprietary trade secrets. All such purchases shall be made directly from JMS, and all payments for the Ralph's Frozen Dessert Products shall be made directly to JMS.

7.3.3.1 Franchisee agrees to pay JMS for Ralph's Frozen Dessert Products that Franchisee purchases from JMS at the prices set forth in JMS' then-current price list. Franchisee acknowledges and agrees that JMS has the right to change the prices from time to time without notice.

7.3.3.2 Franchisee agrees to pay JMS for Ralph's Frozen Dessert Products that Franchisee purchases from JMS at the earlier of (1) ten (10) days from the date of receipt of the invoice for such purchases, or (2) prior to the delivery of any subsequent purchase of Ralph's Frozen Dessert Products from JMS. Franchisee acknowledges and agrees that if Franchisee fails to make any payment in full to Franchisor, its designee, or JMS when due under this Agreement, Franchisor and JMS reserve the right, among other remedies, to (a) suspend or refuse shipment to Franchisee of additional Ralph's Frozen Dessert Products or any other product which JMS is providing to Franchisee under this Agreement until such payment has been made, pursuant to Section 15.4 hereof; and (b) require payment for any or all future shipments of Ralph's Frozen Dessert Products or any other product to be made in cash on delivery. Payments shall be made by cash, money order or bank check. JMS Ices Inc. will provide a credit limit towards the purchases of product for each Ralph's location. Each stores credit limit will be determined based on a percentage of previous sales.

7.3.3.3 Franchisee agrees that all Ralph's Frozen Dessert Products shall be stored, maintained and served in strict conformity with Franchisor's standards, specifications and procedures, including, without limitation, stored in the required walk-in freezer, dipping freezer, or other equipment approved by Franchisor in the Manual or in writing from time to time, from the time of delivery to the time for display for sale, as Franchisor may specify in the Manual or otherwise in writing from time to time.

7.3.3.4 Franchisee acknowledges and agrees that all Ralph's Frozen Dessert Products and Additional Products shall be fresh and served in strict accordance with the temperature, appearance and quality standards prescribed in the Manual or otherwise in writing from time to time, and that any Ralph's Frozen Dessert Product or Additional Product failing to meet such standards shall not be offered for sale or sold by Franchisee. Franchisee acknowledges and agrees that Franchisor shall have the right to require that any Ralph's Frozen Dessert Product or Additional Product be immediately removed from sale if Franchisor, during any inspection, reasonably believes the products are not fresh or are of substandard quality. Franchisee agrees to immediately remove, upon Franchisor's request, such products from sale.

7.3.3.5 Franchisee acknowledges and agrees that all deliveries of Ralph's Frozen Dessert Products by JMS shall be subject to the delivery schedule determined by JMS in its sole discretion, and that neither JMS nor Franchisor shall be responsible or liable to Franchisee for any delays in the delivery of Ralph's Frozen Dessert Products by JMS.

7.3.4 To use and display only the standard menu format required by Franchisor, as the same may be revised by Franchisor from time to time. Any change in the menu format must be approved in writing by Franchisor prior to use.

7.3.5 To sell all Ralph's Frozen Dessert Products and Additional Products hereunder at retail and not sell such products at wholesale or for re-sale, and to refrain from selling any Ralph's Frozen Dessert Products or Additional Products at any location other than the Approved Location.

7.3.6 To use, in the operation of the Franchised Business, such standards, specifications, and procedures as prescribed by Franchisor.

7.3.7 To discard all unused or unopened Ralph's Frozen Dessert Products and Additional Products offered for sale at the Ralph's Famous Italian Ices Shop upon the closing of the Ralph's Famous Italian Ices Shop for the season, unless Franchisee receives written approval from Franchisor otherwise.

7.3.8 Unless prohibited by local ordinance or otherwise approved by Franchisor in advance in writing, to sell or offer for sale all approved products and services for walk-up window service only at the Ralph's Famous Italian Ices Shop, to refrain from permitting any customer in-store dining or purchases, and to prohibit all customers and public traffic from otherwise entering the premises of the Ralph's Famous Italian Ices Shop for any reason whatsoever (including, without limitation, for purchases of products or services).

7.3.9 To refrain from selling, offering to sell, or permitting any other party to sell or offer to sell alcoholic beverages on the Ralph's Famous Italian Ices Shop premises.

7.3.10 To refrain from selling or advertising any Ralph's Frozen Dessert Products or Additional Products or services hereunder on the Internet without Franchisor's prior, written approval.

7.3.11 To participate in Franchisor's gift certificate program for all Ralph's Famous Italian Ices shops operating under the System, as prescribed by Franchisor in the Manual or otherwise in writing from time to time, including, but not limited to, selling and offering for sale gift certificates which may be redeemed at any Ralph's Famous Italian Ices shop for menu items or products, and permitting customers who purchased gift certificates from another Ralph's Famous Italian Ices shop or Franchisor to redeem their gift certificates for menu items or products at Franchisee's Ralph's Famous Italian Ices Shop.

7.4 Fixtures, Furnishings, and Equipment. Franchisee shall purchase and install, at Franchisee's expense, all fixtures, furnishings, supplies, equipment (including, without limitation, the walk-in freezer, dipping freezers, refrigerator, sinks, dipper wells, blenders, hot fudge warmer, microwave, telecopy machine, telephone, and programmable cash register or point-of-sale recording system), décor, and signs as Franchisor may reasonably direct from time to time; and shall refrain from installing or permitting to be installed on or about the Premises, without Franchisor's prior written consent, any fixtures, furnishings, equipment, décor, signs or other items not previously approved as meeting Franchisor's standards and specifications.

7.5 Sources of Products. All products sold or offered for sale at the Ralph's Famous Italian Ices Shop, and other products, materials, supplies, paper goods, fixtures, furnishings and equipment used at the Ralph's Famous Italian Ices Shop, shall meet Franchisor's then-current standards and specifications, as established in the Manual or otherwise in writing. Except as provided by Section 7.3.3 hereof, Franchisee shall purchase all food items (including, without limitation, soft-serve mix), ingredients, supplies, materials, and other products and equipment used or offered for sale at the Ralph's Famous Italian Ices Shop for which Franchisor has established standards or specifications solely from suppliers (including manufacturers, distributors and other sources) designated by Franchisor which demonstrate, to the continuing reasonable satisfaction of Franchisor, the ability to meet Franchisor's standards and specifications, who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably, and who have been approved by Franchisor in the Manual or otherwise in writing. Franchisor reserves the right to require Franchisee to purchase any or all approved products, equipment, or merchandise solely from Franchisor or an affiliate of Franchisor. If Franchisee desires to purchase products from a party other than an approved supplier, Franchisee shall submit to Franchisor a written request to approve the proposed supplier, together with such evidence of conformity with Franchisor's specifications as Franchisor may reasonably require. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to Franchisor or to an independent testing facility designated by Franchisor. A charge not to exceed the reasonable cost of the evaluation and testing shall be paid by Franchisee. Franchisor shall use its best efforts, within thirty (30) days after its receipt of such completed request and completion of such evaluation and testing (if required by Franchisor), to notify Franchisee in writing of its approval or disapproval of the proposed supplier. Approval shall not be unreasonably withheld. Franchisee shall not sell or offer for sale any products of the proposed supplier until Franchisor's written approval of the proposed supplier is received. Franchisor may from time to time revoke its approval of particular products or suppliers when Franchisor determines, in its sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee shall cease to sell any disapproved products and cease to purchase from any disapproved supplier. Franchisee agrees that it shall use products purchased from approved suppliers solely for the purpose of operating the Ralph's Famous Italian Ices Shop and not for any other purpose, including, without limitation, resale. Nothing in the foregoing shall be construed to require Franchisor to make available to prospective suppliers, standards and specifications for formulas, including, without limitation, the recipes for the Ralph's Frozen Dessert Products, that Franchisor, in its sole discretion, deems confidential.

7.6 Grand Opening Advertising. Prior to the grand opening of the Ralph's Famous Italian Ices Shop, Franchisee shall conduct, at Franchisee's expense, such pre-opening promotional and advertising activities as Franchisor reasonably may require as set forth in Section 12 hereof.

7.7 Initial Inventory. At the time the Ralph's Famous Italian Ices Shop initially opens and thereafter opens for a new season each year, Franchisee shall stock the initial inventory of Ralph's Frozen Dessert Products and Additional Products and supplies prescribed by Franchisor in the Manual or otherwise in writing. Thereafter, Franchisee shall stock and maintain all types of approved products in quantities sufficient to meet reasonably anticipated customer demand.

7.8 Inspections. Franchisee shall permit Franchisor and its agents to enter upon the Ralph's Famous Italian Ices Shop premises at any time during normal business hours for the purpose of conducting inspections; shall cooperate with representatives of Franchisor in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by Franchisor and to charge Franchisee a reasonable fee for Franchisor's expenses in so acting, payable to Franchisor upon demand. The foregoing shall be in addition to such other remedies Franchisor may have.

7.9 Advertising Materials. Franchisee shall ensure that all advertising and promotional materials, signs, decorations and other items specified by Franchisor bear the Proprietary Marks in the form, color, location, and manner prescribed by Franchisor.

7.10 Maintenance of Premises. Franchisee shall maintain the Ralph's Famous Italian Ices Shop premises (including the adjacent public areas) in a clean, orderly condition and in excellent repair; and, in connection therewith, Franchisee shall, at its expense, make such additions, alterations, repairs and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment and décor as Franchisor may reasonably direct.

7.11 Refurbishment. At Franchisor's request, but no more than twice every five (5) years, unless sooner required by Franchisee's lease, Franchisee shall refurbish the Ralph's Famous Italian Ices Shop premises, at its expense, to conform to the building design, trade dress, color schemes and presentation of the Proprietary Marks in a manner consistent with the then-current image for new Ralph's Famous Italian Ices franchised businesses. Such refurbishment may include, without limitation, structural changes, installation of new equipment, remodeling, redecoration and modifications to existing improvements.

7.12 On-Premises Supervision. The Ralph's Famous Italian Ices Shop shall at all times be under the direct, on-premises supervision of an individual who has satisfactorily completed the training as required by Section 6.1 or 6.3 hereof. Franchisee shall maintain a competent, conscientious, trained staff, including a manager (who may be Franchisee) who has completed the training described in Section 6.1 or 6.3 hereof. Franchisee shall take such steps as are necessary to ensure that its employees preserve good customer relations; render competent, prompt, courteous and knowledgeable service; and meet such minimum standards, including, without limitation, such attire as Franchisor reasonably requires, as Franchisor may establish from time to time in the Manual. Franchisee and its employees shall handle all customer complaints, refunds, returns and other adjustments in a manner that will not detract from the name and goodwill of Franchisor. Franchisee shall take such steps as are necessary to ensure that its employees do not violate Franchisor's policies relating to the use of Networking Media Sites (as defined in Section 8.8 below), including, but not limited to, prohibiting employees from posting any information relating to Franchisor, the System, the Proprietary Marks, or the Franchised Business on any Networking Media Site that is inconsistent with such policies. Franchisee shall be solely responsible for all employment decisions and functions of the Ralph's Famous Italian Ices Shop, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees.

7.13 Changes to the System. Franchisee shall not implement any change, amendment or improvement to the System without the express prior written consent of Franchisor. Franchisee shall notify Franchisor in writing of any change, amendment or improvement in the System which Franchisee proposes to make, and shall provide to Franchisor such information as Franchisor requests regarding the proposed change, amendment or improvement. Franchisee acknowledges and agrees that Franchisor shall have the right to incorporate the proposed change, amendment or improvement into the System and shall thereupon obtain all right, title and interest therein without compensation to Franchisee.

7.14 Compliance With Lease. Franchisee shall comply with all the terms of its lease or sublease and all other agreements affecting the operation of the Ralph's Famous Italian Ices Shop; shall promptly furnish Franchisor a copy of its lease, upon request; shall undertake best efforts to maintain a good and positive working relationship with its landlord and/or lessor; and shall refrain from any activity which may jeopardize Franchisee's right to remain in possession of, or to renew the lease or sublease for, the Ralph's Famous Italian Ices Shop premises.

7.15 Health and Safety Standards. Franchisee shall meet and maintain the highest health and safety standards and ratings applicable to the operation of the Ralph's Famous Italian Ices Shop. Franchisee shall furnish to Franchisor within five (5) business days after receipt thereof, a copy of any violation or citation which indicates Franchisee's failure to maintain local health or safety standards in the operation of the Ralph's Famous Italian Ices Shop.

