FRANCHISE DISCLOSURE DOCUMENT

SANSAI NORTH AMERICA FRANCHISING, LLC
(A California Limited Liability Company)
373 Van Ness Avenue, Suite 180
Torrance, CA 90501
(310) 787-1888
www.sansaigrill.com

The franchise we offer is for the operation of quick casual restaurants featuring and serving a variety of proprietary menu items and other goods, beverages and services under the trade name SANSAI Fresh Japanese Grill ®.

The total estimated investment necessary to begin operation of a new SanSai franchise ranges from $440,900 to $801,000. This includes the initial franchise fee of $35,000 that must be paid to us.

We may offer to individuals or entities the opportunity to become an Area Developer within a specific geographical area. Upon signing an Area Development Agreement, you will pay a Development Fee of $35,000 for your first restaurant location plus one-half of the multi-restaurant discounted initial franchise fee for each of the remaining restaurant locations agreed upon. Part of the Development Fee must be paid at the time you sign the Development Agreement. The balance is collected by us as payment is made by you of the balance owed on each of the remaining restaurants upon signing the Franchise Agreement for each franchise being developed. The minimum number of restaurants required by an Area Development Agreement is two locations, which requires an initial Development Fee of $35,000 for the initial franchise, plus $15,000 (one-half of the $30,000 discounted fee for the second restaurant), for a total initial Development Fee of $50,000. The maximum number of franchised locations that can be developed under an Area Development Agreement is negotiated and is dependent upon the territory requested (See Item 5 for information on further discounts available for additional restaurant locations to be opened under an Area Development Agreement). The minimum total estimated to begin operation as an Area Developer is $455,900 but the maximum total investment will vary based upon the number of restaurants to be developed. (See Items 5 & 7 for additional information).

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English (the "Disclosure Document"). 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.

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Administration Department at SanSai North America Franchising, LLC, 373 Van Ness Avenue, Torrance, CA 90501, (310) 787-1888.

The terms of your Franchise Agreement will govern your franchise relationship. Do not rely solely upon this Disclosure Document to understand your Franchise Agreement. You should read and review all of your Franchise Agreement carefully with an advisor, such as an attorney 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 ("FTC"). You can contact the FTC at 1-877-FTC-HELP or in writing 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, listed in Exhibit G, 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.

Date of Issuance: July 30, 2021

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:

QUESTIONS	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 Exhibits B and C.
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 D 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 SanSai business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a SanSai franchisee?	Item 20 or Exhibits B and C list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About This Franchise

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

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

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

TABLE OF CONTENTS

ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES 1

ITEM 2. BUSINESS EXPERIENCE 2

ITEM 3. LITIGATION 3

ITEM 4. BANKRUPTCY 3

ITEM 5. INITIAL FEES 3

ITEM 6. OTHER FEES 5

ITEM 7. ESTIMATED INITIAL INVESTMENT 8

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 11

ITEM 9. FRANCHISEE'S OBLIGATIONS 15

ITEM 10. FINANCING 17

ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING 17

ITEM 12. TERRITORY 25

ITEM 13. TRADEMARKS 28

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 29

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 31

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL 31

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 31

ITEM 18. ARRANGEMENTS WITH PUBLIC FIGURES 37

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS 37

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION 38

ITEM 21. FINANCIAL STATEMENTS 40

ITEM 22. CONTRACTS 40

ITEM 23. RECEIPTS 40

EXHIBITS

Exhibit A	Franchisee Operations Manual Table of Contents
Exhibit B	List of Current Franchisees
Exhibit C	List of Franchisees Who Have Left the System
Exhibit D	Financial Statements
Exhibit E	Franchise Agreement
Exhibit F	Area Development Agreement
Exhibit G	List of State Agencies/Agents for Service of Process
Exhibit H	State Specific and other Addenda and Riders
Exhibit I	Receipts

FRANCHISE DISCLOSURE DOCUMENT

ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language, this disclosure document uses "SanSai", "we", "us", or "our" to mean SanSai North American Franchising, LLC, the franchisor, and "you" or "your" to mean the individual, corporation or other entity that buys a SanSai franchise.

The Franchisor, Any Parents, Predecessors and Affiliates

We conduct business under the names SANSAI® and SANSAI Fresh Japanese Grill. Our principal place of business is 373 Van Ness Avenue, Suite 180, Torrance, CA 90501. We are a California limited liability company formed on November 10, 2009 under the original name, SanSai JIC International, LLC.

SANSAI Fresh Japanese Grill franchises were originally offered by the predecessor franchisor SanSai USA, Inc., whose principal business address was 611 S. Central Avenue, Los Angeles, California 90021. Pursuant to an Assignment for the Benefit of Creditors in 2009 the assets of the predecessor company (including its Marks, franchise agreements, assets and restaurants) were transferred to Equitable Transitions, Inc., a California corporation, which then sold all of the same assets to JIC Foods, LLC, a Delaware limited liability company (JIC Delaware). JIC Delaware is a wholly-owned subsidiary of Nihon Pacific Food, PTE, Ltd., of Singapore ("Nihon") which has extensive experience in Asian style restaurant management and operations. Through additional transactions, JIC Delaware obtained and transferred the SanSai Marks, franchise system and franchise agreements to us, as their wholly-owned subsidiary. In 2009, JIC Delaware also transferred its ownership of the Fullerton, California SANSAI restaurant to SanSai JIC International, Inc., a California corporation, which changed its name to JGS Development, Inc. on September 8, 2010, and which continues to own and operate the Fullerton restaurant. None of these companies previously offered franchises of any type and there is no predecessor or affiliated company of SanSai North America with any responsibility to supply, service, finance, support or assist SanSai North America franchises, except that certain affiliated restaurants and personnel may be used to assist in initial training of new franchisees. SanSai North America is solely responsible for the operation of the SanSai franchise system and has been offering franchises only since the date of this document.

Agent for Service of Process

Our agents for service of process and states requiring franchise registration are disclosed in Exhibit G.

The Franchises Being Offered

Our franchise involves the licensing of a distinctive system for "quick casual" Japanese Grill restaurants. We offer and award to qualified applicants a franchise to operate a single SanSai restaurant using the SanSai marks, design and system (the "SanSai System" or "System"). We also offer qualified persons the right to operate a specified number of SanSai franchises in a designated territory under the terms of an Area Development Agreement (the "ADA"). Under the Area Development Agreement, you must build out a certain number of SanSai franchises within a specified period of time. (See Item 5).

Market and Competition

As a SANSAI Fresh Japanese Grill franchisee, you will be competing with other individually owned and other franchised businesses offering similar products and services in the general vicinity of your premises. The food industry is a mature market with a lot of competition. Other branded restaurants may open in your territory and increase competition in your market.

Although there is never any guarantee of success, we believe that the market for the products and services offered by our franchisees is part of a growing and developing market with room for further development and expansion throughout the United States and other countries. The Quick Casual segment is a significant part of the restaurant industry and you will compete with a large number of other restaurant chains (franchised and non-franchised), other food service providers and other area restaurants, including other SANSAI Fresh Japanese Grill restaurants. The success of your business will depend largely on your personal skills and abilities.

Industry Specific Regulations

Federal, state and local government entities have enacted laws, rules, regulations and ordinances which may apply to the operation of your SANSAI Fresh Japanese Grill restaurant, including those which: (a) establish general standards, specifications and requirements for the construction, design and maintenance of the restaurant premises; (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants; employee practices concerning the storage, handling, cooking and preparation of food; restrictions on smoking; availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness; (e) control the sale of alcoholic beverages; and (f) regulate the proper use, storage and disposal of waste, insecticides, and other hazardous materials. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your licensed business and should consider both their effect and cost of compliance. In addition to obtaining any applicable city or county business licenses, you must comply with all local, state and federal laws pertaining to food-service businesses, including any business, retail sales, zoning, environmental, labor relations, sanitation, safety, fire, food-service, and health codes, regulations and ordinances, as well as laws and regulations relating to access by persons with disabilities. You are solely responsible for identification of and compliance with all laws, ordinances and/or regulations applicable to your SanSai franchise. You should independently research and review the legal requirements of the food services industry with your own attorney before you sign any binding documents or make any investments. It also is your sole responsibility, on an ongoing basis, to investigate and satisfy all employment, worker's compensation, insurance, corporate, tax and similar laws and regulations, since they vary from region to region, can change over time, and may affect the operation of your business.

ITEM 2. BUSINESS EXPERIENCE

Ronald Dharmika – Manager

Mr. Dharmika has been our Manager since November 2009. From 2006 to November 2009, he was a Commercial Real Estate Sales Agent for Keller Williams, Inc., located in Los Angeles, California. He has also been the manager of JIC Foods, LLC, since its inception in June 2009, and a director and the President, Secretary and Chief Financial Officer of our affiliate, JGS Development, Inc., since November, 2009. He has been responsible for executive planning and making decisions for us and for our related company, JGS Development, Inc.

Jim Konstantinides - Business Development Consultant

Jim Konstantinides is the founder and CEO of The Syros Group Inc. (TSG), which has since 2008 provided restaurant companies with formation, opening and operational consulting and strategic planning services from its offices in Orange County, California. From December 2013 to the present TSG and Mr. Konstantinides have been the Business and Development Consultant for SanSai and will be providing assistance to franchisees in the development and operation of their restaurants in accordance with the SanSai franchising system.

Mikyung (Mary) Kang - Accounting/Finance Manager

Mary Kang has worked as our Accounting/Financial Manager and Human Resources Manager since November 2009 and of JIC Foods, LLC, since November 2009. She also served as Accounting Manager of Pacific Management Ventures, Inc. located in Los Angeles, California from November 2003 to November 2009.

Hans Srijumnung –Training and Operations Manager

Hans Srijumnong has worked as our R&D Chef / Operations Manager since July 2016. From August 2014 until July 2016, he was the Chef Manager for Guckenheimer managing a catering account of an engineer firm of over 600 staff with a team of cooks and cashiers. From August 2013 to August 2014 he was a Lead Cook at UCLA and did menu planning in collaboration with the Head Chef focusing on Asian American cuisine. Hans has uniquely qualified culinary and F&B management experience.

ITEM 3. LITIGATION

Except for the actions described below, no litigation is required to be disclosed in this Item.

Settlements:

Hitcom Corporation ("Hitcom") vs. SanSai USA, Inc., Pacific Management Ventures, Yon Suk Lipsky, Daniel Burns, JIC Foods, LLC, SanSai JIC International, LLC (a former name of SanSai North America Franchising, LLC) et al., filed in the Superior Court of California, Los Angeles County, as Case No. BC418625, on September 9, 2009. We and our parent company JIC Foods, LLC, were named as defendants in a suit involving activities of our predecessor SanSai USA, brought by Hitcom Corporation, a franchisee which claimed that we and the other defendants committed a breach of contract by failing to develop and deliver a SanSai restaurant to them, engaged in fraud and deceit in connection with the alleged agreement, and violated the California Franchise Investment Law in failing to provide a disclosure document and by making untrue statements. Hitcom further alleged that each defendant conspired engaged in a fraudulent transfer of assets to deprive Hitcom of money which it claimed to be entitled. Hitcom sought damages of at least $550,000, rescission of all agreements with the defendants, and punitive and special damages, as well as an order setting aside the allegedly fraudulent transfers and restraining further transfers. We vigorously denied and defended against these claims on multiple grounds, including on the basis that the alleged agreement to build a restaurant and the related purported representations were made by other entities before we were formed, as well as other grounds. The matter was settled by payment of $70,000 to Hitcom on May 21, 2012.

SanSai North America Franchising, LLC., et al. vs. Joy Fresh Marketing World, Inc., et al., (Superior Court of California, Los Angeles County, Case No. BC586781, filed on July 1, 2015. We and JIC Foods, LLC., our parent filed a complaint against Joy Fresh Marketing World, Inc., and Chang Wan Chung, and other individuals for breach of Supplier's Agreement; infringement of SanSai's proprietary confidential intellectual properties, trademark and trade dress; misappropriation of trade secrets; intentional interference with economic relationship and negligent interference with economic relationship by selling SanSai's proprietary confidential sauces and dressings without authorization.

The matter was settled by the defendant's agreement to cease and desist producing and selling SanSai sauces and dressings and payment of $75,000 to SanSai on September 1, 2016.

Neither we nor any person listed in Item 2 of the FDD is subject to any currently effective order or decree resulting from a pending or concluded action brought by a public agency and relating to the franchise or to a federal, state or Canadian franchise, securities, antitrust, trade regulation, or trade practice law.

ITEM 4. BANKRUPTCY

No bankruptcy information is required to be disclosed in this Disclosure Document.

ITEM 5. INITIAL FEES

Initial Franchise Fee

You must pay a nonrefundable franchise fee of $35,000 when you sign the Franchise Agreement for a single SANSAI Fresh Japanese Grill.

Area Development Agreement

We also offer Area Development Agreements that will allow qualified persons to develop additional restaurant locations in a designated Development Territory at progressively reduced fees. Upon signing an Area Development Agreement, you pay an initial, lump sum, non-refundable Development Fee consisting of $35,000 for the first SANSAI Fresh Japanese Grill, plus one-half of the reduced Initial Franchise Fee for each SANSAI Fresh Japanese Grill to be opened under the Area Development Agreement.

After the Initial Franchise Fee of $35,000 for the first SANSAI Fresh Japanese Grill, the fees are reduced to $30,000 for the second, $25,000 for the third, $20,000 for the fourth and $15,000 for the fifth and any additional SANSAI Fresh Japanese Grills. However, only one-half of the reduced fees are paid on signing the Development Agreement. As an example, the total Development Fee for five SANSAI Fresh Japanese Grills is $125,000 and only $80,000 of that amount would be initially paid when signing the first franchise agreement and is credited against the remaining balance of the Initial Franchise Fees to be paid for each successive franchise when signing each Franchise Agreement.

This $80,000 Development Fee for agreeing to open five franchises is the total of: (a) $35,000 as full payment of the fee for the first restaurant; (b) plus $15,000 (as one-half of the discounted fee for the second restaurant); (c) plus $12,500 (as one-half of the discounted fee for the third restaurant); (d) plus $10,000 (as one-half of the discounted fee for the fourth restaurant); (e) plus $7,500 (as one-half of the discounted fee for the fifth restaurant).

The balance due on the fee for each of the additional four restaurants will be paid upon the signing of each successive franchise agreement.

For each SANSAI Fresh Japanese Grill to be developed in excess of five the initial Development Fee will increase by an additional $7,500, which is one-half of the reduced franchise fee for those additional franchises.

(1) Number of Franchises Agreed To Be Opened	(2) Total Development Fee Owed On Signing Development Agreement	(3) Amount Paid On Signing Development Agreement	(4) Total Amount to be Paid Over Time as You Sign the Agreements for Each of the Remaining Franchises to be Opened
One Franchise	$35,000	$35,000	0
Two Franchises	$65,000	$50,000	$15,000 (*)
Three Franchises	$90,000	$62,500	$27,500 (15k+12.5k)
Four Franchises	$110,000	$72,500	$37,500 (15k+12.5k+10k)
Five Franchises	$125,000	$80,000	$45,000 (15k+12.5k+10k+7.5k)

(*) Note that the second franchise has a reduced fee of $30,000 in addition to the $35,000 fee for the first franchise, for a total Development Fee of $65,000. However, only half of the fee for the second franchise is paid when signing the Development Agreement. The remaining half ($15,000) is paid upon signing the franchise agreement to open the second franchise.

There are no other fees you pay to us or any affiliate before you begin operating your

business. All Initial Franchise Fees and Development Fees are fully earned when paid and are non-refundable.

As part of our purchase of the SanSai Franchise System, an officer of the predecessor company, Dan Burns, claims a right of first refusal for SanSai locations in the state of Missouri, including discounted franchise fees and certain other rights of first refusal within that state. Otherwise, all fees charged by us are uniform with respect to all franchisees.

ITEM 6. OTHER FEES

Type of Fee (1)	Amount	Due Date	Remarks
Weekly Continuing License Fee	5% of Gross Revenues received by you from the previous week's operations.	Payable on Monday at 3 pm of each week with a report detailing all Gross Revenues (2) received during the previous 7-day week (Monday through Sunday).	(1) Amounts will be debited electronically by Electronic Funds Transfer ("EFT") from your bank account. Subject to inflation adjustment. (2) In the absence of a timely weekly report we will debit a minimum fee of $500 from your bank account and resolve any difference or discrepancy when the report is made. A $100 fee per occurrence of insufficient EFT will be charged.
Interest and Late Fees	Interest is highest applicable legal rate for open account business credit. (Not to exceed 1.5% per month). Additionally, we may require you to pay an administrative late fee of Fifty Dollars ($50) for each late report and/or late payment.	Payable on demand	Interest on all amounts owed us. We may also require payment by cashier's check for repeated late payments.
Successor Fee	20% of the then-current Initial Franchise Fee	At the time you sign the Successor Franchise Agreement	
Marketing and Technology Fund Fee (3)	2% of Gross Revenues of previous month or $785 whichever is greater.	Fee will be electronically debited from your bank in the same manner as the Weekly Continuing License fee, on the 5th day of each month.	Amounts will be debited electronically by Electronic Funds Transfer ("EFT") from your account
Local Marketing Expenses	1.5% of Gross Revenues for previous	Must spend this minimum every month.	Paid to local vendors. Subject to inflation adjustment.

Type of Fee [1]	Amount	Due Date	Remarks
	month or $500 whichever is greater.		As described ¶ 9.6 of the franchise agreement
Advertising Cooperative	To be determined	To be determined	See Note (4) below
Insurance	Will vary under circumstances	As incurred	If you fail to obtain the required insurance coverage for your restaurant, we may obtain the coverage at your expense plus an administrative fee of 15% FA ¶ 10.6
Transfer Fee	If you transfer your franchise, your franchise agreement requires payment of a $7,500 transfer fee to us, and a training fee of $5,000 for the transferee and up to two others.	At the time of your application for a transfer	The $5,000 portion for transferee training will not be refundable once transferee training commences, whether or not the transfer is consummated. (Franchise Agreement, ¶ 14.3).
Transfer Fee – Area Development Agreement	$7,500	On transfer of any interest in the Area Development Agreement	We may, but are not required to, waive or reduce this fee at our sole discretion.
Audit Fee	Cost of Audit and 1½ % interest per month on understated amount. Your cost might range from $500 to $1,500 depending on the complexity of the audit.	Due when billed following any such audit.	You pay this fee only if the audit reflects an understatement of 2% or more for any audited month.
National Convention Support Fee	We may elect to charge a Convention Support Fee not to exceed $500 (subject to inflation adjustment), per SANSAI Fresh Japanese Grill per year.	Upon demand.	Franchise Agreement, ¶ 9.7
Seminars and Training Conferences	Cost of attending regional and national conferences as we require.	Periodic Seminars and Conferences will be held at our company headquarters in California or at a different location of our choosing. These	Fee is payable prior to attendance at the event and expenses are paid as incurred. You will not be required to attend more than two such conferences per year.

Type of Fee [1]	Amount	Due Date	Remarks
		events will not exceed 8 days.	
Additional Training Requested by You	Currently $400 per day, plus travel and expenses.	Immediately after notice from us.	If, at your request, and subject to availability, we may send one of our staff members to the franchised business to provide further assistance, we will charge you a daily rate for that assistance, plus the travel expenses for our employee.
Costs and Attorney's Fees	Will vary under the circumstances.	Immediately upon notice from us.	You only pay if we succeed in any arbitration or litigation we bring against you, or in defending any claim you bring against us.
Indemnification	Will vary under the circumstances.	As incurred.	You have to reimburse us if we are sued or held liable for claims arising out of your business.
Customer Satisfaction/Quality Control Measures	To be determined.	To be determined	We may institute programs for auditing customer satisfaction and/or other quality control measures. We may require you to pay program costs.
Review and Approval of Supplier	$1,000	On submission by you of supplier for review.	Payable only if you submit a proposed supplier for our review.
Customized Layout (5)	$2,500 to $3,500	Immediately upon notice from us.	Payable to us only if you require a customized layout for the space you have chosen.
Point of Sale System Maintenance	$250 - $300 per month	Paid Monthly	Paid to vendor of the system
Unauthorized Failure to Be Open	$250 per unauthorized day you are closed without written permission from us.	As it occurs, the fee will be an EFT debit from your bank account.	You pay this fee to us if you are not authorized to be closed.
Management Fee (only on default by you)	$300 per day plus expenses.	Deducted from funds of your Businesses	Expenses include compensation, other costs, travel and living expenses of appointed manager.
Area Development Extension	$5,000 to $20,000	If schedule extended	Fee varies with amount of time only if extended (see Item 12)

(1) All fees described in this Item 6 are the same to each SanSai Franchise unless otherwise noted. All fees are imposed by and payable to us and are non-refundable unless otherwise noted. You must participate in an electronic funds transfer and reporting program, which will authorize us to use a pre-authorized bank debit system.

(2) Gross Revenues includes all charges and/or Revenues which are, or could be, received or earned by you (and/or any Affiliate of yours):

A. By, at or in connection with your franchise operations;

B. Relating to the kinds of goods or services available now or in the future through a SANSAI Fresh Japanese Grill and/or distributed in association with the Marks or the SanSai System;

C. Relating to the operation of any Similar Business;

D. With respect to, any tenants and/or subtenants of yours on the Premises (including rent and other lease payments); and/or

E. With respect to any co-branding activities.

All sales and/or billings, whether collected or not, will be included in Gross Revenues, with no deduction for credit card or other charges. Gross Revenues does not include sales tax collected and paid when due to the appropriate taxing authority and provable customer refunds, adjustments and credits.

(3) Marketing and Technology Fund Fee. You pay this amount to us to support the creative development and production by us (or our agents selected by us) of all print, electronic (worldwide websites and/or Franchisees Micro-Site), promotion, publicity, digital and other marketing and advertising programs as we may from time to time research, develop and provide. We reserve the right to decide the amount and nature of these expenditures and how, when and where all expenditures are made Proceeds from the marketing fund will not be utilized for the direct personal benefit of any specific, individual Franchisee or on any pro rata basis whatsoever, but will be utilized generally for local, regional or national marketing and advertising programs to support the SanSai system as a whole. (See Item 11).

(4) Advertising Cooperatives. In the future we may form one or more local, regional or national cooperatives which you will be required to join if the cooperative covers your area. You may be required to contribute such amounts as are determined by the cooperative.

(5) Customized Layout: We will lend you basic layout plans designed for a prototype restaurant facility that may or may not fit the space you have chosen. The floor plan layout is the template for the architectural drawings and can be adapted to fit most spaces. If the layouts you receive do not conform to the space you have chosen we will provide a customized layout for an additional fee from $2,500 to $3,500 depending upon the complexity.

ITEM 7. ESTIMATED INITIAL INVESTMENT

The following chart provides an estimate of your initial investment for a single franchised SANSAI Fresh Japanese Grill and the costs necessary to begin operation of your franchised business. The estimate assumes that you will lease the location of your SANSAI Fresh Japanese Grill. Ranges are shown for some items because they depend upon factors that may vary such as site, location, as well as other local market conditions and circumstances. These costs listed in the chart are estimates only. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. You should review these estimates carefully with your business advisor before making a decision to enter into a Franchise Agreement.

YOUR ESTIMATED INITIAL INVESTMENT[1]

Description	Estimated Amount	Method of Payment	When Due	To Whom Payable
Initial Franchise Fee[2]	$35,000 – (For Single Restaurant)[2]	Lump Sum	On signing Franchise Agreement	Us
Expenses While Training[3]	$3,000 - $12,000	Lump Sum	As incurred	Transportation Lines, Hotel Facilities, etc.
Real Estate Lease Review	$1,500-$2,500	As arranged	As incurred	Franchisee's attorneys
Real Estate Deposits and Initial Rent[4]	$5,000 - $17,000	As arranged	As incurred	Lessor/Owner of Real Estate
Construction and remodeling[5]	$200,000 - $450,000	As arranged	As Incurred	Contractors, architects, Service Providers
Furnishings[6]	$20,000 - $30,000	As arranged	As Incurred	Designated Suppliers
Signage[7]	$7,000 - $12,000	As arranged	As Incurred	Designated Suppliers
Equipment[8]	$100,000 - $125,000	As arranged	As Incurred	Designated Suppliers
Inventory[9]	$11,000 - $16,000	As arranged	As Incurred	Designated Suppliers
Utility Deposits, Permits and Alarm System Set-up Fees[10]	$6,000 - $25,000	Lump Sum	As Incurred	Utility companies, cities and municipalities
Business License[11]	$500 - $1,000	Lump Sum	As Incurred	City agencies, normally depends upon the number of employees.
Insurance[12]	$2,000 - $3,000	As Arranged	As Incurred	Insurance Agencies
Legal, Accounting, and Insurance	$2,000 - $3,000	As Arranged	As Incurred	Insurance Agencies and Vendors
Computer hardware/software POS and PC[13]	$9,800 - 15,000	Lump Sums	Upon signing Franchise Agreement; prior to opening	Designated Suppliers/Vendors
Grand Opening Marketing Program	$5,000	As incurred	As incurred	Designated Suppliers/Vendors
Miscellaneous Costs[14]	$3,100 - $4,500	As arranged	As incurred	Us/Vendors/ Designated Suppliers
Additional Funds – 3 months[15]	$30,000 - $45,000	As incurred	As incurred	Employees, Designated Suppliers, Vendors
TOTAL[16]	**$440,900 - $801,000**			

(1) This table shows the estimated expenditures required to develop a single SanSai Franchised Business.

(2) Upon signing an Area Development Agreement, you pay a lump sum, non-refundable Development Fee of $35,000 for the first SANSAI Fresh Japanese Grill plus one-half of the Initial Franchise Fee for each SANSAI Fresh Japanese Grill to be opened under the Area Development Agreement. This amount is credited against the Initial Franchise Fee to be paid by you for each SANSAI Fresh Japanese Grill upon signing each subsequent Franchise Agreement. For example, if you enter into an Area Development Agreement to develop five Franchised SANSAI Fresh Japanese Grills, the Development Fee will be $80,000, which is $35,000 plus $15,000 (one-half of the second restaurant initial franchise fee), plus $12,500 (one-half of the third restaurant initial franchise fee, plus $10,000 (one-half of fourth restaurant initial franchise fee, and plus $7,500 (one-half of fifth restaurant initial franchise fee). For each additional SANSAI Fresh Japanese Grill to be developed the initial Development Fee will continue to increase an additional $7,500.

(3) You are responsible for arranging and paying the expenses for transportation, meals and lodging for you and your manager while attending the training program. The amount you spend will depend on several factors, including the distance you have to travel and the type of accommodations you choose. We base this estimate upon attendance by two people.

(4) Real Estate Deposits and Initial Rent. Real estate costs can vary widely depending upon a multitude of factors related to location, including whether the property is purchased or leased, local market conditions, the size, type, condition and location of the property and zoning requirements. The size of a typical site is between 2,000 and 2,500 square feet. These figures are based on this square footage at an average cost of $3.50 per square foot.

(5) The cost of construction and remodeling depends on the size and condition of the premises, the local cost of contract work and the location of your SANSAI Fresh Japanese Grill. The amount may be less if the lessor provides a construction allowance or if the restaurant has undergone any build-out or development before you occupy it, if applicable.

(6) Figures for Furnishings include tables, chairs, television, lights, menu board, and trade dress.

(7) One exterior and one interior sign are required and included in figures.

(8) Figures for Equipment include stoves, ice machines, sinks, hood, prep tables, refrigeration, fryers, and utensils.

(9) Figures for Inventory include Food, paper goods, menus, and miscellaneous supplies.

(10) Utility deposits figures do not include any special connection and/or tap fees, EDD, or sales taxes which are based upon projected sales.

(11) A beer and wine license is optional and is not included in these figures. We estimate that such license fees will be approximately $750 plus or minus for the application fee.

(12) You must maintain in force policies of insurance issued by carriers we have approved covering various risks. We may specify the types and amounts of coverage required under these policies and require different and/or additional kinds of insurance at any time, including excess liability insurance. Each insurance policy must name us and our Affiliates as additional named insureds, will contain a waiver of all subrogation rights against us and our Affiliates and any successors and assigns, and must provide for 30 days' prior written notice to us of any material modifications, cancellation, or expiration of the policies. (See Item 8 for insurance requirement details).

(13) The cost of the POS computer equipment and software you will need to operate your franchise will depend upon the manufacturer, the operating features, whether some of the equipment is

already owned by you, whether the equipment is new or used, and whether it is purchased or leased. The figures include costs for three terminals; however, some of our units have or will have four terminals, and the costs will be somewhat higher.

(14) Miscellaneous Costs include items such as, but not limited to incorporation costs and purchase of career apparel.

(15) Additional Funds is an estimate of funds to cover business (not personal) expenses during the first 3 months of operation of your business. You will need capital to support on-going costs of your business, such as payroll, utilities, taxes, loan payments and other expenses, to the extent that Revenues do not cover business costs. This is only an estimate, and we cannot and do not guarantee that the amounts specified will be adequate. You may need additional funds during the first 3 months of initial operation or afterwards. We do not furnish or authorize our salespersons or any other persons or entities to furnish estimates as to the capital or other reserve funds necessary to reach "break-even" or any other financial position, nor should you rely on any such estimates. The 3-month period from beginning a business covers the time by which most Franchisees are fully operational but it does not mean that you will have reached "break-even," "positive cash flow," or any other financial position in that timeframe. In addition, the estimates presented relate only to costs associated with the franchised business and do not cover any personal, "living," unrelated business or other expenses you may have. Although we make no estimates or representations regarding financial performance of a SanSai franchised business, we recommend that, in addition to the amount estimated here, you have sufficient personal savings and/or income so that you will be self-sufficient for a period of time.

(16) All of the above figures are estimates of certain initial startup expenses. They are not all-inclusive as noted above, and we cannot guarantee you will not have additional expenses in starting your SanSai franchised business. The total figure listed in the above chart does not include compensation for your time or labor. Your costs will vary depending on such factors as: how well you follow the SanSai System; your management and marketing skills, experience and general business ability; geographical location and area demographics, and local and general economic conditions.

You should review these figures carefully with a business advisor (such as an accountant) before making any decision to purchase the franchise.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

One of our prime objectives is to ensure quality control and to protect the goodwill and image of the SANSAI Fresh Japanese Grill franchise system. The success of our system depends upon the high standards, uniformity of menu items, dietary satisfaction of customers and the health and safety of franchise patrons. In order to achieve these high standards, you are required to sell or offer for sale all products, items and services approved by us and not deviate from our standards and specifications by offering or selling unapproved products, items or services.

Pursuant to the Franchise Agreement, you must obtain our approval for the site of your SANSAI Fresh Japanese Grill restaurant and if you are leasing the SANSAI Fresh Japanese Grill restaurant, your lease documentation must contain a conditional assignment and assumption of lease as required by the Franchise Agreement. We also require that your landlord give written consent to the conditional assignment and assumption of lease and our right to cure certain defaults of your lease should you not do so.

You must use signs, furnishings, supplies, fixtures and equipment which comply with our standards and specifications. Specifications may include minimum standards for delivery, performance, design, and appearance, and local zoning, sign and other restrictions. We formulate and modify our standards and specifications for products and services based upon the collective experience of our affiliates and when applicable, franchisees. Our standards and specifications are described in the Franchise Agreement, the Operations Manual, and other written documents. We have the right, under the Franchise Agreement, to change the standards and specifications applicable to operation of the franchise, including standards and specifications for signs, furnishings, supplies, fixtures and equipment. You recognize that you may incur an increased cost to comply with these changes; however, no change will materially alter your fundamental rights under the Franchise Agreement. We will notify you of any change to our standards and specifications by way of written amendments to the Operations Manual or otherwise in writing. We have the right to require you to purchase certain signs, furnishings, supplies, fixtures, computer hardware and software and equipment from approved suppliers identified in the Operations Manual or otherwise in writing. We reserve the right, under the Franchise Agreement, to require you to purchase certain items from us, our affiliate or an unaffiliated designated supplier.

We provide you with a list of approved suppliers, distributors, service vendors, suggested manufacturers for operating SANSAI Fresh Japanese Grill ("Approved Vendor List") which can be found in our Confidential Operations Manual and a list of approved inventory, products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate SANSAI Fresh Japanese Grill ("Inventory List"). If you would like to sell or use any product, material or supply or purchase any products from a vendor not on either of these lists, you must notify us and may need to submit samples and other information to us so that we can make an informed decision as to whether the product or supplier meets our standards. We currently approve suppliers upon request submitted upon our "Supplier Approval Form" and payment of a supplier approval fee of $1,000. Based upon information and samples you supply us, we will test the items supplied and review the proposed supplier's financial records, business reputation, delivery performance, credit, and other information we request from you on the supplier. We will complete our review promptly, generally within 90 days. We have the right to 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 purchasing products from such supplier. You must use products purchased from approved suppliers solely in connection with the operation of your SANSAI Fresh Japanese Grill restaurant and not for any competitive business purpose. Once we approve a supplier, we have the exclusive right to negotiate price terms directly with the supplier on your behalf and on behalf of all System franchisees. We may receive rebates from approved suppliers from time to time as part of our purchasing negotiations and auditing services.

We apply the following general criteria in approving or revoking a proposed supplier:

(1) Ability to provide product

(2) Quality of products and services

(3) Production and delivery capacity

(4) Proximity to Franchised Restaurants in order to be able to make timely deliveries of product,

(5) Dependability of the supplier.

(6) Financial capability

(7) Customer relations

(8) Concentration of purchases to obtain better prices and services.

We may inspect or re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to continue to meet our criteria and specifications. As a condition of approval, you and/or any supplier must reimburse us for all costs and expenses incurred by us associated with any testing, including travel and lodging expenses incurred where we deem it necessary to visit a supplier's facilities.

Nothing contained in this Disclosure Document or in Franchise Agreement requires us to approve an inordinate number of suppliers of a given item or approve suppliers, which, in our reasonable judgment, would result in higher costs to our franchisees or prevent, in our sole judgment, our effective and economical supervision of suppliers.

Purchasing arrangements for products, materials and supplies are in place. We will continue to negotiate purchase arrangements with suppliers including price terms for the benefit of franchisees and us. The only material benefits you will receive for using approved suppliers are lower prices and better services and quality if we are successful in our negotiations on behalf of the System.

We and our affiliates reserve the right to derive revenue from your required purchases from us or our approved suppliers. However, except for the receipt by us of $6,330.24 rebate from Coca Cola, representing 1.5% of our revenue in 2020, and the receipt by us of $105,850 (25.9% of our gross revenue) from franchisees for purchase of Proprietary Products, neither we nor any affiliate currently derive any revenue or other material consideration as a result of required purchases or leases. We estimate that your required purchases and leases will account for approximately 85% - 95% of all purchases and leases necessary to establish the franchised business, and approximately 70% - 80% of all purchases and leases necessary to operate the franchised business after opening. You will not receive any material benefit from your use of designated or approved suppliers. Other than as described above, there are currently no purchasing or distribution cooperatives in existence for our franchise system. We reserve a right to collect rebates, although there are no arrangements in place other than Coca Cola. We expect to derive future revenue from leases of software and will continue to derive revenue from sales of Trademarked or Trade Secret Food Products. All items purchased or leased in accordance with our specifications will represent approximately 85% - 90% of total purchases and leases you will make to begin this business, and 30% to 40% of the ongoing costs to operate the business. Revenues, if any, derived from the sale of products through suppliers, whether in the form of rebates, commissions, license fees, or similar payments or similar payments will also be retained by us.

Trademarked Products

We are not a supplier of any item other than uniforms and apparel and special sauces and certain Trademarked Products (“Trademarked Products”) that are uniquely developed for our menu, which bears our logo and private label. You must use or carry an adequate supply or representative inventory of these Trademarked Products. You will purchase Trademarked Products only from designated sources which manufacture the Trademarked Products to our precise recipe and specifications.

Trade Secret Food Products

We have developed various Trade Secret Food Products which are unique to our brand and signature items in the operation of SANSAI Fresh Japanese Grill Franchise. Our proprietary and Trade Secret Food Products include but are not limited to our signature SanSai Signature Dressings and Sauces. We are not a supplier. You must use Trade Secret Food Products in the operation at all times.

Software

We may develop special software programs such as accounting, inventory control, or POS, which will be proprietary to us and which contain confidential information. Software is subject to improvement and upgrade. We cannot estimate the cost you will incur to purchase or lease the software. We have no trademarked software at this time.

Insurance

You must obtain, at your expense, and maintain insurance protecting you, us and our officers, directors and employees against any loss, liability, personal injury, death or property damage or expense concerning operating the SANSAI Fresh Japanese Grill as we may reasonably require. We must be named as an additional insured in each policy or policies.