7.16 Drive-Thru Construction. Upon obtaining the prior written approval of Franchisor and the appropriate local or state governmental authority, at Franchisee's option, Franchisee may construct a drive-thru window and operate a drive-thru window service at the Ralph's Famous Italian Ices Shop premises. Before commencing any construction of the drive-thru, Franchisee shall prepare and submit to Franchisor for its written approval drawings of the layout and specifications of the drive-thru. The layout and specifications shall not thereafter be changed or modified without the prior written approval of Franchisor.

7.17 Pricing and Coupon Sales. Franchisor shall have the right to determine the prices of the products and services offered, sold, and advertised by Franchisee. Franchisor also shall have the right to establish minimum prices and/or maximum prices of the products and services offered, sold, and advertised by Franchisee. Franchisee shall strictly adhere to the prices (including minimum and/or maximum prices) established by Franchisor. Franchisor retains the right to modify the prices from time to time in its reasonable discretion. Franchisee must comply with all of Franchisor's policies regarding advertising and promotion, including the use and acceptance of coupons.

7.18 Gift Card Programs. Franchisee shall offer for sale, and will honor for purchases by customers and otherwise fully participate in, any incentive or convenience programs (including "gift card" programs), or customer loyalty programs, which Franchisor may institute from time to time, and Franchisee shall do so in compliance with Franchisor's standards and procedures for such programs.

FranchisorS reserve the right to alter the terms and conditions of any gift card or loyalty programs, including reserving the right to apply changes retroactively to benefits already accrued under such programs.

8. PROPRIETARY MARKS AND TECHNOLOGY

8.1 Franchisor's Representations. Franchisor represents with respect to the Proprietary Marks:

8.1.1 Franchisor is the owner of all right, title, and interest in and to the Proprietary Marks;

8.1.2 Franchisor has the right to use, and to license others to use, the Proprietary Marks; and

8.1.3 Franchisor has taken and will take all steps reasonably necessary to preserve and protect the ownership and validity of the Proprietary Marks.

8.2 Franchisee's Use of the Proprietary Marks. With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees that:

8.2.1 Franchisee shall use only the Proprietary Marks designated by Franchisor, and shall use them only in the manner authorized and permitted by Franchisor;

8.2.2 Franchisee shall use the Proprietary Marks only for the operation of the Ralph's Famous Italian Ices Shop and only at the Approved Location, or in advertising for the Ralph's Famous Italian Ices Shop conducted at or from the Approved Location;

8.2.3 Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Ralph's Famous Italian Ices Shop only under the name "Ralph's Famous Italian Ices" and shall use all Proprietary Marks without prefix or suffix. Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name;

8.2.4 During the term of this Agreement and any renewal or extension hereof, Franchisee shall identify itself as the owner of the Ralph's Famous Italian Ices Shop (in the manner required by Franchisor) in conjunction with any use of the Proprietary Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, and contracts with all third parties or entities, as well as the display of such notices in such content and form and at such conspicuous locations as Franchisor may designate in writing;

8.2.5 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights and will entitle Franchisor to exercise all of its rights under this Agreement in addition to all rights available at law or in equity;

8.2.6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of Franchisor;

8.2.7 Franchisee shall execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability;

8.2.8 Franchisee shall promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks. Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. If Franchisor, in its sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisor. If Franchisor, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts; and

8.2.9 Franchisee shall not attempt to register or otherwise obtain any interest in any Internet domain name or URL containing any of the Proprietary Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Proprietary Marks.

8.3 Acknowledgements. Franchisee expressly understands and acknowledges that:

8.3.1 JMS is the owner of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

8.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

8.3.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of Franchisor's ownership of, or Franchisor's right to use and to license others to use, the Proprietary Marks;

8.3.4 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks;

8.3.5 Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to the benefit of Franchisor, and upon expiration or termination of this Agreement and the license granted herein, no monetary amount shall be assigned to Franchisee or any of its principals, affiliates, subsidiaries, successors, licensees or assigns as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks;

8.3.6 Except as specified in Section 1.3 hereof, the license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others: (a) to use the Proprietary Marks itself in connection with selling products and services; (b) to grant other licenses for the Proprietary Marks; and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

8.3.7 Franchisor reserves the right, in Franchisor's sole discretion, to modify, add to, or discontinue use of the Proprietary Marks, or to substitute different proprietary marks, for use in identifying the System and the businesses operating thereunder. Franchisee agrees promptly to comply with such changes, revisions and/or substitutions, and to bear all the costs of modifying Franchisee's signs, advertising materials, interior graphics and any other items which bear the Proprietary Marks to conform therewith.

8.4 Computer System and Required Software.

8.4.1 Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee, including without limitation: (a) back office and point of sale systems, data, audio, and video, systems for use at the Franchised Business; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems (collectively, the "Computer System").

8.4.2 Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs that Franchisee must use in connection with the Computer System (the "Required Software"), which Franchisee shall install at its expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at its expense; (c) the tangible media upon which Franchisee shall record data; and (d) the database file structure of the Computer System.

8.4.3 At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. Franchisor shall have the right at any time to remotely retrieve and use such data and information from Franchisee's Computer System or Required Software that Franchisor deems necessary or desirable. Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and any Required Software in accordance with Franchisor's standards and specifications. Franchisee agrees, at its own expense, to keep the Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee agrees that its compliance with this Section 8.4 shall be at Franchisee's sole cost and expense.

8.5 Data. All data provided by Franchisee, uploaded to Franchisor's system from Franchisee's system, and/or downloaded from Franchisee's system to Franchisor's system, is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the Franchised Business (including but not limited to consumer and transaction data), is and will be owned exclusively by Franchisor during the term of, and following termination or expiration of, this Agreement. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee, at no additional cost, solely for the term of this Agreement and solely for Franchisee's use in connection with the establishment and operation of the Franchised Business pursuant to this Agreement.

8.6 Privacy. Subject to commercial standards of reasonableness based upon local business practices in the Territory, Franchisor may, from time-to-time, specify in the Manual (or otherwise in writing) the information that Franchisee shall collect and maintain on the Computer System installed at the Franchised Business, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All data pertaining to or derived from the Franchised Business (including, without limitation, data pertaining to or otherwise about customers) is and shall be the exclusive property of Franchisor, and Franchisor hereby grants a royalty-free nonexclusive license to Franchisee to use said data during the term of this Agreement. Franchisee shall abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy.

8.7 Extranet. Franchisor may, but is not obligated to, establish an Extranet. The term "Extranet" means a private network based upon Internet protocols that will allow users inside and outside of Franchisor's headquarters to access certain parts of Franchisor's computer network via the Internet. If Franchisor does establish an Extranet, then Franchisee shall comply with Franchisor's requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Extranet and utilizing the Extranet in connection with the operation of the Franchised Business. The Extranet may include, without limitation, the Manual, training and other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct). Franchisee shall purchase and maintain such computer software and hardware (including, but not limited to, telecommunications capacity) as may be required to connect to and utilize the Extranet. Franchisor shall have the right to require Franchisee to install a video, voice and data system that is accessible by both Franchisor and Franchisee on a secure Internet website, in real-time, all in accordance with Franchisor's then-current written standards as set forth in the Manual or otherwise in writing. Franchisee shall comply with Franchisor's requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and Franchisor's Extranet and/or such other computer systems as Franchisor may reasonably require.

8.8 Websites. Unless otherwise approved in writing by Franchisor, Franchisee shall not establish a separate Website. However, Franchisor shall have the right to require that Franchisee have one or more references or webpage(s), as designated and approved in advance by Franchisor, within Franchisor's Website. The term "Website" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including, but not limited to, any account, page, or other presence on a social or business networking media site, such as Facebook, Twitter, Linked In, and on-line blogs and forums ("Networking Media Sites"). Franchisor shall have the right to require that Franchisee not have any Website other than the webpage(s), if any, made available on Franchisor's Website. However, if Franchisor approves a separate Website for Franchisee (which Franchisor is not obligated to approve; and, which approval, if granted, may later be revoked by Franchisor), then each of the following provisions shall apply:

8.8.1 Franchisee specifically acknowledges and agrees that any Website owned, established, or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement and will be subject to, among other things, Franchisor's prior review and approval;

8.8.2 Before establishing any Website, Franchisee shall submit to Franchisor, for Franchisor's prior written approval, a sample of the proposed Website domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including, without limitation, meta tags) in the form and manner Franchisor may reasonably require;

8.8.3 If approved, Franchisee shall not materially modify such Website without Franchisor's prior written approval as to such proposed modification;

8.8.4 Franchisee shall comply with the standards and specifications for Websites that Franchisor may periodically prescribe in the Manual or otherwise in writing;

8.8.5 If required by Franchisor, Franchisee shall establish such hyperlinks to Franchisor's Website and other Websites as Franchisor may request in writing;

8.8.6 Franchisee shall not make any posting or other contribution to a Networking Media Site relating to Franchisor, the System, the Proprietary Marks, or the Franchised Business that (a) is derogatory, disparaging, or critical of Franchisor, (b) is offensive, inflammatory, or indecent, (c) harms the goodwill and public image of the System and/or the Proprietary Marks, or (d) violates Franchisor's policies relating to the use of Networking Media Sites.

8.9 Domain Names. Franchisee acknowledges and agrees that if Franchisor grants its approval for Franchisee's use of a generic, national, and/or regionalized domain name, Franchisor shall have the right to own and control said domain name at all times and may license it to Franchisee for the term of this Agreement on such terms and conditions as Franchisor may reasonably require (including, but not limited to, the requirement that Franchisee reimburse Franchisor's costs for doing so). If Franchisee already owns any domain names, or hereafter registers any domain names, then Franchisee agrees that it shall notify Franchisor in writing and assign said domain names to Franchisor and/or a designee that Franchisor specifies in writing.

8.10 Online Use of Proprietary Marks and E-mail Solicitations. Franchisee shall not use the Proprietary Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining Franchisor's written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003").

8.11 No Outsourcing without Prior Written Approval. Franchisee shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without Franchisor's prior written approval. Franchisor's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with Franchisor and Franchisee in a form that is provided by Franchisor. The provisions of this Section 8.11 are in addition to and not instead of any other provision of this Agreement.

8.12 Changes to Technology. Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it shall abide by those reasonable new standards established by Franchisor as if this Agreement were periodically revised by Franchisor for that purpose.

9. OPERATING MANUAL

9.1 Standards of Operation. In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, Franchisee shall operate the Ralph's Famous Italian Ices Shop in accordance with the standards, methods, policies, and procedures specified in the Manual, one copy of which Franchisee shall receive on loan from Franchisor for the term of this Agreement upon completion by Franchisee of Franchisor's initial training program to Franchisor's satisfaction.

9.2 Confidentiality. Franchisee shall treat the Manual, any other manuals created for or approved for use in the operation of the Ralph's Famous Italian Ices Shop, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not copy, duplicate, record or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person.

9.3 Exclusive Property. The Manual shall remain the sole property of Franchisor and shall be kept in a secure place on the Ralph's Famous Italian Ices Shop premises.

9.4 Revisions to Manual. Franchisor may from time to time revise the contents of the Manual, and Franchisee expressly agrees to comply with each new or changed standard. Franchisee shall ensure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by Franchisor at Franchisor's home office shall be controlling.

10. CONFIDENTIAL INFORMATION

10.1 Confidential Information. Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, partnership, association, limited liability company or corporation any confidential information, knowledge or know-how concerning the methods of operation of the business franchised hereunder, including, without limitation, recipes, prepared mixtures or blends of flavors, drawings, materials, or equipment which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, techniques and other data which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement.

10.2 Confidentiality Agreements. At Franchisor's request, Franchisee shall require Franchisee's manager and other such personnel having access to any of Franchisor's confidential information as Franchisor requires to execute non-competition covenants and covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Ralph's Famous Italian Ices Shop. Such covenants shall be in the form attached hereto as Attachment 3.

10.3 Irreparable Injury. Franchisee acknowledges that any failure to comply with the requirements of this Section 10 will cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 10, or such other relief sought by Franchisor.

11. ACCOUNTING AND RECORDS

11.1 Point-of-Sale Records. On Franchisor's request, Franchisee shall record all sales on a cash register or computer-based point-of-sale record keeping and control system designated by Franchisor, or on any other equipment specified by Franchisor in the Manual or otherwise in writing. Franchisee shall prepare, and shall preserve for at least three (3) years from the dates of their preparation, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manual or otherwise in writing.