The liability insurance may not be limited in any way by reason of any insurance that we may maintain. Within 90 days of signing the Franchise Agreement, and before you acquire interest in the real property on which you will develop and operate your SANSAI Fresh Japanese Grill, you must furnish us with an Accord Form Certificate of Insurance as proof of complying with our insurance requirements. The certificate must state that you will provide us with a 30-day written notice prior to any change in your policies. The certificate will reflect proof of payment of premiums. Maintenance of the insurance and your performance of the obligations under the insurance provisions of the Franchise Agreement will not relieve you of our indemnification requirements set out in the Franchise Agreement. We may modify the minimum insurance requirements and notify you of the changes in writing.

You are also required to obtain: worker's compensation with limits in compliance with your state law and employer's liability insurance, with coverage of One Million Dollars ($1,000,000) combined single limit, as well as such other insurance as may be required by statute or rule of the state in which the franchised business is located or operated.

Additionally, you must obtain comprehensive general liability insurance and product liability insurance with limits of One Million Dollars ($1,000,000) combined single limit including the following coverages: broad form contractual liability, personal injury (employee and contractual inclusion deleted); insuring us and you against all claims suits, obligations, liabilities and damages, including attorneys' fees, for actual or alleged personal injuries or property damage relating to the franchised business, provided that the required amounts herein may be modified from time to time by us to reflect inflation or future experience with claims; automobile liability insurance on company vehicles, including owned, hired and non-owned vehicle coverage, with a combined single limit of at least One Million Dollars ($1,000,000); and loss of income insurance (in an amount sufficient to cover the Marketing and Development Fund fees due under the Franchise Agreement, for a period of at least six months); rental value insurance (in an amount sufficient to cover the rents and other fees due the landlord and/or Merchants' Association under the lease, if any, during any period of business interruption or inability to operate the restaurant) or such greater amounts of insurance as required by the lease for the restaurant; additional insurance and types of coverage as may be required by the terms of any lease for the franchised business, or as may be required by us, including an umbrella policy with limits of One Million Dollars ($1,000,000).

All insurance policies must be issued by carriers rated AA or better by Alfred M. Best and Company, Inc. who are authorized to do business in the state where the restaurant is located, must contain the types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe from time to time, must name us as additional insured, must provide for 30 days prior written notice to us of any material modification, cancellation or expiration of such policy and must include all other provisions we may require from time to time.

Insurance policies shall indemnify both the Franchisee (as named insured), the Franchisor and any other party having an insurable interest in either your operations or our operations as an Additional Insured from an actual or alleged claim by a third party caused by or occurring in conjunction with the operation of the SANSAI Fresh Japanese Grill or otherwise in conjunction with the conduct of business by you pursuant to the Franchise Agreement. We reserve the right to adjust the limits of indemnification (up or down) or to require you to procure and maintain other additional coverage prescribed from time to time by us and issued by insurance carriers rated AA or better by Alfred M. Best and Company, Inc. We may increase the minimum liability protection requirements annually and require different or additional kinds of insurance to reflect inflation, changes in standards of liability or higher damage awards in public, product or motor vehicle liability litigation, or other relevant change in circumstances. You shall submit to us annually a copy of the certificate of, or other evidence of, the renewal or extension of each insurance policy or policies. We reserve the right to reject any policy with exclusions or sub limits that are not satisfactory to us.

You shall procure and maintain at your sole cost and expense a policy of Commercial Fire Insurance on a Special Form Basis providing for One Hundred Percent (100%) replacement cost of your franchised restaurant, Personal Property, Leasehold Improvements and Betterments and Real Property (including signs and plate glass). You shall also provide Business Interruption and Extra Expense on a One Hundred Percent (100%) co-insurance basis. We shall be named as loss Payee on the Business Interruption coverage on a primary basis so as to enable you to provide us with an uninterrupted stream of payments (as if you were still in operation) for a period of a minimum of six months.

You shall further carry any additional insurance covering such additional risks or providing higher limits as we may reasonably request.

If you at any time fail or refuse to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence thereof, we at our option and in addition to its other rights and remedies hereunder, may, but shall not be required to, obtain such insurance coverage on behalf of you, and you shall promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to us, on demand, any costs and premiums incurred by us plus an administrative fee of 15% of that cost. (See Items 7 and 11).

Records and Reports

You must retain for 3 years all books and records related to your SANSAI Fresh Japanese Grill, including daily sales reports, invoices, payroll records, check stubs, sales tax records and return, cash Revenues and disbursement journals, general ledgers and any other financial records that Franchisor designate or by law. You must submit to us before 10th of each quarter, P&L and Balance Sheet reports for the preceding quarter.

Advertising by Franchisee

You may not engage in any advertising program or use any other advertising, including local advertising placed on television, print or any other media, or prepare or use any marketing materials, unless we have approved it in writing. You may not make any use of internet or any other electronic advertising method without our express written permission as described in Item 11 of this document. All references to advertising shall include, but shall not be limited to, electronic advertising, whether by internet, social media platforms or otherwise.

Computer Equipment

You must purchase or lease business computing, faxing and printing equipment and software as described in Item 11.

ITEM 9. FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS DISCLOSURE DOCUMENT.

Obligation	Section in Franchise Agreement and Area Development Agreement	Item in Disclosure Document
a. Site selection and acquisition/ lease	3.1-3.2 of Franchise Agreement 4.1 of Area Development Agreement	5, 7, 11

Obligation	Section in Franchise Agreement and Area Development Agreement	Item in Disclosure Document
b. Pre-opening purchases/leases	3.1, 3.2, 3.4, 4, 10.4, 10.5, 10.6 of Franchise Agreement 1.1, 4.1, Area Development	5, 6, 7, 8
c. Site development and other pre-opening requirements	3.1, 3.2, 3.4 and 3.5 of Franchise Agreement; 4.1 of Area Development Agreement	5, 7
d. Initial and ongoing training	5.1 – 5.2, 10.5 of Franchise Agreement 6.1 of Area Development Agreement	5, 11
e. Opening	3.1, 3.6 and 3.7 of Franchise Agreement 4.1 of Area Development Agreement	6, 7
f. Fees	5.2, 5.3, 9.1 - 9.2, 9.4, 9.7, 10.1, 10.8, 10.9, 11.1, 11.3 C, 14.3 (9), 15.3 H of Franchise Agreement	4, 5, 7
g. Compliance with standards and policies/Operations Manual	1.1, 2.1 D., 2.3, 3.1 - 3.3, 4, 5.4, 10.1 - 10.2, 10.4, 10.6, 11, 14.3, 15.3 of Franchise Agreement	8, 11
h. Trademarks and proprietary information	6.1 - 6.4, 8.1, 17.2 of Franchise Agreement	13
i. Restrictions on products/services offered	2.1, 2.3, 10.2 Franchise Agreement	8
j. Warranty and customer service requirements	None	None
k. Territorial development and sales quotas	None	12
l. On-going product/service purchases	4, 10.1, 10.2, 10.3 and 10.6 of Franchise Agreement	8
m. Maintenance, appearance and remodeling requirements	10.1 of Franchise Agreement	6, 17
n. Insurance	10.6 of Franchise Agreement	6
o. Advertising	2.3, 3.7, 11 of Franchise Agreement	7, 11
p. Indemnification	7.4 of Franchise Agreement 11.1 and 13.1 of Area Development Agreement	None
q. Owner's participation/ management/staffing	5.1, 10.6 of Franchise Agreement	6, 15
r. Records/Reports	12 of Franchise Agreement 12.1 of Area Development Agreement	6
s. Modification of the Agreement	Section 19.21 Franchise Agreement Section 13.1 Area Development Agreement	Franchise Agreement – no modifications except by written agreement, but Confidential Operations Manual and System

Obligation	Section in Franchise Agreement and Area Development Agreement	Item in Disclosure Document
		Standards are subject to change.
t. Integration/merger clause	Section 19 Franchise Agreement Sections 12.1 and 13.1 Area Development Agreement	Only terms of the Franchise Agreement (including Confidential Manuals, System Standards, exhibits, and addenda) are binding (subject to state law). Any other promises may not be enforceable.
u. Renewal	15.2 – 15.3 of Franchise Agreement	6, 17
v. Post-Termination obligations	8.2, 17.1 - 17.4, 18 of Franchise Agreement 7.1, 12.1 of Area Development Agreement	17
w. Non-Competition covenants	8.2, 17.4 of Franchise Agreement 12.1 of Area Development Agreement	17
x. Dispute resolution [(1)]	19.1 - 19.8 of Franchise Agreement 12.1 of Area Development Agreement	9, 17
y. Other	None	None

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.

1. Pre-Opening Assistance. Before you begin operating your franchised SANSAI Fresh Japanese Grill:

A. We will approve the location of your business and provide a territory surrounding the site of your business where we will not place another SANSAI Fresh Japanese Grill Franchisee (Item 12).

In determining whether or not to approve any site you may propose for the franchised business, we will consider such factors as population and income level in the area, the number of comparable contiguous businesses, competition, zoning, general location and neighborhood, traffic patterns, parking size, layout and other physical characteristics, and available square footage.

You must select a site for your business and submit the location for our approval within 90 days of signing your agreement and be conducting business at the approved location within 270 days or your franchise will be terminated without any refund of fees or expenses. We do not own any real estate locations that we would lease to you and will not be responsible for locating your business site. However, we will recommend independent leasing services that you can enlist to assist you in finding a location to submit to us for approval. We will provide you with written notice of acceptance or non-acceptance of the proposed restaurant site within two weeks after written notice to us of your choice of location and your submission to us of the proposed lease. Acceptance of the proposed location is also dependent on our written approval of the lease.

Factors we consider in reviewing a proposed site include the real estate characteristics, area demographics, trade area population, visibility, traffic flow, available parking, accessibility, proximity to residential and commercial settings, distance away from competition, terms of lease, and size and physical condition of building.

You must obtain certification from a state approved provider as required by the relevant governing agencies before opening. All matters related in any way to opening and operating your business are your sole responsibility, regardless of any assistance we may choose to provide. You must obtain any necessary architectural and/or engineering services required for remodeling your facility and ensure their compliance with local law. Neither we, nor any other person or entity associated with us will have any liability for any site-related or store development matter; however, we will provide general floor plan specifications for you to follow. There will be a fee from $2,500 to $3,500 payable to us if you require a customized layout for the space you have chosen. Once you select an architect and/or licensed contractor, we or our designated agent will work with your architect/contractor to assist you in meeting our specifications. Alternatively, you can retain the services of our recommended architect/contractor to complete the remodel of your facility.

B. We will provide you and your initial SANSAI Fresh Japanese Grill manager with a Training Program as described later in the Training portion of this section. (Franchise Agreement, Section 5.2).

C. We will furnish you with standards, specifications and other requirements for operating your SanSai Franchised Business. (Franchise Agreement, Section 3.3).

D. We will provide you with site selection guidelines at the time you sign the franchise agreement.

E. We will provide you with initial and any updated approved supplier and approved service provider lists upon signing the franchise agreement.

2. Typical Length of Time to Open Your Business

The typical length of time between the signing of the Franchise Agreement and the payment of the Initial Franchise Fee and the opening of a Franchise is approximately 6 to 8 months. Factors affecting this length of time include locating a site, completion of training, construction, financing, permits or licenses.

3. Our Obligations During the Operation of Your SanSai Franchise. During the operation of your franchised SANSAI Fresh Japanese Grill:

A. We will loan you a copy of the Confidential Franchisee Operations Manual. A copy of the Table of Contents to the Manuals is attached to this Disclosure Document as Exhibit A; (Franchise Agreement, Section 5.4).

B. We will provide limited guidance in the operation of your SanSai Franchised Business. We may provide this guidance electronically, in writing or telephonically, through training programs and/or on-site consultations, among other methods. (Franchise Agreement, Section 5.3);

C. We will furnish advice and guidance to you with respect to your Grand Opening Program. (Franchise Agreement, Section 3.7);

D. We will provide you a representative to assist in the opening of your franchise for a total of 10 days covering a period immediately before, during and after the opening of your franchise.

E. We will review and approve all advertisements and promotional items.

F. We will modify the system, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new menu items, new products, new equipment or techniques.

4. Your Local SANSAI Fresh Japanese Grill Advertising Requirements.

Each month you must spend the greater of $500 or 1.5% of the previous month's Gross Revenues for local advertising and promotion of your SANSAI Fresh Japanese Grill. We may require you to submit verification of your expenditures. You must also appropriately list your phone numbers and location in white and classified directory listings and advertising. The value of discounts, coupon redemptions and/or products or services given without charge may not be used to meet your local advertising obligation under this Section.

Your advertising will be in good taste and conform to ethical and legal standards. You must submit to us, prior to dissemination, for our approval samples of all advertising and promotional materials for any media, including the Internet. You will not use any advertising or promotional materials or programs without our prior written approval. We can require that a brief statement regarding the franchise opportunity availability of SANSAI Fresh Japanese Grill be included in advertising used by you and/or that brochures regarding purchase of SanSai franchises be displayed in your SANSAI Fresh Japanese Grill.

All use, if any, of the Internet, World Wide Web or other electronic media by you in connection with your SANSAI Fresh Japanese Grill will be as specified by us. We may require that any use be through us, using a designated Internet/Intranet Service Provider (which can be us or an Affiliate), and that all pages be accessed through a designated site and/or meet our specifications.

5. Advertising Cooperative

As of the date of this disclosure document, we have not established any local or regional advertising cooperatives ("Co-op Advertising Region"). If we do so in the future, you must participate in the Co-op Advertising Region for the region in which your Store is located. We may exempt certain franchisees from participation at our sole discretion. We will notify you in writing if you must join a Co-op Advertising Regional and the initial amount of the contributions to the Co-op Advertising Region. We will determine the area of each Co-op Advertising Region.

Each Co-op Advertising Region must comply with the then current governing cooperative agreement. A copy of the governing documents (if one has been established) is available upon request. At all meetings of the Co-op Advertising Regions, each participating franchisee is entitled to one vote per SANSAI Fresh Japanese Grill that franchisee operates in the Co-op Advertising Region and we and our affiliates are entitled to one vote for each company-owned or affiliate-owned Store in the Co-op Advertising Region or such other vote as may reasonably be determined by us.

We will determine your minimum contribution to the Co-op Advertising Region. However, each Co-op Advertising Region may increase the contribution by majority vote. We or our affiliate, as applicable, will contribute to the Co-op Advertising Region for each of our company or affiliate-owned Stores located in the Co-op Advertising Region on the same basis as franchisees.

Each Co-op Advertising Region will decide the use of funds available to it for advertising or marketing, subject to our written approval. Any disputes (other than pricing) arising among or between you, other franchisees, and/or the Co-Op Advertising Region may be resolved by us.

Our decisions will be final and binding on all parties. No Co-op Advertising Region may appoint or pay from the funds collected by the Co-op Advertising Region fees or costs of, any advertising agency or buying group without prior written consent. Co-op fees will be credited to required local advertising expenditures.

6. Computer, POS Hardware and Software

You must purchase, use, maintain and update, at your expense, software, computer and other systems meeting our specifications. There are no contractual limitations on the frequency and cost of upgrades and updates to the systems or programs. You must comply with our then-current terms of use, policies and any other requirements regarding any internet/intranet sites we establish for the SANSAI Fresh Japanese Grill franchise system.

You must obtain and maintain at your own expense accounting, sales, reporting and records retention systems conforming to any requirements set by us. We reserve the right to use, and to have full access to, all cash register, computer and any other systems, and the financial information and data they contain. We may charge a reasonable fee for the license, modification, maintenance or support of software or any other goods and/or services that we furnish to you in related to any of the systems.

You must use our approved Point of Sale system, which is estimated to cost approximately $4,000 per station. You will maintain a service contract at a cost of $250-300 per month.

You must maintain your POS system online to allow us access to system data and information. Supplier and/or licensor charges for use, maintenance, support and/or updates of and to the required systems are payable by you upon receipt.

Neither we nor any of the Franchisor-Related Persons/Entities will have any liability and/or obligation about any failures, errors or any other occurrences relating to any computer or system hardware or software without an express written warranty from us, even if recommended or specified by us.

You will use the QuickBooks software, which is the proprietary property of Intuit, for your business accounting. Intuit's principal business address and phone number are 2535 Garcia Avenue, Mountain View, California 94043 and (650) 944-6000. Intuit does not have any contractual obligation to provide ongoing maintenance, repairs, upgrades or updates. We estimate any upgrade to the QuickBooks software would be approximately $300.

You must comply with the requirements and standard processes to maintain accurate and up to date accounting records. You will provide monthly and other reports as determined by us, including updating master file records to comply with changes in accounting practices. As with all computer and internet information we have complete access to all of the information at all times.

You must purchase a fax machine, printer, scanner and copier. We recommend, but do not require, the Brother MFC 9700 fax/printer/scanner/copier machine. We estimate the machine will cost approximately $500. You may obtain a single machine which performs all functions or separate machines from the supplier of your choice.

7. Alarm, Surveillance and Music Systems

<u>Alarm System</u>

You are required to install an alarm system approved by us. The keypad should be close to the employee entry door.

<u>Surveillance System</u>

We require you to install a multi-camera surveillance system in your restaurant as a deterrent to theft, documentation of incidents and monitoring your business. Your system should stream live to your smart phone to monitor operations.

<u>Music System</u>

You must install and use a music and speaker system recommended by us and used in accordance with our policies and procedures.

It is best, and more cost effective, to have all of these systems purchased, pre-wired and ready for installation during initial construction. Please refer to Item 7 for costs and other information.

Our Access to Your Systems

In order to maintain high quality standards, we will reserve the right to audit and monitor each franchised location at any time through physical or electronic access to all information of your computer systems, POS, surveillance and website systems and to all information referred to in this Item 11 and we reserve the right to use this information and data at our discretion, for our benefit and for the benefit of the franchise system as a whole. We have no plans to do so but may in the future require you to purchase different or other software or hardware. In the event we require changes, you will receive written notification and be given a reasonable time in which to purchase the required software or hardware.

Confidential Operating Manual

We will loan you one copy of our confidential operations manual ("Manual") which contains mandatory and suggested specifications, standards and operation procedures as we prescribe and may also include information relative to your Franchise Agreement. The Manual may be amended or modified from time to time to reflect changes in our System. You must keep the Manual confidential and current and may not copy any part of the Manual.

Training

You must complete our Training Program before operating your franchised SANSAI Fresh Japanese Grill. The Initial Franchise Fee covers a Training Program for you and your initial SANSAI Fresh Japanese Grill manager and one other person. We may charge a reasonable fee for training of additional and/or subsequent managers. If in our judgment any trainee fails to successfully complete any part of the training program the trainee must repeat that portion of the training program until successful completion of all portions, at your expense, including the payment to us of $300 per day of such additional training.

Initial training lasts approximately four weeks and will be held at a location designated by us. Andrew Sutjiawan is our director of training and will conduct training. Mr. Sutjiawan's work history is set out in Item 2.

You and your manager must attend additional and/or refresher training programs as we may reasonably require to correct, improve and/or enhance your operations, the System and its members. In addition, we can require successful completion of training by all of your supervisory personnel. You will be responsible for all travel, living, incidental and other expenses for you and your personnel attending the Training Program, repeated sessions and any other voluntary or mandatory training programs, seminars or meetings. Trainees must also complete the Serve-Safe Food Safety Certification program or show evidence to us of such completion.

TRAINING SCHEDULE

DAY	SUBJECT	THEORY (Hours)	ON THE JOB TRAINING (Hours)	LOCATION
	KITCHEN			
1	Recipe/Menu, Preparations, Cutting, Portioning	1	7	Company Facility
2	Recipe/Menu, Preparations, Cutting, Portioning	1	7	Company Facility
3	Open-Mid Day Duties, Grill, Fry and Assembly, Assist the Cook	1	7	Company Facility

DAY	SUBJECT	THEORY (Hours)	ON THE JOB TRAINING (Hours)	LOCATION
4	Mid-Day-Close Duties, Assist the Cook, Run the Kitchen	1	7	Company Facility
5	OPEN-CLOSE Duties, Assist the Cook, Run the Kitchen	1	10	Company Facility
	SUSHI			
6	Recipe/Menu, Preparations	1	7	Company Facility
7	Recipe/Menu, Preparations	1	7	Company Facility
8	Open and Mid-Day, Roll and Nigiri, Assist the Sushi Chef	1	7	Company Facility
	F.O.H. (Front of the House)			
11	(CASHIER) Menu, Open-Mid-Close Duties, How to Greet and Answer the Phone, Run the Register and Taking orders	1	7	Company Facility
12	(SALAD) Menu/Recipe, Open-Mid-Close Duties, Prep and Display, Run the Salad Bar	1	7	Company Facility
13	(EXPO) Menu, Open-Mid-Close Duties, Containers, Portion, Run the Expo	1	7	Company Facility
14	Run the FOH		8	Company Facility
15	Run the FOH		8	Company Facility
	MANAGERIAL			
16	Cash Handling (Deposit), Administrative, Bookkeeping, Records, and Reports	1	7	Company Facility
17	Inventory, Ordering, Hiring and Customer Service	1	7	Company Facility
18	Sanitation, Cleanliness, and Food Safety, (which may be conducted by a third-party company (such as NRFSP or Premier Food Safety). Certain fees will be incurred payable to the Food Safety companies.	1	7	Company Facility
19	Run the Restaurant		8	Company Facility
20	Run the Restaurant		8	Company Facility
Total Hours		**16**	**150**	

We may eliminate or shorten training for persons previously trained or with comparable experience, however, any manager that has not successfully completed our Training Program must pass the then-current version of our training exam by a grade of 70% or higher.

Marketing and Technology Fund

We will maintain a Marketing and Technology Fund into which all franchisees will contribute 2% of Gross Revenues for the previous month or $785 whichever is greater. Several services to you are supported by this Fund and the amount of your fee may reasonably be increased in response to rising costs. Monthly payments to the Marketing and Technology Fund will be made through our electronic funds transfer system described in Item 6.

If we have company-owned units in the future. they will not contribute to the fund. Any stores owned jointly or separately by any of our officers or directors will not contribute to the fund. The fund will be administered by us and there will be annual unaudited financial statements accounting for the placement of all Marketing and Technology Fund fees. We will not receive any payment or fee for providing services to the fund. Surplus funds at the end of any year will be carried over into the following year. Some advertising media will be generated by us and other items may be produced by selected agencies.

The Marketing Fund may be used to meet all costs of administering (including personnel and salaries), directing, preparing, placing and paying for international, national, regional or local advertising to promote and enhance the image, identity or patronage of Stores owned by us or our affiliates and by licensees.

We will determine how and where the money will be spent at our sole discretion whether local, regional or national. Marketing will not be designated for the benefit of any specific franchisee, but for the benefit of the system as a whole as we may determine from time to time. The Marketing and Technology Fund supports our Website which also contains each franchisee's individual Location Website. The Website is a key part of our marketing "tool chest" for the entire franchise system. Its major purpose is to establish and promote the SanSai brand that will attract retail business for our franchisees and to provide an internet presence for each franchisee.

We will benefit from contacts by new franchisee candidates through this website, and our franchise opportunity information and application pages will be present within the site. As with all other advertising materials, stationery and business cards, the site will also contain references to the fact that "Franchises Are Available" and that "Each SanSai ® Franchise Is Independently Owned and Operated."

The Website contains all of the basic information about the franchise system and the high-quality menu items and services offered by our SANSAI Fresh Japanese Grills.

Services Provided Pursuant to the Technology and Marketing Fund Include:

Hosting

Full Hosting and management services for your individual Location Website will be provided to give your franchise an internet presence, including your business address and telephone information, customer testimonials, photographs showing your personnel and store and other information about your local franchise. You do not have any responsibility or expense for designing, hosting, modifying, managing or operating this website presence.

Access to Your Location Micro Site

Each franchisee is provided Password Access to conduct all of its business-related E-mail Operations through the Location Website. However, the franchisee has no other control or management authority except by sending requests to the website administrator to add or subtract information to or from the site, as approved by us. You may utilize only the website and Internet presence provided you by us. You may not use any other form of website or other Internet advertising;

Franchise Location Finder

Site visitors will find your SANSAI Fresh Japanese Grill in the Location Finder portions of the International Website; and your Media Manager Subscription and Password will provide you access to downloadable print and digital marketing materials and programs administered and managed by us (newspaper, magazine and direct mail advertising materials), and you will have the ability to order television and radio advertisements and bulk advertising materials, as may be made available by us from time to time. There is no cost for downloadable materials, but you must pay the cost of video duplication and for the tagging, printing and shipping of all ordered materials.

If any automatic electronic funds withdrawal is denied and remains unpaid for a period of seven days, your subscription password account will be deactivated. We reserve the right to make reasonable increases in the Marketing and Technology Fund Fee if we deem it necessary to do so because of increased costs to us.

We may develop proprietary software or alternate sources to provide your Location Website hosting and/or other services. If so, we or our designee shall license the software to you and we may need to make a reasonable increase in the Marketing and Technology Fund Fee as a result. You agree to pay the increased fee required by us and you will comply with all specifications and standards as prescribed by us from time to time in the Operations Manual.

We will also provide you information on our approved Advertising and Graphic Design Provider. In addition to the materials approved by us pursuant to the Marketing and Technology Fund, you may request the Provider to create advertising materials on your behalf. If you do, you must pay the Provider directly for the total cost of any such materials and the materials must be approved by us prior to being ordered by you.

We will decide the amount and nature of all expenditures of the Marketing and Technology Fund and how and where all expenditures are made. In accordance with Section 16 of the Franchise Agreement services provided pursuant to this fund may be deactivated upon a franchisee’s failure to pay the monthly fee in a timely manner and will be reinstated only when payments and penalties are brought current.

Gift Card Program

We have a program for all franchisees to sell or otherwise issue gift cards or certificates (together “Gift Cards”). You must participate by offering Gift Cards to your customers and honoring all Gift Cards presented to you as payment for products, regardless of whether the Gift Card was issued by you or another SANSAI Fresh Japanese Grill. You shall sell, issue, and redeem (without any offset against any License Fees) Gift Cards in accordance with procedures and policies specified by us in the Manual or otherwise in writing.

We do not maintain any other Advertising or Marketing Fund or any Advertising Council or Cooperative of any kind.

The SanSai Franchise Operations System

The Franchise Operations System (FOS) is the company-wide communication system provided by us through the Website to enable timely and efficient transfer of information, instruction, training, conferences and overall management and communication purposes with our franchisees. This program is provided to you with free password access. We reserve the right to alter or eliminate this system and/or to substitute another system or method, as we may determine.

QuickBooks Accounting Application

We require you to use QuickBooks as the accounting application for your franchise. The software is owned and developed by Intuit and is an online service. We lease the software from an authorized QuickBooks hosting provider and the monthly fee is currently included in your Marketing and Technology Fund Fee payment to us. Any increase to us in the cost of this service may result in a corresponding increase in your Marketing and Technology Fund Fee.

You must comply with the requirements and standard processes to maintain accurate and up to date accounting records. You will provide monthly and other reports as determined by us, including updating master file records to comply with changes in accounting practices. As with all computer and internet information we have complete access to all of the information at all times.

The accounting support we provide includes responses to questions related to the accounting standards and general use of the software. The technical support for the software is provided by the QuickBooks hosting vendor.

SANSAI System Standards

We may evaluate your SANSAI Fresh Japanese Grill (including inspections, field service visits, customer comments/surveys and secret shopper reports) for compliance with SanSai System Standards using the same methodology and scoring system as we use to evaluate any SANSAI Fresh Japanese Grill owned and/or operated by us and/or our Affiliates. Your SANSAI Fresh Japanese Grill will receive a System Standards Score for categories being scored at that time. We will compare your scores with the average score in each category as achieved by other SANSAI Fresh Japanese Grill (may include company-owned outlets) in other geographic areas as we believe appropriate for evaluation purposes.

ITEM 12. TERRITORY

We will grant you a geographic area in which to operate your SANSAI Fresh Japanese Grill (the "Protected Territory"). The typical territory granted to each franchisee is an area with a 2-mile radius from the approved site or having a daytime population of at least 100,000 people, whichever is the lesser area; however, in more rural areas your Protected Territory may consist of a larger boundary and in a more densely populated metropolitan area (particularly in mid-city districts) we will negotiate with you the size of your "Protected Territory." Depending on the characteristics of your approved location, one of the above classifications will apply.

At the time of granting your Protected Territory we reserve the absolute right to adjust the territorial boundaries as we determine to be necessary in our sole discretion. The boundaries of your Protected Territory may also depend upon topographical features which clearly define a contiguous area, like rivers, lakes, mountains, major freeways, etc.

You are required to select a proposed site within the designated Site Selection Area within 90 days from the date of signing the Franchise Agreement (the Site Selection Period). You must submit a proposed site location within the first 45 days of the Site Selection Period. We will notify you of our acceptance or rejection of any proposed Site within 30 days of our receipt of all information we request concerning the site. However, if you have submitted a proposed Site to us later than the 45-day period, or for which we require further information from you, and we have not notified you of our acceptance or rejection before expiration of the Site Selection period, we will have 30 additional days to notify you of our decision.

The Protected Territory will be designated by us once the store location is accepted by us and we have approved of your proposed lease and will be described in Exhibit 2.2 to the Franchise Agreement. Once a proposed site has been selected and lease negotiations entered into, a copy of the lease must be provided to us for our review and approval prior to execution. Our approval of the lease indicates only that we believe that its terms fall within the acceptable criteria we have established as of the time of our approval. (Franchise Agreement - Section 3, and Exhibit 3.2B). You may not relocate your SANSAI Fresh Japanese Grill without our prior written approval.

We will not sell another franchise or open a company-owned SANSAI Fresh Japanese Grill in your Protected Area during the term of the Franchise Agreement. We may develop, use, and license within or outside your Protected Territory other products or services involving Marks other than those used in connection with the System. You may not solicit or market outside your Protected Territory by means of (a) Direct marketing by telephone, mail, flyers or other means; or (b) Any marketing method targeting anywhere outside your Protected Territory, except for our written approval of television, radio and print advertising media that may incidentally be covered by such advertising. If a city is located partially within your Protected Territory, then you may utilize the name of the city in your marketing methods and materials.

Except by written agreement with us you do not receive the right to acquire or open additional SANSAI Fresh Japanese Grills within your Protected Territory.

Rights We Reserve: Franchise Agreement

Your Protected Territory is not exclusive; we retain (in our sole discretion) the right to:

1. establish, and grant to other franchisees the right to establish SANSAI Fresh Japanese Grill franchises anywhere outside the Protected Territory, on such terms and conditions as we deem appropriate (even immediately outside the border of the Protected Territory), but not within the Protected Territory of your SANSAI Fresh Japanese Grill you open under the Franchise Agreement and continue to operate under it;

2. operate, and grant franchises to others to operate businesses, whether inside or outside the Protected Territory, specializing in the sale of products or services, other than a Competitive Business or a SANSAI Fresh Japanese Grill, using some of the Marks and/or all of the Marks pursuant to such terms and conditions as we deem appropriate;

3. operate, and grant franchises to others to operate businesses or provide other services, whether inside or outside the Protected Territory, that do not use any of the Marks;

4. market and sell goods and services competitive with goods and services offered by SanSai Stores, under the Marks or under trade names, service marks or trademarks other than the Marks, without any compensation to you inside and outside of the Protected Territory through channels of distribution other than full service Traditional SANSAI Fresh Japanese Grill franchises including but not limited to small square footage outlets like an “express” unit or a kiosk; units housed within other retail facilities, such as a department store, hotel, or casino, and/or direct mail operations or Internet sites. Other examples of non-traditional sites include but are not limited to (1) military bases; (2) public transportation facilities, airports, train stations, bus stations; (3) sports stadiums, arenas and facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) amusement and theme parks, fairs, festivals and special events; and (6) enclosed shopping centers or “closed traffic” malls (all collectively referred to herein as “Special Sites”). Special Sites will be excluded from your Protected Territory; and

5. purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business’ facilities, and that following such activity we may operate, franchise or license those other businesses and/or facilities under any names or marks other than, while this agreement is in effect, the Marks, regardless of the location of these businesses and/or facilities, which may be within the Protected Territory or immediately outside its border. There is no minimum sales quota for maintaining your Protected Territory or other circumstance that grants us the right to modify your territory if you are otherwise in compliance with all of your agreements with us.

Area Development Agreement

We may, but are not required to, enter into an Area Development Agreement with you which provides for the development of a specified minimum number of SANSAI Fresh Japanese Grills within a defined geographic area (the “Development Area”) over a specified series of time for each franchise (the “Development Period”). An Area Development Fee for the Development Area is required, based upon the number of SANSAI Fresh Japanese Grills to be developed. You must enter into the then-current Franchise Agreement for each SANSAI Fresh Japanese Grill established under the Area Development Agreement. You are not entitled to additional development rights beyond those specified in the Area Development Agreement. You are required to comply with all site selection procedures in the Franchise

Agreement for each location developed by you. Each site is subject to our acceptance, which will not be unreasonably withheld. We also have the right to refuse to grant a franchise for a proposed SanSai Store if you do not then meet financial criteria established by us.

Area Development Agreement: Minimum Development Quota

Your Area Development Agreement will contain a Minimum Development Quota specifying the number of SANSAI Fresh Japanese Grills you must open during each Development Period and the cumulative number of SANSAI Fresh Japanese Grills you must have opened through the end of all the Development Periods agreed upon. SANSAI Fresh Japanese Grills will not count towards meeting the Minimum Development Quota for any Development Period until they have been fully constructed, developed and have opened operations in accordance with their respective franchise agreements with us. We alone determine if any SanSai Store has "opened" for purposes of meeting the Development Schedule, any Minimum Development Quota and for any Development Period. If a SANSAI Fresh Japanese Grill is permanently closed after having been opened, you must develop and open a substitute SANSAI Fresh Japanese Grill within one year from the date of its permanent closing separate and apart from the Development Schedule.

Rights We Reserve: Area Development Agreement

Your Protected Territory is not exclusive; we retain (in our sole discretion) the right to:

1. Establish, and grant to other franchisees the right to establish, SANSAI Fresh Japanese Grills anywhere outside your Territory, on such terms and conditions as we deem appropriate (even immediately outside the border of your Territory, but not within the Territory specified in the Franchise Agreement of any SANSAI Fresh Japanese Grill you operate under the Area Development Agreement and continue to operate);

2. Operate and grant franchises to others to operate businesses, whether inside or outside your Territory, specializing in the sale of products or services, other than a Competitive Business or a SANSAI Fresh Japanese Grill, using certain of the Marks and pursuant to such terms and conditions as we deem appropriate;

3. Operate and grant franchises to others to operate businesses, or provide other services, whether inside or outside your Territory, that do not use any of the Marks;

4. Market and sell, inside and outside of the geographic area, through channels of distribution other than full service SANSAI Fresh Japanese Grills (like Internet, e-commerce, mail order or grocery, retail or convenience stores or through special purpose sites including military bases, public transportation facilities, sport facilities (including race tracks), airports, student unions or similar buildings on college or university campuses, amusement and theme parks, special events, and through other sites which are covered/closed traffic malls, all of which are designated ("Special Sites"). Special sites designated above are not granted a Protected Territory; and

5. Purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and that following such activity we may operate, franchise or license those other businesses and/or facilities under any names or marks other than, while the Area Development Agreement is in effect, the Marks, regardless of the location of these businesses and/or facilities, which may be within the Protected Territory or immediately outside its border.

Designated Territory: Default Under the Area Development Agreement

We have the right to terminate an Area Development Agreement if you default under its terms or under the terms of any Franchise Agreement or other agreement you have with us. If you do not achieve the

Minimum Development Quota specified in the Area Development Agreement, we, in our sole control, may, (but are not required to do so):

1. Terminate the Area Development Agreement;

2. Have the right to operate (directly or through affiliates) or grant franchises for the operation of SANSAI Fresh Japanese Grill within the Designated Territory;

3. Grant you an extension under the Development Schedule for such time period as we specify for a non-refundable extension fee of from $5,000 to $20,000 depending upon the amount of time extended; or

4. Reduce the Designated Territory and the Development Schedule to a size and magnitude that we estimate you are capable of operating in accordance with the Area Development Agreement.

We reserve the right to establish other channels of distribution for our services. These channels may compete with franchised businesses. We will not compensate you for any sales made through these channels.

ITEM 13. TRADEMARKS

Under the Franchise Agreement, we grant you the non-exclusive right to use the proprietary Mark SanSai in connection with your franchise for your use and only in the manner authorized and permitted by us. The Area Development Agreement does not grant you the right to use the proprietary Mark or System. You may not directly or indirectly contest our rights in the Mark.

Our Marks which have been registered with the USPTO are as follows:

1.)

Registration No.: 3,219,349
Date of Registration: March 20, 2007

2.) **SANSAI**
Registration No.: 4,386,194
Date of Registration: August 20, 2013

[DL1][DL2]3.)

Registration Number: 4,670,192
Registration Date: January 13, 2015

All required affidavits and renewals required have been filed.