11.2 Gross Sales Records. All Gross Sales, sales tax, and charges collected on behalf of third parties shall be recorded by Franchisee in accordance with the procedures prescribed in the Manual. As used in this Section 11, "Gross Sales" means all revenue from the sale of all products and services and all other income of every kind and nature at or from the Ralph's Famous Italian Ices Shop or otherwise related to the Ralph's Famous Italian Ices Shop, including, without limitation, any proceeds from business interruption insurance, whether for cash or credit, and regardless of collection in the case of credit. Gross Sales shall not include any sales taxes or other taxes collected from customers by Franchisee and paid directly to the appropriate taxing authority.

11.3 Reports. Upon Franchisor's request, but not more often than once per month, Franchisee shall, at Franchisee's expense, submit to Franchisor in the form prescribed by Franchisor, the following reports, financial statements, and other data:

11.3.1 Within fifteen (15) days of Franchisor's request, a report accurately reflecting all Gross Sales during the preceding calendar month;

11.3.2 Within fifteen (15) days of Franchisor's request, unaudited financial statements showing the results of operations of the Ralph's Famous Italian Ices Shop during the preceding calendar month; and

11.3.3 Such other forms, reports, records, information and data as Franchisor may reasonably designate.

11.4 Inspection and Audit. Franchisor and its designated agents shall have the right at all reasonable times to examine and copy, at Franchisor's expense, the books, records, accounts and tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection should reveal that any payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less, plus all of Franchisor's costs and expenses in connection with the inspection, including, without limitation, travel costs, lodging and wages expenses, and reasonable accounting and legal costs. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

12. ADVERTISING AND PROMOTION

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

12.1 Grand Opening Advertising. Beginning two (2) weeks prior to the grand opening of the Franchised Business and continuing until the opening of the Franchised Business, Franchisee shall conduct an initial, grand opening local advertising and promotional program in the form and manner prescribed by Franchisor in writing. Franchisee shall expend no less than One Thousand Five Hundred Dollars ($1,500) on such grand opening advertising and promotion.

12.2 Local Advertising and Promotion. In addition to the expenditure required by Section 12.1 hereof, between April 1 and August 30 of each year during the term of this Agreement Franchisee shall spend One Thousand Five Hundred Dollars ($1,500) on local advertising and promotion. Franchisee understands and acknowledges that such required expenditure is a minimum requirement only. Franchisor reserves the right to increase this minimum expenditure at any time upon notice to Franchisee by any amount up to a maximum of Three Thousand Dollars ($3,000). Franchisee shall not advertise, market, or promote any products or services offered at the Ralph's Famous Italian Ices Shop in the territory of any other Ralph's Famous Italian Ices franchisee. This prohibition shall include, without limitation, advertising conducted through newspapers and other print media, radio, television, direct mail, electronic mail, and distribution of leaflets, coupons, or other promotional items as determined by Franchisor, in its sole discretion. This prohibition shall not include directory listings as described in Section 12.8 below. If Franchisee violates this Section 12.2, Franchisee shall pay Franchisor the fines and fees set forth in Section 12.7 below. In addition, if another Ralph's Famous Italian Ices franchisee honors any coupon, discount, or promotion advertised by Franchisee in such other franchisee's territory, in violation of this Section 12.2, Franchisee shall be obligated to compensate such franchisee for the amount of the coupon, discount, or promotion honored.

12.3 Verification of Advertising Expenditures. Franchisee shall submit verification of the expenditures required by Sections 12.1 and 12.2 hereof to Franchisor in the form and manner prescribed by Franchisor in the Manual or otherwise in writing from time to time.

12.4 Advertising Fee. During the term of this Agreement, Franchisee shall also contribute for advertising and promotion to the System's advertising fund (the "Fund") in the amount invoiced by Franchisor or its designee (the "Ad Fee"), as described in Section 4.5 hereof. As of the date hereof, the Ad Fee payable by Franchisee to Franchisor is Fifty Cents (50¢) for each two and one-half (2½) gallon tub of Ralph's Frozen Dessert Product purchased from JMS. Franchisor reserves the right to increase the Ad Fee by up to Twenty-Five Cents (25¢) per tub no more often than once every three (3) years. Such contributions to the Fund shall be in addition to the expenditures required by Sections 12.1 and 12.2 hereof.

12.5 Advertising Fund. The Fund shall be maintained and administered by Franchisor as follows:

12.5.1 Franchisor shall direct all advertising programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Fund is intended to maximize general public recognition, acceptance, and use of the System; and that Franchisor is not obligated, in administering the Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or from expenditures by the Fund.

12.5.2 The Fund, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all costs of filing, maintaining, administering, directing, conducting and preparing advertising, trademarks, marketing, public relations, and/or promotional programs and materials, and any other activities which Franchisor believes will enhance the image of the System, including, among other things, the costs of preparing and conducting radio, cable television, print, and Internet-based advertising campaigns; utilizing Networking Media Sites (as defined in Section 8.8 above) and other emerging media or promotional tactics; developing, maintaining, and updating a Website on the Internet; direct mail advertising; marketing surveys; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; providing promotional and other marketing materials and services to the businesses operating under the System; and advertising for the sale of franchises.

12.5.3 All sums paid by Franchisee to the Fund shall be maintained in an account separate from the other monies of Franchisor and shall not be used to defray any of Franchisor's expenses, except for such reasonable costs and overhead, if any, as Franchisor may incur in activities reasonably related to the direction and implementation of the Fund and advertising programs for franchisees and the System, including, among other things, costs of personnel for creating and implementing advertising, promotional and marketing programs. The Fund and any earnings thereon shall not otherwise inure to the benefit of Franchisor. Franchisor shall maintain separate bookkeeping accounts for the Fund. Franchisee acknowledges that Franchisor is not a fiduciary to Franchisee of the monies in the Fund.

12.5.4 It is anticipated that all contributions to and earnings of the Fund will be expended for advertising and/or promotional purposes during the taxable year within which the contributions are made. If, however, excess amounts remain in the Fund at the end of such taxable year, all expenditures in the following taxable year(s) will be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions.

12.5.5 Although the Fund is intended to be of perpetual duration, Franchisor maintains the right to terminate the Fund. The Fund shall not be terminated, however, until all monies in the Fund have been expended for advertising and/or promotional purposes.

12.6 Advertising Materials. All advertising and promotion by Franchisee shall be in such media and of such type and format as Franchisor may approve, shall be conducted in a dignified manner, and shall conform to such standards and requirements as Franchisor may specify. Franchisee shall not use any advertising or promotional plans or materials unless and until Franchisee has received written approval from Franchisor, pursuant to the procedures and terms set forth in Section 12.7 hereof. Franchisor may make available to Franchisee from time to time, pre-approved advertising that Franchisee will be required to purchase and use during such season and at such times as Franchisor shall specify in writing. In addition, Franchisor may make available, at Franchisee's expense, such promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials.

12.7 Franchisor Approval. Franchisee shall submit to Franchisor, for Franchisor's prior written approval, samples of all advertising and promotional plans and materials (along with the proposed publication or other media in which such advertising shall be used, the circulation or geographic reach of such media, and a list of any franchisees that may be affected by such advertising), and proposed coupons for any print, broadcast, cable, electronic, computer or other media (including, without limitation, the Internet) that Franchisee desires to use. Franchisor's approval of any advertising or promotional materials under this Section 12.7 shall be effective for six (6) months from the date Franchisee receives Franchisor's written approval, but such approval shall be limited to such advertisement's use in the publication or other media originally approved by Franchisor. Franchisee shall not use such plans, materials, or coupons until they have been approved in writing by Franchisor. If written notice of approval is not received by Franchisee from Franchisor within fifteen (15) days of the date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have disapproved them. In the event Franchisee uses any unapproved advertising or advertises in another franchisee's territory (as determined by Franchisor, in its sole discretion) in violation of Section 12.2 above, in addition to any other remedies under Section 15 hereof, Franchisee shall promptly pay Franchisor a fine of two hundred fifty dollars ($250) for the first violation, five hundred dollars ($500) for the second violation, and one thousand dollars ($1,000) for the third and each additional violation. Franchisee shall also be responsible for Franchisor's costs and expenses, including attorneys' fees, associated with any such violations. The remedies described in this Section 12.7 are not exclusive and will not deprive Franchisor of any other remedies it may have under this Agreement (including, without limitation, termination of this Agreement), applicable law or at equity.

12.8 Directory Listings. Franchisee shall, at its expense, obtain listings in the white and yellow pages of local telephone directories. Franchisee shall comply with Franchisor's specifications concerning the form and size of such listings, and the number of directories in which such listings shall be placed. Franchisee's expenditures for the advertising described in this Section 12.8 shall be in addition to any expenditures required under this Section 12.

12.9 Advertising Cooperative. Franchisor shall have the right, in its discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Ralph's Famous Italian Ices Shop. If a Cooperative has been established applicable to the Ralph's Famous Italian Ices Shop at the time the Franchisee commences operations hereunder, Franchisee shall immediately become a member of the Cooperative. If a Cooperative applicable to the Ralph's Famous Italian Ices Shop is established at any later time during the term of this Agreement, Franchisee shall become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative commences operation. If the Ralph's Famous Italian Ices Shop is within the territory of more than one Cooperative, Franchisee shall be required to be a member of only one such Cooperative:

12.9.1 Each Cooperative shall be organized and governed in a form and manner, shall commence operation on a date, and shall operate pursuant to written governing documents, all of which must be approved in advance by Franchisor in writing.

12.9.2 Each Cooperative shall be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized advertising materials for use by the members in local advertising.

12.9.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without the prior approval of Franchisor. All such plans and materials shall be submitted to Franchisor in accordance with the procedure set forth in Section 12.7 hereof.

12.9.4 Each Cooperative shall have the right to require its members to make contributions to the Cooperative in such amounts as are determined by the Cooperative; provided, however, that Franchisee shall not be required to contribute to any Cooperative in excess of Four Thousand Dollars ($4,000) during any calendar year.

12.9.5 Each member franchisee shall submit to the Cooperative the amount invoiced by the Cooperative or Franchisor, as described in Section 4.5 hereof, its contribution as provided in Section 12.9.4 hereof, together with such other statements or reports as may be required by Franchisor or by the Cooperative with Franchisor's prior approval. At Franchisor's option, all contributions to the Cooperative shall be forwarded to the Franchisor, and Franchisor shall expend such monies on behalf of the Cooperative.

12.9.6 Franchisor, in its sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating the reasons supporting such exemption. Franchisor's decision concerning such request for exemption shall be final. If an exemption is granted to a franchisee, such franchisee shall be required to expend on local promotion and advertising in the full amount provided for in Section 12.2 hereof. Franchisor reserves the right to require Cooperatives to be changed, dissolved, or merged.

12.9.7 Franchisee's payments of up to One Thousand Dollars ($1,000), during a single calendar year made under this Section 12.10, shall be credited towards the One Thousand Five Hundred Dollar ($1,500) annual expenditure required to be made under Section 12.2 hereof for the same calendar year.

13. <u>INSURANCE</u>

13.1 <u>Minimum Insurance Requirements</u>. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee, Franchisor, and their respective officers, directors, partners, agents and employees against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Ralph's Famous Italian Ices Shop, including, but not limited to, comprehensive general liability insurance, property and casualty insurance, business interruption insurance, statutory workers' compensation insurance, employer's liability insurance, product liability insurance, and automobile insurance coverage for all vehicles used in connection with the Ralph's Famous Italian Ices Shop. Such policy or policies shall be written by a responsible carrier or carriers acceptable to Franchisor, shall name Franchisor and JMS as additional insureds as specified by Franchisor, and shall provide at least the types and minimum amounts of coverage specified in the Manual.

13.2 No Waiver. Franchisee's obligation to obtain and maintain the policy or policies in the amounts specified in the Manual shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 20.3 of this Agreement.

13.3 Franchisor Entitled to Recover. All public liability and property damage policies shall contain a provision that Franchisor, although named as an insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its servants, agents or employees by reason of the negligence of Franchisee or its servants, agents or employees.