JIC Foods, our Affiliate, owns all rights in the above Marks. We have an agreement with JIC Foods allowing us to use the Marks and sublicense the Marks to you for an indefinite term. JIC Foods can use the Marks in any manner it chooses. Should we lose the right to use the System and/or Marks related to the Franchise for any reason, the rights of any existing Franchisees to use the Marks and System will continue according to the terms of the applicable franchise agreements.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeals Board, the Trademark Administrator of any state or any court relating to the Mark. There is no pending infringement, opposition or cancellation involving the Mark. There are no known superior rights or infringing uses actually known to us that could materially affect your use of our Mark. There is no pending material litigation involving the Mark. All affidavits and renewals required to be filed have been filed.

There are no currently effective agreements that significantly limit our rights to use or license the use of the Marks listed in this section in a manner material to the franchise to be sold in states other than Missouri. Our predecessor (SanSai USA) granted its former president an exclusive license to develop SanSai restaurants using the Marks and System in Missouri. Currently there are ongoing discussions as to whether the Missouri license agreement was subsequently limited by amendment. Other than as described above, there are no infringing uses or superior rights known to us than can materially affect our use of the Marks, in this state or in any other state in which a Franchised Business is to be located.

The franchise agreement grants you the non-exclusive right to use our current and future Marks to identify the products and services offered by us. We have the right to require you to modify or discontinue your use of any Mark(s). If we exercise this right, we will provide advance notice to all franchisees. We will have no liability or obligation for your modification or discontinuance of any Mark or promotion of a substitute trademark, service mark or trade dress.

You must follow our rules when using our Marks. You must receive our approval when choosing your corporate name and you cannot use the Marks as part of the corporate or other legal entity name or with modifying words, designs or symbols without our consent. All of your usage of the Marks and any goodwill you establish is to our exclusive benefit and you retain no right in the Mark on termination or expiration of the franchise agreement. You must also obtain fictitious or assumed name registrations as we require, or under applicable law.

Neither the franchise agreement nor area development agreement contain any provisions under which we are required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of the Marks. You must immediately notify us of any apparent infringement of or challenge to your use of any Mark or claim by any person of any rights to any Mark. We will have the sole discretion to take any action we deem appropriate and will have the right to control exclusively, any litigation or UPTO or other administrative proceedings arising out of any infringement, challenge or claim or otherwise relating to any Mark. You must execute any and all instruments and documents, provide assistance and do such things as, in the opinion our counsel, may be necessary or advisable to protect our interest in any litigation or UPTO or other proceeding or otherwise to protect our interest in the Mark(s). We have no obligation under the franchise agreement or area development agreement to protect you against or reimburse you for any damages for which you are held liable.

We may not be able to prevent anyone who began using the name “SanSai Fresh Grill and Sushi” before our use of it from continuing their use of that name in the area of prior use. The name “SanSai Fresh Japanese Grill” may be in use by other businesses in the United States who are not our franchisees or in any way affiliated with us. You will be responsible for finding out whether the name “SanSai Fresh Japanese Grill” is already being used in your Operating Territory. Under the Franchise Agreement you release us from any liability to you caused by any prior use of the name “SanSai Fresh Japanese Grill” by anyone else.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to the Franchise.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials, although we claim common law copyrights in our manuals and other materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us which could materially affect your use of the copyrighted materials in any state. No agreement requires us to protect or defend any copyrights or you in connection with any copyrights.

Confidential Operating Manual and Other Materials

During the term of the Franchise Agreement, we will loan to you at no charge a Confidential Operating Manual in which we assert a copyright interest. The Confidential Operating Manual, its supplements, and any other materials or information designated by us is confidential. You will not provide your employees access to the Confidential Operating Manual unless necessary to operate your SANSAI Fresh Japanese Grill. You and your employees will sign a Proprietary Information Non-Disclosure Agreement ("NDA") protecting our copyrights and confidential information and a Release and Assignment of Rights to Improvements Agreement agreeing to give up any rights to Improvements you make to the franchise. Anyone whom you transfer any interest in you, or to whom you transfer the franchise, must sign both agreements. You must find 2 persons acceptable to us who will sign a Continuing Guaranty of your full performance under the Franchise Agreement. Any person acquiring an interest in you at any time must sign all 3 agreements as a condition of the purchase. You must obtain signatures of all employees on the NDA. Managers must also sign the NDA and Release. Personal supervision is not required if you are an individual, although it is recommended. You must devote full-time best efforts to the success of the franchise, at all times. Furthermore, each person must sign a personal guarantee to be personally bound by, and personally liable for the breach of, every confidentiality and non-competition provision, and must execute a "Confidentiality, Non-Solicitation and Non-Competition Agreement" in the form required by the Franchise Agreement, Exhibit 8.1.

You must use your best efforts to keep confidential all provisions in the Confidential Operating Manual, including any supplements or amendments that we provide. You are responsible for keeping your copy of the Confidential Operating Manual up-to-date. The provisions in our master copy will control any disputes that arise. You agree to comply with every provision in the Confidential Operating Manual and every revision to the Confidential Operating Manual that we may make from time to time, provided such revisions do not implement new or different requirements which alter the fundamental terms and conditions of the Franchise Agreement.

We will loan you a replacement copy if you lose or misplace your copy or supplements but we may require a reasonable replacement charge. You must not photocopy any part of the Confidential Operating Manual without our written consent.

In general, our proprietary information includes "Confidential Information" as defined in Article 8 of the Franchise Agreement, some of which is contained in our Manuals, and includes among other things: a) techniques, policies, procedures, information, systems, and knowledge regarding the development, marketing, operation and franchising of a SANSAI Fresh Japanese Grill; b) information regarding Trade Secrets, nutritional values and ingredients, food preparation techniques and methods, Recipes and suppliers of Products and Services used in a SanSai Franchised Business; c) all information regarding customers, including any statistical and/or financial information and all lists. We disclose to you Confidential Information and your only interest in the Confidential Information is the right to use it under your Franchise Agreement.

You must agree to maintain the confidentiality of all the Confidential Information during and after the term of the Franchise Agreement and that you will not use any of the Confidential Information in any other business or in any manner we do not specifically authorize in writing. You also agree to fully and promptly disclose all ideas, techniques and other similar information relating to the Franchised Business that are conceived or developed by you and/or your employees. We will have an ongoing right to use, and to authorize others to use, these ideas, etc. without compensation or other obligation.

You must cause each of your employees, agents, principals, and affiliates to sign and deliver to you an agreement containing substantially the same provisions described in this Item 14 (in forms specified by us) and will deliver to us copies on request. (Franchise Agreement, Section 8.1)

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your SANSAI Fresh Japanese Grill must be personally managed on a full-time basis by a person who has successfully completed mandatory training and met then-current standards as specified by us. You must be personally and actively involved in the overall management of your SANSAI Fresh Japanese Grill on an ongoing basis since absentee management involves a greater risk of failure. You and your initial manager must attend our Training Program.

Each of your employees, agents, principals and Affiliates must sign a form of confidentiality agreement as approved by us including but not limited to a Proprietary Information Non-Disclosure Agreement, a Continuing Guaranty of your full performance, and the "SanSai Employee Confidentiality Agreement." (Exhibits 1 and 8.1 of the Franchise Agreement). You will hire all employees of your Franchised Business and will be solely responsible for their supervision, possible termination, terms of employment and compensation and proper training.

If the Franchisee is a business entity, we do not require the manager to have an equity interest in the Franchise.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

You must operate your Franchised Business in accordance with the System Standards (including required products and services), which we may modify occasionally. You may not use your Franchised Business for any other purposes other than the operation of a Franchised Business without our prior written approval and must stay in compliance with the Franchise Agreement and all mandatory requirements in the Manuals. You must purchase, use and offer required Products and Services we designate.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENT ATTACHED TO THIS DISCLOSURE DOCUMENT.

Provisions in Franchise Agreement

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	2.1	10 years for new Franchise and 10 years or expiration date of the remaining term of the Franchise Agreement for an acquisition, in our sole discretion.
b. Renewal or extension of the term	15.1	If in good standing, you may renew for an additional term of 10 years.
c. Requirements for you to renew or extend	15.1 – 15.5	You must give written notice in first 90 days of 9th year; possess or renew your lease; agree to any requested modifications; be in

Provision	Section in Franchise Agreement	Summary
		compliance with all agreements with us; execute then current agreement; sign release of all claims; attend any require refresher training at your expense; pay fee of 20% of then-current franchise fee for new franchisees.
d. Termination by you	Not Applicable	None; mandatory notice of claims by you.
e. Termination by us without cause	None	None
f. Termination by us with cause	16.1 – 16.4	We can terminate your Franchise if you commit any one of several listed violations.
g. "Cause" defined-curable defaults	16.2	Failure to: submit any information due; make any payments due us, any affiliate, supplier or creditor; meet obligations to others; comply with Manuals and all agreements; maintain required insurance; correct dangerous conditions; comply with dispute resolution procedures; cure default under (sub)lease or Operating Agreement.
h. "Cause" defined-non-curable defaults	16.1	Fail to meet site selection, development, opening and other requirements, abandon or fail to operate your SANSAI Fresh Japanese Grill for more than 7 consecutive days, lose right to possession of Premises and fail to relocate, misrepresentations or omissions by you in application for Franchise; bankruptcy; conviction of felony or other misconduct that adversely affects the SanSai Franchise; unauthorized transfer or surrender of control; unauthorized use of Confidential Information, the Marks or Manuals; violation of non-compete provisions; commit any

Provision	Section in Franchise Agreement	Summary
		fraud or misrepresentation to us or any third party; 5 or more material customer complaints in any 12-month period. Failure to maintain records or cooperate in any audit or inspection.
i. Your obligations on termination/non-renewal	17.1 – 17.4	Cease operations; cease use of Marks; de-identify business; pay amounts owed; return Manuals and materials; return of signage; transfer phone numbers to us or our designee; cancel all fictitious business name registrations. Certain obligations continue, including payment, indemnity, non-competition and confidentiality.
j. Assignment of contract by us	14.1	No restrictions on our right to transfer; our obligations are terminated upon transfer.
k. "Transfer" by you-definition	14.2	Requires our written approval.
l. Our approval of transfer by you	14.2-14.4	Transfer subject to our prior written consent.
m. Conditions for our approval of transfer	14.2-14.4	You must be in compliance with all agreements and the Manuals; You must have continuously operated the Franchised Business for at least 2 years; Transferee must qualify; Transferee assumes your obligations; all amounts and reports due us are remitted; all debts payable to third parties are assumed by transferee; all required reports or other documents submitted; Transferee pays a transfer fee of $12,500 (including a $5,000 training fee which is nonrefundable after training commences) and satisfactorily completes training; Transferee obtains all required permits, licenses and insurance; Lessors and other parties consent to transfer; execution of Franchise

Provision	Section in Franchise Agreement	Summary
		Agreement by transferee and payment the transfer fee; execution of release; amount financed subordinate to obligations of transferee to us; execution of non-competition agreement; and compliance with laws and regulations. Additional requirements apply for transfer to a controlled business entity.
n. Our right of first refusal to acquire your business	14.7	We have the right to match offer, require terms and conditions.
o. Our option to purchase your business	Exhibit 3.2 B	We may take over your lease rights.
p. Your death or disability	14.5	Transfer to third party within 6 months. Subject to all transfer requirements and restrictions.
q. Non-competition covenants during the term	8.2	No involvement in any Similar Business.
r. Non-competition covenants after the franchise is terminated or expires	8.2, 14.2, 17.4, 19.6	No involvement in Similar Business for 2 years within a 5-mile radius.
s. Modification of the agreement	19.1, 19.8	Agreement may be modified in writing by all parties. Manuals and System are subject to change by us and you must promptly comply.
t. Integration/merger clause	21	Only the terms of the Franchise Agreement are binding (assuming they comply with State law). Any other promises are not enforceable.
u. Dispute resolution by arbitration or mediation	19.1 – 19.11	Except for a few types of claims, all disputes are resolved through face-to-face meeting, mediation, and/or binding arbitration at a neutral site in the county in which our then current headquarters is located; limited rights of appeal and pre-trial discovery; and limitation of types of damages.
v. Choice of forum	19.2	A site in the county in which our then current headquarters is located.

Provision	Section in Franchise Agreement	Summary
w. Choice of law	19.8	Laws of the State of California apply, but Federal Arbitration Act preempts.

Provisions in Area Development Agreement

Provision	Section in Area Development Agreement	Summary
a. Length of the franchise term	2.1 of Area Development Agreement	Term is variable depending on number of SanSai Units to be developed. Expires on the earlier of: (i) the latest Required Date for Opening of a Development Unit; or the actual Opening Date for the last scheduled SanSai Unit.
b. Renewal or extension of the term	None	None
c. Requirements for you to renew or extend	None	None
d. Termination by you	None	None
e. Termination by us without cause	None	None
f. Termination by us with cause	7.1	We can terminate your Franchise if you commit any one of the violations listed below.
g. "Cause" defined-curable defaults	None	None
h. "Cause" defined-non-curable defaults	7.1, 12.1	Unauthorized transfer; failure to meet Development Schedule; you commit to a lease without our approval, or begin the development and/or operation of a Development Unit, without having complied with the terms of the Area Development Agreement; bankruptcy (or any similar type of dissolution such as insolvency, receivership, assignment for the benefit of creditors, 30 day unsatisfied judgment, foreclosure on lien); conviction of felony or offense which affects the good will associated with the Marks; any breach of the Agreement; default under other agreements with us or others.

Provision	Section in Area Development Agreement	Summary
i. Your obligations on termination/non-renewal	12.1, 13.1	Your obligations on termination or non-renewal of the Area Development Agreement include: no further rights to develop SANSAI Fresh Japanese Grills, cease operating as an area developer, cancel assumed names, pay amounts owed, assign telephone numbers to us and comply with any other provisions that survive termination.
j. Assignment of contract by us	8.1	No restrictions on our right to transfer; our obligations are terminated upon transfer.
k. "Transfer" by you-definition		Transfer, sale, assignment, gift encumbrance, devise, bequest of franchise, Area Development Agreement or any interest in the area development business or in you, the area developer.
l. Our approval of transfer by you	8.1	Transfer subject to our prior written consent.
m. Conditions for our approval of transfer	8.1	Payment of transfer fee. We may apply applicable transfer provisions of the most current unit Franchise Agreement between us. Interest in all Development Units must be transferred to the same assignee. For a transfer to a third party, the transferee must meet our qualifications and you must also transfer all franchise agreements for SANSAI Fresh Japanese Grill units in the developed territory.
n. Our right of first refusal to acquire your business	8.1, 12.1	We may apply applicable right of first refusal provisions of the most current unit Franchise Agreement between us.
o. Our option to purchase your business	8.1, 12.1	We may apply applicable right of purchase of the most current unit Franchise Agreement between us.
p. Your death or disability	None	None
q. Non-competition covenants during the term	12.1	Subject to the provisions of Franchise Agreement.

Provision	Section in Area Development Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	12.1	Subject to the provisions of Franchise Agreement.
s. Modification of the agreement	4.1, 13.1	Agreement may be modified in writing by all parties.
t. Integration/merger clause	13.1	Only the terms of the Franchise Agreement are binding (assuming they comply with State law). Any other promises are not enforceable.
u. Dispute resolution by arbitration or mediation	12.1	Except for a few types of claims, all disputes are resolved through mediation, and/or binding arbitration at a neutral site in the county in which our then current headquarters is located; limited rights of appeal and pre-trial discovery; and limitation of types of damages.
v. Choice of forum	12.1	Face-to-face meeting, mediation, arbitration and litigation at a neutral site in the county in which our then current headquarters is located. Please see the state-specific addenda to the Disclosure Document in Exhibit H and the Franchise Agreement.
w. Choice of law	12.1	Laws of the State of California apply, but Federal Arbitration Act preempts.

ITEM 18. ARRANGEMENTS WITH 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 any franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in this 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 our Franchise Administration Department at 373 Van Ness Avenue, Suite 180, Torrance, CA 90501, 310-787-1888, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For Years 2018 to 2020 (as of Fiscal Year End)

Outlet Type	Year	Outlets at the Start of Year	Outlets at the End of Year	Net Change
Franchised	2018	15	14	-1
	2019	14	12	-2
	2020	12	11	-1
Company-Owned*	2018	0	0	0
	2019	0	0	0
	2020	0	0	0
Total Outlets	**2018**	**15**	**14**	**-1**
	2019	**14**	**12**	**-2**
	2020	**12**	**11**	**-1**

*Franchisor owns no company outlets.

Table 2
Transfers of Outlets
From Franchisees to New Owners
(Other than the Franchisor)
For Years 2018 to 2020
(As of Fiscal Year End)

State	Year	Number of Transfers
California	2018	1
	2019	0
	2020	0
Totals	**2018**	**1**
	2019	**0**
	2020	**0**

Table 3
Status of Franchised Outlets
For Years 2018 to 2020
(As of Fiscal Year End)

	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations –Other Reasons	Outlets at End of the Year
California	2018	15	0	0	0	0	1	14
	2019	14	0	0	1	0	1	12
	2020	12	0	0	0	0	1	11
Total	**2018**	**15**	**0**	**0**	**0**	**0**	**1**	**14**
	2019	**14**	**0**	**0**	**1**	**0**	**1**	**12**
	2020	**12**	**0**	**0**	**0**	**0**	**1**	**11**

Table 4
Status of Company-Owned Outlets
For Years 2018 to 2020 (as of Fiscal Year End)

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
California*	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
Totals*	**2018**	**0**	**0**	**0**	**0**	**0**	**0**
	2019	**0**	**0**	**0**	**0**	**0**	**0**
	2020	**0**	**0**	**0**	**0**	**0**	**0**

* Franchisor owns no company outlets.

Table 5
Projected Openings
As of December 31, 2020

State	Franchise Agreements Signed But Units Not Opened	Projected Franchised New Units in Next Fiscal Year	Projected Company-Owned Units Opening in Next Fiscal Year
None	0	0	0
Totals	0	0	0

Attached as Exhibits B and C are lists of names, addresses and current business telephone numbers of all of our current and former franchisees. If you purchase this Franchise, your contact information may be disclosed to other buyers if you leave the Franchise System.

We have no former or current Franchisees that signed provisions restricting their ability to speak openly about their experience with the SanSai North America Franchising, LLC. We do not have any knowledge whether our predecessor, SanSai USA, Inc., may have done so.

We have not created any franchisee organizations, which are informal advisory groups formed to solicit input from franchisees. There are no independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21. FINANCIAL STATEMENTS

Exhibit D contains the audited financials of SanSai North America Franchising, LLC, as of December 31, 2020, December 31, 2019 and December 31, 2018.

ITEM 22. CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Franchise Agreement with Exhibits

Area Development Agreement with Exhibits

ITEM 23. RECEIPTS

Exhibit I has two copies of an acknowledgment of your receipt of this Disclosure Document. Please sign and date one copy and return it to us. Retain the other copy for your records.

EXHIBIT A

FRANCHISEE OPERATIONS MANUAL
TABLE OF CONTENTS

EXHIBIT A

SANSAI OPERATIONS MANUAL TABLE OF CONTENTS

INTRODUCTION TO SANSAI

A-1 **Background/History**
A-2 **Company Vision**
A-3 **Mission Statement**
A-4 **Core Values, Corporate Philosophies and Goals.**
A-5 **Management Listing and Organizational Charts**
A-6 **Checklist of Franchisee Obligations**

GENERAL STANDARDS

B.1 **Trademark Usage and Corporate Identity**
B.2 **Site Location**
B.3 **SanSai Concept Store (Confidential)**
B.4 Exterior and Interior Lay-outs Standards
B.5 Signage and Logo Specifications
B.6 Required Equipment Supplied and Furnishing
B.7 Build-out and Décor Specifications
B.8 **Startup Kit (Confidential)**
B.9 **Initial Stock Inventory (Confidential)**
B.10 Printed Management Forms and Stationery
B.11 Standard List of Office Supplies
B.12 Personnel Uniforms and Kitchen Linen
B.13 Products, Raw Goods and Beverages
B.14 Setting up of the Initial Stock
B.15 **General Standards of SANSAI**

FINANCIAL REPORTING REQUIREMENTS

C.1 **Continuing Licensing Fees**
C.2 Time for Payment
C.3 Penalties for Late Payment
C.4 **Advertising and Technology Fee Reporting Forms**
C.5 **Financial Statement Forms**
C.6 The Daily Business Review
C.7 Hourly Sales Report
C.8 Income Statement
C.9 Cash Flow Statement
C.10 Deposit Verification Log

C.11 Profit by Category
C.12 Competitor's Scorecard
C.13 **Financial Statement Requirements**

ADVERTISING AND MARKETING

D.1 **Advertising Policy**
D.2 **Required Pre-Approval of Advertising**
D.3 Sales Promotions
D.4 National Promotions Calendar
D.5 Marketing and Technology Fees
D.6 Required Local Advertising
D.7 Types of Advertising
D.8 Blog
D.9 **Franchisee Advertising Obligations**
D.10 **Formats of Approved Advertising**

ADMINISTRATIVE AND OPERATING POLICIES

E.1 **Recommended Pricing**
E.2 **Different Ways of Payment by Customer**
E.3 Handling and Deposit of Cash *
E.4 Cash Register Policies
E.5 Handling Credit Cards
E.6 Supervisors Cash Handling Policies
E.7 Delivery Riders Cash Handling Policies
E.8 **General Organization of the Unit**
E.9 **Operational Audit Action Plan Form**
E.10 **Minimum Hours of Operation**
E.11 **Stocks and Inventory**
E.12 Order and Stock Control
E.13 Take Away Suppliers
E.14 Order System Procedures
E.15 Inventory
E.16 **List of Approved Suppliers**

FRANCHISEE OPERATIONS

F.1 **Customer Service Standards**
F.2 Customer Supplies
F.3 Delivery Services
F.4 Recommendations for Customer Welcome
F.5 Dine-in Service Essentials

F.6 Suggestive Selling
F.7 Cashiering Area Service Checklist
F.8 Handling of Customer Complaints
F.9 **Cleanliness and Maintenance Standards**
F.10 Sales Area Maintenance
F.11 Personnel Uniforms
F.12 Kitchen Maintenance
F.13 Equipment Maintenance
F.14 Opening, Operating and Closing Checklist
F.15 Pre-Close! Close Dining Area
F.16 **Personnel Qualifications and Requirements**
F.17 Positions and Duties
F.18 The Restaurant Manager
F.19 The Servers ! Cashiers
F.20 The Cooks
F.21 **Recruitment and the Job Selection Process**
F.22 Recruiting Advertisements
F.23 Selection Criteria
F.24 Interviews
F.25 Hiring Procedures
F.26 **Motivate your Employees**
F.27 Setting Goals
F.28 Disciplining Employees
F.29 Provide Feedback
F.30 **Product or Service Presentation**
F.31 Product Display Principles
F.32 Product Display Throughout the Day
F.33 Presentation of Products

STANDARDS ENFORCEMENT - FIELD INSPECTIONS

G.1 **Frequency and Nature of Periodic Field Inspections**
G.2 **Quality Assurance Report**
G.3 **Consequences of Failure to Meet Standards**

LEGAL AND SAFETY REQUIREMENTS

H.1 **Company Hazards**
H.2 **Risk Assessment**
H.3 **Causes of Accident**
H.4 **First AID & Accident Reporting**
H.5 **Fire Prevention**
H.6 **Working Safely with Chemicals**

H.7 C.O.S.H.H.
H.8 **Basic Food Hygiene and Storage**
H.9 The Safe Handling and Storage of Food
H.10 Food Poisoning
H.11 **Handling of Burglary, Stress, Drug and Alcohol Abuse**
H.12 Violence
H.13 Stress
H.14 Drug and Alcohol Abuse
H.15 **Recommended Safety and Security Procedures**
H.16 For Managers and Supervisor
H.17 Emergency Situations
H.18 Promoting and Enforcing Safety Standards
H.19 Elements of a Health and Safety Program

EMPLOYEE RELATIONS AND TRAINING

I.1 **Introduction**
I.2 **Work Planning**
I.3 **Working Hours**
I.4 **Employee Regulations**
I.5 Employee Conduct
I.6 Dress Code
I.7 Personal Hygiene
I.8 Employee Meals
I.9 Tip Reporting
I.10 Sick Leave
I.11 Holiday and vacation
I.12 Absences
I.13 Attendance and Punctuality
I.14 Breaks
I.15 Other Regulations
I.16 **Minimum Wage and Overtime Standards**
I.17 **Disciplinary Action**
I.18 Management Disciplinary Action Policy
I.19 **Performance Bonus**
I.20 Required Employee Training
I.20.1 Planning and Conducting a Training Session
I.20.2 Server/Cashier Training Checklist
I.23 Supervising your SANSAI Employees
I.24 Setting Expectations
I.25 Setting Goals
I.26 Assigning Work
I.27 Provide Feedback

I.28 Terminating Employees
I.29 Workplace Bullying, Harassment, and Violence
I.30 Harassment the Law
I.31 Sexual Harassment Policy
I.32 Violence in the Workplace
I.33 Diversity and Federal EEOC Policies
I.34 Encouraging Diversity in the Workplace

TOTAL PAGES: 248

EXHIBIT “B” TO THE DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES

LIST OF CURRENT FRANCHISEES

As of December 31, 2020

FRANCHISEE	ADDRESS	PHONE
El Segundo Daniel Chun	630 N Sepulveda Blvd. El Segundo, CA 90245	(310) 640-7665
Torrance Double K, Co. c/o Grace Kim & Wonsik Im	5354 Rosecrans Avenue, Torrance, CA 90501	(310) 643-5961
Woodland Hills J2 Unlimited, Inc. c/o Jason Murayama, Suki	20040 Ventura Blvd. Woodland Hills, CA 91364	(818) 712-9759
Sherman Oaks AJWY Corporation c/o Gina Yoon	14350 Ventura Blvd. Sherman Oaks, CA 91423	(818) 906-2950
Westwood J.C. Friends, Inc. c/o Min Ju Chung	10904 Lindbrook Dr. Los Angeles, CA 90024	(310) 443-0610
Downey Chang James Yoon	8420 Firestone Blvd. Downey, CA 90241	(562) 861-1802
Santa Monica Hanareum, Inc. c/o Sung Hoon Lee	2461 Santa Monica Blvd. Santa Monica, CA 90404	(310) 453-2750
Chatsworth JNJ Health Foods c/o Jonathan Lee	9243 Winnetka Ave. Chatsworth, CA 91311	(818) 734-0005
Burbank Caliryce, LLC c/o Chang Kee Chang, Hwan Lew, Eun Hak Paik	2575 N. Hollywood Way #107, Burbank, CA 91505	(818) 565-0420
Carson Jae Chung	20700 Avalon Blvd. #240 Carson, CA 90746	(310) 527-0115
Pasadena Premium Alternative, Inc. c/o Yon Suk Lipsky	350 S. Lake Ave. Pasadena, CA 91101	(626) 683-0900

LIST OF CURRENT AREA DEVELOPERS

As of December 31, 2020

FRANCHISEE	ADDRESS	PHONE
None		

EXHIBIT "C" TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO LEFT THE SYSTEM IN THE PAST FISCAL YEAR

FRANCHISEE	ADDRESS	P
Mission Valley Hitcom, Corp. c/o Shawn Park	7710 Hazard Center Drive, #D, San Diego, CA 92108	(310) 386-5546

EXHIBIT D

FINANCIAL STATEMENTS

SANSAI NORTH AMERICA FRANCHISING, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019

Together with
Independent Auditors' Report

dbbmckennon

Certified Public Accountants.
Registered Firm - Public Company Accounting Oversight Board

INDEX TO FINANCIAL STATEMENTS

Independent Auditors' Report 1

Balance Sheets 2

Statements of Operations and Member's Equity (Deficit) 3

Statements of Cash Flows 4

Notes to Financial Statements 5

dbbmckennon
Certified Public Accountants
Registered Firm - Public Company Accounting Oversight Board

Independent Auditors' Report

To the Member
SanSai North America Franchising, LLC

Report on the Financial Statements

We have audited the accompanying financial statements of SanSai North America Franchising, LLC (the "Company") which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations and member's equity (deficit), and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

dbbmckennon

March 29, 2021

SANSAI NORTH AMERICA FRANCHISING, LLC
BALANCE SHEETS

		December 31, 2020		December 31, 2019
ASSETS				
Current assets:				
Cash	$	199,458	$	56,406
Accounts receivable, net		56,226		72,434
Settlements receivable		-		9,000
Due from related party		45,452		-
Inventory		26,161		29,110
Total current assets		327,297		166,950
Property and equipment, net		8,967		10,000
Deposits		297		297
Total assets	$	336,561	$	177,247
LIABILITIES AND MEMBER'S EQUITY (DEFICIT)				
Current liabilities:				
Accounts payable and accrued expenses	$	54,177	$	52,413
Gift card liability		11,718		10,613
Due to related parties		14,056		14,181
Notes payable		44,266		-
Total current liabilities		124,217		77,207
Deferred franchise fee		50,000		50,000
Notes payable, net of current portion		164,735		-
Total liabilities		338,952		127,207
Commitments and contingencies (Note 6)		-		-
Member's equity (deficit)		(2,391)		50,040
Total liabilities and member's equity (deficit)	$	336,561	$	177,247

See accompanying notes to financial statements

SANSAI NORTH AMERICA FRANCHISING, LLC
STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY (DEFICIT)

	Year Ended December 31, 2020	Year Ended December 31, 2019
Royalties	$ 257,904	$ 389,456
Product sales	105,850	179,088
Vendor rebates	6,330	12,583
Other revenue	38,217	36,530
Total revenues	408,301	617,657
General and administrative expenses	372,262	552,845
Product costs	103,254	188,911
Total operating expenses	475,516	741,756
Operating loss	(67,215)	(124,099)
Other income (expense):		
Interest expense	(2,216)	-
Other income (expense)	5,000	8,679
Total other income (expense)	2,784	8,679
Net loss	$ (64,431)	$ (115,420)
Member's equity, beginning of year	50,040	165,460
Member contribution	12,000	-
Member's equity, end of year	$ (2,391)	$ 50,040

See accompanying notes to financial statements

SANSAI NORTH AMERICA FRANCHISING, LLC
STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2020	Year Ended December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (64,431)	$ (115,420)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	2,500	1,700
Bad debt expense	22,548	42,783
Changes in operating assets and liabilities:		
Accounts receivable	(6,340)	13,808
Settlement receivable	9,000	12,000
Inventory	2,949	5,736
Deposits	-	2,152
Accounts payable	1,764	4,278
Gift card liability	1,105	603
Net cash used in operating activities	(30,905)	(32,360)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,467)	(2,464)
Advances to related partites	(45,452)	15,095
Proceeds from sale of property and equipment	-	868
Net cash provided by (used in) investing activities	(46,919)	13,499
CASH FLOWS FROM FINANCING ACTIVITIES:		
Member contribution	12,000	-
Proceeds from SBA loan	209,001	-
Repayment of related party advances	(125)	14,181
Net cash provided by financing activities	220,876	14,181
Decrease in cash	143,052	(4,680)
Cash, beginning of year	56,406	61,086
Cash, end of year	$ 199,458	$ 56,406
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ 2,400	$ 2,400

See accompanying notes to financial statements

SANSAI NORTH AMERICA FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF OPERATIONS

Sansai® North America Franchising, LLC (the "Company") was formed as a franchisor in November 2009 in the State of California to franchise SanSai Restaurants, primarily in California.

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the COVID-19 include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. COVID-19, and actions taken to mitigate it, have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Company, COVID-19 has had an adverse effect on our business. At this time, we are unable to predict the extent or nature of these impacts to our future financial condition and results of operations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Franchise Agreements

At December 31, 2020, the Company had 11 franchise agreements. The franchise agreements provide for, among other items, required duties of the franchisor and franchisee and also provide remedies for both.

	Franchise Agreements
At December 31, 2018	14
New agreements	-
Cancelled/expired agreements	(2)
At December 31, 2019	12
New agreements	-
Cancelled/expired agreements	(1)
At December 31, 2020	11

There was one franchise agreement representing an unopened store at December 31, 2020, which is included in deferred franchise fees in the accompanying balance sheet.

Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Cash Equivalents

The Company considers all short-term financial instruments with original maturities of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2020 and 2019.

Concentrations

Occasionally the Company's bank balances exceed the FDIC-insured limits. The Company has not experienced and does not anticipate any losses related to these balances.

During the years ended December 31, 2020 and 2019, the Company had sales from one customer that accounted for approximately 22% and 25% of total sales, respectively. As of December 31, 2020 and 2019, the same customer accounted for approximately 44% and 46% of net accounts receivable, respectively. Management believes that the loss of this customer would not have a long-term material impact on the Company's financial position, results of operations and cash flows.

During the years ended December 31, 2020 and 2019, the Company purchased certain products from one vendor, which accounted for approximately 86% and 66% of total purchases, respectively. Management believes the loss of this vendors could have a short-term adverse impact on the Company's delivery commitments and costs.

Accounts Receivable

The Company carries its accounts receivable at invoiced amounts less allowances for discounts and doubtful accounts. Accounts receivable consist of royalties to be received from franchisees. The Company does not accrue interest on its receivables. Management evaluates the ability to collect accounts receivable based on a combination of factors. An allowance for doubtful accounts is maintained based on the length of time receivables are past due, the status of a franchisee's financial position, and other credit risk indicators. The allowance for doubtful accounts at December 31, 2020 and 2019 was $559,590 and $537,042, respectively.

Inventory

Inventories consist primarily of sauces and dressings, and are stated at the lower of cost (first-in, first-out) or market. Market is determined by comparison with recent purchases or net realizable value.

The Company provides an allowance to reduce the inventory carrying value to the lower of cost or net realizable value. In determining net realizable value, the Company assumes the inventory will be offered for sale in the normal course of business and not on a liquidation basis. As of December 31, 2020, the amount of any such reserve was negligible.

Property and Equipment

Property and equipment are carried at cost. Depreciation of property and equipment is computed using accelerated methods over the following estimated useful lives:

Furniture and fixtures	5 - 7 years

Normal repairs and maintenance are expensed as incurred, whereas significant charges which materially increase values or extend useful lives are capitalized and depreciated or amortized over the estimated useful lives of the related assets.

Gift Cards

The Company is engaged in selling gifts cards as part of its business. The liability includes outstanding amounts sold. Based on historical experience, and to the extent there is no requirement to remit unclaimed card balances to government agencies, an estimate of the gift card balances that will never be redeemed is recognized as revenue in proportion to gift cards which have been redeemed.

Equity Matters

All profits, losses and distributions from cash flows are allocated to the sole member.

Revenue Recognition

The Company recognizes revenue primarily from the following sources: (i) franchise fees, (ii) royalty fees, and (iii) product sales. There were no franchise fee revenues during the years ended December 31, 2020 and 2019. Royalty fees are charged between 2.5% and 5% of gross sales on a monthly basis.

In accordance with ASC 606, revenues will be recognized when control of promised goods or services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue as the Company satisfies a performance obligation. For royalty fees, this generally occurs in the month in which the underlying sales are earned by the franchisee. For product sales, this occurs upon transfer of control of the product to the customer on delivery.

Customers are generally given payment terms of 30 days, though certain customers have been afforded extended payment terms.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2020 and 2019 totaled $0 and $1,370, respectively.

Income Taxes

The Company is a limited liability company that is taxed as a partnership under the Internal Revenue Code ("IRC"). Under those provisions, the Company does not pay federal or state income taxes on its taxable income. Instead, the member reports its share of the Company's taxable income. For California income tax purposes, a limited liability company is required to pay a fee based on its gross receipts, as defined, plus $800 annually. Accordingly, no provision has been made in the accompanying financial statements for federal or state income taxes.

The Company's federal and state income tax returns for tax years ended December 31, 2017 and subsequent remain open to examination by the Internal Revenue Service and state agencies.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	2020	2019
Furniture and fixtures	$ 27,723	$ 26,256
	27,723	26,256
Accumulated depreciation	(18,756)	(16,256)
	$ 8,967	$ 10,000

Depreciation expense for the years ended December 31, 2020 and 2019 was $2,500 and $1,700, respectively.

NOTE 4 – RELATED PARTY TRANSACTIONS

As of December 31, 2020 and 2019, $45,452 and $0, respectively, was due from related parties for various advances and payments made on behalf of the related party. These advances are unsecured, non-interest bearing, and due upon demand.

As of December 31, 2020 and 2019, $14,056 and $14,181, respectively, was due to a related party for various advances and payments made on behalf of the Company by the related party. These advances are unsecured, non-interest bearing, and due upon demand.

NOTE 5 – DEBT

In May 2020, the Company entered into a loan with Customers Bank as the lender (“Lender”) in the principal amount of $59,100 pursuant to the Paycheck Protection Program (“PPP”) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP Loan is evidenced by a promissory note (“Note”). Subject to the terms of the Note, the PPP Loan bears interest at a fixed rate of one percent (1%) per annum, with the first six months of interest deferred, has an initial term of two years, and is unsecured and guaranteed by the Small Business Administration (“SBA”). The Company may apply to the Lender for forgiveness of the PPP Loan, with the amount which may be forgiven equal to the sum of payroll costs, covered rent, and covered utility payments incurred by the Company during the applicable period used to determine forgiveness. The Company expects to received partial or full fogginess of this loan.

In May 2020, the Company also secured an Economic Injury Disaster Loan with the SBA in the principal amount of $150,000. The loan bears interest at a rate of 3.75% per annum and requires monthly payments of principal and interest of $731 per month beginning 12 months form the date of the loan. The balance of principal and interest will be payable 30 years from the date of the loan. The loan is also secured by substantially all of the Company's assets. The Company is required to use all proceeds from the loan solely as working capital to alleviate economic injury caused by the COVID-19 pandemic.

NOTE 6 - COMMITMENTS

In July 2016, the Company entered into a non-cancellable operating lease for its office that expired July 2019 with monthly rent payments ranging from $3,854 to $4,010. The lease called for a deposit of $5,781, which was transferred to a new lease agreement entered into in February 2019 after various deductions.

In February 2019, the Company entered into a non-cancellable operating lease for its office that expires March 2022 with monthly rent payments ranging from $2,565 to $2,669. Upon execution, the prior lease agreement was terminated without additional consideration.

The scheduled minimum annual lease payments under the non-cancellable lease are as follows:

Years ending:

2021	$	31,869
2022		8,007
	$	39,876

Additionally, the Company leases central kitchen space on a month-to-month basis with monthly rent of $2,963. This space is being sublet for a similar amount to a third party on a month-to-month basis.

Rent expense totaled $56,245 and $71,767 in 2020 and 2019, respectively. The 2020 rent is net of certain reductions provided by landlord due to COVID related conditions. Rental income totaled $38,217 and $36,530 in 2020 and 2019, respectively.

NOTE 7 - SUBSEQUENT EVENTS

In February 2021, the Company received a second PPP loan for $63,400 under the same conditions and terms described in Note 5.

The Company has evaluated events subsequent to December 31, 2020, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through March 29, 2021, the date the financial statements were available to be issued. Based upon this evaluation, it was determined no additional subsequent events occurred that require recognition or additional disclosure in the financial statements, other than those disclosed above.

SANSAI NORTH AMERICA FRANCHISING, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2018 and 2017

Together with Independent Auditors' Report

dbbmckennon

Certified Public Accountants.
Registered Firm - Public Company Accounting Oversight Board

INDEX TO FINANCIAL STATEMENTS

Independent Auditors' Report 1

Balance Sheets 2

Statements of Operations and Member's Equity 3

Statements of Cash Flows 4

Notes to Financial Statements 5

Independent Auditors' Report

To the Member
SanSai North America Franchising, LLC

Report on the Financial Statements
We have audited the accompanying financial statements of SanSai North America Franchising, LLC (the "Company") which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations and member's equity, and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

DbbMcKennon

April 3, 2019

SANSAI NORTH AMERICA FRANCHISING, LLC
BALANCE SHEETS

		December 31, 2018		December 31, 2017
ASSETS				
Current assets:				
Cash	$	61,086	$	88,178
Accounts receivable, net		135,845		144,403
Settlements receivable		21,000		33,000
Due from related party		15,095		4,120
Inventory		34,846		-
Total current assets		267,872		269,701
Property and equipment, net		3,284		1,954
Deposits		2,449		2,449
Total assets	$	273,605	$	274,104
LIABILITIES AND MEMBER'S EQUITY				
Current liabilities:				
Accounts payable and accrued expenses	$	48,135	$	39,271
Gift card liability		10,010		9,201
Total current liabilities		58,145		48,472
Deferred franchise fees, net of current portion		50,000		50,000
Total liabilities		108,145		98,472
Commitments and contingencies (Note 6)		-		-
Member's equity		165,460		175,632
Total liabilities and member's equity	$	273,605	$	274,104

SANSAI NORTH AMERICA FRANCHISING, LLC
STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY

	Year Ended December 31, 2018	Year Ended December 31, 2017
Revenues:		
Royalties	$ 442,637	$ 513,480
Franchise fees	-	12,300
Product sales	203,159	202,931
Vendor rebates	14,333	42,847
Other revenue	34,140	32,136
Total revenues	694,269	803,694
Operating expenses:		
General and administrative	538,552	622,226
Product costs	161,602	214,430
Total operating expenses	700,154	836,656
Operating loss	(5,885)	(32,962)
Other income (expense):		
Settlement expense	-	(4,000)
Other income (expense)	(4,287)	12,435
Total other income	(4,287)	8,435
Net loss	$ (10,172)	$ (24,527)
Member's equity, beginning of year	175,632	380,159
Member distributions	-	(180,000)
Member's equity, end of year	$ 165,460	$ 175,632

See accompanying notes to financial statements

SANSAI NORTH AMERICA FRANCHISING, LLC
STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2018	Year Ended December 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (10,172)	$ (24,527)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	1,700	1,700
Changes in operating assets and liabilities:		
Accounts receivable	8,558	(17,097)
Settlement receivable	12,000	47,000
Inventory	(34,846)	-
Accounts payable	8,864	(2,527)
Gift card liability	809	1,816
Net cash provided by (used in) operating activities	(13,087)	6,365
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(3,030)	(1,283)
Repayments from (advances to) related parties	(10,975)	215,880
Net cash provided by (used in) investing activities	(14,005)	214,597
CASH FLOWS FROM FINANCING ACTIVITIES:		
Member distributions	-	(180,000)
Net cash used in financing activities	-	(180,000)
Increase (decrease) in cash	(27,092)	40,962
Cash, beginning of year	88,178	47,216
Cash, end of year	$ 61,086	$ 88,178
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ 2,400	$ 800

See accompanying notes to financial statements

SANSAI NORTH AMERICA FRANCHISING, LLC
NOTES TO FINANCIAL STATMENTS

NOTE 1 – NATURE OF OPERATIONS

Sansai® North America Franchising, LLC (the "Company") was formed as a franchisor in November 2009 in the State of California to franchise SanSai Restaurants, primarily in California.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Franchise Agreements

At December 31, 2018, the Company had 14 franchise agreements. The franchise agreements provide for, among other items, required duties of the franchisor and franchisee and also provide remedies for both.

	Franchise Agreements
At December 31, 2016	17
New agreements	0
Cancelled/expired agreements	(1)
At December 31, 2017	16
New agreements	0
Cancelled/expired agreements	(2)
At December 31, 2018	14

There was one franchise agreement representing an unopened store at December 31, 2018, which is included in deferred franchise fees in the accompanying balance sheet.

Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Reclassifications

Certain amounts for product sales and expenses have been reclassified for the year ended December 31, 2017 to conform with the presentation for the year ended December 31, 2018.

Cash Equivalents

The Company considers all short-term financial instruments with original maturities of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2018 and 2017.

Concentrations

Occasionally the Company's bank balances exceed the FDIC-insured limits. The Company has not experienced and does not anticipate any losses related to these balances.

During the year ended December 31, 2018, the Company had sales from one customer that accounted for approximately 29% of total sales. There were no sales concentrations among customers during the year ended December 31, 2017. As of December 31, 2018 and 2017, three and four customers accounted for approximately 64% and 66% of net accounts receivable, respectively. Management believes that the loss of these customers would have a material impact on the Company's financial position, results of operations and cash flows.

During the year ended December 31, 2018, the Company purchased certain products from one vendor, which accounted for approximately 81%, of total purchases. During the year ended December 31, 2017, there were no concentrations of purchases among vendors. Management believes the loss of this vendors could have an adverse impact on the Company's delivery commitments and costs.

Accounts Receivable

The Company carries its accounts receivable at invoiced amounts less allowances for discounts and doubtful accounts. Accounts receivable consist of royalties to be received from franchisees. The Company does not accrue interest on its receivables. Management evaluates the ability to collect accounts receivable based on a combination of factors. An allowance for doubtful accounts is maintained based on the length of time receivables are past due, the status of a franchisee's financial position, and other credit risk indicators. The allowance for doubtful accounts at December 31, 2018 and 2017 was $448,798 and $344,422, respectively.

Inventory

Inventories consist primarily of sauces and dressings, and are stated at the lower of cost (first-in, first-out) or market. Market is determined by comparison with recent purchases or net realizable value.

The Company provides an allowance to reduce the inventory carrying value to the lower of cost or net realizable value. In determining net realizable value, the Company assumes the inventory will be offered for sale in the normal course of business and not on a liquidation basis. As of December 31, 2018, the amount of any such reserve was negligible.

Property and Equipment

Property and equipment are carried at cost. Depreciation of property and equipment is computed using accelerated methods over the following estimated useful lives:

Furniture and fixtures	5 - 7 years

Normal repairs and maintenance are expensed as incurred, whereas significant charges which materially increase values or extend useful lives are capitalized and depreciated or amortized over the estimated useful lives of the related assets.

Gift Cards

The Company is engaged in selling gifts cards as part of its business. The liability includes outstanding amounts sold. Revenue from gift cards is recognized when the gift cards are used for purchases or the likelihood of redemption by the customer is remote ("breakage"). Breakage income is determined based on historical redemption patterns.

Equity Matters

All profits, losses and distributions from cash flows are allocated to the sole member.

Revenue Recognition

The Company accounts for revenue using the accounting method prescribed under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic *Franchisors*. Revenue is recognized when all material services or conditions relating to the sale have been substantially performed or satisfied by the Company (usually upon store opening or expiration of franchise agreement).

For non-franchise sales revenue, we recorded revenue when (a) persuasive evidence that an agreement exists; (b) the service has been performed or products delivered; (c) the prices are fixed and determinable and not subject to refund or adjustment; and (d) collection of the amounts due is reasonably assured.

Royalty fees are charged between 2.5% and 5% of gross sales on a monthly basis.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2018 and 2017 totaled $1,289 and $3,738, respectively.

Income Taxes

The Company is a limited liability company that is taxed as a partnership under the Internal Revenue Code ("IRC"). Under those provisions, the Company does not pay federal or state income taxes on its taxable income. Instead, the member reports its share of the Company's taxable income. For California income tax purposes, a limited liability company is required to pay a fee based on its gross receipts, as defined, plus $800 annually. Accordingly, no provision has been made in the accompanying financial statements for federal or state income taxes.

The Company's federal and state income tax returns for tax years ended December 31, 2015 and subsequent remain open to examination by the Internal Revenue Service and state agencies.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	2018	2017
Furniture and fixtures	$ 17,840	$ 14,810
	17,840	14,810
Accumulated depreciation	(14,556)	(12,856)
	$ 3,284	$ 1,954

Depreciation expense for the years ended December 31, 2018 and 2017 was $1,700 and $1,700, respectively.

NOTE 4 – RELATED PARTY TRANSACTIONS

The receivable due from related party was unsecured, non-interest bearing, and due upon demand. During 2016, a portion of the related party receivable totaling $154,552 was relieved through the distribution of said amount through equity. The remaining amount totaling $220,000 was received in 2017. As of December 31, 2018 and 2017, $15,095 and $4,120, respectively, was due from a related party for various advances and payments made on behalf of the related party. These advances are also unsecured, non-interest bearing, and due upon demand.

NOTE 5 – LEGAL SETTLEMENTS

In January 2016, the Company settled a lawsuit in which it was the plaintiff for $54,000, in which the counterparty is to pay $1,000 per month. As of December 31, 2018, $33,000 of the balance was collected with $21,000 remaining to be paid, which is included in the settlement receivable in the accompanying balance sheets.

NOTE 6 - COMMITMENTS

In July 2016, the Company entered into a non-cancellable operating lease for its office that expires July 2019 with monthly rent payments ranging from $3,854 to $4,010. The lease called for a deposit of $5,781.

The scheduled minimum lease payments under the non-cancellable lease are as follows:

2019	$ 24,060
	$ 24,060

Additionally, the Company leases central kitchen space on a month-to-month basis with monthly rent of $2,769. This space is being sublet for a similar amount to a third party on a month-to-month basis.

Rent expense totaled $80,290 and $84,035 in 2018 and 2017, respectively. Rental income totaled $34,140 and $32,136 in 2018 and 2017, respectively.

NOTE 7 - SUBSEQUENT EVENTS

The Company has evaluated events subsequent to December 31, 2018, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through April 3, 2019, the date the financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the financial statements.

EXHIBIT E

FRANCHISE AGREEMENT

Agreement Number: _________

FRANCHISE AGREEMENT

Date of this Agreement: ________________________________ (“Agreement Date”)

Expiration Date: _______________________________________

Franchisor: SANSAI North America Franchising, LLC

Franchisee: ____

In a number of places in this Franchise Agreement, you are asked to initial certain items to show that they have been fully discussed with you, and read, understood and agreed to by you. Initialing those areas does not lessen the importance of other areas or mean other items are not fully enforceable.

Table of Contents

1. INTRODUCTION, DEFINITIONS, AND PRELIMINARY AGREEMENTS. 1
   1.1 Introduction. 1
2. GRANT AND TERM 1
   2.1 Term 1
   2.2 Grant 1
   2.3 Performance 1
   2.4 Rights We Reserve 2
3. DEVELOPMENT AND OPENING OF YOUR SANSAI FRESH JAPANESE GRILL 3
   3.1 Site Selection. 3
   3.2 Lease of Premises. 4
   3.3 SANSAI Fresh Japanese Grill Design Standards 5
   3.4 Development for Your SANSAI Fresh Japanese Grill 5
   3.5 Equipment, Furniture, Fixtures and Signs 5
   3.6 SANSAI Fresh Japanese Grill Opening 5
   3.7 Grand Opening Program - Marketing 6
   3.8 Relocation of SANSAI Fresh Japanese Grill Premises 6
4. COMPUTER HARDWARE AND SOFTWARE SYSTEMS 6
5. TRAINING AND GUIDANCE 6
   5.1 Initial Orientation 6
   5.2 Training 6
   5.3 Guidance and Assistance 7
   5.4 Manuals 7
6. MARKS 7
   6.1 Goodwill and Ownership of Marks 7
   6.2 Limitations and Use of Marks 8
   6.3 Notification of Infringements and Claims 8
   6.4 Discontinuance of Use of Marks 8
7. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION 8
   7.1 Independent Contractor 8
   7.2 No Liability for Acts of Other Party 8
   7.3 Taxes 8
   7.4 Responsibility, Indemnity, etc 8
   7.5 Disclosure 9

8. CONFIDENTIAL INFORMATION; EXCLUSIVE RELATIONSHIP 9

8.1 Confidential Information - Non-Disclosure and Non-Use. 9

8.2 Exclusive Relationship, Restrictions on Similar Businesses During Franchise Term and After Transfer, Termination, Expiration, Repurchase, etc. 10

9. FEES. 11

9.1 Initial Franchise Fee, Releases, etc. 11

9.2 Continuing Weekly License Fee and Payment Dates 12

9.3 Electronic Funds Transfer. 12

9.4 Interest and Late Fees on Late Payments and/or Reports 13

9.5 Application of Payments, Set-Offs etc. 13

9.6 Inflation Adjustments. 13

9.7 Mandatory Convention Attendance, Possible Fee 13

9.8 Discontinuance of Service 13

10. YOUR SANSAI FRESH JAPANESE GRILL — IMAGE AND OPERATION 13

10.1 System Compliance, Regular Upgrading. 13

10.2 Designated Equipment, Products, Services and/or Suppliers. 14

10.3 Purchasing Cooperative 14

10.4 Compliance with Laws and Ethical Business Practices. 15

10.5 Management and Personnel of Your SANSAI Fresh Japanese Grill, Training 15

10.6 Insurance. 17

10.7 Program Participation 17

10.8 Continued Payment of Continuing License Fees, etc. During Closure 17

10.9 Customer Satisfaction, Quality Controls, etc 17

10.10 Franchisee Advisory Council and Selection. 17

10.11 Hours of Operation 17

11. MARKETING. 18

11.1 Marketing and Technology Fund. 18

11.2 Your Participation in the Marketing and Technology Fund 20

11.3 Your Local Restaurant Marketing Activities 20

11.4 Marketing Cooperative and Groups 21

12. RESTAURANT RECORDS AND REPORTING 21

12.1 Bookkeeping, Accounting and Records, Cash Register, Computer and Other Systems 21

12.2 Reports, Financial Statements and Tax Returns. 21

13. INSPECTIONS AND AUDITS. 22

13.1 Our Inspections, etc 22

13.2 Audit 22
13.3 Gross Revenues Understatements 22
14. TRANSFER 22
14.1 Transfers by Us 22
14.2 Transfers by You 23
14.3 Conditions for Approval of Any Transfer 23
14.4 Additional Conditions for Transfer to a Business Entity 24
14.5 Death or Disability of Franchisee. 25
14.6 Effect of Consent to Transfer 25
14.7 Our Right of First Refusal 26
15. SUCCESSOR FRANCHISE. 26
15.1 Your Right to Acquire a Successor Franchise 26
15.2 Grant of a Successor Franchise 27
15.3 Agreements/Releases 28
15.4 Training and Refresher Programs 28
15.5 Fees and Expenses. 28
16. TERMINATION OF THE FRANCHISE 28
16.1 Defaults with No Right to Cure. 28
16.2 Defaults with Right to Cure. 29
16.3 Repeated Defaults 30
16.4 Cross-Defaults 30
17. RIGHTS AND OBLIGATIONS ON TRANSFER, REPURCHASE, TERMINATION AND/OR EXPIRATION OF THE FRANCHISE 30
17.1 Payments of All Amounts Owed, etc 30
17.2 Intellectual Property, Confidential Information, Trade Dress, etc 30
17.3 Telephone and Other Directory Listings, Internet Sites 31
17.4 Continuing Obligations. 31
18. GRANT OF SECURITY INTEREST. 32
19. DISPUTE AVOIDANCE AND RESOLUTION – MANDATORY BINDING ARBITRATION. 32
19.1 FUNDAMENTAL BUSINESS INTENTION TO MEDIATE AND/OR ARBITRATE, SEVERABILITY OF PROVISIONS, MODIFICATION OF AGREEMENT TO COMPLY WITH APPLICABLE LAW, FEDERAL ARBITRATION ACT GOVERNS. 32
19.2 FACE-TO-FACE MEETING, MEDIATION AND MANDATORY BINDING ARBITRATION 33
19.3 Exclusive Jurisdiction and Venue. 36
19.4 Non-Retention of Funds 36

19.5 Waiver of Punitive Damages, etc 36
19.6 Survival of Obligations 37
19.7 Attorneys' Fees and Costs 37
19.8 Enforcement and Construction 37
19.9 Our Exercise of "Sole Discretion" and Other Choices; Express Agreement 38
19.10 Miscellaneous 38
19.11 Intention to Arbitrate, Severability of Dispute Resolution Provisions, etc 38
20. NOTICES AND PAYMENTS. 39
21. ACKNOWLEDGMENTS AND REPRESENTATIONS, ENTIRE AGREEMENT, NO FIDUCIARY RELATIONSHIP, ETC. 39
22. DEFINITIONS. 42

FRANCHISE AGREEMENT

1. INTRODUCTION, DEFINITIONS, AND PRELIMINARY AGREEMENTS.

1.1 Introduction.

A. We have developed methods of operating SANSAI Restaurants that provide, at a retail level, Japanese "fast casual" restaurant and food services and related products. We refer to these businesses as "Traditional SANSAI Fresh Japanese Grills."

B. To simplify this Agreement and make it easier to read and understand, we have defined certain terms used in this Agreement in Article 22. When you see a capitalized word, or if you do not understand the meaning of a particular pronoun reference, look at Article 22 to see whether the term has been defined. Capitalized words that are not defined in Article 22 are defined in the section where they first appear.

C. You applied for a franchise to own and operate a Traditional SANSAI Fresh Japanese Grill and your application has been approved by us in reliance on the information you gave us.

D. Your SANSAI franchise is a license arrangement, awarded under specific terms and conditions. You must comply fully with this Agreement and the Manuals in order to use the SANSAI Marks, System and other Intellectual Property.

E. You agree that it is critical to you, us and each Franchisee for the System to be flexible to respond to commercial opportunities and challenges. An inability to change the System could adversely affect all SANSAI Franchisees. You, therefore, agree and anticipate that the Manual and the System may be changed by us, from time to time in our Business Judgment. You agree to comply with the Manuals and the System as they are changed by us.

F. Every detail of your SANSAI Franchised Business is important — not only to you, but to us and to all SANSAI Franchisees — to increase and maintain the value of the Marks and the businesses associated with them. Therefore, during the term of this Agreement, you must at all times develop, maintain and operate your SANSAI Business in accordance with each SANSAI System Standard, as modified and supplemented by us from time to time in our Business Judgment, and understand that such changes may require additional investments and/or changes by you in operations and other areas of your Franchised Business.

G. Without your commitment to the System and to fulfill each of the obligations detailed in this Agreement, we would not form this franchise relationship with you.

2. GRANT AND TERM.

2.1 Term. The term of the Franchise and this Agreement begins on the Agreement Date and expires 10 years from the Agreement Date. This Agreement may be terminated before it expires in accordance with its terms.

2.2 Grant. Subject to the terms of and upon the conditions contained in this Agreement, we grant you a franchise (the "Franchise") to: (a) operate one SANSAI Fresh Japanese Grill at the Site, and at no other location (temporary or permanent); (b) use the Marks solely in connection with operating the SANSAI Fresh Japanese Grill; and (c) use the System in its operation. Except as set forth in paragraph 2.4 and its sub-paragraphs below, as long as you are in compliance with this Agreement, we will not grant a franchise to anyone else to operate, or ourselves operate, a SANSAI Fresh Japanese Grill within the Protected Territory.

2.3 Performance. You agree that you will at all times faithfully, honestly and diligently perform your obligations, continuously exert your best efforts to promote and enhance the SANSAI Fresh

Japanese Grill and not engage in any other business or activity that conflicts with your obligations to operate the SANSAI Fresh Japanese Grill in compliance with this Agreement. You may not operate the SANSAI Fresh Japanese Grill from any location other than the Site without our prior written consent. At all times, either you or one of your Principal Owners must meet our qualifications for management responsibility and authority over the operations of the SANSAI Fresh Japanese Grill. In addition, at all times the SANSAI Fresh Japanese Grill must be managed by a general manager who has satisfactorily completed our Initial Training program.

2.4 Rights We Reserve.

Notwithstanding any of the foregoing, we (and our affiliates) retain the right in our sole discretion to:

a. establish, and grant to other franchisees the right to establish, SANSAI Fresh Japanese Grills anywhere outside the Protected Territory, on such terms and conditions as we deem appropriate (even immediately outside the border of the Protected Territory), but not within the Protected Territory of your SANSAI Fresh Japanese Grill you open under this Agreement and continue to operate under it;

b. operate, and grant franchises to others to operate businesses, whether inside or outside the Protected Territory, specializing in the sale of products or provisions of services, other than a Competitive Business or a SANSAI Fresh Japanese Grill, using certain of the Marks and pursuant to such terms and conditions as we deem appropriate;

c. operate, and grant franchises to others to operate businesses or provide other services, whether inside or outside the Protected Territory, that do not use any of the Marks;

d. market and sell, inside and outside of the Protected Territory, through channels of distribution other than a full service SANSAI Fresh Japanese Grill (like mail order, Internet or Intranet, website or other forms of e-commerce or grocery, retail or convenience Restaurants or kiosks), or through special purpose sites including military bases, public transportation facilities, sport facilities (including race tracks) airports, student unions or similar buildings on college or university campuses, amusement and theme parks, special events, and through other sites which are covered or closed traffic malls, all of which are designated ("Sites We Reserve"), such Sites We Reserve are not protected and are not part of your Protected Territory; and

e. you agree that we have the right, now, or in the future, to purchase, merge, acquire, or affiliate with an existing competitive or non-competitive franchise network, chain, or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as "SANSAI" or "SANSAI Fresh Japanese Grill" operating under the Marks or any proprietary marks or any of their marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within the "Protected Territory" or proximate thereto, or proximate to any of the Franchisee's locations).

We will have the right to assign this agreement, and all of its rights and privileges under this agreement, to any person, firm, corporation or other entity.

You agree and affirm that we may sell ourselves, our assets, Marks or other proprietary marks and/or our System to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of Franchisor's name(s), Marks, proprietary marks (or any variation thereof) and system and/or the loss of association with or identification of "SANSAI" or "SANSAI Fresh Japanese Grill" as Franchisor under this Agreement. You specifically release any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

If we assign our rights in this Agreement, nothing herein shall be deemed to require us to remain in the SANSAI Fresh Japanese Grill business or any business which we now conduct or to offer to sell related food items, drinks and other menu items, products or services to you.

3. DEVELOPMENT AND OPENING OF YOUR SANSAI FRESH JAPANESE GRILL.

3.1 Site Selection.

A. You have applied for a Franchise to own and operate one SANSAI Fresh Japanese Grill at a location we have accepted (the "Site"). During the period ending on the 90th day following the date of this Agreement (the "Site Selection Period"), you must identify, submit to us for acceptance, and obtain our acceptance of the Site. During the Site Selection Period, we will not ourselves, nor grant a franchise to someone else to, open and operate a SANSAI Fresh Japanese Grill at a fixed location inside the Site Selection Area. During the Site Selection Period, you must adhere to the following time schedule:

(1) Site Selection Area: During the first 45 days of the Site Selection Period, you must obtain our acceptance of an intersection of streets or other landmark that will form the center (the "Center") of the Site Selection Area (the "Site Selection Area"). When the Center and Site Selection Area is determined, we will complete Exhibit "A-1" and provide a copy of it to you.

(2) Site Identification: Prior to the 90th day following the Agreement Date, you must identify your proposed Site (which must be located within the Site Selection Area) and submit it to us for our acceptance. We may propose a Site to you, which you must independently investigate. You are solely responsible for your Site Selection, development and operation. If we notify you that we will not accept that proposed Site, you must, within the next 30 days of our notice rejecting that proposed Site (but prior to the expiration of the Site Selection Period), identify and submit to us an alternative proposed Site, for our review and acceptance within the Site Selection Area.

(3). Site Acceptance: We are not obligated to evaluate or accept any proposed Site submitted to us for acceptance after the expiration of the Site Selection Period or outside the Site Selection Area. Once you have identified the Site and we have accepted it, and the lease has been reviewed and is acceptable to us, we will designate your Protected Territory and complete Exhibit 2.2 and provide it to you. If you have not identified and obtained our acceptance of a Site prior to signing this Agreement, you (with or without our assistance) must, within the Site Selection Period, identify, submit to us and obtain our acceptance (in our sole judgment) of a Site for your SANSAI Fresh Japanese Grill located within the Site Selection Area. However, if as of the expiration of the Site Selection Period we have yet to notify you whether we will accept or reject a Site that was submitted to us for review during the Site Selection Period, we will have 30 days following the end of the Site Selection Period to notify you of our decision to accept or reject that proposed Site. If we do not accept a Site during that 30-day period following the Site Selection Period, we will not be obligated to permit you to submit an alternative proposed Site to us.

Acceptance by us of any site is not a recommendation, approval or endorsement of such Site. We make no representations or warranties as to the success of any Site or as to any other matter relating to the Site.

(4). Protected Territory: Upon our acceptance of the Site, we will designate the "Protected Territory". After the lease has been reviewed and is acceptable to us, we will insert that Site and the Protected Territory into Exhibit "2.2" and send a copy to you.

B. Each proposed Site must be evaluated by us or by a professional site analyst that we have approved. The Site must meet our criteria, with which we will provide you, for demographic characteristics, traffic patterns, parking, competition from and proximity to other businesses and other SANSAI Fresh Japanese Grills, the nature of other business in proximity to the site and other commercial characteristics and the size, appearance and other physical characteristics of the proposed site. We retain the right to accept or reject the floor plan for your site. We will accept or reject a Site you propose for a SANSAI Fresh Japanese Grill within 30 days. We may rely entirely on the site analysis in doing so. You acknowledge and agree that:

(1) our recommendation or acceptance of the Site, the Site Selection Area, or the Protected Territory does not imply, guaranty, assure, warrant or predict profitability or success, express or implied;

(2) our recommendation or acceptance of the Site indicates only that we believe that

the Site, the Site Selection Area and the Protected Territory fall within the acceptable demographic and other criteria for site selection areas, sites and premises or protected territories that we have established as of the time of our recommendation or acceptance of the Site, Site Selection Area or Protected Territory;

(3) application of criteria that we have developed for our System or have appeared

effective with respect to other sites and premises may not accurately reflect the potential for all sites and premises, and, after our acceptance of a site, demographic and/or other factors included in or excluded from our criteria could change to alter the potential of a site and premises; and

(4) the uncertainty and instability of such criteria are beyond our control, and we will

not be responsible for the failure of a premises, Site and Protected Territory we accept.

C. All matters related in any way to your site are your sole responsibility, regardless of any assistance we may choose to provide. You are responsible for obtaining any architectural and engineering services required for your facility and for ensuring its compliance with local law. Neither we, nor any Franchisor-Related Persons/Entity, nor any other person or company associated with us will have any liability for any site-related matter. You agree not to make any claims against us and/or any of the Franchisor-Related Persons/Entities with regard to such matters.

D. If you are unable to acquire an approved site within the time provided in 3.1 (A) and are not making diligent efforts or adequate progress to do so in our Business Judgment, then we may Terminate this Agreement without refund to you of any fees paid to us or expenses incurred by you.

3.2 Lease of Premises.

A. Upon approval of your site, you agree to submit any lease and all site-related documents to us for our review and negotiation prior to execution by you. You will use commercially reasonable efforts to arrange for the inclusion of the provisions of the Lease Addendum attached hereto as Exhibit 3.2 B or other appropriate site-related documents which will:

(1) Obligate the lessor to provide us, upon request, with sales and other operations information related to your SANSAI Fresh Japanese Grill;

(2) Permit you to operate your SANSAI Fresh Japanese Grill in accordance this Agreement and the Manuals;

(3) Provide that the Premises will be used only for the operation of a SANSAI Fresh Japanese Grill, and prohibit you from assigning or modifying any of your lease rights, or extending the term without our prior written consent;

(4) Require the lessor to concurrently provide us with a copy of any written notices (whether of default or otherwise) to you under the lease and give us the right to cure any default if we so choose;

(5) Provide us with a right to take assignment and possession of your SANSAI Fresh Japanese Grill, without the lessor's consent or any additional consideration. If we exercise this right, we will not have any liability for any obligations incurred prior to our occupancy. You agree to take whatever actions are necessary to accomplish such assignment and will, when you sign this Agreement,

also sign the Collateral Assignment of Lease attached as Exhibit 3.2 B. If you lose your lease rights to the Premises in connection with any bankruptcy, the lessor will, on our request, enter into a new lease with us on essentially the same terms as the terminated lease;

(6) Provide that the lessor consents to the use of the Marks, Trade Dress and other aspects of the System, as modified from time to time, and give us the right to enter the premises during normal business hours for purposes of inspection, to take steps to protect the Marks and Trade Dress and/or prevent/cure any default.

You will not execute a lease or sublease, or any modification or amendment, without our prior written consent, which we may grant, condition or withhold in our Business Judgment. We may, in our sole Business Judgment, elect to require you to enter into either (i) the negotiated lease directly with the landlord of the Premises or with us or our designee as sub-tenant of the Premises, or (ii) an operating or license agreement with us or our designee permitting you to operate the Franchised Business on the Premises (the "Operating Agreement"), or (iii) we or our designee may assign the lease with the landlord for your Premises to you. You will deliver the relevant executed original of the signed lease, sublease, license, Operating Agreement or lease assignment, as applicable within five (5) days after it is signed.

(7) In all future negotiations for amendments, modifications or renewals of the lease or Operating Agreement for the Premises, you will notify us in writing and we reserve the right to retain an attorney to negotiate with the landlord. We have no obligation to provide any legal services or to retain an attorney to represent you if you are in breach or default of the lease, or there is an alleged violation of the lease or the Operating Agreement. You have no right to negotiation or otherwise on or with respect to a lease if you have an Operating Agreement for the Premises.

3.3 SANSAI Fresh Japanese Grill Design Standards.

You agree to comply with any standards, specifications and other requirements (the "Design Standards") that we furnish you for design, decoration, layout, equipment, furniture, fixtures, signs and other items for your SANSAI Fresh Japanese Grill. Any changes from plans provided by us must be submitted to us for our consent, which may be provided in our Business Judgment. Your compliance with the Design Standards does not release you from your obligations to ensure that your SANSAI Fresh Japanese Grill is designed, constructed and operated in compliance with all local, state, and federal laws, including (without limitation) the Americans with Disabilities Act ("ADA"). You agree to execute and deliver to us an ADA Certification in the form attached to this Agreement as Exhibit 3.3 before you open your SANSAI Fresh Japanese Grill to confirm and certify that your SANSAI Fresh Japanese Grill and any proposed renovations comply with the ADA and other requirements.

3.4 Development for Your SANSAI Fresh Japanese Grill. You must select and employ a licensed contractor reasonably acceptable to us. You are solely responsible for the selection and work of any contractor selected and/or employed by you, even if referred by us.

3.5 Equipment, Furniture, Fixtures and Signs. You will use only Designated Equipment and suppliers approved by us in the development and operation of your SANSAI Fresh Japanese Grill as we may require. We and/or our Affiliates may be such approved suppliers.

3.6 SANSAI Fresh Japanese Grill Opening. You will open your SANSAI Fresh Japanese Grill for business within 270 days from signing your franchise agreement and immediately upon our notice to you that: (a) all of your pre-opening obligations have been fulfilled; (b) pre-opening training has been completed; (c) all amounts due us (and/or any Affiliate) have been paid; and (d) copies of all insurance policies (and payment of premiums), leases/subleases and other required documents have been received.

3.7 Grand Opening Program - Marketing. You agree to spend at least Five Thousand Dollars ($5,000) on a grand opening marketing for your SANSAI Fresh Japanese Grill. We will furnish advice and guidance to you with respect to our Grand Opening Program that you agree to follow.

3.8 Relocation of SANSAI Fresh Japanese Grill Premises. If you are in Good Standing, you may relocate your Restaurant within your existing Territory with our prior written consent (unless we waive this provision), which we may condition or withhold in our Business Judgment, including the requirement that you sign a General Release. Relocation costs and expenses will be borne solely by you. If your SANSAI Fresh Japanese Grill is damaged, condemned or otherwise rendered unusable, or if, there is a change in the character of the location of your SANSAI Fresh Japanese Grill sufficiently detrimental to its business potential to warrant relocation, you agree to relocate your SANSAI Fresh Japanese Grill.

4. COMPUTER HARDWARE AND SOFTWARE SYSTEMS.

A. You must purchase, use, maintain and update at your expense the software, computer and other systems (including point-of-sale and back-office systems) meeting our specifications, as we may modify at our sole discretion. You agree to maintain your systems online to allow us access to system data and information. You agree to comply with our then-current Terms of Use and Privacy Policies and any other requirements regarding all computer and other systems, including Internet usage. Supplier and/or licensor charges for use, maintenance, support and/or updates of and to the required systems are payable by you upon receipt.

B. Neither we nor any of the Franchisor-Related Persons/Entities will have any liability and/or obligation (and neither you, nor any Affiliate of yours, will make any claims) about any failures, errors or any other occurrences relating to any computer or system hardware or software without an express written warranty from us, even if recommended or specified by us.

5. TRAINING AND GUIDANCE.

5.1 Initial Orientation. Prior to selecting and obtaining our approval for your site, we will schedule an orientation with you to provide you with materials and guidance related to selecting a site for your SANSAI Fresh Japanese Grill, as well as leasing requirements and guidelines. We may also propose a site to you, which you must independently investigate as you are solely responsible for your selection, development and operation of the site.

5.2 Training.

A. You must select and have approved a site for your SANSAI Fresh Japanese Grill before you begin our SANSAI Fresh Japanese Grill Training Program (the "Training Program"). You and your initial SANSAI Fresh Japanese Grill manager must successfully complete our Training Program before operating your SANSAI Fresh Japanese Grill. The Initial Franchise Fee covers the cost of our Training Program for you and your initial SANSAI Fresh Japanese Grill manager. You and your initial Restaurant manager should but need not attend our Training Program simultaneously. We may charge a reasonable fee for training of additional and/or subsequent managers. We can choose to eliminate or shorten training for persons previously trained or with comparable experience; however, any manager that has not successfully completed our Training Program must pass the then-current version of our competency exam by a grade of 70% or higher.

B. The initial Training Program will be at a time and place, and for such period, as we specify. You will be responsible for all travel, living, incidental and other expenses for you and your personnel attending the Training Program and any other voluntary or mandatory training programs, seminars or meetings, unless otherwise agreed to in advance in writing. We may charge a fee for any optional training programs.

C. You must complete our Training Program before operating your franchised SANSAI Fresh Japanese Grill Business. The Initial Franchise Fee covers a Training Program for you and your initial SANSAI Fresh Japanese Grill manager and one other person. We may charge a reasonable fee for training of additional and/or subsequent managers. If in our judgment any trainee fails to successfully complete any part of the training program the trainee must repeat that portion of the training program until successful completion of all portions, at your expense, including the payment to us of $300 per day of such additional training.