13.4 Certificates of Insurance. Prior to the commencement of any operations under this Agreement, and thereafter at least thirty (30) days prior to the expiration of any policy, Franchisee shall deliver to Franchisor and/or JMS (as specified in the Manual) Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given Franchisor in the event of material alteration to or cancellation of the coverages evidenced by such Certificates. Franchisee acknowledges and agrees that Ralph's Frozen Dessert Product delivery will not commence under this Agreement until Franchisee has provided evidence of the required product liability insurance coverage to Franchisor and/or JMS as specified by the Manual.

13.5 Franchisor's Right to Procure. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Franchisor in the Manual or otherwise in writing, Franchisor shall have the right and authority (but not the obligation) to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

14. TRANSFER OF INTEREST

14.1 Franchisor's Right to Transfer. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Franchisee shall execute such documents of attornment or otherwise as Franchisor shall request.

14.2 Franchisee's Conditional Right to Transfer. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on Franchisee's (or, if Franchisee is a corporation, partnership, or limited liability company, its principals') business skill, financial capacity and personal character. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, limited liability company, corporation or other legal entity which directly or indirectly owns any interest in Franchisee or in the Franchised Business shall sell, assign, transfer, convey, pledge, encumber, merge or give away (collectively, "transfer") any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business without the prior written consent of Franchisor. Any purported assignment or transfer not having the written consent of Franchisor required by this Section 14.2 shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may immediately terminate without opportunity to cure pursuant to Section 15.2.6 of this Agreement.

14.3 Conditions of Transfer. Franchisee shall notify Franchisor orally and in writing sent by certified mail, return receipt requested, of any proposed transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business (a) prior to Franchisee's offering for sale (including, but not limited to, advertising the sale of) the Ralph's Famous Italian Ices Shop, or an assets of such shop, or any ownership interest in Franchisee; and (b) at least forty-five (45) days before any transfer is proposed to take place. Franchisor shall not unreasonably withhold its consent to any transfer. Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval:

14.3.1 That all of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor and its affiliates have been satisfied;

14.3.2 That Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates;

14.3.3 That the consideration or payment terms offered by a proposed transferee are not excessive or unreasonable, based on the gross revenues of the Franchised Business and sale prices of other Ralph's Famous Italian Ices shops in the System, in our reasonable business judgment;

14.3.4 That Franchisee has operated the Franchised Business for a minimum of two (2) complete seasons of six (6) consecutive months of operation, as determined by Franchisor in its sole discretion;

14.3.5 That Franchisee has purchased at least six thousand five hundred (6,500) gallons of Ralph's Frozen Dessert Products from JMS, pursuant to Section 7.3.3 hereof, during the most recently completed full season of operation preceding Franchisee's renewal notice;

14.3.6 That the transferor executes a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, shareholders, and employees;

14.3.7 That (1)(a) the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) enters into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement, or (b) the transferee executes, for a term ending on the expiration date of this Agreement and with such renewal term(s) as may be provided by this Agreement, the Franchisor's then-current form of franchise agreement and other ancillary agreements as Franchisor may require for the Franchised Business, which agreements shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher royalty fee and advertising contribution and a smaller or modified Franchisee's Territory, except that transferee shall not be required to pay any initial franchise fee; and (2) the transferee or its principals guaranty the performance of all such obligations in writing in a form satisfactory to Franchisor;

14.3.8 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) demonstrates to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital to operate the Franchised Business;

14.3.9 That Franchisee remains liable for all of the obligations to Franchisor in connection with the Franchised Business which arose prior to the effective date of the transfer and execute any and all instruments reasonably requested by Franchisor to evidence such liability;

14.3.10 That the transferee (or, if the transferee is a corporation, partnership or limited liability company, a principal of the transferee acceptable to Franchisor), or the transferee's manager (if transferee or transferee's principal will not manage the Ralph's Famous Italian Ices Shop), at the transferee's expense, completes any training programs then in effect upon such terms and conditions as Franchisor may reasonably require; and

14.3.11 That Franchisee pays to Franchisor a transfer fee of Seven Thousand Five Hundred Dollars ($7,500). However, in the case of a transfer to a corporation formed by Franchisee for the convenience of ownership, no such transfer fee shall be required, but Franchisee shall reimburse Franchisor for its costs and expenses as a result of such transfer, including, but not limited to, reasonable attorneys' fees.

14.4 No Security Interest. Franchisee shall not grant a security interest in the Ralph's Famous Italian Ices Shop or in any of the assets of the Ralph's Famous Italian Ices Shop unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, in the event Franchisor exercises such option, any acceleration of indebtedness due to Franchisee's default shall be void.

14.5 Franchisor's Right of First Refusal. If any party holding any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business desires to accept any bona fide offer from a third party to purchase such interest, Franchisee shall notify Franchisor as provided in Section 14.3 hereof, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, closing on such purchase shall occur within thirty (30) days from the date of notice to the seller of the election to purchase by Franchisor. If Franchisor elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer. Failure of Franchisor to exercise the option afforded by this Section 14.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 14, with respect to a proposed transfer. In the event the consideration, terms and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within thirty (30) days on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated by Franchisor at Franchisor's expense, and the appraiser's determination shall be binding.

14.6 Death or Incapacity. Upon the death or physical or mental incapacity of any person with an interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within nine (9) months after such death or incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 14, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within a reasonable time, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement, pursuant to Section 15.2.7 hereof.

14.7 No Waiver. Franchisor's consent to a transfer of any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

15. <u>DEFAULT AND TERMINATION</u>

15.1 <u>Automatic Termination</u>. Franchisee shall be deemed to be in default under this Agreement, and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; if Franchisee is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against the premises of the Franchised Business or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

15.2 <u>Notice Without Opportunity to Cure</u>. Upon the occurrence of any of the following events of default, Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon the provision of notice to Franchisee (in the manner provided under Section 23 hereof):

15.2.1 If Franchisee fails to locate an approved site or to construct and open the Ralph's Famous Italian Ices Shop within the time limits provided in the Site Selection Addendum or Section 5.3 hereof;

15.2.2 If Franchisee or Franchisee's designated trainees fail to complete the initial training program described in Section 6.1 hereof to Franchisor's satisfaction, or if Franchisee fails to provide the training as described in Section 6.3 hereof;

15.2.3 If Franchisee at any time ceases to operate or otherwise abandons the Franchised Business, or loses the right to possession of the premises of the Franchised Business, or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located, or fails to open or close the Ralph's Famous Italian Ices Shop each season on the dates specified by Franchisor. However, if, through no fault of Franchisee, the premises of the Franchised Business are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, then Franchisee shall have thirty (30) days after such event in which to apply for Franchisor's approval to relocate and/or reconstruct the premises of the Franchised Business, which approval shall not he unreasonably withheld;

15.2.4 If Franchisee is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith or Franchisor's interest therein;

15.2.5 If a threat or danger to public health or safety results from the operation of the Franchised Business;

15.2.6 If any purported assignment or transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business is made to any third party without Franchisor's prior written consent, contrary to the terms of Section 14 hereof;

15.2.7 If an approved transfer is not effected within the time provided following death or mental incapacity, as required by Section 14.6 hereof;

15.2.8 If Franchisee fails to comply with the covenants in Section 17.2 hereof or fails to obtain execution of the covenants required under Section 10.2 hereof;

15.2.9 If, contrary to the terms of Sections 9 or 10 hereof, Franchisee discloses or divulges the contents of the Manual or other confidential information provided to Franchisee by Franchisor;

15.2.10 If Franchisee submits any false reports to Franchisor;

15.2.11 If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein;

15.2.12 If Franchisee refuses to permit Franchisor to inspect the Ralph's Famous Italian Ices Shop premises, or the books, records or accounts of Franchisee upon demand;

15.2.13 If Franchisee, upon receiving a notice of default under Section 15.3 hereof, fails to initiate immediately a remedy to cure such default; or

15.2.14 If Franchisee has multiple Ralph's Famous Italian Ices Shops and orders products subject to Royalty Fees from an approved vendor for one (1) Approved Location and redistributes said products to Franchisee's other Approved Locations.

15.2.15 The re-sale of any "Ralph's" products purchased from JMS Ices, Inc. for the purpose of being re-sold at retail.

15.2.16 Any past due monies owed, whether they are due to JMS Ices, Inc. for purchases via an invoice or Ralph's Famous Italian Ices Franchise Corp. for any royalties, new franchise agreement, renewals or store transfers.

15.2.17 If Franchisee attempt to relocate their Approved Location under the Franchise Agreement or the Franchised Business without our prior consent.

15.2.18 If Franchisee, after curing any default pursuant to Section 15.3 hereof, commits the same default again, whether or not cured after notice.

15.3 Notice With Opportunity to Cure. Except as otherwise provided in Sections 15.1 and 15.2 of this Agreement, upon any other default by Franchisee, Franchisor may terminate this Agreement by giving written notice of termination (in the manner set forth under Section 23 hereof) stating the nature of the default to Franchisee thirty (30) days prior to the effective date of termination, or such shorter period specified below, or such longer period as required by applicable law; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the applicable cure period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the applicable cure period or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder include the following illustrative events:

15.3.1 If Franchisee fails, refuses or neglects promptly to pay any monies owing to Franchisor or its affiliates when due, or to submit the financial or other information required by Franchisor under this Agreement, for which Franchisee shall have fifteen (15) days to cure the default;

15.3.2 If Franchisee fails to maintain the cleanliness of the Ralph's Famous Italian Ices Shop, or fails to comply with any of Franchisor's specifications;

15.3.3 If Franchisee fails to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by the Manual, or failure to carry out the terms of this Agreement in good faith;

15.3.4 If Franchisee fails to maintain or observe any of the standards or procedures prescribed by Franchisor in this Agreement, the Manual or otherwise in writing;

15.3.5 Except as provided in Section 15.2.6 hereof, if Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement;

15.3.6 If Franchisee acts, or fails to act, in any manner which is inconsistent with or contrary to its lease or sublease for the premises, or in any way jeopardizes its right to renewal of such lease or sublease;

15.3.7 If Franchisee engages in any business or markets any service or product under a name or mark which, in Franchisor's opinion, is confusingly similar to the Proprietary Marks; or

15.3.8 If Franchisee receives any citation or notice of potential health code violation from the local board of health or Franchisor.

15.4 Suspension of Product Shipments. Notwithstanding Franchisee's opportunity to cure under Section 15.3 hereof, upon any default by Franchisee not provided in Sections 15.1 and 15.2, Franchisor and its affiliates reserve the right, at their option, to suspend or refuse shipment to Franchisee of additional Ralph's Frozen Dessert Products or any other product which Franchisor or its affiliates are providing to Franchisee pursuant to this Agreement until such time as Franchisee has cured such default beginning: (a) immediately after written notice for any default described in Section 15.3.1; (b) seven (7) days after written notice for any default described in Section 15.3.2; or (c) fourteen (14) days after written notice for any default described in Sections 15.3.3 through 15.3.8, or any other default by Franchisee. Franchisee acknowledges and agrees that Franchisor's exercise of its rights under this Section 15.4 shall not be deemed a constructive termination of this Agreement, and shall not be deemed a breach by Franchisor of any provision of this Agreement. The remedy described in this Section 15.4 is not exclusive and will not deprive Franchisor or its affiliates of any other remedies they may have under this Agreement (including, without limitation, termination of this Agreement), applicable law or at equity.

15.5 Cross-Default. Any default by you under any other agreement between us or our affiliates as one party, and you or any of your owners or affiliates as the other party, that is so material as to permit us or our affiliates to terminate such other agreement, shall be deemed to be a default of this Agreement, and we shall have the right, at our option, to terminate this Agreement without affording you an opportunity to cure, effective immediately upon notice to you.

15.6 Daily Fines. In the event Franchisee commits any of the defaults listed in this Section 15.6, in addition to any other remedies under this Section 15, Franchisor shall have the right to require Franchisee to promptly pay Franchisor a fine of two hundred fifty dollars ($250) for each day that such default remains uncured. Franchisee shall also be responsible for Franchisor's costs and expenses, including attorneys' fees, associated with any such defaults. The remedies described in this Section 15.6 are not exclusive and will not deprive Franchisor of any other remedies it may have under this Agreement (including, without limitation, termination of this Agreement), applicable law or at equity. The defaults subject to the daily fines described in this Section 15.6 include: (a) storing, offering, or selling unapproved product; (b) selling gift certificates or gift cards that were not obtained from Franchisor; (c) failing to open or close the Franchised Business on a seasonal basis on the dates required by Franchisor; (d) use of unapproved or non-compliant uniforms by Franchisee or any employee of Franchisee; and (e) such other defaults as Franchisor may specify from time to time in the Manual.

16. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall forthwith terminate, and:

16.1 Cease Operations. Franchisee shall immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor. Immediately upon the expiration or termination hereof, Franchisee shall dispose of, and not sell, any Ralph's Frozen Dessert Product or Additional Products sold hereunder.

16.2 Cease Use of Confidential Information and Marks. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System; the Proprietary Mark "Ralph's Famous Italian Ices" and all other Proprietary Marks and distinctive forms, slogans, signs, symbols and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, products and any other articles which display the Proprietary Marks.

16.3 Cancellation of Registrations. Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the mark "Ralph's Famous Italian Ices" or any other Proprietary Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

16.4 Assignment of Lease. Franchisee shall, at Franchisor's option, assign to Franchisor any interest which Franchisee has in any lease or sublease for the Ralph's Famous Italian Ices Shop premises. In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the Ralph's Famous Italian Ices Shop premises, Franchisee shall make such modifications or alterations to the premises (including, without limitation, the changing of, and the assigning to Franchisor of, the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the premises from that of the Ralph's Famous Italian Ices Shop under the System, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 16.4, Franchisor shall have the right to enter upon the premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

16.5 Subsequent Use of Proprietary Marks Prohibited. Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in Franchisor's sole discretion, is likely to cause confusion, mistake or deception, or which, in Franchisor's sole discretion, is likely to dilute Franchisor's rights in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description or representation (including but not limited to reference to the Franchisor, the System or the Proprietary Marks) which, in Franchisor's sole discretion, suggests or represents a present or former association or connection with Franchisor, the System or the Proprietary Marks.

16.6 Payment. Franchisee shall promptly pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid-in-full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the premises operated hereunder at the time of default.

16.7 Liquidated Damages. In the event this Agreement is terminated prior to the end of its term due to Franchisee's default hereunder, in addition to the amounts set forth in Section 16.6 above, Franchisee shall promptly pay to Franchisor a lump sum payment (as damages and not as a penalty) for breaching this Agreement in an amount equal to: (a) the average monthly continuing royalty fee and Ad Fee payable by you under Sections 4.3 and 12.4 above over the twelve (12) month period immediately preceding the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (a) thirty-six (36) months or (b) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light of the damages Franchisor will incur for Franchisee's pre-mature termination of this Agreement. This lump sum payment shall be in lieu of any damages we may incur as a result of Franchisee's default, but it shall be in addition to all amounts provided above in Section 16.6 and any attorneys' fees and other costs and expenses to which Franchisor is entitled under the terms of this Agreement, including but not limited to, Section 26.8 below. Franchisee's payment of this lump sum shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies to enforce this Section 16 and the covenants set forth in Sections 10 and 17.

16.8 Return Manual. Franchisee shall immediately deliver to Franchisor the Manual and all other records, correspondence and instructions containing confidential information relating to the operation of the Ralph's Famous Italian Ices Shop (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor, and shall retain no copy or record of any of the foregoing, with the exception of Franchisee's copy of this Agreement, any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law.

16.9 Transfer Websites. Franchisee shall immediately irrevocably assign and transfer to Franchisor or its designee any and all interests Franchisee may have in the Website maintained by Franchisee in connection with the Franchised Business and in the domain name and home page address related to such Website. Franchisee shall immediately execute any documents and perform any other actions required by Franchisor to effectuate such assignment and transfer and otherwise ensure that all rights in such Website revert to Franchisor or its designee, and hereby appoints Franchisor as its attorney-in-fact to execute such documents on Franchisee's behalf if Franchisee fails to do so. Franchisee may not establish any Website using any similar or confusing domain name and/or home page address.

16.10 Franchisor's Option to Purchase Assets. Franchisor shall have the option, to be exercised within thirty (30) days after termination, to purchase from Franchisee any or all of the equipment, signs and customer lists related to the operation of the Ralph's Famous Italian Ices Shop at fair market value or at Franchisee's depreciated book value, whichever is less, and to purchase any or all supplies and inventory of the Franchised Business at Franchisee's cost or depreciated book value, whichever is less. If the parties cannot agree on the price of any such items within a reasonable time, an independent appraisal shall be conducted at Franchisor's expense, and the appraiser's determination shall be binding. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee, and the cost of the appraisal, if any, against any payment therefor.

16.11 Compliance With Covenants. Franchisee shall comply with the covenants contained in Sections 10.1 and 17.3 of this Agreement.

17. COVENANTS

17.1 Best Efforts. Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal, general partner or member of Franchisee) or Franchisee's fully-trained manager shall devote full time and best efforts to the management and operation of the Ralph's Famous Italian Ices Shop.

17.2 In-Term Covenants. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable, specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity:

17.2.1 Divert or attempt to divert any present or prospective business or customer of any Ralph's Famous Italian Ices Shop to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System;

17.2.2 Own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise) any business that: (a) offers, sells or manufactures products or services which are the same as or similar to the products and services being offered by the Ralph's Famous Italian Ices Shop under the System, including, without limitation, water ice, ice cream, sherbet, or frozen desserts; and (b) is, or is intended to be, located at or within:

17.2.2.1 the Franchisee's Territory; or

17.2.2.2 the county or municipality in which the Approved Location is located; or

17.2.2.3 the state in which the Approved Location is located; or

17.2.2.4 ten (10) miles of any business operating under the Proprietary Marks.

17.3 Post-Term Covenants. Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, for a continuous uninterrupted period of two (2) years commencing upon the date of: (a) a transfer permitted under Section 14 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 17.3; or (e) any or all of the foregoing; either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business that: (i) offers, sells or manufactures products or services which are the same as or similar to the products and services offered by the Ralph's Famous Italian Ices Shop under the System, including, but not limited to, providing water ice, ice cream, sherbet or frozen desserts; and (ii) is, or is intended to be, located at or within:

17.3.1 the Franchisee's Territory; or

17.3.2 the county or municipality in which the Approved Location is located; or

17.3.3 fifteen (15) miles of the Approved Location; or

17.3.4 ten (10) miles of any business operating under the Proprietary Marks;

provided, however, that Sections 17.2.3 and this Section 17.3 shall not apply to the operation by Franchisee of any business under the System which may be franchised by Franchisor to Franchisee under a written Franchise Agreement.

17.4 No Application to Equity Securities. Sections 17.2.2 and 17.3 shall not apply to ownership by Franchisee of a less than five percent (5%) beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934.

17.5 Reduction of Scope of Covenants. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 17.2 and 17.3, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 23 hereof.

17.6 No Defense. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 17.

18. CORPORATE, PARTNERSHIP OR LIMITED LIABILITY COMPANY FRANCHISEE

18.1 Franchisee Corporation. If Franchisee is a corporation, Franchisee shall comply with the following requirements:

18.1.1 Franchisee shall be newly organized and its charter shall at all times provide that its activities are confined exclusively to operating the Franchised Business.

18.1.2 Copies of Franchisee's Articles of Incorporation, Bylaws and other governing documents, and any amendments thereto, including the resolution of the Board of Directors authorizing entry into this Agreement, shall be promptly furnished to Franchisor.

18.1.3 Franchisee shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock certificate of Franchisee shall have conspicuously endorsed upon its face a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section 18.1.3 shall not apply to a publicly-held corporation.

18.1.4 Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities or securities convertible into voting securities of Franchisee and shall furnish the list to Franchisor upon request.

18.2 Franchisee Partnership. If Franchisee or any successor to or assignee of Franchisee is a partnership, it shall comply with the following requirements:

18.2.1 Franchisee shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto.

18.2.2 The partnership agreement shall at all times note conspicuously that partnership rights are held subject to, and that further assignment or transfer thereof are subject to, all restrictions imposed upon assignments by the Franchise Agreement.

18.2.3 Franchisee shall prepare and furnish to Franchisor, upon request, a list of all general and limited partners in Franchisee.

18.3 Franchisee Limited Liability Company. If Franchisee or any successor to or assignee of Franchisee is a limited liability company, it shall comply with the following requirements:

18.3.1 Franchisee shall furnish Franchisor with a copy of its articles of organization and operating agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto.

18.3.2 The articles of organization or operating agreement shall at all times note conspicuously that membership rights are held subject to, and that further assignment or transfer thereof are subject to, all restrictions imposed upon assignments by the Franchise Agreement.

18.3.3 Franchisee shall prepare and furnish to Franchisor, upon request, a list of all members in Franchisee.

18.4 Guaranty and Indemnification. If Franchisee is a corporation, partnership or limited liability company, or if any successor to or assignee of Franchisee is a corporation, partnership or limited liability company, then all of the principals thereof shall complete and execute the Disclosure of Principals form attached hereto as Attachment 1 hereto, and all of the principals of Franchisee shall execute a Guarantee, Indemnification, and Acknowledgment in the form attached hereto as Attachment 4. The spouses of the principals are not required to sign the Disclosure of Principals form attached as Attachment 1 to the Franchise Agreement and the spouses are not required to sign the Guaranty and Assumption of Obligations.

19. TAXES, PERMITS, AND INDEBTEDNESS

19.1 Payment of Taxes. Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business. Franchisee shall pay to Franchisor an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless the tax is credited against income tax otherwise payable by Franchisor.

19.2 Contesting Taxes. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event shall Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any improvements thereon.

19.3 Permits and Licenses. Franchisee shall comply with all federal, state, and local laws, rules, and regulations (including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Ralph's Famous Italian Ices Shop), and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, health permits, building permits, handicap permits and fire clearances. Franchisee shall comply with all federal and state laws requiring disclosure of nutritional information on menus and menu boards, including, but not limited to, the requirements of Section 4205 of the Patient Protection and Affordable Care Act of 2010.

19.4 Notification of Adverse Action. Franchisee shall immediately notify Franchisor in writing of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

20.1 Independent Contractor

You understand and agree that you are and will be our independent contractor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. None of your employees will be considered to be our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees for qualification to perform certain functions for your Ralph's Famous Italian Ices shop does not directly or indirectly vest in us the power to hire, fire or control any such employee.

You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities and elements of Ralph's Famous Italian Ices shop and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Ralph's Famous Italian Ices shop, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Ralph's Famous Italian Ices shop.

You may not, without our prior written approval, have any power to obligate us for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement. Except as expressly provided in this Agreement, we may not control or have access to your funds or the expenditure of your funds or in any other way exercise dominion or control over your Ralph's Famous Italian Ices shop. Except as otherwise expressly authorized by this agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between us and you is other than that of franchisor and franchisee. We do not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement. We will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Ralph's Famous Italian Ices shop.

20.2 Sole and Exclusive Employer of Your Employees

You hereby irrevocably affirm, attest and covenant your understanding that your employees are employed exclusively by you and in no fashion are any such employee employed, jointly employed or co-employed by us. You further affirm and attest that each of your employees is under the exclusive dominion and control of you and never under the direct or indirect control of us in any fashion whatsoever. You alone hire each of your employees; sets their schedules; establishes their compensation rates; and, pays all salaries, benefits and employment-related liabilities (workers' compensation insurance premiums/payroll taxes/Social Security contributions/ /unemployment insurance premiums). You alone have the ability to discipline or terminate your employees to the exclusion of us, which has no such authority or ability. You further attest and affirm that any minimum staffing requirements established by us are solely for the purpose of ensuring that your Ralph's Famous Italian Ices shop is at all times staffed at those levels necessary to operate your Ralph's Famous Italian Ices shop) in conformity with the System and the products, services, standards of quality and efficiency, and other Ralph's Famous Italian Ices shop brand attributes known to and desired by the consuming public and associated with the Proprietary Marks. You affirm, warrant and understand that you may staff your Ralph's Famous Italian Ices shop with as many employees as you desire at any time so long as our minimal staffing levels are achieved. You also affirm and attest that any recommendations you may receive from us regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist it to efficiently operate your Ralph's Famous Italian Ices shop, and that you are entirely free to disregard our recommendations regarding such employee compensation. Moreover, you affirm and attest that any training provided by us for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Ralph's Famous Italian Ices shop and in no fashion reflects any employment relationship between us and such employees. Finally, should it ever be asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, including (if necessary) appearing at any venue requested by us to testify on our behalf (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that we are the employer, joint employer or co-employer of any of your employees). To the extent we are the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of you, should any such appearance by you be required or requested by us, we will recompense you the reasonable costs associated with your appearing at any such venue.