D. You and your manager must attend additional and/or refresher training programs, including national and regional conferences, conventions and meetings, as we may reasonably require to correct, improve and/or enhance your operations, the System and its members. You must obtain certification from a state approved provider as required by State agencies before opening, and you must maintain such certification at all times that your SANSAI Fresh Japanese Grill is operating. In addition, we can require successful completion of training by your personnel as specified by us from time-to-time.

5.3 Guidance and Assistance. We will provide guidance in the operation of your SANSAI Fresh Japanese Grill. This guidance can be furnished in whatever manner we consider appropriate in our Business Judgment, including electronically, in writing or telephonically, through training programs and/or on-site consultations, among other methods. We may provide at your request on-site consultations at your SANSAI Fresh Japanese Grill, based on notice, availability of personnel and your payment of reasonable travel, food, incidental and lodging expenses. We may elect to charge a reasonable fee for any such on-site consultations. If we believe in our Business Judgment that your operations warrant it, we can require that a manager or other person designated by us (and compensated by you) be placed in your SANSAI Fresh Japanese Grill to supervise its day-to-day operations until operations meet System standards.

5.4 Manuals. During the term of the Franchise, we will loan you (or allow you electronic or other access to) one copy of the Manuals. If we advise you that all or part of the Manual or other specifications, standards and operating procedures are posted on a Website, you agree that it is your responsibility to monitor the Website for any changes, additions or deletions in the information provided. You will continuously comply, at your sole expense, with all provisions of, and additions/ deletions /changes to, the Manuals. Any such additions/deletions/changes will take precedence over all prior communications. Mandatory specifications, standards and operating procedures prescribed from time to time by us in the Manuals, or otherwise communicated to you electronically or otherwise, are a part of this Agreement. In the event of a dispute, the master Manuals maintained at our office will control. The Manuals and the information and data that they contain will at all times remain our sole and exclusive property. It is your sole responsibility to establish, with respect to your employees, appropriate personnel and security-related policies and procedures (provided that we always have the right to terminate your rights by declaring a breach under this Agreement for conduct by you which threatens the goodwill associated with the Marks.) You and we acknowledge and agree that we neither dictate nor control labor or employment matters for you and your employees, including (but not limited to) hiring, firing and/or discipline of employees, nor control the manner and means by which they carry out their duties. You and we agree that neither of us are, or shall be deemed to be, a joint employer with the other and you will indemnify us with respect to any such or similar claims against us. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manual(s). If your copy of the Manuals is lost, destroyed or significantly damaged, you agree to obtain a replacement copy at our then applicable charge which is currently $250 (unless we have made our on-line Manual(s) accessible to you. If so, you may utilize the on-line Manual(s) instead of purchasing other protected Manuals).

6. MARKS.

6.1 Goodwill and Ownership of Marks. You have a non-exclusive right to use the Marks and only as expressly authorized by us under this Agreement. We have all rights in and to the Marks. All goodwill belongs exclusively to us, and you will not obtain any goodwill in the Marks as a result of this Agreement, your operation of the Franchise or for any other reason. Any unauthorized use of the Marks is a breach of this Agreement and an infringement of our proprietary rights. You agree that if you breach any obligation regarding the Marks, we would have no adequate remedy at law and that we will be entitled to equitable relief. You will not oppose, or engage in any acts or omissions inconsistent with, our rights in and to the Marks. This Agreement applies to all trademarks, service marks and other commercial symbols that we may authorize you to use throughout its term.

6.2 Limitations and Use of Marks. You will use the Marks as the sole identification for your SANSAI Fresh Japanese Grill. You will not use any Mark, or modified version or derivative of a Mark, or any other mark or form of commercial identification confusingly similar to the Marks or Trade Dress, as part of any business or trade name or in any other manner not expressly authorized by us in advance and in writing. Prior to adoption and/or use, any proposed corporate and/or trade name must be approved by us in our Business Judgment. You will give such trademark and other notices (including notices of independent ownership) as we direct and will, at your expense, obtain fictitious or assumed name registrations as may be required under law. You will display the Marks as required by us and will not use the Marks so as to negatively affect their goodwill. You will not use any Mark in connection with the performance or sale of any unauthorized services or products or at any location or in any other manner not expressly authorized in writing by us.

6.3 Notification of Infringements and Claims. You will take such actions as we consider important in our Business Judgment to protect the Marks. You will not take any action that jeopardizes our interests in, or the validity or enforceability of, the Marks. You agree to immediately notify us of any apparent or actual infringement of, or of any challenge to your use of, the Marks. You will not communicate with any third party with respect to such a claim. We will take such action as we deem appropriate in our Business Judgment. As owner of the Marks, we have the exclusive right to control any settlement, litigation or proceeding arising out of or related to any such matters.

6.4 Discontinuance of Use of Marks. You agree to comply at your expense with any directions from us to discontinue, modify, substitute or add Marks. We cannot and do not make any guaranty that a modification, discontinuance or otherwise may not be required for any reason. In such event, we will have no liability or obligation to you. You agree to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding the Marks. There is always a possibility that there might be one or more businesses using a name and/or marks similar to ours and with superior rights. We urge you to research this possibility, using telephone directories, local filings and other means, prior to signing any documents or making any payments or commitments

7. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.

7.1 Independent Contractor. You will always identify yourself to all persons and in all dealings of your SANSAI Fresh Japanese Grill as an independent owner under a SANSAI franchise, clearly indicating that your Franchised Business is separate and distinct from our business. You will include notices of independent ownership on such forms, business cards, stationery, advertising, signs and other materials as we require from time to time. Subject to the requirements of this Agreement and the Manuals, you will have complete operational control of your business, including the right to hire and fire each employee.

7.2 No Liability for Acts of Other Party. You will not represent that your and our relationship is other than that of independent Franchisor and Franchisee. Neither you nor we will have any liability under any acts, omissions, agreements or representations made by the other that are not expressly authorized in writing.

7.3 Taxes. Payment of all taxes related to your Franchised Business is your sole responsibility. We have no liability for any taxes on the sales made and/or business conducted by you (except for any taxes we are required by law to collect from you with respect to purchases from us).

7.4 Responsibility, Indemnity, etc.

A. You will indemnify and hold us and all of the Franchisor-Related Persons/Entities harmless from all fines, suits, proceedings, claims, demands, actions, losses, damages, costs, fees (including attorneys' fees and related expenses) and/or any other liability of any kind or nature, however arising, growing out of or otherwise connected with and/or related to any act, error and/or omission of yours (including, but not limited to, your ownership and/or management of your SANSAI Fresh Japanese Grill and/or any transfer of any interest in this Agreement or your SANSAI Fresh Japanese Grill). We will have the right to control all litigation, and defend and/or settle any claim, against and/or including us and/or the Franchisor-Related Persons/Entities, or affecting our and/or their interests, in such manner as we deem appropriate in our Business Judgment, without affecting our rights under this indemnity.

B. Any goods and/or services provided by us, the Franchisor-Related Persons/Entities and/or any "approved" person/company/referral are provided without any warranties, express or implied, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE BEING EXPRESSLY DISCLAIMED, absent a specific written warranty expressly provided in connection with a particular item or service.

I have read Sec. 7.4, understand it, and agree with it.

Your Initials: __________ / __________

7.5 Disclosure. We can disclose, in Franchise Disclosure Documents and other places we designate, and/or as required by law, any information relating to your SANSAI Fresh Japanese Grill, including your name, any address and/or phone number(s), revenues, expenses, results of operations and/or other information. Any disclosure by us shall be for reasonable business purposes and/or as required by law.

8. CONFIDENTIAL INFORMATION; EXCLUSIVE RELATIONSHIP.

8.1 Confidential Information - Non-Disclosure and Non-Use.

A. "Confidential Information" includes all information (current and future) relating to the operation of a SANSAI Fresh Japanese Grill or the System, including, among other things, all: i) Manuals, training, techniques, processes, policies, procedures, systems, data and know how regarding the development, marketing, operation and franchising of SANSAI Fresh Japanese Grills; ii) designs, specifications, recipes and information about Products and Services used in the operation of a SANSAI Fresh Japanese Grill and iii) all information regarding customers and suppliers, including any statistical and/or financial information and all lists.

"Confidential Information" is not intended to include any information that: (1) is or subsequently becomes publicly available other than by breach of any legal obligation; (2) was known by you prior to you becoming a SANSAI Franchisee; or (3) became known to you other than through a breach by you of a legal obligation.

You agree that we own and control all domain names and URLs ("Uniform Resource Locator") relating to any SANSAI Businesses, as well as all information, lists and data related to past, present and future customers of your SANSAI Business. Your only interest in any of this proprietary and/or Confidential Information is the right to use it pursuant to this Agreement. You have the burden of proof and of going forward in any dispute between you and us involving the proprietary or confidential nature of any information.

B. Both during and for five (5) years after the term of this Agreement (except for trade secrets, which shall be subject to your permanent obligation), you agree: (1) to use the Confidential Information only for the operation of your SANSAI Business under a SANSAI Franchise Agreement; (2) to maintain the confidentiality of the Confidential Information; (3) not to make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information; (4) not to alter, appropriate, use or distribute any SANSAI Equipment designs or specifications, or any substantially similar designs or specifications; and (5) to implement all prescribed procedures for prevention of unauthorized use or disclosure of the Confidential Information.

C. You agree to disclose to us all ideas, techniques, methods and processes relating to a SANSAI Fresh Japanese Grill that are conceived or developed by you and/or your employees. We shall have the perpetual right to use, and to authorize others to use, such ideas, etc., without payment to you.

D. You will cause each of your employees, agents, principals and Affiliates to sign a form of confidentiality agreement containing substantially the same provisions as are set forth in this Section and as may be approved by us. You will provide us copies of the same upon request. A sample copy of an employee confidentiality agreement is attached as Exhibit 8.1.

E. If your SANSAI Fresh Japanese Grill is to be located and/or operated within, in conjunction with or as part of another business, you will first arrange for the other business and its personnel (as specified by us) to enter into appropriate arrangements to protect our Intellectual Property and other interests, including (but not limited to) signing of agreements with us regarding non-competition, confidentiality, non-solicitation of employees and customers and indemnity/insurance arrangements.

8.2 Exclusive Relationship, Restrictions on Similar Businesses During Franchise Term and After Transfer, Termination, Expiration, Repurchase, etc.

A. In Term Restrictions: During the term of this Agreement and any successor franchise, neither you, nor any Affiliate of yours, nor any shareholder, member or partner of yours (if a business entity), nor any Immediate Family member of any of the foregoing, will, without our prior written consent, which may be withheld or conditioned in our Business Judgment: (1) have any direct or indirect interest anywhere in any Similar Business, or in any entity awarding franchises or licenses or establishing joint ventures or other business enterprises for the operation of Similar Businesses; or (2)perform any services anywhere as an employee, agent, representative or in any capacity of any kind for any Similar Business, or for any entity awarding franchises or licenses or establishing joint ventures to operate Similar Businesses; or (3) employ or try to employ any employee of ours, of a Franchisor-Related Person/Entity or of any other SANSAI Franchisee, without providing notice to the respective employer and obtaining their prior written consent.

B. Post Term Restrictions: For two (2) years after the later of any one of the following terminating events: i) any transfer, Repurchase and/or Termination of this Agreement; ii) the expiration of this Agreement; and/or the date on which you stop operating your final SANSAI Fresh Japanese Grill or using the Marks and/or System; all of the persons and entities named in Section 8.2 (A), above:

(1) shall not accept or solicit any person, firm or company that has been a SANSAI customer during the period twelve (12) months prior to termination, nor try to divert any such customers from any SANSAI Fresh Japanese Grill or SANSAI enterprise of any kind (including any operations owned by any Franchisor-Related Persons/Entity); and

(2) shall be subject to all of the restrictions stated in Section 8.2 (A), above, with respect to Similar Businesses located, and/or services to be performed, in the Territory and in the marketing area of any Traditional SANSAI Fresh Japanese Grill ("Marketing Area"). For the purposes of this Agreement, a Marketing Area for a Franchisee-operated Restaurant is the territory defined by such Franchisee's franchise agreement. However, the two (2) year period following such terminating event shall be extended for an additional one (1) year if, during the first two (2) years a SANSAI Fresh Japanese Grill is located in a portion of your former SANSAI Fresh Japanese Grill Marketing Area. You and we intend to provide any such newly established SANSAI Fresh Japanese Grill a reasonable period of time in which to launch its operations in a new market without unfairly being competitively disadvantaged by having a party familiar with and experienced in the SANSAI System operating in the same Marketing Area.

(3) You are responsible for learning whether or not a particular location is within a SANSAI Fresh Japanese Grill Marketing Area by providing us a written request for such information. Any and all determinations that we make regarding the Marketing Area will be final and binding on you.

(4) You and we have expressly bargained and agreed that it is your obligation under this Agreement to ensure the compliance of each of the persons identified in Section 8.2 (A), with the restrictions described in this Section 8.2. The foregoing notwithstanding, we shall use reasonable judgment in evaluating whether or not the conduct of an Immediate Family member warrants our exercising any rights under this provision, considering your actual relationship to such member and his/her activities, among other factors. The restrictions of this Section do not apply to the ownership of shares of a Similar Business (of a class of securities listed on a stock exchange or traded on the over-the-counter market) which represent less than three percent (3%) of the number of shares of that class issued and outstanding.

(5) You and we share a mutual interest in ensuring compliance with the limitations on competition described in this Section 8.2. A SANSAI Franchisee's non-compliance with these restrictions would damage you, us and other SANSAI Franchisees and unfairly limit reasonable expansion alternatives open to us and SANSAI System members. You acknowledge and agree that such protections can enhance the value of the SANSAI System to you as a Franchisee and represent a reasonable balancing of your and our respective interests for which you and we have expressly bargained. You confirm that you possess valuable skills unrelated to the Franchised Business and have the ability to be self-supporting and employed regardless of the competitive restrictions described in this Section 8.2. You and we also acknowledge that the restrictions of this Article 8 will not generally prevent you from practicing a lawful profession, trade, or business and are limited to the express restrictions on solicitation of customers and operation of a Similar Business in certain limited geographical areas as detailed herein.

(6) If you violate any of the foregoing restrictions, our remedies will include (but not be limited to) the right to obtain equitable relief and to receive all profits generated in connection with the operation of any Similar Business until the date you cease to violate such restrictions. All competitive restrictions will be extended for the length of time that any breach of the Post Termination Obligations is ongoing. If any of the restrictions of this Section are determined to be unenforceable to an extent because of excessive duration, geographic scope, business coverage or otherwise, they will be reduced to the level that provides the greatest protection to us and the SANSAI System, but which is still enforceable, notwithstanding any choice-of-law or other provisions in this Agreement to the contrary.

9. FEES.

9.1 Initial Franchise Fee, Releases, etc.

A. An initial franchise fee of Thirty-Five Thousand Dollars ($35,000) is fully earned and payable to us upon signing of this Agreement. The fee is not nonrefundable under any circumstances.

B. The language of the General Release, attached as Exhibit 1.2 is incorporated in and effective upon the signing of this Agreement, excepting only those claims solely related to the offer and sale of this Franchise where such releases are expressly prohibited by applicable law.

C. As a condition to the occurrence of any of the following events (the "Events"), you and/or any affiliate/owner of yours will sign a General Release, excepting only (where such releases are expressly prohibited by applicable law) those claims solely related to the offer and sale of the new Franchise:

(1) the awarding of any future, additional or other franchise;

(2) the renewal of this franchise and/or awarding of a successor franchise;

any assignment or transfer (as defined in this Agreement) by you and/or any affiliate/owner of you; and/or

(3) any other event described in this Agreement as being conditioned in whole or in part upon such a General Release (as defined in Article 22).

If we fail to request a General Release(s), as applicable, at the occurrence of any of the foregoing Events, then the occurrence of the Event itself shall constitute the grant of such General Release.

D. You and we have agreed on these provisions considering that: (1) the releases to be provided in the future will be effective as of future dates only, (2) the release requirement generally is triggered by a discretionary choice made by you to receive various future benefits (e.g. an award of an additional, successor, assignment franchise, etc.), (3) you providing a release to us (and we informing you of possible known claims by us) is a practical business approach if you and/or we propose to change, extend, expand or otherwise modify our relationship at a future date. You and we agree that setting mutual expectations for the receipt of such future releases and assenting to grant them now is more productive than being surprised by such requirements at a later point in our relationship.

9.2 Continuing Weekly License Fee and Payment Dates.

A. You shall pay us a Continuing Weekly License Fee of 5% of Gross Revenues received by you from the previous week's operations - payable on Monday at 3 p.m. of each week together with a report detailing all Gross Revenues received during the previous 7-day week (Monday through Sunday) and the amount of fee you are paying.

B. We can require that various Designated Equipment, Products and/or Services only be supplied by us, a Franchisor-Related Person/Entity and/or a designee of ours and we and/or one or more Franchisor-Related Person/Entities may derive additional revenues (and possibly profits) as a result of your purchases of such Designated Equipment, Products/Services. You and we have agreed on the foregoing continuing license fee rates based, in part, on your commitment not to use and/or obtain any such Designated Equipment, Products and/or Services from any source other than the source we require. The possibility of such arrangements, and your and our mutual expectations that you will faithfully observe your obligations to purchase such items as provided herein, and that the provisions of this subsection will be fully enforceable, form part of the underlying financial and business model on which your relationship with us, and the economic provisions of this Agreement, including Continuing license fee rates, are based.

Therefore, if you use and/or obtain such Designated Equipment, Products and/or Services from any source other than the source we require, (or if such restrictions are unenforceable for any reason), you will pay us a weekly continuing license fee of (a) twenty percent (20%) of the Gross Revenues attributable to sales related to your purchase, use or otherwise of items, or from suppliers, in violation of the provisions of this subsection, or (b) if your violation of the provisions of this subsection cannot be easily related to sales of specific items by you, ten percent (10%) of the Gross Revenues of your SANSAI Fresh Japanese Grill, in each case during any period in which you are in violation of the provisions of this subsection, subject to the continuing license fee described in Section 9.2 A., which will be regarded as a minimum against such percentage. Such increased weekly continuing license fee is intended by you and us to preserve a basic economic premise of this Agreement and is in addition to all other remedies available to us under this Agreement, at law and in equity for a breach of obligation. If an audit determines that you have used and/or obtained such Designated Equipment, Products and/or Services from any other source, you will pay the costs of such audit.

9.3 Electronic Funds Transfer. You must participate in our then-current electronic funds transfer and reporting program(s). All continuing license fees owed and any other amounts designated by us must be received or credited to our account by pre-authorized bank debit by end of business on the Monday after a continuing license fee period. You authorize us to debit your account by an amount equal to the minimum continuing license fee if a continuing license fee payment is not received when due, and to collect the balance of any amounts owed in accordance with this Agreement. Any such non-payment or late payment of the actual amount due is a breach of this Agreement. We may also require that any amounts owed or to be owed to us and/or any of the Franchisor-Related Persons/Entities be paid by charges against your credit card, and you will provide us with appropriate authorizations on our request.

9.4 Interest and Late Fees on Late Payments and/or Reports. All amounts you owe us and/or our Affiliates bear interest at the highest applicable legal rate for open account business credit, but not to exceed one and one-half percent (1.5%) per month. Additionally, we may require you to pay an administrative late fee of Fifty Dollars ($50) for each late report and/or late payment. The foregoing amount is subject to inflation adjustment under Section 9.6 but will not exceed any applicable legal restrictions. If we experience repeated late payments by you, then we may require you to pay all amounts by cashier's check.

9.5 Application of Payments, Set-Offs etc. As to you and/or any Affiliate of yours, we can:

A. apply any payments received to any past due, current, future or other indebtedness of any kind in our Business Judgment, no matter how payment is designated by you, except that Marketing and Technology Fund contributions may only be credited to the Marketing and Technology Fund;

B. set off, from any amounts that may be owed by us, any amount owed to us or any marketing fund; and

C. retain any amounts received for your account (and/or that of any Affiliate of yours), whether rebates from suppliers or otherwise, as a payment against any amounts owed to us.

We can exercise any of the foregoing rights in connection with amounts owed to or from us and/or any Franchisor-Related Person/Entity.

9.6 Inflation Adjustments. Amounts specified as being subject to inflation adjustment may be adjusted by us annually in our Business Judgment in proportion to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor (or any successor index) as compared to the previous year. We will notify you of any such percentage adjustment.

9.7 Mandatory Convention Attendance, Possible Fee. You are required to attend all meetings designated by us as mandatory (including without limitation the SANSAI annual convention), unless otherwise excused by us. One management-level individual shall attend on behalf of each of your SANSAI Fresh Japanese Grills. You will bear all costs of attendance. We may elect to charge an annual Convention Support Fee not to exceed $500 (subject to inflation adjustment), per SANSAI Fresh Japanese Grill per year.

9.8 Discontinuance of Service. If you do not pay amounts due to us timely under this Agreement, we may discontinue services to you, without limiting any of our other rights in this Agreement.

10. YOUR SANSAI FRESH JAPANESE GRILL — IMAGE AND OPERATION.

10.1 System Compliance, Regular Upgrading.

A. You agree to operate your SANSAI Fresh Japanese Grill in full compliance with the then-current SANSAI System and the Manuals. You agree to promptly comply at your expense with all then-current requirements, standards and operating procedures relating to every aspect of a SANSAI Fresh Japanese Grill and its operations (including without limitation use of specified equipment, Products and Services, computer hardware and software; supplier programs and operating systems; signs, logos, designs and advertising/marketing materials and forms; website designs and formats).

B. You will maintain your SANSAI Fresh Japanese Grill at your expense according to all SANSAI standards for new Restaurants and promptly undertake all changes as are required by us from time to time in our Business Judgment. If you fail to do so, we may do so on your behalf. You agree to reimburse us within ten (10) days of our delivery of an account statement. You will not make any alterations to your SANSAI Fresh Japanese Grill or its appearance as originally approved by us without our prior written approval.

C. You agree at your sole expense that you and your employees will wear then-current SANSAI career apparel.

10.2 Designated Equipment, Products, Services and/or Suppliers.

A. Your SANSAI Fresh Japanese Grill will purchase, use and offer such Designated Equipment, Products and Services, as are specified by us from time to time. We may designate single or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers in our Business Judgment. Such suppliers may include, and may be limited to, us and/or companies affiliated with us. You will not offer or deal with any products or services not approved by us. If we disapprove a particular item, you will not use it.

B. Designation of a supplier may be conditioned upon factors established by us in our Business Judgment, including without limitation performance relating to frequency of delivery, standards of service, and payment or other consideration to us or parties designated by us. We may approve, or revoke or deny approval, of particular items or suppliers in our Business Judgment.

C. If you want to propose a new supplier of any product, item or service, you agree to submit to us, on our "Supplier Approval Form" and pay us a Supplier Approval Fee of $1,000 at the time you submit the "Supplier Approval Form", sufficient written information about the proposed new supplier to enable us to approve or reject either the supplier or the particular product, item or service and be responsible for any expenses incurred in the process by us or you. We will have the 30 days from receipt of the information to approve or reject the proposed new supplier or product, item or service. We may consider in providing such approval not just the quality standards of the products or services, but their capabilities, financing terms and ability to service our franchise system as a whole. We may terminate or withhold approval of any SANSAI Fresh Japanese Grill Restaurant Materials or Operating Assets, or any supplier of such item, product, or service that does not meet our quality standards by giving you written notice. If we do so, you agree to immediately stop purchasing from such supplier or using such product, item or service in your SANSAI Fresh Japanese Grill until we notify you that such supplier or such product, item or service meets our quality standards. At our request, you agree to submit to us sufficient information about a proposed supplier and samples of the proposed product, item or service for our examination so that we can determine whether they meet our quality standards. We also have the right to require our representatives to be permitted to inspect the proposed supplier's facilities at your expense. We reserve the right, at our option, to re-inspect or re-test from time to time the facilities and products, items or services of any approved supplier and to revoke approval upon a supplier's failure to meet any of our then-current criteria. Nothing hereinabove shall be construed to require us to approve any particular supplier. Your failure to comply with the provisions of Section 10.2 shall be deemed a material breach under this Agreement.

D. You will not make any claims against us with respect to any supplier and/or related Products/Services (and/or our designation of, or our relationship with, any supplier/Products/Services). Claims with respect to any supplier-related and/or similar matters shall be made only against the supplier in question. You will provide us with written notice prior to taking any action in connection with such a claim. We will use diligent efforts to assist you in resolving any disputes with suppliers approved and/or designated by us.

10.3 Purchasing Cooperative. We may require that you join and make required purchases/leases through the SANSAI purchasing cooperative or other entity designated by us. Such entity may adopt its own bylaws, rules, regulations and procedures, subject to our consent in our Business Judgment. We can require each such entity to submit monthly and annual financial statements and can require that the annual financial statements be audited, all at the expense of such cooperative. Your failure to timely pay amounts due to, or comply with the bylaws, rules, regulations and procedures of such cooperative is a breach of this Agreement. We may offset against amounts we owe to you the amount of your unpaid cooperative obligations.

10.4 Compliance with Laws and Ethical Business Practices.

A. You will operate your SANSAI Fresh Japanese Grill in full compliance with all applicable laws, ordinances and regulations. We make no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with your SANSAI Fresh Japanese Grill. It is your sole responsibility to identify and obtain all authorizations necessary to your operation. You will maintain high standards of honesty, integrity, fair dealing and ethical conduct in your business activities. You will notify us in writing within five (5) days of the commencement of any proceeding and/or of the issuance of any governmental order or action impacting you and/or your SANSAI Fresh Japanese Grill.

B. You agree to comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, you agree not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to your Franchised Business as may be required by us or by law. You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that your indemnification responsibilities as provided in Section 7.4 pertain to your obligations hereunder. You agree to sign and deliver to us, along with a signed copy of this Agreement, the attached Exhibit 10.4, “Executive Order 13224 and Related Certifications”.

C. In circumstances designated by us in the Manuals, or where otherwise reasonably required by us, you will give those customers who have made complaints appropriate refunds or otherwise deal with such complaints as we reasonably direct, you and we agreeing that such responses to customer complaints are a vital element in maintaining and enhancing the goodwill associated with the Marks. Policies and procedures (including, but not limited to, refunds and credits) adopted by us for SANSAI Fresh Japanese Grills owned and/or operated by us and/or our Affiliates will be conclusively presumed to be reasonable.

D. In the marketing and operation of your SANSAI Fresh Japanese Grill you will use each of, and only, the contracts, waivers and/or other forms and/or materials as are designated by us from time to time. We may provide you with template or sample forms of such items but it is your responsibility to have all such items which are to be used with prospective and/or actual clients/customers reviewed, at your expense, by an attorney licensed to practice law in the state(s) where your SANSAI Fresh Japanese Grill will be located and/or operate, for compliance with all applicable state legal requirements. We make no warranty or representation that any contracts, waivers and/or other forms and/or materials, whether supplied by us or otherwise, are in compliance with the laws of any particular state(s). Prior to opening, and prior to use of any such items to be used with prospective and/or actual clients/customers, you will provide us, at your expense, with a letter from such attorney to us indicating that he/she has completed such review and that such items to be used with prospective and/or actual clients/customers meet, or have been modified to comply with, all applicable state legal requirements.

10.5 Management and Personnel of Your SANSAI Fresh Japanese Grill, Training.

A. You will keep us advised, in writing, of all management and non-management personnel involved in the operation or otherwise of your SANSAI Fresh Japanese Grill. Your SANSAI Fresh Japanese Grill must be personally managed on a full-time basis by a person who has successfully completed mandatory training and met then-current standards as specified by us. We require that you must have management responsibility and authority over the SANSAI Fresh Japanese Grill on a day-to-day basis and oversee all operations. You and your initial manager must attend our training. At your request, we will make additional or refresher training, in form and content as we deem appropriate, available at your SANSAI Fresh Japanese Grill or other locations we designate for an additional charge to you at our then current rate, which at the time of the Franchise Agreement is $400 per day plus travel and living expense, minimum of 1-day charge.

B. You are solely responsible for the hiring and management of your SANSAI Fresh Japanese Grill employees, for the terms of their employment and for ensuring their compliance with any training or other employment related requirements established by us from time to time in our Business Judgment.

C. We have the right to deal with the manager regarding routine operations and reporting requirements. You will ensure that our records for your SANSAI Fresh Japanese Grill managers/supervisors are kept current.

D. If you have obtained our prior approval and Franchisee is a corporation, partnership, limited liability company or other form of legal entity, Franchisee and the owners agree, represent, and warrant and covenant that:

(1) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(2) your organizational or governing documents will recite that the issuance and transfer of any ownership interests by you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(3) Franchisee shall provide to Franchisor prior to the execution of this Agreement, true and correct copies, as applicable, of Franchisee's articles of incorporation, by laws, partnership agreement, articles of organization and limited liability company operating agreement and other governing documents and amendments thereto, as well as resolutions of the Board of Directors, partners or members authorizing entry into and performance of this Agreement. During the term of this Agreement, Franchisee shall promptly provide to Franchisor true and correct copies of any amendments or other changes to such governing documents. No such documents shall contain any provision that is contrary to or inconsistent with any provision of this Agreement;

(4) you and your owners agree to revise the Principal Owners Statement as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes may be made without our approval, which shall not be unreasonably withheld);

(5) a Principal Owner of the Business Entity (with ownership of at least 10% of its voting securities) must: (i) have management responsibility and authority over the SANSAI Fresh Japanese Grill on a day-to-day basis; (ii) oversee the SANSAI Fresh Japanese Grill's operations; (iii) be bound by our then-current form of Confidentiality Agreement (or other form satisfactory to us); and (iv) satisfactorily complete our initial training program and any other training programs we request during the term.

(6) each of your owners during the term of this Agreement will sign and deliver to us our standard form of Principal Owner's Guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. A copy of our current form of Owner's Guaranty and Assumption of Business Entity Franchisee's Obligations agreement is attached to this Franchise Agreement as Exhibit 1. The spouse of each of your owners will execute a spousal consent in the form attached hereto as Exhibit 2 incorporated herein and made a part hereof.

10.6 Insurance.

A. You will maintain in force policies of insurance issued by carriers approved by us covering various risks, as specified by us from time to time. We may specify the types and amounts of coverage required under such policies and require different and/or additional kinds of insurance at any time, including excess liability insurance. Each insurance policy must: (1) name us and our Affiliates as additional named insureds; (2) contain a waiver of all subrogation rights against us, our Affiliates and any successors and assigns; (3) and provide thirty (30) days prior written notice to us of any material modifications, cancellation, or expiration of such policies.

B. If you fail to maintain required insurance coverage, we may obtain such insurance coverage on your behalf. You will pay us on demand any costs and premiums incurred by us.

C. Current insurance requirements include the following and are subject to change by us: i) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, your SANSAI Fresh Japanese Grill; ii) all risk property and casualty insurance for the replacement value of your SANSAI Fresh Japanese Grill and all associated items; and iii) business interruption insurance providing for continued payment of all amounts due us and/or any Affiliate of ours under this Agreement.

10.7 Program Participation. We may condition your participation in any program, or your receipt of any SANSAI System benefits, on your being in Good Standing.

10.8 Continued Payment of Continuing License Fees, etc. During Closure. You will immediately notify us of any closure of your SANSAI Fresh Japanese Grill for any reason and submit a plan for re-opening. All financial obligations of yours to us or to any Franchisor-Related Person/Entity (including continuing license fees) will remain in effect during such closure period. Any such closure not authorized and/or excused by us shall be a default of this Agreement, entitling us to all remedies available hereunder, at law and in equity.

10.9 Customer Satisfaction, Quality Controls, etc. We may institute various programs for auditing customer satisfaction and/or other quality control measures. We may require you to pay for such program costs. You agree to request your customers to participate in any surveys performed by or on behalf of us, using forms prescribed by us from time to time.

10.10 Franchisee Advisory Council and Selection. We may elect in our Business Judgment to form a Franchisee Advisory Council ("FAC") to provide Input to us. The FAC will consist of Franchisees in Good Standing; each FAC Franchisee member shall represent the interests of the Traditional SANSAI Fresh Japanese Grills in their distinct geographical region (the "Region"). FAC members will be elected by a majority of the Traditional SANSAI Fresh Japanese Grills in Good Standing situated in their respective Region. The geographical area of each Region will be established by us in our Business Judgment, with due consideration given to achieving a representative group of Restaurants for each Region. The number of Regions and their respective boundaries will be subject to adjustment from time to time to reflect growth and Restaurant population changes, among other appropriate factors. Each Restaurant, whether franchised or non-franchised, will be entitled to one (1) vote, but in order to vote franchised Restaurants must be in Good Standing. We will always have the right to appoint one representative of ours to participate in all FAC meetings and any other FAC activities, as a non-voting participant. The FAC may adopt its own bylaws, rules, regulations and procedures, subject to our consent in our Business Judgment. While we're not required to do so except in those specific instances stated in this Agreement, if we submit any matters for approval to an FAC and approval is granted, the approval will be binding on you.

10.11 Hours of Operation. You agree to comply with all operating procedures relating to hours of operation and days you are required to be open for business to the public (subject to applicable law or terms of you lease) as may be set by us or changed by us from time to time. You acknowledge and agree that all mandatory operating procedures prescribed from time to time by us in the Manuals or otherwise shall constitute binding obligations on your part, and any failure by you to adhere to such mandatory operating procedures shall constitute grounds for termination of this Agreement by us as provided for herein.

You further acknowledge that due to peculiarities of particular market areas and circumstances, complete and detailed uniformity may not be practical or in the best interests of all franchisees. We reserve the absolute right to vary hours of operation and/or days you are required to be open for business to the public, as they relate to a particular franchise or group of franchisees.

For any day your SANSAI Fresh Japanese Grill is not open, except as permitted hereinabove, you will be charged $250 per day unless you have obtained, in writing, permission from us to close for the day(s) not permitted hereinabove. Any amount owed hereinabove will be due and payable upon demand by us and such amount due may be collected by us through electronic funds transfer.

11. MARKETING.

11.1 Marketing and Technology Fund.

A. You agree to pay us a Marketing and Technology Fund ("Fund") fee of $785 per month, or two percent (2%) of Gross Revenues, whichever is greater, which fee may be increased up to 10% per year upon a thirty (30) day written notice. We must receive the Fund fee by the fifth day of each month. We require you to pay the Fund fee by electronic funds transfer. You agree to comply with the procedures we specify in our Confidential Operations Manual and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. You will give us authorization in a form we designate to initiate debit entries or credit correction entries to your bank account for each month's Fund fee and any interest charges due.

B. We will direct all marketing and technology programs, with sole control over the creative concepts, materials and media used in such programs, and the placement and allocation of Fund advertising. You acknowledge that the Fund is intended to further general public recognition and acceptance of the Proprietary Marks for the benefit of the SANSAI Fresh Japanese Grill System and other benefits derived from web-based media Manager/Consumer website we develop or utilize. You further acknowledge that we and our designees undertake no obligation in administering the Fund to make expenditures for you which are equivalent or proportionate to your contributions, to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising or to ensure that any advertising impacts or penetrates your Protected Territory. The Fund is not a trust and we are not a fiduciary with respect to the Fund.

C. The Fund may be used to meet any and all costs of administering, directing, preparing, placing and paying for national, regional or local advertising, including (without limitation): television, radio, magazine, newspaper and worldwide web/internet advertising campaigns; other advertising, marketing and public relations materials; point-of-purchase materials; menu development; paper goods; consumer research, interviews and related activities; the creation, maintenance and periodic modification of the SANSAI Fresh Japanese Grill website; reviewing any advertising material you propose to use (as provided below); search engine optimization; establishing a third party facility for customizing local advertising materials; the creative development of signage, menu boards, posters and unit décor items; the development and creative activity associated with loyalty programs, promotions and public relations events; accounting for SANSAI Fresh Japanese Grill Fund Revenues and expenditures; attendance at industry related conventions, shows or seminars; other activities that we in our business judgment believe are appropriate to enhance, promote and/or protect the SANSAI Fresh Japanese Grill System or any component thereof; and, engaging advertising agencies to assist in any or all of the foregoing activities, including fees to have print, broadcast and/or internet advertising placed by an agency, and all other advertising agency and public relations fees.

D. We need not maintain the sums paid by franchisees to the Fund, or income earned from the Fund, in a separate account from our other funds, but we may not use these amounts under any circumstance for any purposes other than those provided for in this Agreement. We may, however, expend monies from the Fund for any reasonable administrative costs and overhead that we may incur in activities reasonably related to the administration or direction of the Fund and marketing and technology programs for franchisees including, without limitation, preparing marketing and advertising materials; working with advertising agencies, advertising placement services and creative talent; preparing an accounting of contributions to the Fund and the annual statement of Fund contributions and expenditures provided for below; and, otherwise devoting our personnel, resources and/or funds for the benefit of the Fund. Our right to expend monies from the Fund to reimburse us for such activities is exclusive of any advertising agency or public relations fees which the Fund must expend to secure the services of an advertising agency or public relations firm or to have print, broadcast or internet advertising placed by an agency.

E. Within 60 days following the close of our fiscal year, we will prepare (but not audit) a statement detailing Fund income and expenses for the calendar year just ended, a copy of which statement will be sent to you upon request.

F. We expect to expend most contributions to the Fund during the calendar year when the contributions are made. If we expend less than the total sum available in the Fund during any fiscal year, the excess amount will be carried forward to the following fiscal year to be used as provided for in subsection g. If we advance and expend an amount greater than the amount available in the Fund in any calendar year (in addition to any sum required to be expended because we did not expend all the sums in the Fund during the preceding year), we will be entitled to reimburse ourselves from the Fund during the following fiscal year for all such advanced sums, with interest payable on such advanced sums at the greater rate of 1.5% per month or the maximum commercial contract interest rate permitted by law (with interest accruing the first calendar day following the day on which we advance and expend any such sum).

G. We reserve the right to use any media, create any programs and allocate advertising funds to any regions or localities in any manner we consider appropriate in our business judgment. The allocation may include rebates to individual franchisees of some or all of their Fund contributions for local advertising expenditures if, in our judgment, our national or regional advertising program or campaign cannot effectively advertise or promote in certain regions or communities. If we determine that the total Fund contributions collected from all franchisees is insufficient to sustain a meaningful regional or national advertising campaign, we may rebate all or a portion of the Fund contributions to franchisees on a pro rata basis. Franchisees must expend any rebate on the types of local advertising and media that we determine. All rebate advertising expenditures must be documented to us in a monthly rebate advertising expenditure report form which we will furnish.

H. Although the Fund is intended to be a perpetual duration, we maintain the right to terminate the Fund, but will not do so until all of the monies in the Fund have been expended for advertising and promotional purposes.

I. The Fund will not be used for any activity whose sole purpose is the sale of franchises; provided, however, that the design and maintenance of our Web site (for which Fund monies may be used) may include information and solicitations for prospective franchisees and public relations and community involvement activities which may result in greater awareness of the SANSAI Fresh Japanese Grill brand and the franchise opportunity.

J. No SANSAI Fresh Japanese Grill which we or our affiliates own or operate will be required to participate in or contribute to the Marketing and Technology Fund or other advertising programs provided for in this Section, unless it determines to participate in a regional or joint franchise advertisement setting forth the names, addresses and/or telephone numbers of individual SANSAI Fresh

Japanese Grills, including those owned and operated by us or our affiliates. If we or our affiliate decide to participate in any joint or regional advertising of this type, then we or our affiliate will contribute our or its proportionate share of the cost of the advertisement to the franchisee group sponsoring the advertisement.

K. We or our designee will direct all programs financed by the Fund, with sole control over the allocation and any Internet or Intranet websites, networks or communities it operates or participate in, or which requires your participation. You agree that the Fund may be used to pay the costs associated directly or indirectly with the operation, maintenance, hosting or development of website bearing our marks; or establishing Internet, Intranet, website or other forms of e-commerce communities, networks, systems, methods, processes, databases or monitoring systems, which may include our establishing one or more Internet or Intranet websites for purposes of: linking this Agreement; our sharing or selling information to third parties; our establishing business to business or business to customer e-commerce; promoting the development and growth of franchises or soliciting franchisees; or your reporting of License Fees, Gross Revenues or other information as we designate from time to time. The Fund may be used for defraying administrative hosting, development maintenance costs and overhead incurred by us or our designees in connection with the Fund. The Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

L. Neither we (nor any of the Franchisor-Related Persons/Entities, including the FAC) will be liable for any act or omission in connection with the Marketing and Technology Fund which is consistent with this Agreement or which is done in subjective good faith. You and we expressly agree that none of the relationships with you in connection with the Marketing and Technology Fund are in the nature of a “trust,” “fiduciary” or similar special arrangement.

M. Subject to the express requirements of this Agreement that your contributions will only be spent as authorized herein, you agree that we may deny access to any and all programs and/or materials created by, and benefits of, the Marketing and Technology Fund to you and to any Franchisees who are not in Good Standing.

11.2 Your Participation in the Marketing and Technology Fund. You agree to participate in all Marketing and Technology Fund programs. You have the right to set your own prices, except that we may specify maximum prices for goods or services to the greatest degree permitted by law. You will fully honor all coupons, price reduction and other promotions/programs as directed by us. The Marketing and Technology Fund may furnish you with marketing, advertising and promotional materials; however, we may require that you pay the cost of producing, shipping and handling for such materials.

11.3 Your Local Restaurant Marketing Activities.

A. You must spend for local advertising and promotion of your SANSAI Fresh Japanese Grill each month the greater of 1.5% of the Gross Revenues received during the previous month or $500, subject to inflation adjustment as set forth in Section 9.6. If we request it, you will submit verification of your expenditures in a form prescribed by us in our Business Judgment. Appropriate local advertising expenditures may include, but are not limited to, classified telephone directory listings and advertising. The value of discounts, coupon redemptions and/or products or services given without charge shall not be applied toward satisfaction of your local advertising obligation under this Section.

B. Your advertising will be in good taste and conform to ethical and legal standards and our requirements. Samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet, World Wide Web or otherwise, must be submitted to us for our review and consent prior to use, which approval we may condition or withhold solely in our Business Judgment. You agree not to use any materials or programs disapproved by us at any time in our Business Judgment and will use all materials and programs designated by us as mandatory. We can require that a brief statement regarding the availability of SANSAI franchises be included in advertising used by you and/or that brochures regarding purchase of SANSAI franchises be displayed in your SANSAI Fresh Japanese Grill.

C. We reserve the rights to all Internet and other electronic marketing and operational usage related to SANSAI and do not currently permit franchisees to operate websites or internet sites in connection with the operation or marketing of SANSAI products and/or services. Any future use of the Internet, World Wide Web or other electronic media by you in connection with your SANSAI Fresh Japanese Grill will be as specified in advance and in writing by us in our Business Judgment from time to time, whether in the Manuals or otherwise.

11.4 Marketing Cooperative and Groups. We may decide to form one or more associations and/or sub-associations of SANSAI Fresh Japanese Grills to conduct various marketing-related activities on a cooperative basis (a "Franchise Marketing Group" or sometimes "FMG"). If one or more FMGs (local, regional and/or national) are formed covering your area, then you must join and actively participate. Each SANSAI Fresh Japanese Grill, whether franchised or non-franchised, will be entitled to one (1) vote, but in order to vote franchised SANSAI Fresh Japanese Grills must be in Good Standing. You may be required to contribute such amounts as are determined from time-to-time by such FMGs. Each FMG may adopt its own bylaws, rules, regulations and procedures, subject to our consent in our Business Judgment. Any failure to timely pay amounts due to, or to comply with the bylaws, rules, regulations and procedures of an FMG, is a breach of this Agreement. We may offset against amounts we or any Affiliate owe to you the amount of your unpaid FMG obligations. We will have the right to have a representative participate in all FMG meetings as a non-voting participant. While we are not required to do so, if we submit any matters for approval to an FMG of which you are a member, and approval is granted, the approval will be binding on you.

12. RESTAURANT RECORDS AND REPORTING.

12.1 Bookkeeping, Accounting and Records, Cash Register, Computer and Other Systems. You must obtain and maintain at your sole expense accounting, sales, reporting and records retention systems conforming to any requirements prescribed by us from time to time, including electronic systems with online access for us. Such systems may include, but are not limited to, electronic cash register, computer and point-of-sale systems, and software programs, and may have components only available from us, a Franchisor-Related Person/Entity and/or designated suppliers. We reserve the right to use, and to have full access to, all cash register, computer and any other systems, and the information and data they contain. We may charge a reasonable fee for the license, modification, maintenance or support of software or any other goods and/or services that we furnish to you in connection with any of the systems.

12.2 Reports, Financial Statements and Tax Returns.

A. You will provide to us such information regarding the sales and operation of your SANSAI Fresh Japanese Grill, and in such form and format, as we specify from time to time in our Business Judgment. We may elect to obtain such information through a variety of methods, including direct online access, facsimile transmissions and written copies. Current information requirements include, but are not limited to, the following, and are subject to change by us:

(1) Sales and operations reports for each Continuing license fee Period, due at the same time as the corresponding continuing license fee payment; and

(2) within forty-five (45) days after the end of each fiscal year, an unaudited fiscal year-end balance sheet and income statement for your SANSAI Fresh Japanese Grill, prepared in accordance with generally accepted accounting principles, and verified and signed by you;

(3) retention of all records of or relating to your SANSAI Fresh Japanese Grill, including all income, sales and other tax returns, for the term of this Agreement and one (1) year thereafter.

B. You agree to provide such other data, information and supporting records for your SANSAI Fresh Japanese Grill as we reasonably may request from time to time, including without limitation copies of your sales tax returns and those portions of your income tax returns relating to your SANSAI Fresh Japanese Grill. We can require you to provide us, at your expense, with an annual audited financial statement prepared by a certified public accountant.

13. INSPECTIONS AND AUDITS.

13.1 Our Inspections, etc. We and/or our agents will have the right, at any time during business hours, and without prior notice to you, to: i) inspect your SANSAI Fresh Japanese Grill and related activities and items and record the same; ii) remove samples for testing and analysis; iii) interview personnel; iv) interview customers; and v) conduct inventories. You will cooperate fully in connection with such matters. We may require you or an individual designated by us to meet at our headquarters or other location designated by us, for the purpose of discussing and reviewing your SANSAI Fresh Japanese Grill's operations, financial performance and other matters.

13.2 Audit. We and/or our agents will have the right at any time during business hours, and without prior notice to you, to inspect and/or audit business records relating in any way to your SANSAI Fresh Japanese Grill and the books and records of any person(s), corporation or partnership which holds, or does business with, the Franchise. Such business records may include, but are not limited to, bookkeeping and accounting records, sales and income tax records and returns, cash register tapes, invoices, and deposit Revenues. Our right to audit includes the right to access all cash registers, computers and other equipment by electronic means. You will cooperate fully with such an audit.

13.3 Gross Revenues Understatements. If any inspection or audit discloses an understatement of Gross Revenues, you will pay to us the continuing license fees and marketing contributions due on the understated amount, plus interest at 1.5% per month, from the date originally due until the date of payment. We may require you to reimburse us for the cost of the inspection or audit, including, without limitation, the charges of any independent accountants, and related travel and per diem charges for our and their employees, if:

A. any inspection or audit is necessary because of your failure to timely furnish required information/reports; or

B. Gross Revenues is understated for any period by more than two percent (2%).

In addition to all other remedies and rights of ours hereunder or under applicable law, we may Terminate this Agreement if:

A. Gross Revenues is understated for any period by more than five percent (5%); or

B. any understatement is determined by us to be intentional.

14. TRANSFER.

14.1 Transfers by Us. This Agreement, and any or all of our rights and/or obligations under it, are fully transferable by us in our Business Judgment, in whole or in part, without your consent; provided that any such transferee shall appear at the time of the transfer to have financial resources reasonably appropriate to fulfill its obligations under this Agreement. For the purposes of this Section 14.1, we shall be entitled to rely upon financial statements provided to us by the transferee. If we transfer this Agreement, only the transferee will have obligations to you and our obligations (and those of any of the Franchisor-Related Persons/Entities) will be extinguished. You specifically acknowledge and agree that we may:(1) be sold and/or we may sell any or all of our intellectual property and/or other assets (including the Marks); (2) go public; (3) engage in a private or other placement of some or all of our securities; (4) merge, acquire other entities and/or assets (competitive or not); (5) be acquired by a competitive or other entity; (6)) and/or undertake any refinancing, leveraged buy-out and/or other transaction. You agree that we will have no liability to you resulting from our entering into any transactions permitted hereunder. We also may, on a permanent or temporary basis, delegate any or all of our duties to another company to perform. In such event, you will look only to such other company for the performance of such duties.

14.2 Transfers by You.

A. The rights and duties created by this Agreement are personal to you (or your owners, if the Franchisee is a Business Entity). We have awarded the Franchise relying on the individual integrity, ability, experience and financial resources of you or such owners. Therefore, neither this Agreement, the Franchise, the Franchisee nor your SANSAI Fresh Japanese Grill (or any interest in, or the assets of, any of the foregoing) may be transferred without our prior written approval. Any transfer or attempted transfer without our approval is null and void.

B. The term "transfer" includes (but is not limited to) any voluntary or involuntary assignment, sale, gift, pledge or any grant of any security or other interest (whether partial or whole, or direct or indirect), by you (or your owners, if the Franchisee is a Business Entity). A transfer also includes the following events: (1) any transfer of ownership of capital stock or any partnership or similar interest; (2) any merger, consolidation or issuance of additional securities representing an ownership interest in the Franchisee; (3) any sale of voting stock of the Franchisee or of any security convertible to voting stock; (4) any transfer in a corporate or partnership dissolution, divorce, insolvency proceeding or otherwise by operation of law; (5) any transfer of any interest in any revenues, profits, or assets of your SANSAI Fresh Japanese Grill and which is not in the ordinary course of business; or vi) any transfer to a business entity and/or a trust or similar entity. A transfer of ownership, possession or control of your SANSAI Fresh Japanese Grill, or of its assets, may only be made with a transfer of the Franchise. Any transfer in the event of death or disability will be governed by Section 14.5.

14.3 Conditions for Approval of Any Transfer.

A. All of the following conditions must be met prior to, or concurrently with, the effective date of any transfer. We may waive any condition in our sole and absolute discretion.

(1) You must be in compliance with this Agreement, the Manuals, all other agreements between you and us (including any of our respective Affiliates), and all leases/subleases or the Operating Agreement with any party, and the transferee must expressly assume all obligations under all such agreements; and

(2) You must have continuously operated and been in sole possession of your Franchised Business for at least two (2) full years from the effective date of this Agreement. We will not authorize or approve a transfer of your Franchised Business prior to two (2) full years of continuously uninterrupted operation absent extremely urgent and unavoidable circumstances, the sufficiency of which we will determine in our sole and absolute discretion; and

(3) The transferee and its owners must meet our then-current requirements for new franchisees, including but not limited to business experience, aptitude and financial resources; and

(4) You must meet all payment and reporting obligations under the Franchise Agreement and any other agreements between you and us (and any of our respective Affiliates). Promissory notes shall be accelerated and paid in full; and

(5) All obligations to third parties in connection with your SANSAI Fresh Japanese Grill must be satisfied or assumed by the transferee; and

(6) Your SANSAI Fresh Japanese Grill and its operations must have been brought into full compliance with the Manuals and specifications and standards then-applicable for new SANSAI Fresh Japanese Grills; and

(7) The transferee must pay us a $5,000 training fee prior to attending training (which will not be refundable once training commences, whether or not the transfer is consummated) and successfully complete our Training Program for new franchisees; and

(8) The transferee must, execute our then-current form of Franchise Agreement and ancillary documents (including guarantees) as are then customarily used by us in the grant of franchises; the term of such new Franchise Agreement shall, at our option, be either for the balance of the term of this Agreement or for the full term generally awarded to new franchisees as of the time of the transfer.

(9) The transfer must be completed in compliance with the terms of any applicable leases or the Operating Agreement and other agreements and with all applicable laws, including, but not limited to, licensing and operations-related laws and/or laws governing franchise sales; and

(10) You or the transferee must pay us, with your application for a transfer, a non-refundable transfer fee of Seven Thousand Five Hundred Dollars ($7,500), subject to inflation adjustment as provided in Section 9.6, above.

(11) You and each of your owners and/or Affiliates, and the transferee (and each owner and/or Affiliate of the transferee), must sign a General Release; and

(12) Any grant of a security or similar interest in connection with a transfer (which grant may or may not be permitted by us in our Business Judgment), will be subordinated to our rights and the rights of any Franchisor Related Person/Entity under the Franchise Agreement or any other agreement; provided that we may refuse to allow you or anyone else to grant or receive a pledge, mortgage, lien or any security or similar interest in and/or to the Franchise or the Franchised Business (or any of its assets) if, after having expended commercially reasonable efforts in discussions with lenders or other applicable parties, we are unable in our Business Judgment to obtain appropriate protections for our rights under this Agreement and/or for SANSAI System interests; and

(13) You will agree with the transferee not to compete after the transfer in accordance with restrictions acceptable to us and substantially similar to those described in Section 8.2 (B), above, to the maximum extent permitted by law. We shall be named a third-party beneficiary of such agreement; and

(14) We may (but are not required to) withhold or condition our consent to any transfer in our Business Judgment, particularly if we believe that the terms of transfer jeopardize the economic viability of the franchise or based on other circumstances of the transfer, and/or if we would not normally directly award a franchise in such a situation.

B. You agree that we may (but are not required to) discuss with you and/or the proposed transferee any matters related to any transfer and/or proposed transfer at any time which we consider to be appropriate in our Business Judgment without liability (including our opinion of the terms of sale, performance of your franchise, etc.). You expressly consent to any such discussions by us.

C. Neither you nor any transferee shall rely on us to assist in the evaluation of the terms of any proposed transfer. You acknowledge and agree that an approval of a proposed transfer shall not be deemed to be an approval of the terms, nor any indication as to any likelihood of success or economic viability.

14.4 Additional Conditions for Transfer to a Business Entity. We will consent to a transfer from you to a Business Entity entirely owned by you and formed for the sole purpose of operating the SANSAI Fresh Japanese Grill if the conditions described in 14.3, above, and the following conditions are met. Such a transfer will not relieve you of your obligations under this Agreement. You will remain jointly and severally liable to us for your and the Business Entity's obligations.

(1) The Business Entity's stock certificates (and/or other applicable evidences of ownership and all documents of formation/governance) must recite that any ownership interest in the Business Entity is restricted by the terms of this Agreement; and

(2) You must have (and continue to maintain) management control and ownership of at least fifty-one percent (51%) of the Business Entity and personally manage its affairs; and

(3) The individual Franchisee (or, if the Franchisee is a partnership, at least one of the partners) must be and remain the chief executive officer, chief operating officer or chief financial officer and meet our then-current training requirements. If the Franchisee is or becomes a corporation, LLC, partnership or other business entity, the chief executive officer, chief operating officer or chief financial officer of such entity must always meet all of our then-current training and other standards; and

(4) The transferee must enter into an approved form of assignment in which the Business Entity assumes all of the Franchisee's obligations under this Agreement and any other agreements with us and/or a Franchisor-Related Person/Entity, and any other documents we may require as provided in 14.3 A. (7), above; and

(5) All current and future owners of the Business Entity must agree in writing to comply with this Agreement and any other agreements with us and/or any Franchisor-Related Persons/Entities. We may at our option and in our Business Judgment require any and all owners to jointly and severally guarantee (in a written form approved by us) any such obligations of the Business Entity under any such agreements. The current approved form of Owner's Guaranty is attached as Exhibit 1 to this Agreement; and

(6) No public offerings of debt or equity ownership in the transferee entity may be conducted, and no shares of any type issued without obtaining our prior written consent; and

(7) We may require that each of the present and/or future shareholders, directors, and/or officers execute confidentiality and non-competition agreements with terms substantially similar to those described in Sections 8.1 and 8.2, respectively.

(8) In any event, we may withhold or condition our consent to any transfer as we deem appropriate in our Business Judgment, based on the circumstances of the transfer or otherwise.

14.5 Death or Disability of Franchisee.

A. If the Franchisee, or if the owner of the Franchisee with a controlling interest, dies or is permanently disabled, then his or her interest in this Agreement, the Franchise and/or the Franchisee shall be transferred to a third party subject to all of the provisions of this Article 14. A "permanent disability" occurs if you are not able to personally, actively participate in the management of your SANSAI Fresh Japanese Grill for six (6) consecutive months. Any transfer under this Section shall be completed within six (6) months from the date of death or permanent disability. If no transfer occurs, the Franchise will automatically terminate at the end of such period, unless a written extension is granted by us in our Business Judgment.

B. We can (but are not required to) operate the Franchised Business on your behalf and at your expense in the event of your death, disability or absence. We can pay ourselves a reasonable amount for our management services and other costs. We will use reasonable efforts and business judgment in managing the business but will in all cases be indemnified by you (and/or your estate) against any costs and/or liabilities related in any way to our management and the operation of the Franchised Business. We are expressly authorized by you to manage in good faith and on terms that we consider appropriate in our Business Judgment, including payment of any past, current and/or future obligations to us or to any other creditor out of assets and/or revenues of the Franchised Business.

14.6 Effect of Consent to Transfer. Our consent to a transfer is not a waiver of any claims we may have against you, and you are not relieved of any obligations to us or any Franchisor-Related

Persons/Entities (including any defaults by any transferee.) In any case, your obligations under the Post Termination Provisions will survive any transfer of this Agreement. Any dispute regarding any proposed or completed transfer will be resolved through the dispute resolution provisions of this Agreement. Neither we nor any Franchisor-Related Persons/Entities will have any liability to you or any proposed or actual transferee in connection with our examination and/or possible consent or withholding of consent involving any transfer or proposed transfer, or our exercise of any right of ours, which is consistent with this Agreement. You agree to indemnify and hold us harmless from any liability to you, the proposed transferee or otherwise.

14.7 Our Right of First Refusal.

A. We have a right of first refusal regarding any proposed transfer subject to this Agreement, excluding only those transfers which are subject to Section 14.4. For each non-excluded proposed transfer, you will provide us with a true and complete copy of the offer received by you (and any ancillary agreements), and the conditions to transfer described in Sections 14.3 and 14.4, as applicable, will be met. The offer and the price and terms of purchase must apply only to an interest in this Agreement, the Franchise, your SANSAI Fresh Japanese Grill or the Franchisee. Any value attributable to the goodwill of the Marks, SANSAI System elements, Confidential Information or any other assets, tangible or intangible, related to the SANSAI Brand and System will be excluded from the purchase price, but goodwill related solely to the value of your SANSAI Fresh Japanese Grill as a going business may be included.

B. We will give you written notice of our decision to exercise our right of first refusal within thirty (30) days from the date of our receipt of the offer and ancillary documents. If any of the assets to be purchased do not meet the standards we then apply to new SANSAI Fresh Japanese Grills, or if you are in default, we can require that the Restaurant be brought into compliance and any defaults cured before the thirty (30) day period begins. We may substitute cash for any form of payment proposed in such offer and will have a reasonable period of time in which to prepare for the close of the transaction, generally sixty (60) days. The purchase price to be paid by us will be the price specified in the proposed transfer, less the value attributable to the goodwill of the Marks, SANSAI System elements, Confidential Information or any other assets, tangible or intangible, related to the SANSAI Brand and System. We will be entitled to purchase any interest subject to all Customary Representations, Warranties and Agreements. We can require that the closing of the sale be through an escrow. You and we will comply with any applicable bulk sales and/or similar laws, and you will maintain all insurance policies until the date of closing. We will have the right to set off against any amount of money payable by us all amounts due from you and/or your Affiliates to us and/or our Affiliates. We will also have the right, in our Business Judgment, to pay any amount otherwise payable to you directly to your creditors in satisfaction of your obligations. If you violate any of your obligations that expressly or by their nature survive this Agreement, we will not be obligated to pay any amount otherwise due or payable to you thereafter. In connection with such purchase, you and each transferor (and your respective Affiliates) will sign a General Release.

C. If we do not exercise our right of first refusal, you or your owner may complete the sale to such purchaser on the exact terms of such offer, subject to the conditions of this Article 14. If there is a material change in the terms of the sale, we will have an additional right of first refusal on the same terms and conditions as are applicable to the initial right of first refusal. Our rights under this or any other Section are fully assignable.

15. SUCCESSOR FRANCHISE.

15.1 Your Right to Acquire a Successor Franchise. This Agreement expires 10 years from the Agreement Date. Upon expiration, if you (and each of your owners) have substantially complied with this Agreement during its term, and provided that:

A. you maintain possession of and agree to remodel and/or expand the SANSAI Fresh Japanese Grill, add or replace improvements, equipment and signs and otherwise modify the SANSAI Fresh Japanese Grill as we require to bring it into compliance with specifications and standards then applicable for SANSAI Fresh Japanese Grill; or

B. if you are unable to maintain possession of the Site, or if in our judgment the SANSAI Fresh Japanese Grill should be relocated, you secure substitute premises accepted by us, you develop such premises in compliance with specifications and standards then applicable for SANSAI Fresh Japanese Grills and continue to operate the SANSAI Fresh Japanese Grill at the Site until operations are transferred to the substitute premises, then, subject to the terms and conditions set forth in this Article 15, you will have the privilege to apply for successor franchises to operate the then existing SANSAI Fresh Japanese Grill as a SANSAI Fresh Japanese Grill (each a "Successor Franchise"), for one additional 10-year period on the terms and conditions of the franchise agreement we are then using in granting Successor Franchises for SANSAI Fresh Japanese Grills, which may contain materially different terms and conditions than this Agreement.

15.2 Grant of a Successor Franchise.

A. Your Election: You agree to give us written notice of your election to acquire a Successor Franchise during the first 90 days of the 9th year of this Agreement. We agree to give you written notice ("Response Notice"), not more than 90 days after we receive your notice, of our decision:

(1) to grant you a Successor Franchise;

(2) to grant you a Successor Franchise on the condition that deficiencies of the SANSAI Fresh Japanese Grill, or in your operation of SANSAI Fresh Japanese Grills are corrected; or

(3) not grant you a Successor Franchise based on our determination that you and your owners have not substantially complied with this Agreement during its term.

B. Response Notice: If applicable, our Response Notice will:

(1) describe the remodeling and/or expansion of the SANSAI Fresh Japanese Grill and other improvements or modifications required to bring the SANSAI Fresh Japanese Grill into compliance with the applicable specifications and standards for SANSAI Fresh Japanese Grill; and

(2) state the actions you have to take to correct operating deficiencies and the time period in which such deficiencies must be corrected.

If we elect not to grant a Successor Franchise, the Response Notice will describe the reasons for our decision. Your right to acquire a Successor Franchise is subject to your continued compliance with all of your terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in the Response Notice.

C. Deficiencies: If our Notice states that you must cure certain deficiencies of the SANSAI Fresh Japanese Grill or its operation as a condition to the grant of a Successor Franchise, we will give you written notice of a decision not to grant a Successor Franchise unless you cure such deficiencies, not less than 90 days prior to the expiration of this Agreement. However, we will not be required to give you such notice if we decide not to grant you a Successor Franchise due to your breach of this Agreement during the 90-day period prior to its expiration. If we fail to give you:

(1) notice of deficiencies in the SANSAI Fresh Japanese Grill, or in your operation of the SANSAI Fresh Japanese Grill, within 90 days after we receive your timely election to acquire a Successor Franchise; or

(2) notice of our decision not to grant a Successor Franchise at least 90 days prior to the expiration of this Agreement if such notice is required.

We may extend the term of this Agreement for such period of time as is necessary in order to provide you with either reasonable time to correct deficiencies or 90 days' notice of our refusal to grant a Successor Franchise.

15.3 Agreements/Releases. If you satisfy all of the other conditions to the grant of a Successor Franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of Successor Franchises for SANSAI Fresh Japanese Grills. You and your owners further agree to execute general releases, in the form attached to this Franchise Agreement as Exhibit 1.2, of any and all claims against us and our shareholder, officers, directors, employees, agents, successors and assigns. Failure by you or your owners to sign such agreements and releases and deliver them to us for acceptance and execution within 60 days after their delivery to you will be deemed an election not to acquire a Successor Franchise.

15.4 Training and Refresher Programs. Our grant of a Successor Franchise is also conditioned on the satisfactory completion by you (or and Operating Partner of yours approved by us) of any new training and refresher programs as we may reasonably/require. You are responsible for travel, living and compensation costs of attendees.

15.5 Fees and Expenses. Our grant of a Successor Franchise is contingent on your payment to us of a Successor Franchise fee equal to twenty percent (20%) of our then current Initial Franchise Fee for an initial franchise. We must receive the fee from you when you sign the Successor Agreement.

16. TERMINATION OF THE FRANCHISE.

16.1 Defaults with No Right to Cure. This Agreement will automatically Terminate upon delivery of our written notice of Termination to you in compliance with Article 20 (without further action by us and without opportunity to cure) if you (or any of your owners):

A. fail to timely meet the site selection, development, opening and other requirements provided in Sections 3.1 (A) and 3.6, above;

B. abandon or fail to operate your SANSAI Fresh Japanese Grill for more than seven (7) consecutive calendar days or lose the right to possession of the premises and do not relocate your SANSAI Fresh Japanese Grill in accordance with this Agreement. If you have a sublease or an Operating Agreement with us or an Affiliate for the Premises, and you have been in full compliance with this Agreement and the Operating Agreement, we will use commercially reasonable efforts to identify an alternative location for you to operate a SANSAI Fresh Japanese Grill restaurant. However, you must understand that neither we nor any Affiliate of ours represent or warrant to you that your ability to operate on the Premises or at any other location will be ongoing or for any specific duration;

C. make any material misrepresentation or omission in your application for the Franchise, including (but not limited to) failure to disclose any prior litigation or criminal convictions (other than minor traffic offenses);

D. are judged bankrupt, become insolvent, make an assignment for the benefit of creditors, are unable to pay your debts as they become due, or a petition under any bankruptcy law is filed by or against you (or any of your owners) or a receiver or other custodian is appointed for a substantial part of the assets of your SANSAI Fresh Japanese Grill;

E. are convicted of, or plead no contest to, a felony, or to any crime or offense that is likely to adversely affect the reputation of the Franchisee or any owner, your SANSAI Fresh Japanese Grill, us or the goodwill associated with the Marks;

F. engage in any misconduct which unfavorably affects the reputation of the Franchisee or any owner, your SANSAI Fresh Japanese Grill, us or the goodwill associated with the Marks (including, but not limited to, child abuse, health or safety hazards, drug or alcohol problems, or permitting unlawful activities at your Restaurant);

G. make, or attempt to make, an unauthorized "transfer" as defined in this Agreement or surrender control without our prior written approval;

H. make an unauthorized use of the Marks or any unauthorized copy, use or disclosure of any Confidential Information;

I. violate any of the In Term or Post Term Restrictions against competition provided in Section 8.2, above (or any other person identified therein commits such a violation);

J. commit any act or omission of fraud or misrepresentation, whether with respect to us, any of the Franchisor-Related Persons/Entities and/or any third party, including (but not limited to) any misrepresentation of Gross Revenues;

K. have five (5) or more material customer complaints with respect to your SANSAI Fresh Japanese Grill in any twelve (12) month period, whether or not resolved;

L. fail to permit or cooperate with us or our designee in any audit or inspection or fail to retain (or to produce on request) any records required to be maintained by you;

16.2 Defaults with Right to Cure. This Agreement will automatically Terminate on delivery of our written notice of Termination to you in compliance with Article 20 (without further action by us and without further opportunity to cure beyond that set forth in this Section):

A. 10 Day Cure. If within ten (10) calendar days after delivery of our written notice to you, you (or any of your owners) do not cure any:

(1) failure to maintain required insurance;

(2) failure to correct any condition that, in our reasonable judgment, might pose a danger to public health and/or safety;

(3) failure to report accurately Gross Revenues or fail to submit any other report due under this Agreement or any lease/sublease or Operating Agreement in accurate and complete form and when required;

(4) failure to make payments of any amounts due us, any Franchisor-Related Person/Entity, any designee of ours and/or any supplier/creditor of yours and do not correct such failure(s);

(5) failure to comply with any of the dispute resolution provisions of this Agreement, including (but not limited to) failure to pay/deposit any amounts or otherwise and/or unexcused failure to appear or respond to any dispute resolution proceedings.

With respect to items (A) 1 and/or (A) 2 above, we may require you to immediately cease all operations until such defaults are fully cured.

B. 30 Day Cure. If i) within ten (10) calendar days after delivery of our written notice to you, you have failed to commence steps to cure the following defaults and/or ii) within thirty (30) calendar days after delivery of our written notice to you, you (or any of your owners) do not cure any:

(1) default under the lease or sublease or the Operating Agreement for your SANSAI Fresh Japanese Grill within the applicable cure period set forth in the lease or sublease or the Operating Agreement. If such applicable cure period is less than thirty (30) days, then such applicable cure period shall apply, notwithstanding any cure period provided in this Article;

(2) delinquency in your obligations to taxing authorities, landlords, equipment lessors, suppliers or others;

(3) failure to comply with any other provision of this Agreement, any other agreement with us and/or any Affiliate of ours, or any specification, standard or operating procedure or rule prescribed by us in the Manuals or by other writing which does not provide for a shorter notice period.

If any such default under this Section 16.2 (B) cannot reasonably be corrected within such thirty (30) day period, then you must undertake diligent efforts within such thirty (30) day period to come into full compliance. You must furnish, at our request, proof acceptable to us of such efforts and the date full compliance will be achieved. In any event, all such defaults must be fully cured within ninety (90) days after delivery of the initial written notice to you of Termination.

16.3 Repeated Defaults. This Agreement will automatically Terminate upon delivery of our written notice of Termination to you in compliance with Article 20 (without further action by us and without opportunity to cure) if you or any Affiliate has committed two (2) or more applicable defaults within any twelve (12) consecutive months, or three (3) or more applicable defaults within any twenty-four (24) consecutive months. An “applicable default” is a single breach of any obligation under this Agreement and/or the Manuals, or under any other agreement with us and/or any of our Affiliates, whether or not such default is cured, or is the same as or similar to a prior event of default.

16.4 Cross-Defaults. Any default by you (or any owner or Affiliate of yours) under this Agreement may be regarded by us as a default under any other agreement between us (or any Franchisor-Related Persons/Entities) and you (or any owner or Affiliate of yours). Any default by you (or any owner or Affiliate of yours) under any other agreement or any other obligation between us (or any Franchisor-Related Persons/Entities) and you (or any owner or Affiliate of yours) may be regarded as a default under this Agreement. Any default by you (or any owner or Affiliate of yours) under any lease, sublease, Operating Agreement, loan agreement, or security interest relating to the Franchised Business may be regarded as a default under this Agreement, regardless of whether or not any such agreements are between you (or any owner or Affiliate of yours) and us (or any Franchisor-Related Persons/Entities.

17. RIGHTS AND OBLIGATIONS ON TRANSFER, REPURCHASE, TERMINATION AND/OR EXPIRATION OF THE FRANCHISE.

17.1 Payments of All Amounts Owed, etc. You must pay all continuing license fees, marketing contributions and all amounts of any kind owed to us and/or any Franchisor-Related Persons/Entities within ten (10) days after the Repurchase, Termination or expiration of the Franchise, or from a later date when the amounts due can be determined.

17.2 Intellectual Property, Confidential Information, Trade Dress, etc. After any Transfer, Repurchase, Termination or expiration of the Franchise:

A. You agree to immediately and permanently discontinue your SANSAI business and any use of the Intellectual Property and/or the Confidential Information, as defined in Article 22, and will not use any similar or derivative marks, or materials, or colorable imitations of any of the Intellectual Property in any medium or manner or for any purpose;

B. You will return to us or (at our option) destroy all software, Manuals, forms, materials, signage and any other items containing any Intellectual Property or Marks, or otherwise identifying or relating to a SANSAI Fresh Japanese Grill (to the extent they have not been assigned in connection with an authorized Transfer or a Repurchase);

C. You will take such actions as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark which have not been assigned in connection with an authorized Transfer or a Repurchase;

D. You will remove from the Premises any distinctive signage, physical and/or structural features associated with the Trade Dress of SANSAI Fresh Japanese Grills, so that the Premises are clearly distinguished from other SANSAI Fresh Japanese Grills and do not create any public confusion (to the extent they have not been assigned in connection with an authorized Transfer or a Repurchase);

E. You agree not to identify yourself, or any business you may operate or in which you may become involved, or to advertise or promote yourself in any manner, as a present or former SANSAI franchisee;

F. You will furnish to us within thirty (30) days satisfactory evidence of your compliance with the obligations described in this Section 17.2 and in Section 17.3, below. If you operate any business using any of the Intellectual Property, Marks, Confidential Information or any aspect of the System, our remedies will include (but will not be limited to) recovery of the greater of (a) all profits earned by you in the operation of such business, or (b) all continuing license fees, advertising contributions and other amounts which would have been due if this Agreement remained in effect with you.

17.3 Telephone and Other Directory Listings, Internet Sites.

A. You understand and agree that we own all telephone numbers, domain names, Internet addresses/sites and/or other communications services links (collectively, the "Numbers"), and any related directory listings/advertising, used in connection with the operation of your SANSAI Fresh Japanese Grill. We may, in our Business Judgment, require you to sign an assignment of such Numbers prior to training or at another time. After any Termination, Repurchase and/or expiration of the Franchise, you will promptly transfer, call-forward, discontinue or otherwise deal with the Numbers and any related directory listings/advertising as we direct. You agree to sign any documents and/or pay any amounts required by a telephone/communication services provider as a condition to our exercising any rights under this Section. By signing this Agreement, you irrevocably appoint us your attorney in fact to take any such actions regarding the Numbers and any related directory listings/advertising if you do not do so yourself within ten (10) days after the Termination, Repurchase or expiration of this Franchise. Such companies may accept this Agreement as conclusive evidence of our exclusive rights in such Numbers and related directory listings, web pages and advertising/marketing.