20.3 You are Not Authorized

You understand and agree that nothing in this Agreement authorizes you or any of the Controlling Principals to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of the Controlling Principals or any claim or judgment arising therefrom.

20.4 Indemnification. Franchisee shall indemnify and hold harmless Franchisor and its affiliates, and their respective officers, directors and employees against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Franchised Business, the business conducted under this Agreement, or Franchisee's breach of this Agreement, including, but not limited to, those alleged to be caused by Franchisor's negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by Franchisor's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court with competent jurisdiction, as well as the costs, including reasonable attorneys' fees, of defending against them. In the event Franchisor incurs any costs or expenses, including, without limitation, legal fees, travel expenses, and other charges, in connection with any proceeding involving Franchisee in which Franchisor is not a party, Franchisee shall reimburse Franchisor for all such costs and expenses promptly upon presentation of invoices. Franchisee acknowledges and agrees that Franchisee's indemnification and hold harmless obligations under this Section shall survive the termination or expiration of this Agreement. Nothing herein shall preclude

Franchisor from choosing its own legal counsel to represent it in any lawsuit, arbitration, or other dispute resolution.

20.5 Force Majeure. Neither Franchisor, Franchisor's affiliates, nor Franchisee shall be responsible or liable for any delays in the performance of any duties under this Agreement which are not the fault or within the reasonable control of that party including, but not limited to, the inability of Franchisor or its affiliates to manufacture or distribute frozen dessert products, fire, flood, natural disasters, power outages, acts of God, delays in deliveries by common carriers, governmental acts or orders, late deliveries of products or goods or furnishing of services by third party vendors, civil disorders, acts of terrorism, or strikes and any other labor-related disruption, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay or impossibility. Provided, however, this clause shall not apply to and not result in an extension of: (1) the time for payments to be made by Franchisee as required by Section 4.5 hereof; or (2) the term of this Agreement.

21. APPROVALS AND WAIVERS

21.1 Approvals and Consent. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing.

21.2 No Warranties or Guarantees. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

21.3 No Waiver. No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms hereof. Waiver by Franchisor of any particular default of Franchisee shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar, or different nature; nor shall any delay, force, or omission of Franchisor to exercise any power or right arising out of any breach of default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

22. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which affords the sender evidence of delivery or rejected delivery, to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:	Ralph's Famous Italian Ices Franchise Corp. 501 Port Richmond Avenue Staten Island, NY 10302 Attn: Mr. Larry Silvestro
Notices to Franchisee:	__________________________ __________________________ __________________________ Attn:______________________

Any notice by a means which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given and received at the date and time of receipt or rejected delivery.

23. ENTIRE AGREEMENT

This Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Franchisee to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

24. SEVERABILITY AND CONSTRUCTION

24.1 Severability. If, for any reason, any section, part, term, provision, and/or covenant herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, provisions, and/or covenants of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, provisions, and/or covenants shall be deemed not to be a part of this Agreement.

24.2 Survival. Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination), shall survive such expiration, termination or assignment, including but not limited to Sections 10, 17, and 26.

24.3 No Rights or Remedies Conferred. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors, shareholders, agents, and employees, and such of Franchisor's successors and assigns as may be contemplated by Section 14 hereof, any rights or remedies under or by reason of this Agreement.

24.4 Promises and Covenants. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

25. APPLICABLE LAW AND DISPUTE RESOLUTION

25.1 Applicable Law. This Agreement shall be interpreted and construed exclusively under the laws of the State of New York. In the event of any conflict of law, the laws of New York shall prevail, without regard to the application of New York conflict-of-law rules. If, however, any provision of this Agreement would not be enforceable under the laws of New York and if Franchisee is located outside of New York and such provision would be enforceable under the laws of the state in which Franchisee is located, then such provision shall be interpreted and construed under the laws of that state.

25.2 Arbitration. Except as otherwise provided in Section 26.6 hereof, all disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, shall be settled by arbitration at the JAMS Resolution Center located in New York City, New York in accordance with the Federal Arbitration Act and the JAMS Comprehensive Arbitration Rules and Procedures. The right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed by the Federal Arbitration Act, as amended. The following shall supplement and, in the event of a conflict, shall govern any arbitration. The parties shall select one arbitrator from the panel provided by JAMS and the arbitrator shall use the laws of New York for interpretation of this Agreement. In selecting the arbitrator from the list provided by JAMS, Franchisor and Franchisee shall make the selection by the striking method. Franchisor and Franchisee shall each bear all of their own costs of arbitration; however, the fees of the arbitrator shall be divided equally between Franchisor and Franchisee. The arbitrator shall have no authority to amend or modify the terms of the Agreement. Franchisor and Franchisee further agree that, unless such a limitation is prohibited by applicable law, neither Franchisor nor Franchisee shall be liable for punitive or exemplary damages, and the arbitrator shall have no authority to award the same. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between Franchisor and Franchisee. Judgment upon the award of the arbitrator shall be submitted for confirmation to the United States District Court for the Southern District of New York and, if confirmed, may be subsequently entered in any court having competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of this Agreement.

25.3 No Exclusivity. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

25.4 WAIVER OF RIGHT TO JURY TRIAL AND PUNITIVE DAMAGES. FRANCHISOR AND FRANCHISEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREE AS FOLLOWS: (A) FRANCHISOR AND FRANCHISEE HEREBY EXPRESSLY AND IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING; AND (B) FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

25.5 LIMITATION OF CLAIMS. ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF FRANCHISEE AND FRANCHISOR, OR FRANCHISEE'S OPERATION OF THE FRANCHISED BUSINESS, BROUGHT BY FRANCHISEE AGAINST FRANCHISOR, SHALL BE COMMENCED WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION SHALL BE BARRED

25.6 NO CLASS ACTIONS. NEITHER FRANCHISEE NOR FRANCHISOR SHALL SEEK TO LITIGATE OR ARBITRATE AGAINST THE OTHER PARTY TO THIS AGREEMENT OR SUCH PARTY'S AFFILIATES, EITHER AS A REPRESENTATIVE OF, OR ON BEHALF OF, ANY OTHER PERSON, CLASS, OR ENTITY ANY DISPUTE, CONTROVERSY, OR CLAIM OF ANY KIND ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, THE RIGHTS AND OBLIGATIONS OF THE PARTIES, THE SALE OF THE FRANCHISE, OR OTHER CLAIMS OR CAUSES OF ACTION RELATING TO THE PERFORMANCE OF EITHER PARTY TO THIS AGREEMENT. NO ARBITRATION OR OTHER ACTION OR PROCEEDING UNDER THIS AGREEMENT SHALL ADD AS A PARTY, BY CONSOLIDATION, JOINDER, OR IN ANY OTHER MANNER, ANY PERSON OR PARTY OTHER THAN FRANCHISEE AND FRANCHISOR AND ANY PERSON IN PRIVITY WITH, OR CLAIMING THROUGH, IN THE RIGHT OF, OR ON BEHALF OF, FRANCHISEE OR FRANCHISOR, UNLESS BOTH FRANCHISEE AND FRANCHISOR CONSENT IN WRITING. FRANCHISOR HAS THE ABSOLUTE RIGHT TO REFUSE SUCH CONSENT. FRANCHISEE AGREES AND ACKNOWLEDGES THAT ANY PROCEEDING DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN THE PARTIES, OR ANY AGREEMENT OR RELATIONSHIP BETWEEN FRANCHISEE AND ANY AFFILIATE OF FRANCHISOR WILL BE CONSIDERED UNIQUE ON ITS FACTS AND MAY NOT BE BROUGHT AS A CLASS OR GROUP ACTION.

25.7 Injunctive Relief. Nothing herein contained (including, without limitation, Section 26.2, above, regarding arbitration) shall bar Franchisor's right to obtain injunctive relief from a court of competent jurisdiction against threatened conduct that will cause it loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

25.8 Costs and Expenses. Except as provided by Section 26.2 hereof, Franchisee shall pay to Franchisor all damages, costs, and expenses, including all court costs, mediation costs, and reasonable attorney's fees, and all other expenses incurred by Franchisor in enforcing any obligation or in defending against any claim, demand, action, or proceeding related to this Agreement, including, but not limited to the obtaining of injunctive relief.

26. FRANCHISEE'S ACKNOWLEDGMENTS AND REPRESENTATIONS

26.1 Independent Investigation. Franchisee acknowledges that it has conducted an independent investigation of the business franchised hereunder, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, the ability of its principals) as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

26.2 Acknowledgement of Receipt. Franchisee acknowledges that it received Franchisor's current Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed or Franchisee paid any money to Franchisor. Franchisee further acknowledges that it received a complete copy of this Agreement, the attachments hereto, and all related agreements attached to the Franchise Disclosure Document, and that Franchisee waited at least seven (7) calendar days prior to executing them if any changes to such agreements were unilaterally and materially made by Franchisor.

26.3 Acknowledgement of Understanding. Franchisee acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

26.4 Compliance With Anti-Terrorism Laws. Franchisee acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Order"), Franchisor is prohibited from engaging in any transaction with any Specially Designated National or Blocked Person. "Specially Designated National" or "Blocked Person" shall mean (1) those persons designated by the U.S. Department of Treasury's Office of Foreign Assets Control from time to time as a "specially designated national" or "blocked person" or similar status, (2) a person engaged in, or aiding any person engaged in, acts of terrorism, as defined in the Order, or (3) a person otherwise identified by government or legal authority as a person with whom Franchisor is prohibited from transacting business. Currently, a listing of such designations and the text of the Order are published at the Internet website address, www.ustreas.gov/offices/enforcement/ofac. Accordingly, Franchisee represents and warrants to Franchisor that as of the date of this Agreement, neither Franchisee nor any person holding any ownership interest in Franchisee, controlled by Franchisee, or under common control with Franchisee is a Specially Designated National or Blocked Person, and that Franchisee (1) does not, and hereafter shall not, engage in any terrorist activity; (2) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (3) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity. Franchisee agrees that Franchisee shall immediately provide written notice to Franchisor of the occurrence of any event which renders the representations and warranties in this Section 27.4 incorrect.

26.5 Site Approval. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Ralph's Famous Italian Ices Shop or for any other purpose. Franchisor's approval of a site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond Franchisor's control. Franchisor shall not be responsible for the failure of a site approved by Franchisee to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Ralph's Famous Italian Ices Shop at the site is based on its own independent investigation of the suitability of the site.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement in duplicate on the date first above written.

______________________________	**RALPH'S FAMOUS ITALIAN ICES FRANCHISE CORP.**
FRANCHISEE	
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:____________________________	Title:____________________________
Home Address:____________________	
______________________________	
Home Phone Number:_______________	

ATTACHMENT 1 TO
RALPH'S FAMOUS ITALIAN ICES
FRANCHISE AGREEMENT

DISCLOSURE OF PRINCIPALS
(To be completed if Franchisee is a Corporation, Partnership, or Limited Liability Company Only)

1. Date: ______________________________

2. Franchisee Contact. The following individual is a shareholder, member, or partner of Franchisee and is the principal person to be contacted on all matters relating to the Franchised Business:

Name:	________________________________
Address:	________________________________
	________________________________
Daytime Telephone No.:	________________________________
Evening Telephone No.:	________________________________
Facsimile No.:	________________________________
E-mail Address:	________________________________

3. Franchisee Owners. The undersigned agree and acknowledge that the following is a complete list of all of the shareholders, partners, or members ("Owners") of Franchisee and the percentage interest of each individual:

Name	Position	Interest (%)
________________________	_________________	__________
________________________	_________________	__________
________________________	_________________	__________
________________________	_________________	__________
________________________	_________________	__________

4. Change in Owners. Franchisee acknowledges and agrees that any proposed change in the Owners listed in Paragraph 3, above, shall require Franchisor's prior written consent in accordance with the terms of Section 14 of the Franchise Agreement.

5. Change in Address. Franchisee acknowledges and agrees that any changes made to their notices address or email address,Franchisor will be immediately notified.

[SIGNATURE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned has duly executed this Disclosure of Principals on the date first above written.