B. If we choose at any time to be direct billed by a provider for any account for the Numbers and/or directory listings/advertising, you agree to pay us all amounts due such providers within ten (10) days of our written notice to you. If you fail on two or more occasions to pay any such amounts to us when due, then we may require you to maintain a deposit with us in an amount reasonably determined by us based upon usage history and other relevant factors.

17.4 Continuing Obligations.

A. All obligations and rights which expressly or by their nature survive the Transfer, Repurchase, Expiration or Termination of this Agreement will continue in full force and effect until they are satisfied or by their nature expire (including but not limited to indemnity, non-competition and confidentiality rights and obligations; obligations to pay and the provisions of Articles 19 and 21). These obligations continue notwithstanding any rejection of this Agreement in a bankruptcy proceeding or otherwise.

B. If this Agreement is Terminated because of a default of yours, you will not be released or discharged from your obligations, including payment of all amounts then due and other amounts which would have become due under this Agreement if you had continued in operation as a SANSAI Franchisee for the full term. Our remedies will include (but are not limited to) the right to collect the present value of these amounts and to receive the benefit of our bargain with you, as well as to accelerate the balances of any promissory notes owed and to receive any other unpaid amounts owed to us or any Affiliates of ours. You and we agree that it would be commercially unreasonable and damaging to the integrity of the SANSAI system if a SANSAI Franchisee could default and then escape the financial consequences of his contractual commitment to meet payment obligations for the term of the Agreement. You (and each of your owners/Affiliates) agree to sign a General Release if we choose in our Business Judgment to waive our rights to collect any amounts that would have become due if you had continued in operation as a SANSAI Franchisee. This option of ours may be exercised at any time.

18. GRANT OF SECURITY INTEREST.

For valuable consideration, as security for the payment of all amounts owing or to be owed by you (and/or any Affiliate of yours) to us (and/or any Affiliate of ours) under this Agreement or any other agreements, and your performance of all obligations thereunder, you hereby grant to us a security interest in all proceeds of your SANSAI Fresh Japanese Grill and in all of the assets, including equipment, furniture, fixtures and signs, used by, at or in connection with, your SANSAI Fresh Japanese Grill and its related business and (the "Collateral"). You will not remove the Collateral or any portion thereof without our prior written consent. You represent and warrant that the security interest granted is prior to all other security interests in the Collateral except for (a) bona fide purchase money security interests and (b) the security interest granted to a third party in connection with your original financing for your SANSAI Fresh Japanese Grill, if any. In connection with any request for our approval of a security interest, we will make commercially reasonable efforts to accommodate reasonable lender's requirements, including the subordination of our interests to the lender's and/or lessor's, as applicable, in our Business Judgment, bearing in mind the interests of the borrower, lender, ourselves and the System. On the occurrence of any event entitling us to Terminate this Agreement or any other agreement between the parties, or if we reasonably determine that we are not assured that your (and/or any Affiliates') obligations will be timely and fully paid and/or performed, we will have all the rights and remedies of a secured party under the Uniform Commercial Code of the State in which your SANSAI Fresh Japanese Grill is located, including, without limitation, the right to take possession of the Collateral. You will execute and deliver to us financing statements and/or such other documents as we reasonably deem necessary to perfect our interest in the Collateral within ten (10) days of your receipt of such documents from us.

I have read Article18, understand it, and agree with it.

Your Initials: __________ / __________

19. DISPUTE AVOIDANCE AND RESOLUTION – MANDATORY BINDING ARBITRATION

For purposes of this Article 19, "you" includes all of your owners, Affiliates and their respective employees, and "we" includes all of the "Franchisor-Related Persons/Entities."

19.1 FUNDAMENTAL BUSINESS INTENTION TO MEDIATE AND/OR ARBITRATE, SEVERABILITY OF PROVISIONS, MODIFICATION OF AGREEMENT TO COMPLY WITH APPLICABLE LAW, FEDERAL ARBITRATION ACT GOVERNS.

A. It is your and our fundamental agreement not to engage in court proceedings, except in the rare instances specified in this Agreement, but rather to have disputes resolved through face-to-face meetings, mediation and binding arbitration. You and we agree our activities relating to the franchise relationship are in interstate commerce and that this Agreement is governed by the Federal Arbitration Act.

B. You and we view mediation and binding arbitration to be generally superior to court proceedings, as often being more time and cost efficient and allowing you and us to use mediators/arbitrators with substantial franchising experience, while understanding that costs to you and/or us of face-to-face meetings, mediation, arbitration and/or appeal of arbitration, as provided in this Agreement, may sometimes be greater than in civil litigation or may make it more difficult to proceed.

THEREFORE, IF ANY PROVISION OF THIS AGREEMENT IS DEEMED BY A COURT TO BE UNCONSCIONABLE, VOID, VOIDABLE, AGAINST PUBLIC POLICY, RESTRICTIVE OF CONSTITUTIONALLY OR STATUTORILY PROVIDED RIGHTS OR OTHERWISE UNENFORCEABLE, YOU AND WE INTEND AND AGREE (I) THAT SUCH PROVISION BE

MODIFIED OR RESTRICTED BY THE ARBITRATOR OR COURT SO AS TO BE ENFORCEABLE OR (II), IF SUCH PROVISION CANNOT BE MODIFIED OR RESTRICTED, IT WILL BE SEVERED AND, TO THE MAXIMUM DEGREE POSSIBLE, THE REMAINING PORTIONS KEPT INTACT, VALID AND IN FULL FORCE AND EFFECT, SO AS TO ACCOMMODATE OUR FUNDAMENTAL AGREEMENT TO ENGAGE IN A FACE-TO-FACE MEETING, MEDIATION AND BINDING ARBITRATION/ARBITRATION APPEAL, AS PROVIDED IN THIS AGREEMENT.

C. You and we reserve the right to challenge any law, rule or judicial or other construction which effectively varies, or renders without effect, any provision of this Agreement. If any limitation of rights is held unenforceable with respect to one party, then such limitation shall also be unenforceable as to other party.

D. This Agreement will be deemed automatically modified to comply with governing law if such law requires a greater time period for notice of Termination of, or refusal to renew, this Agreement or otherwise.

19.2 FACE-TO-FACE MEETING, MEDIATION AND MANDATORY BINDING ARBITRATION. You and we believe that it is important to resolve all disputes effectively and professionally and to return to business as soon as possible. You and we agree that the provisions of this Article 19 support these business objectives and, therefore, agree as follows:

A. Dispute Resolution Process: Any litigation, claim, dispute, suit, action, controversy, or proceeding of any type whatsoever, including any claim for equitable relief and/or in which a party is acting as a “private attorney general,” suing pursuant to a statutory claim or otherwise, between or involving you and us (and/or any Affiliate of either), on whatever theory and/or facts based, and whether or not arising out of this Agreement (“Claim”), will be exclusively processed in the following manner, except as expressly provided at Section 19.2 F., to the extent it is applicable and not contrary to governing law:

(1) First, discussed in a face-to-face meeting held at a neutral location reasonably near your franchised location within thirty (30) days after either you or we give written notice to the other proposing such a meeting;

(2) Second, if unresolved, submitted to non-binding mediation for a minimum of four (4) hours before (a) the American Arbitration Association (“AAA”) or its successor or (b) Judicial Arbitration and Mediation Service (“JAMS”) or its successor if the AAA cannot conduct such mediation. The mediator shall be a neutral person experienced in franchising. We will pay the costs of the first four (4) hours of any mediation, and no mediation is required to extend beyond such four (4) hour period. Any party may be represented by counsel and may, with permission of the mediator, bring persons appropriate to the proceeding.

(3) Third, if unresolved, submitted to binding arbitration before and in accordance with the arbitration rules of (a) the American Arbitration Association (“AAA”) or its successor or (b) Judicial Arbitration and Mediation Service (“JAMS”) or its successor if the AAA cannot conduct such arbitration. Arbitration may be filed prior to a face-to-face meeting and/or mediation, with such face-to-face meeting and/or mediation to follow as quickly thereafter as possible. Arbitration and mediation/ meeting may proceed concurrently. Franchisee agrees that any arbitration between Franchisee and Franchisor will be Franchisee’s individual claim and that the claim or claims subject to arbitration shall not be arbitrated on a class-wide basis. The arbitrator must be a lawyer substantially experienced in franchising. Judgment on any arbitration award may be entered in any court having jurisdiction, thereof, or of Franchisor or of Franchisee, subject to the opportunity for appeal to a panel, as contemplated below. The arbitrator’s award will be in writing.

(4) Fourth, a final award by an arbitrator (there will be no appeal of interim awards or other interim relief) may be appealed within thirty (30) days of such final award. Appeals will be conducted

before a three (3)-arbitrator panel appointed by the same organization as conducted the arbitration, each member of which must be a lawyer substantially experienced in franchising. The arbitration panel will not conduct any trial de novo or other fact-finding function. Such panel's decision will be in writing, may be entered in any court having jurisdiction and will be BINDING, FINAL AND NON-APPEALABLE. On request by either party, the arbitration panel will provide to all disputants a reasoned opinion with findings of fact and conclusions of law.

(5) If required by applicable law for any arbitration provision (including the appeal process) to be enforceable (for example, to preserve constitutionally or statutorily provided rights), the arbitrator or a court will, as soon as possible, appropriately allocate between you and us the fees of the arbitrator(s) and/or his/her related organization, or require us to advance a portion of such fees subject to possible reimbursement, or otherwise address such issues so as to allow the mediation/arbitration to proceed and may adjust such allocations appropriately during the arbitration process for such purpose. In addition, you or we can choose to deposit all fees required by any arbitration organization, subject to later allocation between you and us, as provided above.

(6) If the organizations specified by this Agreement to conduct any mediation and/or arbitration are unable or unwilling to conduct such proceeding(s), and the parties to the dispute cannot agree on an appropriate substitute organization or person to conduct such proceeding(s), then a court of competent jurisdiction shall designate an appropriate organization or person to conduct such proceeding(s).

B. Location: Any mediation/arbitration (and any arbitration appeal) will be conducted exclusively at a neutral location in the county in which our then-current headquarters is located, which may change from time to time, and be attended by you and us, and/or designees authorized to make binding commitments on each of our respective behalf. You and we agree that the provisions of this Article will control, notwithstanding any language included in our franchise disclosure documents due to state requirements suggesting that the provisions of any section might be unenforceable due to a failure to have a meeting of the minds or otherwise. Neither you nor we have any expectation that the provisions of this (or any other) section will be unenforceable or that they will not be enforced. You understand and agree that one effect of this paragraph may be that mediation, arbitration and other related costs may be greater, and it may be more difficult for you to proceed, than if those proceedings took place in a location near your residence or business. If any court determines that this provision is unenforceable for any reason, mediation/arbitration (and any arbitration appeal) will be conducted at a neutral location reasonably near your franchised location.

C. Arbitration Authority: Arbitrators shall apply all applicable law, and a failure to apply the applicable law in accord with Section 19.8 C. below shall be deemed an act in excess of authority. The arbitrator shall be appointed within thirty (30) days of the filing of any demand for arbitration. Any arbitration hearing shall be held within ninety (90) days of the applicable appointment. The arbitrator shall decide all questions relating in any way to the parties' agreement to arbitrate, including but not limited to arbitrability, applicability, subject matter, timeliness, scope, remedies, and any alleged fraud in the inducement or claimed unconscionability. The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc. by any court having jurisdiction. The subpoena powers of the arbitrator with respect to witnesses to appear at the arbitration proceeding shall not be subject to any geographical limitation. No award in arbitration will have any effect of preclusion or collateral estoppel in any other adjudication or arbitration.

D. Discovery, Effect of Awards, Compulsory Counter-Claims: The disputants will have the same discovery rights as are available in civil actions under the state law selected in Section 19.8 C., except as modified by this Section. Discovery will relate exclusively to the relationship/agreements between you and us and not to our relationship/agreements with other Franchisees, depositions will be limited to key persons and either party can depose a maximum of three (3) such persons, including any experts, for a maximum period of seven (7) hours. On request by either party, the arbitrator shall provide a reasoned opinion with findings of fact and conclusions of law and the party so requesting shall pay the arbitrator's fees and costs connected therewith. Each disputant must submit or file any claim which would constitute a compulsory counter-claim within the same proceeding as the claim to which it relates as if the laws of the state law selected in Section 19.8 C. relating to such matters in litigation also governed such matters in arbitration. Subject to applicable law, any such Claim which is not submitted or filed in such proceeding will be forever barred. If any portion of this subsection is deemed to be unenforceable for any reason, it shall be modified or restricted, or severed, so as to comply with applicable law.

E. Fees and Costs: The parties will bear their own attorneys' fees and costs.

F. Claims Not Required to be Processed Under 19.2.A.:

(1) Any party to this Agreement may forego the requirements of 19.2.A(1) and (2) above and seek interim, injunctive or expedited remedies (including temporary restraining orders) regarding the following Claims (or portions thereof), in either a judicial or arbitration proceeding, without regard to the adequacy of other potential legal remedies: (a) Enforceability (including specific performance) of rights and/or obligations with respect to the Marks and/or any of the Intellectual Property licensed to you and/or the ownership or proper use thereof; (b) Specific performance of any other rights and/or obligations under or relating to this Agreement; and/or (c) Matters concerning rights to real property including (but not limited to) any or all eviction and/or unlawful detainer actions, enforcement of any Collateral Assignment of Lease; (d) disputes relating to monies payable under the Franchise and related agreements, including, without limitation, any asset purchase agreement, area development agreement, operating agreement, and/or sublease, and

(2) Claims (or portions thereof) asserted by any party to this Agreement relating primarily to enforceability of rights in and to, the Marks and/or any of the Intellectual Property licensed to you and/or the ownership or proper use thereof[and not covered by (1) (a) above; i e. not seeking such remedies] will be exclusively subject to court action, you and we agreeing that since (a) the legal status/protection of the Marks and/or any Intellectual Property licensed to you and our other Franchisees is a core element of our System and of critical importance to all of our Franchisees and the future of our System, and (b) an adverse decision might affect all our Franchisees, it is critical that such matters should be only decided by means of a court trial and be subject to possible appellate court review. If the provisions of this subsection are unenforceable or would result in rendering this Article 19 (or any portion) unenforceable for any reason, the entire dispute shall be subject to mediation, arbitration and appeal of any arbitration decision, as provided in Section 19.2. Any action to compel a party's compliance with Section 19.2 must be consistent with Section 19.3.

G. Your and Our Intentions and Agreements: You and we mutually agree and have expressly had a meeting of the minds that, notwithstanding any contrary provisions of state, provincial or other law:

(1) all disputes relating to arbitrability will be governed only by the Federal Arbitration Act and the federal common law of arbitration and exclusive of state statutes and/or common law. including disputes about arbitration procedures, whether or not any particular claim, issue or otherwise is to be submitted to arbitration, and/or enforcement of any of the dispute resolution-related or other provisions of this Agreement; all such disputes will be exclusively decided by the arbitrator, including any assertion that this Agreement as a whole, or the arbitration or any other provision, of this Agreement, is unreasonable, oppressive, unlawful, invalid, void or voidable, procured by fraud or uneven bargaining power, unconscionable, part of a contract of adhesion, not subject to negotiation or not enforceable for any reason or similar claims;

(2) all provisions of this Agreement can be fully enforced, including but not limited to those provisions relating to arbitration, venue, and choice of law; and

(3) you and we intend to rely on federal preemption under the Federal Arbitration Act (9 U.S.C. § 1 et seq. and each knowingly waive all rights to a trial and select arbitration as the sole means to resolve disputes, except as expressly provided otherwise in this Agreement, understanding that arbitration may be less formal than a court or jury trial, may use different rules of procedure and evidence and that appeal is generally less available, and that the fees and costs associated with a face-to-face meeting, mediation and/or arbitration may be greater than in civil litigation, but still strongly preferring a face-to-face meeting, mediation and/or arbitration as provided in this Agreement believing that arbitration has overriding advantages from a business standpoint, such as an arbitrator being particularly familiar with franchising, as well as offering the possibility of lower costs and more rapid disposition of disputes.

19.3 Exclusive Jurisdiction and Venue. Without in any way limiting or otherwise affecting your and our obligations under Section 19.2, above, you and we agree that any court proceedings (including any action to compel a party's compliance with Article 19) will be exclusively held in the United States District Court encompassing our then-current headquarters (the "Proper Federal Court"), which may change from time-to-time, subject to the following exceptions:

A. If a basis for federal jurisdiction does not exist, then any such proceeding will be brought exclusively before a court in the most immediate state judicial district encompassing our then-current headquarters and having subject matter jurisdiction (the "Proper State Court");

B. Proceedings to remove or transfer a matter to the Proper Federal Court and/or to compel arbitration as contemplated by this Agreement may be brought in the court where the applicable action is pending and/or the Proper State or Federal Court; and

C. Any action primarily with respect to any real and/or personal property (including any action in unlawful detainer, ejectment or otherwise) may be brought in any court of competent jurisdiction and/or the Proper State or Federal Court.

You and we consent to jurisdiction of the courts as specified above.

These and similar provisions are agreed on due to practical business concerns, such as (1) the fact that relevant business records and personnel key to a resolution of the dispute will generally be located at our then-current headquarters and (2) you and we have a shared interest in avoiding inconsistent legal resolutions in multiple jurisdictions, which could adversely affect the franchise system and its day-to-day management. You understand and agree that the effect of the above (and other) provisions of this Agreement may be, among other things, that your costs of litigation or otherwise in a location away from your residence or business may be greater, and it may be more difficult for you to proceed, than if those proceedings took place in a location nearer your residence or business. However, if a court or arbitrator determines that these provisions are unenforceable for any reason, they shall be severed and the venue for litigation will be as determined under applicable law.

19.4 Non-Retention of Funds. Neither party has the right to offset or withhold payments of any kind owed or to be owed to the other against amounts purportedly due as a result of a dispute or otherwise, except as authorized by an arbitration award or as expressly provided in this Agreement.

19.5 Waiver of Punitive Damages, etc. To the fullest extent permitted by law, you and we (and your and our Affiliates) mutually and knowingly waive all rights to or claim for punitive, exemplary, multiple or similar damages and agree that, in the event of any dispute, all recovery shall be limited to actual damages sustained by the injured party; provided that no such waiver or limitation shall apply to amounts owed under any indemnification obligation; and provided further that, to the extent required by applicable law, if you or we have any unwaivable rights to punitive, exemplary, multiple or similar damages under any statute or regulation, such rights will remain in effect. In any event, any constitutional and/or statutory limitations on punitive, exemplary, multiple or similar damages will apply, and any award by an arbitrator or court in excess of such limitations will be in excess of legal authority and void.

19.6 Survival of Obligations. Articles 19 and 21 will continue in full force and effect after and notwithstanding the expiration, Termination, rescission, or cancellation of this Agreement for any reason, will survive and will govern any Claim for rescission or otherwise, as well as any Claim against, or with respect to, you, us, any Marketing and Technology Fund and/or any of the Franchisor-Related Persons/Entities and the non-solicitation, confidentiality, protection of the Marks, indemnity/hold harmless obligations, ongoing audit rights and all other Post-Termination Provisions provided in this Agreement shall also survive. Notwithstanding any bankruptcy or other proceeding, you and we wish to have the dispute avoidance and resolution provisions of this Agreement strictly enforced according to their terms, to the maximum extent allowable by law.

19.7 Attorneys' Fees and Costs. The parties will each bear their own costs of enforcement and/or defense (including but not limited to attorneys' costs and fees), including those matters resolved pursuant to a settlement agreement between the parties.

19.8 Enforcement and Construction.

A. Each portion of this Agreement is severable, and the remainder of the Agreement is fully enforceable. This Agreement is binding on the parties and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified or supplemented except by means of a written agreement signed by both you and our President. Changes to the Manuals do not require any acceptance by you. No other officer, field representative, salesperson or other person has the right or authority modify this Agreement, or to make any representations or agreements on our behalf, and any such modifications, representations and/or agreements shall not be binding. Notwithstanding the fact that a party to this Agreement is or may become a party to a court action or special proceeding with a third party or otherwise, and whether or not such pending court action or special proceeding (1) may include common or other issues of law, fact or otherwise arises out of the same transaction or occurrence, or series of related transactions or occurrences, as any arbitration between or involving the parties to this Agreement, (2) involves a possibility of conflicting rulings on common issues of law, fact or otherwise, and/or (3) such pending court action or special proceeding may involve a third party who cannot be compelled to arbitrate, the agreement of the parties to this Agreement shall be enforced according to its terms and any party to this Agreement may bring an action to compel a face-to-face meeting, mediation and/or arbitration, you and we strongly preferring arbitration to court actions and wishing to have a single entity (the arbitrator) determine all issues of fact and law between or involving us, except as expressly provided otherwise in this Agreement.

B. No waiver shall be effective unless in writing and signed by an authorized representative of the signing party. The rights and remedies provided in this Agreement are cumulative. Except as expressly provided in this Agreement, no party will be prohibited from exercising any rights or remedies provided under this Agreement or permitted under law or equity. If two (2) or more persons are at any time the Franchisee or the Franchisee owners, all of their obligations and liabilities under this or any other agreement with us and/or any Franchisor Associates will be joint and several.

C. This Agreement and all matters relating to the relationship hereby created will be governed by, construed and enforced under the laws of the state in which your SANSAI Fresh Japanese Grill is located, without regard to any conflict of laws, except to the extent of the applicability of the Federal Arbitration Act and related federal preemption and of the United States Trademark Act and other federal laws, and except that the provisions of any applicable state law regarding franchises, including any franchise or non-competition law, shall not apply unless jurisdictional requirements are met independently of this Section. This Agreement will be deemed automatically modified to comply with governing law if such law requires (1) a greater time period for notice of the Termination of this

Agreement; or (2) the taking of some other action not described in this Agreement. Such modifications to this Agreement shall be effective only in such jurisdiction.

D. This Agreement is the entire agreement between you and us, as provided in Section 21 D., below.

E. You and we agree that none of the relationships formed in connection with the Agreement are in the nature of a "trust," "fiduciary" or similar special arrangement and that this is an ordinary commercial relationship.

F. We have the right to elect in our sole discretion to not enforce (or to selectively enforce) any provision of this or any Agreement, standard or policy, whether with respect to you and/or any other franchisee or other person, in a lawful manner without liability.

19.9 Our Exercise of "Sole Discretion" and Other Choices; Express Agreement. When we use the phrases "sole and absolute discretion" and/or "sole discretion" and whenever we exercise a right, prescribe an act or thing, or otherwise make a choice or use discretion, you and we agree that we have the express, unrestricted right to make decisions and/or take (or refrain from taking) actions, as we deem appropriate. We shall use our judgment in exercising such discretion based on our assessment of the interests we consider appropriate and will not be required to consider your individual interests or the interests of any other particular franchisee(s). We have this right even if a particular decision/action may have negative consequences for you, a particular franchisee or group of franchisees. You and we shall execute this Agreement in the belief that it is the basis for a long-term business relationship and should be enforced according to its express provisions. Neither you nor we have any expectation that the rights and obligations described herein will be defined or determined to be other than as expressly written. You and we agree that is not your and our intention or expectation that a third party use any doctrine and/or rule of interpretation to impose additional obligations on you and/or us.

19.10 Miscellaneous

A. Section and Article headings are for convenience only and do not define, limit, or construe such provisions.

B. References to a "controlling interest" are to a shareholder, membership or partnership interest, as applicable, which enables the holder(s) of such interest to determine the outcome of a decision-making process for the applicable entity.

C. This Agreement will be executed in multiple copies, each of which will be deemed an original.

D. You and we have carefully reviewed and thought about each provision of this Agreement. Provisions shall be construed simply according to their fair meaning, without presumptions or inferences concerning terms or interpretation and not strictly against you or us.

E. The rights and obligations of this Agreement run directly between you and us and are not intended to create any third-party beneficiary or similar rights or obligations, unless specifically expressed in this Agreement; except that the protections which apply to us relating to indemnification and/or releases will also benefit any past, current and/or future Franchisor-Related Persons/Entities, the Marketing and Technology Fund and the FAC and that the protections which apply to you will also apply to your Affiliates, unless your Affiliate is under a separate Franchise Agreement with us, in which case their protections under that Franchise Agreement will apply to them.

19.11 Intention to Arbitrate, Severability of Dispute Resolution Provisions, etc. Irrespective of any statute, regulation, decisional law or otherwise, it is your and our fundamental agreement not to engage in any court proceedings (except as expressly provided for in the rare instances specified in this Agreement), viewing the dispute resolution mechanism established by this Agreement to be superior from a business standpoint and more likely to generate creative business-oriented solutions and compromise, and more accommodating to our business relationship and the needs of an evolving and diverse franchise system. Therefore, if any provisions of this Article 19 are deemed by a court to be unenforceable for any reason, you and we agree and intend that such provisions will be (a) modified so as to be enforceable or (b), if that cannot be done, severed and, in any event, any remaining portions of this Article 19 shall remain in full force and effect. You and we agree that such remaining portions will still form an appropriate and complete dispute resolution mechanism.

I have read Sec. 19.1-19.11 in detail, understand them, and agree with them.

Your Initials: __________ / __________

20. NOTICES AND PAYMENTS.

All written notices and reports to be delivered by the provisions of this Agreement or of the Manuals will be deemed so delivered when delivered by hand, immediately on transmission by facsimile transmission or other electronic system, including e-mail or any similar means, one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to us at SANSAI North America Franchising, LLC, 373 Van Ness Avenue., Suite 180, Torrance, CA 90501 (or our then-current headquarters), to the attention of the President, or Managing Partner and/or to you, at your SANSAI Fresh Japanese Grill. Until your SANSAI Fresh Japanese Grill has opened for business, we may send you notices at any address appearing in your application for a franchise or in our records. Any required payment or report not actually received by us during regular business hours on the date due will be deemed delinquent. Notice to any one Franchisee, or owner of the Franchisee, shall be deemed effective as to all Franchisees under this Agreement and all owners of the Franchisee(s). Any party may change its address for receipt of notices by providing prior written notice of such change to the other party.

BE SURE YOU READ THE FOLLOWING ARTICLE 21 CAREFULLY TO AVOID ANY MISUNDERSTANDINGS.

21. ACKNOWLEDGMENTS AND REPRESENTATIONS, ENTIRE AGREEMENT, NO FIDUCIARY RELATIONSHIP, ETC.

A. You and we agree that your and our relationship is not a fiduciary or similar special relationship, but rather is an ordinary commercial relationship between independent business people with arm’s length dealings.

B. You acknowledge that you (and each of your owners, if you are a Business Entity) have had the opportunity and been advised by us to have this Agreement and all other documents reviewed by your own attorney, and that you have read, understood, had an opportunity to discuss and agreed to each provision of this Agreement. You agree that you have been under no compulsion to sign this Agreement.

C. You and we expressly acknowledge and agree that the provisions of Article 19, above, (whether relating to arbitration, mediation, venue, limitations on types of damages, and/or otherwise) may require you to travel to a distant location to resolve a dispute, expend additional funds, and/or raise challenges for you and/or us in prosecution of claims/actions. You and we view these provisions in the context of a diverse franchise system with both large and small, sophisticated and unsophisticated participants, and that requires uniformity and predictability. As such, you and we knowingly accept such provisions and limitations as justified by business necessities and representative of a reasonable balancing of your and our interests, and those of the System as a whole, and not as unfair or burdensome.

D. You and we agree that this Agreement contains the final, complete and exclusive expression of the terms of your and our agreement [along with concurrently signed writings, such as but not limited to personal guarantees, Statement of Prospective Franchisee, addenda, exhibits, releases and any other related documents (collectively, the Related Documents)] and supersedes all other agreements and/or representations of any kind or nature; provided that nothing herein is intended to disclaim or require you to waive reliance on any representation made in the Disclosure Document. Any understandings, agreements, representations, or otherwise (whether oral or written) which are not fully expressed in this Agreement and the Related Documents are expressly disclaimed by you and us, including but not limited to any promises, options, rights of first refusal, guarantees, and/or warranties of any nature (excepting only the written representations made by you in connection with your application for this franchise). Neither you nor we believe it to be fair or reasonable for the other party to have to deal with allegations about understandings, representations, etc. not fully expressed in writing in this Agreement.

E. You specifically acknowledge that you have not received or relied on (nor have we or anyone else provided) any statements, promises or representations that you will succeed in the franchised business or at any location; achieve any particular sales, income or other levels of performance; earn any particular amount, including any amount in excess of your Initial Franchise Fee or other payments to us; or receive any rights, goods, or services not expressly set forth in this Agreement.

F. You represent, warrant and agree that no contingency, prior requirement, or otherwise (including but not limited to obtaining financing) exists with respect to you fully performing any or all of your obligations under this Agreement. You further represent to us, as an inducement to our entering into this franchise relationship, that you have made no misrepresentations or material omissions in obtaining the Franchise.

I have read Sec. 21 (A-F) in detail, understand them, and agree with them.

Your Initials: __________ / __________

G. You acknowledge that you have not received or relied on (nor have we or anyone else provided, except as may have been contained in the Franchise Disclosure Document received by you):

(1) any sales, income or other projections of any kind or nature; or

(2) any statements, representations, charts, calculations or other materials which stated or suggested any level or range of sales, income, profits or cash flow; or

(3) any representations as to any profits you may realize in the operations of the Franchised Business or any working capital or other funds necessary to reach any 'break-even' or any other financial level.

If any such information, promises, representations and/or warranties have been provided to you, they are unauthorized and inherently unreliable. You agree to advise us of the delivery of any such information. You must not rely upon any such information, nor shall we be bound by it. We do not, nor do we attempt to, predict, forecast or project future performance, revenues or profits of any you or any franchisee. We are unable to reliably predict the performance of a SANSAI Fresh Japanese Grill even operated by us, and certainly cannot predict results for your SANSAI Fresh Japanese Grill.

You understand and agree that SANSAI® Franchisees are separate and distinct from us and are independently owned and operated and that while we may encourage you to speak with such Franchisees in connection with your evaluation of this franchise opportunity, they do not act as our agents or representatives in providing any information to you and we will have no obligations or liabilities with respect to (and you should not rely on) any information, opinions or otherwise they may provide to you.

H. You acknowledge and agree that the success of the business venture contemplated to be undertaken by you is speculative and will be dependent on your personal efforts, and success is not guaranteed; and you further acknowledge that we have just recently begun franchising, we are not an experienced franchisor, our franchise system is relatively unproven and our business model is still under development. You acknowledge and represent that you have entered into this Agreement and made an investment only after making an independent investigation of the opportunity, including having received a list with your Franchise Disclosure Document of others currently operating, or who have operated, our franchises.

I. You acknowledge that you (and each of your owners) has received, fully read and understood, and all questions have been answered regarding, i) a copy of our Franchise Disclosure Document with all exhibits at least fourteen (14) calendar days prior to signing any binding documents or paying any sums (whichever occurred first), and ii) a copy of this Agreement and all other agreements complete and in form ready to sign at least seven (7) calendar days prior signing any binding documents or paying any sums (whichever occurred first).

I have read Sec. 21 (I) in detail, understand it, and agree with it.

Your Initials: __________ / __________

J. You understand, acknowledge and agree that i) we may have offered franchises in the past, may currently be offering franchises and/or may offer franchises in the future, on economic and/or other terms, conditions and provisions which may significantly differ from those offered by this Agreement and any related documents and ii) we may, from time to time, deal with our Franchisees on differing economic and/or other terms (including making special arrangements for payments of amounts due, waiving defaults and/or otherwise) to suit individual business circumstances, in each case in our Business Judgment and without being required to offer similar terms to other Franchisees, such flexibility being a practical necessity to respond to distinct business situations.

K. You understand that we are relying on you to bring forward in writing at this time any matters inconsistent the representations contained in this Article 21. You agree that if any of the statements or matters set forth in this Article 21 are not true, correct and complete that you will make a written statement regarding such next to your signature below so that we may address and resolve any such issue(s) at this time.

L. You acknowledge and agree that the officers, directors, employees, and agents of the Franchisor act only in a representative capacity and not in an individual capacity, and that no other persons and/or entities other than the Franchisor has or will have any duties or obligations to you.

I have read Sec. 21 (L) in detail, understand it, and agree with it.

Your Initials: __________ / __________

M. You acknowledge and agree that in fulfilling its obligations to negotiate any lease or Operating Agreement for the Premises, the Franchisor will negotiate certain terms that will be protective of Franchisor and grant to Franchisor certain rights and remedies against you and that some of those terms and conditions are set out in the Franchise Lease Addendum attached hereto as Exhibit 3.2 A. If you have a sublease or an Operating Agreement with us or an Affiliate for the Premises, you further acknowledge that we/the applicable Affiliate have the unrestricted right to exercise any and all rights under the lease for the Premises, including any rights to termination, assignment, non-renewal and otherwise. You also acknowledge that we do not control any actions taken by the landlord in connection with the Premises or otherwise. You acknowledge and agree that neither we nor any Affiliate of ours shall have any liability or obligation to you if such lease is cancelled, transferred, terminated or not renewed, with or without cause, unless solely resulting from our/our Affiliate's exclusive breach of the lease. You further acknowledge that you (and each of your owners, if you are a Business Entity) have had the opportunity and been advised by us to have this Agreement and all Exhibits reviewed by your own attorney, and that you have read, understood, had an opportunity to discuss and have agreed to each provision of this Agreement. You agree that you have been under no compulsion to sign this Agreement.

I have read Sec. 21 (M) in detail, understand it, and agree with it.

Your Initials: __________ / __________

22. DEFINITIONS.

The following definitions apply to terms used this Agreement:

"**Affiliate**" **-** Any person or entity which controls, is controlled by or is under common control with another person or entity; in addition, as to the Franchisee, any owner of any interest in the Franchisee or the Franchise, any employee or agent of the Franchisee, and/or any independent contractor performing functions for, or on behalf of, the Franchisee, and any entity controlled by any of the foregoing.

"**Agreement**" **-** This Franchise Agreement.

"**Attorneys' Fees**" **-** Includes, without limitation, legal fees, whether incurred in preparation of the filing of any written demand or claim, action, hearing, arbitration, or other proceeding to enforce the obligations of this Agreement, or during any such proceeding, plus all costs incurred in connection therewith.

"**Brand**" **-** The SANSAI brand, as applied to various goods and/or services as authorized by us from time to time.

"**Business Entity**" **-** Includes a corporation, partnership, joint venture, limited liability company, limited partnership, or other form of business recognized in any jurisdiction. If you are a Business Entity, then we may require each of your owners in our Business Judgment to guaranty your performance. Our current form of Owners Guaranty is attached as Exhibit 1 of this Franchise Agreement.

"**Business Judgment**" **-** Means that we are allowed to exercise our judgment however we consider to be appropriate in our sole and absolute discretion, without any limitation. You and we agree that when in this Agreement we describe instances in which we may exercise Business Judgment, we must and do have the unrestricted right to make decisions and/or take (or refrain from taking) actions. We have this right even if a particular decision/action may have negative consequences for you, a particular franchisee or group of franchisees. You understand and agree that the exercise of Business Judgment is critical to our role as Franchisor of the System and to our goals for its continuing improvement. This is a defined term for the purposes of this Agreement and is not intended to incorporate principles related to the application of the business judgment rule in a corporate law context.

"**Customary Representations, Warranties and Agreements**" **-** Includes commitments generally made by a transferor in connection with a transfer of a business and/or related assets, including but not limited to: representations as to ownership, condition and title to stock and/or assets, liens and encumbrances relating to the stock and/or assets, validity of contracts, and liabilities, contingent or otherwise, relating to the business/assets/entity to be acquired; full indemnification obligations and non-competition covenants by the transferor and each Affiliate, substantially similar to those required in Sections 7.4 and 8.2 of this Agreement; the delivery at closing of instruments transferring good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us in our Business Judgment), and demonstrating that all sales, transfer and/or similar taxes are to be paid by the transferor through escrow if we so require; the transfer at closing of all licenses and permits which may be assigned or transferred.

"**Designated Equipment**" **-** Equipment that meets our requirements and which you must obtain and use in the operation of your SANSAI Fresh Japanese Grill.

"**Fair Market Value**" **-** A price determined in a manner consistent with reasonable depreciation of any leasehold improvements, as applicable, and the items purchased. Fair Market Value does not include any factor or increment for any goodwill related to, or for, the Intellectual Property or any of its components such as the Marks, since you don't own the Intellectual Property. If you and we are unable to agree on the Fair Market Value of any assets, then it will be determined by an independent appraiser selected by you and us, or an arbitrator if you can we can't agree.

"**Franchise**" **-** The right to operate a single SANSAI Fresh Japanese Grill at the Premises under the terms of this Agreement.