FRANCHISEE

____
Witness/Attest

By: ________________________________

Name: ______________________________

Title: _______________________________

ATTACHMENT 2 TO
RALPH'S FAMOUS ITALIAN ICES
FRANCHISE AGREEMENT

SITE SELECTION ADDENDUM

Ralph's Famous Italian Ices Franchise Corp. (hereinafter the "Franchisor") and ________ ____ (hereinafter "Franchisee"), have this date, ______________________, 20___, entered into a certain Ralph's Famous Italian Ices Franchise Agreement (the "Franchise Agreement") and desire to supplement its terms, as set forth below. The parties hereto therefore agree as follows:

1. Within three hundred sixty-five (365) days after Franchisee's execution of the Franchise Agreement, Franchisee shall obtain a site, at Franchisee's expense, for the Ralph's Famous Italian Ices Shop ("Ralph's Famous Italian Ices Shop") franchised under the Franchise Agreement, which premises shall be approved by Franchisor as hereinafter provided. The premises shall be within the following territory ("Site Selection Territory"):

____

____

2. Failure by Franchisee to obtain premises for the Ralph's Famous Italian Ices Shop within the time required in Paragraph 1 hereof shall constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.

3. Franchisor shall not establish, nor franchise another to establish, a Ralph's Famous Italian Ices Shop within the Site Selection Territory until Franchisor approves a location for the Ralph's Famous Italian Ices Shop, or until the time set forth in Paragraph 1 hereof expires, whichever event first occurs.

4. Prior to Franchisee's acquisition by lease or purchase of a site for the Ralph's Famous Italian Ices Shop, Franchisee shall submit to Franchisor, in the form specified by Franchisor, a completed site review form, such other information or materials as Franchisor may reasonably require, and a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee agrees that Franchisee must submit a proposed site, together with the information and materials required by this Paragraph 4, to Franchisor for its approval within two hundred seventy (270) days after execution of this Site Selection Addendum. Franchisor shall have thirty (30) days after receipt of such information and materials from Franchisee to approve or disapprove, in Franchisor's sole discretion, the site as a location for the Ralph's Famous Italian Ices Shop. No proposed site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

5. Franchisor shall furnish to Franchisee the following:

a. Such site selection guidelines and consultation as Franchisor deems advisable;

b. Such on-site evaluation as Franchisor deems advisable as part of its evaluation of Franchisee's request for site approval; provided, however, that Franchisor shall not provide on-site evaluation for any proposed site prior to Franchisor's receipt of the information or materials required by Paragraph 4 hereof. If on-site evaluation is deemed necessary and appropriate by Franchisor, Franchisor shall conduct up to two (2) on-site evaluations; such evaluations shall be at Franchisor's expense if the proposed site is within one hundred (100) miles of the Franchisor's principal place of business in Staten Island, New York, or at Franchisee's expense, if the proposed site is more than one hundred (100) miles of the Franchisor's principal place of business. For each additional on-site evaluation (if any), Franchisee shall reimburse Franchisor for Franchisor's reasonable expenses, including, without limitation, the costs of travel, lodging and meals.

6. If Franchisee will occupy the premises of the Ralph's Famous Italian Ices Shop under a lease, Franchisee shall, prior to the execution thereof, (1) execute the Conditional Assignment of Lease and obtain the Lessor's execution of the Consent and Agreement of Lessor, in the forms attached as ATTACHMENT 5 to the Franchise Agreement, and (2) submit the lease to Franchisor for its approval. Franchisor's approval of the lease may be conditioned upon the inclusion of the following terms and conditions:

a. That the initial term of the lease, or the initial term together with renewal terms, shall be for not less than seven (7) years;

b. That the lessor consents to Franchisee's use of such Proprietary Marks and initial signage as Franchisor may prescribe for the Ralph's Famous Italian Ices Shop;

c. That the use of the premises be restricted solely to the operation of the Ralph's Famous Italian Ices Shop;

d. That Franchisee be prohibited from subleasing or assigning all or any part of its occupancy rights or extending the term of or renewing the lease without Franchisor's prior written consent;

e. That lessor provide to Franchisor copies of any and all notices of default given to Franchisee under the lease;

f. That Franchisor have the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Franchise Agreement or under the lease;

g. That Franchisor (or Franchisor's designee) have the option, upon default, expiration or termination of the Franchise Agreement, and upon notice to the lessor, to assume all of Franchisee's rights under the lease terms, including the right to assign or sublease.

7. Franchisee shall furnish Franchisor with a copy of any executed lease within ten (10) days after execution thereof.

8. After a site for the Ralph's Famous Italian Ices Shop has been approved in writing by Franchisor and obtained by Franchisee pursuant to Paragraph 4 hereof, the site shall constitute the constitute the Approved Location referred to in Section 1.2 of the Franchise Agreement.

9. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Ralph's Famous Italian Ices Shop or for any other purpose. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond Franchisor's control. Franchisor shall not be responsible for the failure of a site approved by Franchisee to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Ralph's Famous Italian Ices Shop at the site is based on its own independent investigation of the suitability of the site.

10. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and the terms of this Site Selection Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement in duplicate on the date first above written.

________________________________	**RALPH'S FAMOUS ITALIAN ICES FRANCHISE CORP.**
FRANCHISEE	
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________

ATTACHMENT 3 TO
RALPH'S FAMOUS ITALIAN ICES
FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

In consideration of my position as ________________ of ______________________ (the "Franchisee"), and One Dollar, receipt of which is acknowledged, I hereby acknowledge and agree that:

1. Ralph's Famous Italian Ices Franchise Corp. (the "Franchisor"), as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, a distinctive system relating to the establishment and operation of Ralph's Famous Italian Ices shops ("Ralph's Famous Italian Ices Shops"), which feature and offer for sale to the public distinctive water ices, ice cream, and sherbets in several select flavors, and an approved, limited menu of other frozen desserts and drinks, including, without limitation, "Ralph's Arctic Milkshake," "Ralph's Smoothie," "Ralph's Sundae," "Ralphie," and "Ralphaccino," under the trade name "Ralph's Famous Italian Ices" (the "System").

2. As an employee of the Franchisee, I will receive valuable confidential information, disclosure of which would be detrimental to the Franchisor and the Franchisee, such as information relating to recipes, prepared mixtures or blends of flavors, drawings, materials, or equipment of the Franchisor and the System related to the establishment and operation of Ralph's Famous Italian Ices Shops which are beyond the present skills and experience possessed by me. This list of confidential matters is illustrative only and does not include all matters considered confidential by the Franchisor and the Franchisee.

3. I will hold in strict confidence all information designated by the Franchisor or the Franchisee as confidential. Unless the Franchisor otherwise agrees in writing, I will disclose and/or use the confidential information only in connection with my duties as an employee of the Franchisee. My undertaking not to disclose confidential information is a condition of my position with the Franchisee and continues even after I cease to be in that position.

4. While in my position with the Franchisee, I will not do anything which may injure the Franchisee or the Franchisor, such as (a) divert or attempt to divert any present or prospective business or customer of any Ralph's Famous Italian Ices Shop to any competitor, by direct or indirect inducement or otherwise; (b) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Franchisor's marks and the System; or (c) employ or seek to employ any person who is at that time been employed by the Franchisor or any franchisee of the Franchisor (including the Franchisee), or otherwise directly or indirectly induce such person to leave his or her employment.

5. While in my position with the Franchisee and for two (2) years after I cease to be in my position with the Franchisee, I will not own, maintain, operate, engage in, be employed by, provide any assistance or advise to, or have any interest in (as owner or otherwise) any business that: (a) offers, sells or manufactures products or services which are the same as or similar to the products and services being offered by Ralph's Famous Italian Ices Shops under the System,

including, without limitation, water ice, ice cream, sherbet, or frozen desserts; and (b) is, or is intended to be, located at or within: (1) the Franchisee's Territory, the boundaries of which I acknowledge have been described to me; (2) the county or municipality in which the Franchisee's Ralph's Famous Italian Ices Shop is located; (3) a radius of fifteen (15) miles from the premises of the Franchisee's Ralph's Famous Italian Ices Shop; or (4) a radius of ten (10) miles of any business operating under the Franchisor's marks.

6. The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisor and/or the Franchisee may apply for the issuance of an injunction preventing me from violating this Agreement in addition to any other remedies it may have hereunder, at law or in equity; and I agree to pay the Franchisor and the Franchisee all the costs it/they incur/s, including without limitation attorneys' fees, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisor and the Franchisee, any claim I have against the Franchisor or the Franchisee is a separate matter and does not entitle me to violate, or justify any violation of, this Agreement. If any part of this Agreement is held invalid by a court or agency having valid jurisdiction, the rest of the Agreement is still enforceable and the part held invalid is enforceable to the extent found reasonable by the court or agency. I agree that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, and that such meaning has been explained to me.

7. The Franchisor may, in its sole discretion, reduce the scope of any covenant set forth in this Agreement, without my consent, effective immediately upon my receipt of written notice thereof; and I agree to comply with any covenant as so modified.

8. This Agreement shall be construed under the laws of the State of New York. The only way this Agreement can be changed is in a writing signed by both the Franchisee and me.

ACKNOWLEDGED BY FRANCHISEE:

By:___________________________	Signature:____________________________
Name:_________________________	Name:________________________________
Title:__________________________	Address:______________________________
	Title:________________________________
	Date:________________________________

**ATTACHMENT 4 TO
RALPH'S FAMOUS ITALIAN ICES
FRANCHISE AGREEMENT**

GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to Ralph's Famous Italian Ices Franchise Corp. ("Franchisor") to execute the Franchise Agreement between Franchisor and ______________________________ ("Franchisee") dated ____________, 20__ (the "Agreement"), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee's obligations under the Agreement will be punctually paid and performed.

Upon demand by Franchisor, the undersigned will immediately make each payment to Franchisor and JMS Ices, Inc. ("JMS") required of Franchisee under the Agreement. The undersigned hereby waive any right to require Franchisor or JMS to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of the undersigned under this Guarantee, Franchisor or JMS may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Franchisee and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned hereby agree to defend, indemnify, and hold Franchisor and JMS harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The undersigned hereby acknowledge and agree to be individually bound by all of the confidentiality provisions and non-competition covenants contained in Sections 10 and 17 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement and shall be interpreted and construed in accordance with Section 26 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the

State of New York. In the event of any conflict of law, the laws of New York shall prevail, without regard to, and without giving effect to, the application of the State of New York conflict of law rules.

The Guarantors agree that the dispute resolution and attorney fee provisions in Section 26 of the Agreement are hereby incorporated into this Agreement by reference, and references to "Franchisee" and the "Franchise Agreement" therein shall be deemed to apply to "Guarantors" and this "Guarantee," respectively, herein.

Any and all notices required or permitted under this Guarantee shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which afford the sender evidence of delivery or rejected delivery, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:	Ralph's Famous Italian Ices Franchise Corp. 501 Port Richmond Avenue Staten Island, NY 10302 Attn: Mr. Larry Silvestro
Notices to Guarantors:	Same as Notices to Franchisee in Section 23 in Franchise Agreement

Any notice by a method which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given at the date and time of receipt or rejected delivery.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

GUARANTORS

Owners:

____
Print Name:______________________

____
Print Name:______________________

____
Print Name:______________________

STATE OF _______________)
)
COUNTY OF _____________)

Personally appeared before me this ____ day of ________________, 20___, _____________ _______________ and __________________, to me known to be the persons who executed the foregoing Guarantee.

Notary Public: _____________________

(NOTARY SEAL)
My Commission Expires: __________________

ATTACHMENT 5 TO
RALPH'S FAMOUS ITALIAN ICES
FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") hereby assigns and transfers to Ralph's Famous Italian Ices Franchise Corp., a New York corporation ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as ATTACHMENT 1 (the "Lease") respecting premises commonly known as ____. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Ralph's Famous Italian Ices Shop between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

WITNESS:

ASSIGNOR:

By:________________________________

Print Name:__________________________

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the aforedescribed Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Conditional Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the defaults, if any, of Assignor under the Lease;

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.

DATED: _______________________ **LESSOR:**

By:_________________________________

Print Name:___________________________

ATTACHMENT 6 TO
RALPH'S FAMOUS ITALIAN ICES
FRANCHISE AGREEMENT

ADDENDUM TO THE RALPH'S FAMOUS ITALIAN ICES FRANCHISE CORP.FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN ATTACHMENT 1 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 STREET, 21ST FLOOR, NEW YORK, NEW YORK 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 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:

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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of ______________, 20___.

___________________________________	**RALPH’S FAMOUS ITALIAN ICES FRANCHISE CORP.**
FRANCHISEE	
By:________________________________	By:________________________________
Name:______________________________	Name:______________________________
Title:______________________________	Title:______________________________

ATTACHMENT 7 TO
RALPH'S FAMOUS ITALIAN ICES
FRANCHISE AGREEMENT

INTERNET ADVERTISING, SOCIAL MEDIA AND
TELEPHONE ACCOUNT AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT (the "Agreement") is made and entered into this day of ________________ (the "Effective Date") by and between [Franchisor Entity], a [State] [Entity Type] (the "Franchisor"), and _________________________, a __________________ (the "Franchisee").

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a [Franchised Concept Name] business ("Franchise Agreement") which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to the [Franchised Concept Name] brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Accounts**

2.1 Interest in Web Sites, Social Media Accounts and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet web sites, and the right to hyperlink to certain web sites and listings on various internet search engines (collectively, "Electronic Advertising") related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Internet Web Sites, Social Media Accounts and other Listings: (i) to transfer all of Franchisee’s Interest in such Internet Web Sites, Social Media Accounts and other Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites, Social Media Accounts and other Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites, Social Media Accounts and other Listings or will take such other actions with respect to the Internet Web Sites, Social Media Accounts and other Listings as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee’s Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee’s Interest in and to the Internet Web Sites, Social Media Accounts and/or other Listings to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Internet Web Sites, Social Media Accounts and/or other Listings;

2.4.2 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's Interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's Interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. **Miscellaneous**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers.

Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.9 Governing Law. This Internet Listing Agreement shall be governed by and construed under the laws of the [State or Commonwealth] of [State], without regard to the application of [State] conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

[FRANCHISOR ENTITY]

By:____

___________________, ________________________
(Print Name, Title)

FRANCHISEE:

____

By:____________________________________

_________________________,________________
(Print Name, Title)

PRINCIPAL:

____

____
(Print Name)

PRINCIPAL:

____

____
(Print Name)

EXHIBIT G

RENEWAL ADDENDUM

RALPH'S FAMOUS ITALIAN ICES FRANCHISE AGREEMENT
RENEWAL ADDENDUM

THIS RENEWAL ADDENDUM ("Addendum") is made and entered into on ______________, 20__, by and between Ralph's Famous Italian Ices Franchise Corp. ("Franchisor") and ______________________________________ ("Franchisee").

WITNESSETH:

WHEREAS, Franchisee currently operates a Ralph's Famous Italian Ices Shop located at ____ ____ (the "Franchised Business") pursuant to a prior franchise agreement entered into between Franchisor and Franchisee dated _____________, 20___ (the "Prior Agreement").

WHEREAS, Franchisor and Franchisee have entered into a certain Ralph's Famous Italian Ices Franchise Agreement dated ______________, 20___ (the "Franchise Agreement") for the purpose of renewing Franchisee's rights granted under the Prior Agreement.

WHEREAS, Franchisor and Franchisee desire to amend the terms of the Franchise Agreement as set forth herein.

NOW, THEREFORE, the parties agree as follows:

1. The fifth WHEREAS clause on Page 1 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following language:

> **WHEREAS**, Franchisee has operated a Ralph's Famous Italian Ices shop under Franchisor's System and Proprietary Marks under a franchise agreement, and wishes to enter into a renewal franchise agreement with Franchisor to continue to operate such shop;

2. Section 1.2 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following language:

> Approved Location. Franchisee shall operate the Franchised Business only at ___ ____ __________________________ (the "Approved Location"). Franchisee shall not relocate the Ralph's Famous Italian Ices Shop without the prior written approval of Franchisor. Franchisor shall have the right, in its sole discretion, to withhold approval of relocation.

3. Section 2.1 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following language:

> Term. This Agreement shall be in effect upon its acceptance and execution by Franchisor and, except as otherwise provided herein, the term of this Agreement shall be ten (10) years from the date first above written.

[Franchisor will strike out either Option 1 or Option 2 for Paragraph 4, as applicable. Please initial next to each option.]

4. **[Option 1]**The first sentence of Section 2.2 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following language:

> Franchisee may, subject to the following conditions, renew the rights granted under this Agreement for one (1) additional term of ten (10) years.

4. **[Option 2]**Section 2.2 of the Franchise Agreement is hereby deleted in its entirety, and Franchisee agrees and acknowledges that Franchisee has no right to further renew the Franchise Agreement.

5. Sections 3.1 and 3.3 of the Franchise Agreement are hereby deleted in their entirety.

6. Section 3.5 shall be amended by the addition of the following language at the end thereof:

> Franchisee acknowledges that Franchisee received a copy of the Manual prior to executing this Agreement.

7. Section 4.1 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following language:

> Renewal Fee. In consideration of the renewal franchise rights granted herein, Franchisee shall pay to Franchisor, on execution of this Agreement, a renewal fee of Twenty Thousand Dollars ($20,000), receipt of which is hereby acknowledged, which is fully earned and non-refundable in consideration of administrative and other expenses incurred by Franchisor in entering into this Agreement and for Franchisor's lost or deferred opportunity to enter into this Agreement with others.

8. Sections 5.1 and 5.3 of the Franchise Agreement are hereby deleted in their entirety.

9. Section 6.1 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following language:

> Initial Training Program. At Franchisor's option, any persons employed by Franchisee in the position of manager shall also attend and complete Franchisor's training program, to Franchisor's satisfaction. Franchisee, Franchisee's manager and other employees shall also attend such additional courses, seminars and other training programs as Franchisor may reasonably require from time to time.

10. Section 7.6 of the Franchise Agreement is hereby deleted in its entirety.

11. Section 12.1 of the Franchise Agreement is hereby deleted in its entirety.

12. Section 15.2.1 of the Franchise Agreement is hereby deleted in its entirety.

13. Exhibit B of the Franchise Agreement is hereby deleted in its entirety.

14. Franchisee and the undersigned principals, for themselves and their respective assigns, beneficiaries, executors, trustees, administrators, subrogees, agents, representatives, employees, officers, directors, partners, parent corporations, subsidiaries and affiliates (collectively, "Releasors"), do hereby irrevocably and absolutely release and forever discharge Franchisor and its affiliates, including, but not limited to, JMS Ices, Inc., and their respective successors, predecessors, assigns, beneficiaries, executors, trustees, administrators, subrogees, agents, representatives, employees, officers, directors, shareholders, partners, parent corporations, subsidiaries and affiliates (collectively, "Released Parties"), of and from any and all claims, demands, obligations, debts, actions, and causes of action of every nature, character, and description, known or unknown, pursuant to, arising out of, or related to, the Prior Agreement and the Franchised Business, which Releasors now own or hold, or have at any time heretofore owned or held, or may at any time own or hold against the Released Parties, arising prior to and including the date of this Agreement.

15. This Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to inconsistent provisions and the subject matter hereof. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed. The section numbering in the Franchise Agreement shall remain the same and shall not be adjusted based on the deletion of any sections as set forth in this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum in duplicate on the date first above written.

FRANCHISEE	**RALPH'S FAMOUS ITALIAN ICES FRANCHISE CORP.**
______________________________	By:______________________________
Name:____________________________	Name:____________________________
	Title:____________________________

<u>EXHIBIT H</u>

FRANCHISE DISCLOSURE QUESTIONNAIRE

FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, Ralph's Famous Italian Ices Franchise Corp. ("we," "us" or "Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a Franchised Business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed our Franchise Agreement and each exhibit and schedule attached to it?

   Yes_____ No_____

2 Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

   Yes_____ No_____

   If "No," what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary)

   ____

   ____

   ____

   ____

3. Did you receive our Franchise Disclosure Document at least 14 calendar days before you signed any agreement with us or made any payment to us?

   Yes_____ No_____

4. Do you understand all of the information contained in the Disclosure Document?

   Yes_____ No_____

   If "No", what parts of the Disclosure Document do you not understand? (Attach additional pages, if necessary)

   ____

   ____

   ____

5. Have you discussed the benefits and risks of operating a Franchised Business with an attorney, accountant or other professional advisor and do you understand those risks?

Yes_____ No_____

6. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes_____ No_____

7. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Franchised Business operated by us or our franchisees?

Yes_____ No_____

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

Yes_____ No_____

9. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Franchised Business?

Yes_____ No_____

10. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a Franchised Business will generate?

Yes_____ No_____

11. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating a Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

Yes_____ No_____

12. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes_____ No_____

13. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes_____ No_____

14. If you have answered "Yes" to any of questions seven (7) through thirteen (13), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of such questions, please leave the following lines blank.

____

____

____

____

15. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and the Franchisor?

Yes_____ No_____

You understand that your answers are important to us and we will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

____
FRANCHISE APPLICANT

____
Print Name

Date:_______________, 20__

<u>EXHIBIT I</u>

STATE ADDENDUM

ADDENDUM TO THE RALPH'S FAMOUS ITALIAN ICES FRANCHISE CORP.FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 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 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:

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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of ______________, 20___.

______________________________ **FRANCHISEE**	**RALPH'S FAMOUS ITALIAN ICES FRANCHISE CORP.**
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________

EXHIBIT J

RALPH'S FAMOUS ITALIAN ICES FRANCHISE CORP
GENERAL RELEASE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of ______________, 20___ by and between Ralph's Famous Italian Ices Franchise Corp., a New York corporation having its principal place of business located at 501 Port Richmond Avenue, Staten Island, New York 10302 (the "Franchisor"), and [__________________, an individual residing at ________________________ OR __________ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Release by Releasor**:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. New York law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of New York.

6. The general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

7. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness: RELEASOR:

____

____

(Name)

Witness: Ralph's Famous Italian Ices Franchise Corp:

____

By:____

Name:____

Title:____

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	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

a. Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT K
RECEIPTS

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

If we offer 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 we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do 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 your state agency listed in Exhibit A.

We authorize the agents listed in Exhibit B to receive service of process for us.

The franchise seller(s) offering this franchise is/are checked off below:

□ John Scolaro, 501 Port Richmond Avenue, Staten Island, New York 10302, (718) 448-0853
□ Mike Scolaro, 501 Port Richmond Avenue, Staten Island, New York 10302, (718) 448-0853
□ Larry Silvestro, 501 Port Richmond Avenue, Staten Island, New York 10302, (718) 448-0853
□ ____

Issuance Date: March 9, 2022 (See State Cover Page for state effective dates.)
I have received a disclosure document dated March 9, 2022 that included the following exhibits:

EXHIBIT A	List of State Administrators
EXHIBIT B	List of Agents for Service of Process
EXHIBIT C	Table of Contents of Operations Manual
EXHIBIT D	List of Ralph's Franchisees
EXHIBIT E	Financial Statements
EXHIBIT F	Franchise Agreement
EXHIBIT G	Renewal Addendum
EXHIBIT H	Franchise Disclosure Questionnaire
EXHIBIT I	State Addendum
EXHIBIT J	General Release
EXHIBIT K	Receipts

Date:_________________________________ Prospective Franchisee Signature:

____

Print Name: _________________________

Address: ____________________________

Telephone Number: ___________________

PLEASE REMOVE THIS PAGE, SIGN AND DATE THIS PAGE, AND RETURN THIS PAGE TO RALPH'S FAMOUS ITALIAN ICES FRANCHISE CORP. AT 501 PORT RICHMOND AVENUE, STATEN ISLAND, NEW YORK 10302

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 we offer 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 we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do 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 your state agency listed in Exhibit A.

We authorize the agents listed in Exhibit B to receive service of process for us.

The franchise seller(s) offering this franchise is/are checked off below:

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EXHIBIT A	List of State Administrators
EXHIBIT B	List of Agents for Service of Process
EXHIBIT C	Table of Contents of Operations Manual
EXHIBIT D	List of Ralph's Franchisees
EXHIBIT E	Financial Statements
EXHIBIT F	Franchise Agreement
EXHIBIT G	Renewal Addendum
EXHIBIT H	Franchise Disclosure Questionnaire
EXHIBIT I	State Addendum
EXHIBIT J	General Release
EXHIBIT K	Receipts

Date:_________________________________ Prospective Franchisee Signature:

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Print Name: _____________________________

Address: _______________________________

Telephone Number: _______________________

PLEASE REMOVE THIS PAGE, SIGN AND DATE THIS PAGE, AND RETURN THIS PAGE TO RALPH'S FAMOUS ITALIAN ICES FRANCHISE CORP. AT 501 PORT RICHMOND AVENUE, STATEN ISLAND, NEW YORK 10302