"**Franchise Advisory Council**" or "**FAC**" **-** The advisory group selected (or which may be selected) in accordance with this Agreement, which shall provide Input as provided in this Agreement and as we may request from time to time.

"**Franchised Business**" **-** The business operations conducted by, at or in connection with your SANSAI Fresh Japanese Grill.

"**Franchisor-Related Persons/Entities**" **-** SANSAI North America Franchising, LLC, the Marketing and Technology Fund, the FAC and each and all of the following, whether past, current and/or future: each and all company(ies) and/or person(s) acting through, in concert with us and/or any of the foregoing, and/or as Affiliates of ours and/or of any of the foregoing; each and all of the partners, shareholders, officers, directors, agents, attorneys, accountants, and/or employees of us and/or any of the foregoing; and each and all of the predecessors, successors and/or assigns of us and/or any of the foregoing.

"**General Release**" **-** A general release, in the then-current form prescribed by us at the time such release is to be delivered, of any and all claims, liabilities and/or obligations, of any nature whatsoever, including those existing as of, and/or arising before, the date of any such release, however arising, known or unknown, whether against us and/or any or all of the Franchisor-Related Persons/Entities, and whether by you, any owner of you (if you are or become a Business Entity) and/or any Affiliate of any of the foregoing. A copy of our general releasing language as currently used by us (which is subject to change) is attached as Exhibit 1.2 and is approved by you.

"**Good Standing**" **-** You are in "Good Standing" if you (and each of your owners and Affiliates) are not in default of any obligation to us and/or any of the Franchisor-Related Persons/Entities, whether arising under this Agreement or any other agreement between you (and each of your owners and Affiliates) and us (and/or any of the Franchisor-Related Persons/Entities), the Manuals or other System requirements (collectively, the "Obligations"); provided that you are not in Good Standing if you have been in default of any Obligations and such defaults are incurable by nature and/or part of a series of repeated defaults as defined in this Agreement.

"**Gross Revenues**" **-** Gross Revenues includes all charges and/or revenues which are, or could be, received or earned by you (and/or any Affiliate):

A. by, at or in connection with your SANSAI Fresh Japanese Grill;

B. relating to the kinds of goods or services available now or in the future through a SANSAI Fresh Japanese Grill and/or distributed in association with the Marks or the SANSAI System;

C. relating to the operation of any Similar Business;

D. with respect to, any tenants and/or subtenants of yours on the Premises (including rent and other lease or Operating Agreement payments); and/or

E. with respect to any co-branding activities.

All sales and/or billings, whether collected or not, will be included in Gross Revenues, with no deduction for credit card or other charges. Gross Revenues does not include sales tax collected and paid when due to the appropriate taxing authority and actual customer refunds, adjustments and credits.

"**Immediate Family**" **-** With respect to any person, "Immediate Family" includes that person's spouse and/or domestic partner and each of their respective parents, guardians, grandparents, siblings, children, grandchildren, aunts, uncles, cousins, nieces and/or nephews.

"**Input**" **-** Advice and suggestions regarding specified matters. When we receive Input from the FAC or any other franchisee group we will retain the ultimate decision-making authority and responsibility for all matters for which Input is sought. FAC (or any other franchisee group) Input, votes or other collective actions will not be binding on us unless we have otherwise agreed in writing. FAC (or any other franchisee group) approval or consent will not be required as a pre-condition to any decision and/or action we may take.

"**Intellectual Property**" **-** Includes, regardless of the form or medium involved, (i) all SANSAI Software, including the data and information processed or stored thereby; (ii) the Manuals and all other directives, policies or information we issue from time to time; (iii) all customer relationships and information; (iv) the Marks; (v) all Confidential Information and our trade secrets; and (vi) all other proprietary, copyrightable and/or trade secret information and materials developed, acquired, licensed or used by us in our operation of the System.

"**Manuals**" **-** Specifications, standards, policies and procedures prescribed by us and published to you in any media (including electronic) and which are to be followed in the operation of your SANSAI Fresh Japanese Grill as they may be changed or eliminated by us in our Business Judgment.

"**Marketing and Technology Fund**" **-** The fund established and defined under Section 11.1.

"**Marks**" **-** The trademarks, service marks and other commercial symbols now and/or in the future owned by (or licensed to) us to identify the services and/or products offered by SANSAI Fresh Japanese Grills, including (but not limited to) "SANSAI®", the "SANSAI Japanese Grill® logo, the Trade Dress and other logos and identifiers designated by us from time to time.

"**Post Termination Provisions**" **-** Those promises contained in this Agreement that survive its expiration, Transfer, Repurchase, or Termination for any reason, including without limitation the confidentiality, non-competition, indemnification, and dispute resolution and other provisions contained in Articles 19, 20 and 21.

"**Premises**" **-** The facility in which you will operate a single Traditional SANSAI Fresh Japanese Grill.

"**Products" and "Services**" **-** Goods, products and services designated by us from time to time for use, sale or otherwise to be provided (and/or used) at and/or from your Traditional SANSAI Fresh Japanese Grill and/or in association with the Marks.

"**Repurchase**" **-** Repurchase includes (but is not limited to) any acquisition by us (and/or any of the Franchisor-Related Persons/Entities) of your rights in and/or to any of the following: i) this Agreement; ii) the Franchise; iii) the ownership of the Franchisee; iv) your SANSAI Fresh Japanese Grill; or v) any lease or Operating Agreement or assets associated with any of the foregoing.

"**SANSAI Fresh Japanese Grill**" **-** The Traditional SANSAI Fresh Japanese Grill you are franchised to operate by this Agreement.

"**Similar Business**" **-** Any enterprise that offers, is otherwise involved in, or deals with any goods, products and/or services, which are substantially similar to those goods, Products and/or Services now or in the future authorized by us to be offered at or from SANSAI Fresh Japanese Grills (including any such enterprise and/or entity awarding franchises or licenses to operate or be involved with any such business). Our receipt of any continuing license fees with respect to any Similar Business is not an approval of your involvement with any Similar Business.

"**Special Accounts**" **-** Classes of special customers (which may include national accounts, other large businesses, government agencies, and/or otherwise) as designated by us from time to time in our Business Judgment.

"**System**" **-** The distinctive format and method of doing business developed and used for the operation of a SANSAI Fresh Japanese Grill, and subject to change by us at any time in our Business Judgment.

"**System Standards**" **-** Standards prescribed by us in our Business Judgment from time to time, in the Manuals or elsewhere, for the operation, marketing and otherwise of SANSAI Fresh Japanese Grills.

"**Terminate" or "Termination**" **-** "Terminate" or "Termination" when used in this Agreement means the Termination or cancellation of your rights and our obligations under this Agreement for any reason before the initial term expires. All of our rights are not cancelled on Termination since you have certain obligations that survive the ending of the Agreement in any manner, such as, but not limited to certain promises regarding non-competition, confidentiality and indemnity. Both of us are bound by the dispute resolution provisions (Article 19) this Agreement, even after the Agreement is ended for any reason.

"**Territory**" **-** The geographic area described in Exhibit 2.2.

"**Trade Dress**" **-** The SANSAI Fresh Japanese Grill design and image authorized by us and subject to change by us at any time and in our Business Judgment.

"**Traditional SANSAI Fresh Japanese Grill**" **-** A "Traditional SANSAI Fresh Japanese Grill" means a full, standard size, "brick and mortar" retail facility located in a free-standing building or a shopping center accessible to the general public and using the Marks and SANSAI® System whether Company-owned or franchised to a third party.

"**Transfer**" **-** Defined in Section 14.2.

"**Us," "We," "Our" or "Franchisor**" – SANSAI North America Franchising, LLC, a California Limited Liability Company.

"**You," "Your," or "Franchisee**" - The parties signing this Agreement as Franchisee. (If there is more than one Franchisee, each is jointly and severally obligated under this Agreement and all other agreements with us and/ or Franchisor-Related Persons/Entities). The term "you" is applicable to one or more persons or a Business Entity, as the case may be.

IN WITNESS WHEREOF, you and we have executed and delivered this Agreement in __________ counterparts on the day and year first above written.

THIS AGREEMENT WILL NOT BECOME EFFECTIVE UNLESS AND UNTIL SIGNED BY THE PRESIDENT OR A VICE PRESIDENT OF FRANCHISOR. NO FIELD REPRESENTATIVE OR OTHER PERSON IS AUTHORIZED TO EXECUTE THIS AGREEMENT FOR FRANCHISOR.

FRANCHISOR: SANSAI NORTH AMERICA FRANCHISING, LLC

By: __________________________

Its Manager

FRANCHISEE (Individual)

____

Signature

____

Printed Name

____

Signature

____

Printed Name

FRANCHISEE (Corp., LLC or Partnership)

____

Legal Name of Franchisee Entity

a____________________________ _____________________________

Jurisdiction of Formation Corporation, LLC or Partnership

By: ___________________________________

Name

____

Signature

____

Title

SANSAI NORTH AMERICA FRANCHISING, LLC

EXHIBIT 1 OWNER'S GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution by SANSAI North America Franchising, LLC, a California limited liability company, ("Franchisor") of a franchise agreement of even date herewith (the "Agreement") between Franchisor and ________________________, a(n) _________ ___________ (state/province of formation) __________________ (type of entity: LLC, LLP, corporation, etc.) (the "Business Entity Franchisee"), each of the undersigned hereby personally and unconditionally, jointly and severally:

(1) guarantees to Franchisor, its Affiliates, the Franchisor-Related Persons/Entities (as defined in the Agreement) and each of their successors and assigns, for the term of the Agreement, and for any renewal/successor franchise term, and thereafter as provided in the Agreement, that the Business Entity Franchisee will punctually pay and perform, each and every undertaking, agreement and covenant set forth in the Agreement, as currently set forth and as amended and/or otherwise changed in the future, including any successor franchise agreement;

(2) agrees to be personally bound by, and personally liable for, the breach of, each and every provision in the Agreement (including all confidentiality, non-competition, indemnity and Post Termination Provisions), as currently set forth and as amended or otherwise changed in the future, including any successor franchise agreement; and

(3) agrees to be personally bound by, and personally liable for, each past, current and/or future obligation of the Business Entity Franchisee to Franchisor, its Affiliates, the Franchisor-Related Persons/Entities and each of their successors and assigns.

The undersigned intending that the guarantees and other obligations herein be unqualifiedly general and without limitation in scope, nature and/or effect. Franchisor, and/or its Affiliates, the Franchisor-Related Persons/Entities and each of their successors and assigns, need not bring suit first against the undersigned in order to enforce this guarantee and may enforce this guarantee against any or all of the undersigned as it chooses in its/their sole and absolute discretion.

Each of the undersigned waives: presentment, demand, notice of demand, dishonor, protest, nonpayment, default and all other notices whatsoever, including (without limitation): acceptance and notice of acceptance, notice of any contracts and/or commitments, notice of the creation and/or existence of any liabilities under the Agreement or otherwise and of the amounts, terms or otherwise thereof; notice of any defaults, disputes or controversies between the Franchisor and the Business Entity Franchisee or otherwise, and any settlement, compromise or adjustment thereof; any right the undersigned may have to require that an action be brought against Franchisor, Business Entity Franchisee or any other person as a condition of liability, and any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

(1) his or her direct and immediate liability under this guaranty will be joint and several;

(2) he and/or she will render any payment or performance required under the Agreement on demand if the Business Entity Franchisee fails or refuses to do so punctually;

(3) such liability will not be contingent or conditioned on pursuit by Franchisor or otherwise of any remedies against the Business Entity Franchisee or any other person;

(4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor or otherwise may from time-to-time grant to the Business Entity Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the term of the Agreement and any renewal/successor franchise term;

(5) the liabilities and obligations of the undersigned, whether under this document or otherwise, will not be diminished or otherwise affected by the Termination, rescission, expiration, renewal, award of a successor franchise, modification or otherwise of the Agreement;

(6) terms not defined in this document shall have the meanings assigned in the Agreement; and

(7) the provisions of Articles 18 through 22 of the Agreement are incorporated in and will apply to this document as if fully set forth herein and shall apply to any dispute involving the Franchisor, its Affiliates, the Franchisor-Related Persons/Entities and each of their successors and assigns and any of the undersigned.

In connection with such guarantee and the Franchisor (a) not requiring that the Franchise be in the name of one or more of the Guarantors and/or (b) not requiring the payment of a full transfer fee in connection with any related transfer from the undersigned to the Business Entity Franchisee, each of the undersigned hereby grants a General Release of any and all claims, liabilities and/or obligations, of any nature whatsoever, however arising, known or unknown, against the Franchisor, its Affiliates, the Franchisor-Related Persons/Entities and each of their successors and assigns.

IN WITNESS WHEREOF, each of the undersigned has here unto affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)	**PERCENTAGE OF OWNERSHIP OF BUSINESS ENTITY FRANCHISEE**
______________________________	________________________%
______________________________	________________________%
______________________________	________________________%
______________________________	________________________%

Business Entity Franchisee:

__________________________, a _______________ corporation/LLC.

By ______________________________________

Its ______________________________________

SANSAI NORTH AMERICA FRANCHISING, LLC

EXHIBIT 1.2 CURRENT FORM OF RELEASING LANGUAGE

(SUBJECT TO CHANGE BY FRANCHISOR)

Release **-** General Provisions. The Franchisee(s), jointly and severally, hereby release and forever discharge each and all of the Franchisor-Related Persons/Entities (as defined below) of and from any and all causes of action, in law or in equity, suits, debts, liens, defaults under contracts, leases, or any Operating Agreement, agreements or promises, liabilities, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, howsoever arising, known or unknown, fixed or contingent, past or present, that the Franchisee(s) (or any of them) now has or may hereafter have against all or any of the Franchisor-Related Persons/Entities by reason of any matter, cause or thing whatsoever from the beginning of time to the date hereof (the "Claims"), it being the mutual intention of the parties that this release be unqualifiedly general in scope and effect and that any Claims against any of the Franchisor-Related Persons/Entities are hereby forever canceled and forgiven.

THE FRANCHISEE (S) ACKNOWLEDGE THAT THEY ARE FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

THE FRANCHISEE(S), BEING AWARE OF THIS CODE SECTION, HEREBY EXPRESSLY WAIVE ALL OF THEIR RIGHTS THEREUNDER AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT OF ANY APPLICABLE JURISDICTION, INCLUDING, WITHOUT LIMITATION, CALIFORNIA AND/OR JURISDICTIONS OF FRANCHISEE(S)' RESIDENCE AND LOCATION OF FRANCHISED UNIT, provided, that if this Release is given in connection with the award of a franchise, then this release shall not apply to Claims relating to the offer and sale of such franchise under the California Franchise Investment Law or any rule or order issued thereunder.

The Franchisee(s) expressly assume the risk of any mistake of fact or fact of which they may be unaware or that the true facts may be other than any facts now known or believed to exist by Franchisee(s), and it is the Franchisee(s) intention to forever settle, adjust and compromise any and all present and/or future disputes with respect to all matters from the beginning of time to the date of this document finally and forever and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases given by the Franchisee(s) are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Franchisee(s) represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as the Franchisee(s), in the Franchisee(s) independent judgment, believe necessary or appropriate. The Franchisee(s) have not relied on any statement, promise, representation or otherwise, whether of fact, law or otherwise, or lack of disclosure of any fact, law or otherwise, by the Franchisor-Related Persons/Entities or anyone else, not expressly set forth herein, in executing this document and/or the related releases.

Franchisee(s) Initials: _____N/A____________

No Assignment or Transfer of Interest. The Franchisee(s) represent and warrant that there has been, and there will be, no assignment or other transfer of any interest in any Claims that the Franchisee(s) may have against any or all of the Franchisor-Related Persons/Entities, all Claims having been fully and finally extinguished, and the Franchisee(s) agree to forever indemnify and hold the Franchisor-Related Persons/Entities harmless from any liability, claims, demands, damages, losses, costs, expenses or attorneys' fees incurred by any of the Franchisor-Related Persons/Entities as a result of any person asserting any interest in any of the Claims and/or any voluntary, involuntary or other assignment or transfer, or any rights or claims under any assignment, transfer or otherwise. It is the intention of the parties that this indemnity does not require payment by any of the Franchisor-Related Persons/Entities as a condition precedent to recovery against the Franchisee(s) under this indemnity.

Franchisee(s) Initials: _____ N/A ____________

Attorneys' Fees. If the Franchisee(s), or anyone acting for, or on behalf of, the Franchisee(s) or claiming to have received, by assignment or otherwise, any interest in any of the Claims, commence, join in, or in any manner seek relief through any suit (or otherwise) arising out of, based upon or relating to any of the Claims released hereunder or in any manner asserts against all or any of the Franchisor-Related Persons/Entities any of the Claims released hereunder, the Franchisee(s) agree to pay all attorneys' fees and other costs incurred by any of the Franchisor-Related Persons/Entities in defending or otherwise responding to said suit or assertion directly to the Franchisor-Related Persons/Entities incurring such costs.

Franchisee(s) Initials: _______ N/A __________

"Franchisor-Related Persons/Entities." Franchisor, Franchisor's affiliates, any advertising or marketing fund, any Franchisee Advisory Group and each of the following, whether past, current or future: companies and/or persons acting through and/or in concert with us and/or with any of the foregoing; partners, shareholders, officers, directors, agents, attorneys, accountants, and/or employees of ours and/or of any of the foregoing; and predecessors, successors and/or assigns of ours and/or of any of the foregoing.

Franchisee(s) Initials: ______ N/A ___________

Date of Releases, Joint and Several Liability. The releases granted hereunder shall be deemed effective as of the date hereof. The liabilities and obligations of each of the Franchisee(s) (and any other person/entity providing releases to the Franchisor-Related Persons/Entities) shall be joint and several.

Franchisee(s) Initials: _______ N/A __________

SANSAI NORTH AMERICA FRANCHISING, LLC

EXHIBIT 2.2 PROTECTED TERRITORY & SITE SELECTION

The "Protected Territory" is as follows:

____

____

____

____

Note: Boundary lines include only the area within the boundary line and extend only to the middle of the boundary demarcation (for example, only to the middle of a street or highway.) You have no rights under this Agreement or otherwise with respect to a facility on the other side of the boundary line, street or highway or otherwise, and no matter how close to such boundary a facility may be, regardless of the distance from, impact on, or vicinity of, your SANSAI Fresh Japanese Grill or the number of SANSAI Fresh Japanese Grills, other outlets or otherwise in any area or market. Your rights are limited as set forth in the Franchise Agreement.

The Approved Site is as follows:

____

____

____

____

FRANCHISOR:	FRANCHISEE:
SANSAI NORTH AMERICAN FRANCHISING, LLC	
	______________________________
	Signature
	______________________________
	Printed Name
By: __________________________	______________________________
Its Manager	Signature
	______________________________
	Printed Name

SANSAI NORTH AMERICA FRANCHISING, LLC

EXHIBIT 3.2 B COLLATERAL ASSIGNMENT OF LEASE

THIS COLLATERAL ASSIGNMENT OF LEASE (this "Assignment") is entered into as of _____, 20___ between ____ ("Franchisee") and SANSAI North American Franchising, LLC, a California Limited Liability Company ("Franchisor.")

Subject to the provisions hereof, the Franchisee, to secure its obligations to the Franchisor under the franchise agreement between the Franchisor and the Franchisee for the operation of a SANSAI Fresh Japanese Grill franchise, dated ___________________, 20__ (the "Franchise Agreement"), hereby assigns, transfers and sets over unto Franchisor [and/or such person(s)/entity(ies) as Franchisor may from time-to-time designate] all of Franchisee's right, title and interest, whether as tenant or otherwise, in, to and under that certain lease (the "Lease"), a copy of which is attached to this Assignment, dated _________, 20__, between Franchisee and _________________________________ ("Landlord"), respecting that property commonly known as ___________________________________ _________________________ (the "Premises"). The Franchisor shall have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease or otherwise (including, but not limited to, any obligation to pay rent and/or other amounts) until and unless the Franchisor, in its sole and absolute discretion, takes possession of the Premises pursuant to the terms hereof and expressly (and in writing) assumes the rights and obligations of Franchisee under the Lease, the Franchisor only being responsible for those obligations accruing after the date of such assumption.

The Franchisee agrees to indemnify and hold harmless the Franchisor from and against all claims and demands of any type, kind or nature made by the Landlord or any third party that arise out of or are in any manner connected with the Franchisee's use and occupancy of the Premises subject to the Lease.

The Franchisee represents and warrants to the Franchisor that the Franchisee has full power and authority to assign the Lease and its interest in the Lease, as evidenced by the execution of the Franchise Addendum to Lease Agreement attached to the Lease and incorporated therein by reference.

The Franchisor will not take possession of the Premises until and unless the Franchisee defaults (and/or until there is a termination, cancellation, rescission or expiration of the Franchisee's rights) under the Lease, any sublease, the Franchise Agreement or other agreement between the Franchisee and the Franchisor (or any affiliate). In such event, the Franchisor (or its designee) shall have the right, and is hereby empowered, (but has no obligation) to take possession of the Premises, expel Franchisee therefrom, and, in such event, Franchisee shall have no further right, title or interest in or under the Lease or to the Premises, all such rights thereby passing to the Franchisor or its designee, in each case without the Landlord's further consent. The Franchisee agrees to do all acts necessary or appropriate to accomplish such assignment on the Franchisor's request. The Franchisee will reimburse the Franchisor for the costs and expenses incurred in connection with any such retaking, including, without limitation, the payment of any back rent and other payments due under the Lease (whether such payments are made by a separate agreement with the Landlord or otherwise), attorney's fees and expenses of litigation incurred in enforcing this Assignment, costs incurred in reletting the Premises and costs incurred for putting the Premises in good working order and repair.

Franchisee agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Franchisor and will notify Franchisor of any impending negotiations in accordance with section 3.2 of the Franchise Agreement. Throughout the term of the Franchise Agreement, Franchisee agrees that it shall elect and exercise on a timely basis all options to extend the term, or renew or assume in bankruptcy, the Lease, unless Franchisor otherwise agrees in writing. Upon failure of Franchisee to so elect to extend or renew or assume the Lease, Franchisee hereby appoints Franchisor as its true and lawful attorney-in-fact to exercise such options in the name, place and stead of Franchisee for the sole purpose of effecting any extension, renewal or assumption, in each case for the account of the Franchisee and without any liability or obligation of the Franchisor

Failure of the Franchisor to exercise any remedy hereunder shall not be construed or deemed to be a waiver of any of its rights hereunder. The rights and remedies of the Franchisor under this Assignment are cumulative and are not in lieu of, but are in addition to, any other rights and remedies which the Franchisor shall have under or by virtue of the Franchise Agreement or otherwise. The terms, covenants, and conditions contained herein shall bind the Franchisee and its successors and assigns and inure to the benefit of the Franchisor and its successors and assigns. In the event of any dispute between the parties regarding this Assignment, or any matter related in any way to it, the dispute resolution provisions (including, but not limited to, mediation, binding arbitration, waiver of jury trial and limitation of damages) of the Franchise Agreement between the Franchisor and the Franchisee shall apply. The arbitrator in any such proceeding shall have the full power and authority to grant an appropriate award to give full effect to this Assignment, expelling the Franchisee from the Premises and awarding possession to the Franchisor, as well as granting such other relief as may be proper and fair at law and by equity. If there is more than one Franchisee, their obligations hereunder will be joint and several.

This Assignment, any memorandum hereof or any financial statement related hereto may be recorded by, and at the expense of, the Franchisor. The Franchisee hereby appoints the Franchisor as its attorney in fact to execute any and all documents and to take any and all such actions, as are necessary or appropriate to record such instrument referenced above.

Notwithstanding anything to the contrary contained herein, the Franchisee agrees to indemnify, defend and hold harmless the Franchisor with respect to all obligations and liabilities, including, without limitation, the obligations to pay all rent and other monies due under the Lease, that arise after the date of any assignment of the Lease that transpires under this Assignment; provided, however, nothing hereunder shall affect any obligations or covenants of the Franchisee owed under its Franchise Agreement with the Franchisor, including, without limitation, any post-termination covenant not to compete.

FRANCHISEE:

______________________________	______________________________
Signature	Signature
_______________________________	_______________________________
Printed Name	Printed Name

LANDLORD APPROVAL:

The undersigned Landlord hereby consents to and approves of the above-described Collateral Assignment of Lease by the Franchisee to the Franchisor and further agrees that immediately upon notice to the Landlord, the Franchisor shall have the right to succeed the Franchisee as the tenant under the Lease without further action or consent by any of the parties hereto; provided, however, nothing in the Assignment or in the consent and approval by the Landlord to the Assignment shall affect any other rights of the Landlord under the Lease.

LANDLORD	FRANCHISOR
________________________________	__________________________
By: ___________________________	By: ____________________
Its ______________________________	Its ________________________

SANSAI NORTH AMERICA FRANCHISING, LLC

EXHIBIT 3.3 SITE SELECTION ACKNOWLEDGMENT AND ADA CERTIFICATION FORM

SANSAI North America Franchising, LLC, a California Limited Liability Company, ("Franchisor," or "we," "us" or "our") and ____ ("Franchisee(s)" or "you") are parties to a franchise agreement dated ________, 20__ (the "Franchise Agreement") for the operation of a SANSAI Fresh Japanese Grill at the location identified below (the "Restaurant"). This Form refers to the following proposed location (the "site"), which we have accepted and consented to under the terms of a Franchise Agreement:

____.

(RESTAURANT ADDRESS)

You understand and agree that:

- You have independently selected and are solely responsible for the selection, development and operation of the site. Alternatively, if we propose a site to you, you have independently investigated those locations and you are solely responsible for your selection, development and operation of the site.
- Our consent to (or proposal of) the site is not, and should not be relied upon as, a recommendation or endorsement of such location, nor a representation or warranty as to the suitability of the site for any purpose, the likelihood of any success at such site, or otherwise. We cannot and do not guarantee the success of any location, whether selected by you or suggested by us.
- Although we, or companies referred by or associated with us, may assist you in site location, identification, financing and/or development by providing consultation, lease or Operating Agreement negotiation, evaluation and/or other assistance, including references to potential locations, contractors and other professionals (individually and collectively referenced as "site-related matters") neither we nor any Franchisor-Related Persons/Entities will have any liability with respect to any location to be selected, obtained and/or used by you or for any site-related matters. The sole responsibility for the selection and/or approval of the site and all site related matters is your own.
- We and/or any Franchisor-Related Persons/Entities may have made, or may make, available to you standard and/or site-specific plans and specifications to be used by you in the construction of your Restaurant. You are solely responsible for obtaining architectural, engineering and other applicable professional services to prepare surveys, site and foundation plans and adapt any plans and specifications to the site and all applicable laws, regulations and ordinances.
- In signing this form, you acknowledge that you have not relied on any assistance or input from us or any Franchisor-Related Persons/Entities with respect to the site and any site related matter, and you waive any claims you may have against us and/or any Franchisor-Related Persons Entities in connection with the site and any such matters.
- You acknowledge that you (and each of your owners, if you are a Business Entity) have had the opportunity and been advised by us to have this Agreement and all other documents reviewed by your own attorney, and that you have read, understood, had an opportunity to discuss and agreed to each provision of this Agreement. You agree that you have been under no compulsion to sign this Agreement.

- You agree that this Form, along with the Franchise Agreement between us, contains the final, complete and exclusive expression of the terms of your and our agreement with respect to the subject matter of this document and supersedes all other agreements and/or representations of any kind or nature. Any understandings, agreements, representations, or otherwise (whether oral or written) which are not fully expressed in this document and the Franchise Agreement are expressly disclaimed by you.

ADA Certification:

In accordance with Section 3.3 of the Franchise Agreement, Franchisee certifies to Franchisor that to the best of Franchisee's knowledge, the SANSAI Fresh Japanese Grill and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing or operation of the SANSAI Fresh Japanese Grill. Franchisee acknowledges that Franchisor has relied on the information contained in this certification. Furthermore, Franchisee agrees to indemnify Franchisor and Franchisor-Related Persons/Entities, and each of their respective officers, directors, and employees, in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by such indemnified party(ies) as a result of any matters associated with Franchisee's compliance (or failure to comply) with the Americans with Disabilities Act, as well as the costs, including attorneys' fees, related to the same.

In the event of any dispute concerning or relating to this document and/or any of the transactions and/or matters to which it may apply, such dispute will be resolved in accordance with the dispute resolution provisions of the Franchise Agreement (including, but not limited to, Articles 19, 20 and 21 of the Franchise Agreement, providing for BINDING ARBITRATION and WAIVER OF JURY TRIAL among other terms). Terms not defined in this document shall have the same meaning as they do in the Franchise Agreement.

All signers are jointly and severally responsible for the representations and promises described in this Acknowledgment and Certification Form.

FRANCHISEE(S)

By: ____

Printed Name: _______________________________

Date: ______________________________________

By: ____

Printed Name: _______________________________

Date: ______________________________________

By: ____

Printed Name: _______________________________

Date: ______________________________________

SANSAI NORTH AMERICA FRANCHISING, LLC

EXHIBIT 8.1 SANSAI EMPLOYEE CONFIDENTIALITY AGREEMENT

(Note to Franchisee: This is a form which has not been checked by us for compliance with local laws and should be reviewed by your attorney for your protection and to maximize enforceability. You are responsible for ensuring that the terms of the agreement used by you comply with all applicable laws, since they may vary from one state or province to another.)

In consideration of the employment of the below named Employee, and as inducement for disclosure by ____ [franchisee entity or individual name] (the "Franchisee"), doing business as an independent SANSAI Franchisee, for the continuation of such employment, and for the compensation which I have received and may receive during the period of such employment, I, the undersigned Employee, hereby agree that during my employment with the Franchisee and for any post-term periods specified in this Agreement:

(1) My employment by the Franchisee will be in accordance with the policies, rules and regulations of the Franchisee, as the same now exist, or as they may be established or modified from time to time.

(2) The Franchisee has, subject to a Franchise Agreement with SANSAI North America Franchising, LLC (the "Franchisor") acquired specified rights to use certain "Confidential Information," which includes all information (current and future) relating to the operation of an SANSAI Fresh Japanese Grill or the SANSAI System, including, among other things, all: i) Manuals, training, techniques, processes, policies, procedures, systems, data and know how regarding the development, marketing, operation and franchising of SANSAI Fresh Japanese Grills; ii) designs, specifications and information about Products and Services, iii) all information regarding customers and suppliers, customer, supplier and product lists, technical processes and know how, specifications, manuals, notes, reports, memoranda, data, equipment and/or secured areas (in written, audio, magnetic and/or electronic format), including any statistical and/or financial information and all lists, together with various designs, techniques, know-how, marketing concepts and information, operating procedures and technical information and ancillary products, services and techniques and other related applications which are not generally known in the industry or to the public, and, in addition, iv) any other items that an arbitrator or court deems reasonably appropriate for protection.

(3) "Confidential Information" is not intended to include any information that: is or subsequently becomes publicly available (other than by breach of any legal obligation) or became known to you other than through a breach of a legal obligation.

(4) By virtue of my employment by the Franchisee, the Employee will or may have access to Confidential Information.

(5) With reference to the Confidential Information, the Employee agrees as follows:

a. The Confidential Information is a valuable trade secret licensed to the Franchisee by the Franchisor and/or related companies, and I will not use the Confidential Information other than within the course and scope of my employment responsibilities and functions.

b. I will not release or divulge any Confidential Information unless first expressly authorized to do so in writing by a superior or an officer of the Franchisee; provided, however, that during the period of my employment, I will be permitted to release or divulge the same, or any portion thereof, to persons employed or otherwise closely associated with the Franchisee, but only to the extent that such persons have a need to know the same within the course and scope of their employment by, or close association with, the Franchisee (for example, attorneys and/or accountants retained by the Franchisee.)

c. Any and all publications/copies/disclosures of the Confidential Information in any form, which may be presented to me or to which I may be granted access, are on loan and will at all times remain, the exclusive property of the Franchisee and/or the Franchisor; the Confidential Information is being given to me in trust and confidence; and I will accept the same subject to such trust.

d. During the period of my employment by the Franchisee, I will take all necessary steps to safeguard and maintain the secrecy and confidentiality of the Confidential Information in my possession or control, including (by way of illustration and not limitation) (i) securing the Confidential Information in locked or otherwise secured files; and (ii) refraining from making copies or reproductions of the Confidential Information, or any portions thereof, unless necessary for the carrying out of my employment responsibilities, or if first expressly authorized to do so by a superior or an officer of the Franchisee.

e. Upon the termination of my employment by the Franchisee, I will immediately return to the Franchisee any and all Confidential Information and all copies thereof, which may have been entrusted to me or which I may have generated or copied, as well as any physical property of the Franchisee, including books, tapes, equipment, and the like, whether proprietary or not, which I may have in my possession or control.

f. My obligations with respect to the Confidential Information will continue beyond the period of my employment.

(6) All inventions, discoveries, developments, improvements, innovations, and writings, whether or not eligible for patent and/or copyright protection (hereinafter collectively referred to as "Innovations" or "Inventions" as may be appropriate), conceived or made by me either solely or in concert with others, during the period of my employment by the Franchisee (including, but not limited to, any period prior to the date of this Agreement) whether or not made or conceived during working hours, which (a) relate in any manner to the existing or contemplated business, or the development of activities, of the Franchisee and/or the Franchisor, or (b) are suggested by, or result from, my work for the Franchisee, or (c) result from my use of the Franchisee's time, materials, or facilities, will be the sole and exclusive property of the Franchisor. Any Inventions made by me, or disclosed by me to a third party, or described in a patent application of mine, within nine (9) months following the period of my employment by the Franchisee, will be presumed to have been conceived or made by me during the period of my employment with the Franchisee, unless I can prove they were entirely conceived and made by me following the period of such employment.

(7) I will promptly make a full disclosure to the Franchisor, and hold in trust for the sole right and benefit of the Franchisor, any and all Inventions which I may solely or jointly conceive, write, develop, reduce to practice; or cause to be conceived, written, developed, or reduced to practice, during the period of time I am employed by the Franchisee, and thereafter in accordance with the provisions of this Agreement.

(8) I hereby assign and agree to assign to the Franchisor, all of my right, title and interest in and to all my Inventions, if any, and agree, during and subsequent to my employment, to execute and deliver to the Franchisor, ownership, title and exclusive rights therein, all without charge.

(9) I hereby assign and agree to assign to the Franchisor all of my right, title and interest in and to any and all United States and foreign patents and copyrights covering my Inventions, and all reissues, registrations and renewals thereof. I further agree, during and subsequent to my employment, to aid (i) in the prosecution of any United States or foreign applications for Letters Patent or the registration of copyrights covering such inventions and (ii) in the enforcement of any such patents or copyrights. In this connection, I will, at the Franchisor's request and expense, execute, acknowledge and deliver any and

all documents and oaths, and take such further action considered necessary by the Franchisor for the foregoing purposes, without charge.

(10) In the event the Franchisor is unable, for any reason whatsoever, to secure my signature to any lawful and necessary documents required to assign, apply for, or prosecute any United States or foreign applications for Letters Patent or the registration of copyrights in and to my Inventions or otherwise which belong to the Franchisor by virtue of the provisions of this Agreement or otherwise, I hereby irrevocably designate and appoint the Franchisor and its duly authorized officers and agents as my agent and attorney-in-fact, to act for and in my behalf and stead to execute and file any such assignments and applications, and to do all other lawfully permitted acts to further the prosecution and issuance of Letters Patent thereon and/or registrations of copyrights with the same legal force and effect as if executed by me.

(11) My compensation as an employee of the Franchisee will cover any Inventions which I may conceive or make hereunder, and I will not be entitled to any additional compensation therefore.

(12) I represent to the Franchisee and the Franchisor that I have no right, title or interest in or to any invention which has been made, conceived or reduced to practice by me (solely or jointly with others) prior to my employment by the Franchisee.

(13) My services, and the Confidential Information which may be entrusted to me, are unique, and, if I breach this Agreement, the Franchisee and the Franchisor may not be adequately compensated by damages. Therefore, if I violate the terms of this Agreement, either during or after my employment, the Franchisee and the Franchisor will be entitled, in addition to all other remedies available to either, to equitable relief by injunction or otherwise, thereby enjoining or restraining me, and those persons acting in concert with me, from the continuation of any breaches hereof. The right to equitable relief granted in the foregoing sentence will not preclude the Franchisee or the Franchisor from seeking actual money damages from me or any other party in the event of a breach or threatened breach of this Agreement.

(14) During my employment by the Franchisee, and for one (1) year after termination of such employment, I will not; i) directly or indirectly, or in concert with others, employ or attempt to employ or solicit for any employment any of the Franchisee's or Franchisor's employees, ii) conduct, operate, consult, advise or in any manner be associated, directly or indirectly, with any business or operation substantially similar to or competitive with that conducted by the Franchisee within the Franchisee's Territory (as defined by Franchisee's franchise agreement). Such restriction includes the furnishing and/or use of the Confidential Information to any person and/or entity, whether gratuitously, on a consulting basis, as an owner, shareholder, partner, employee or associate. For informational purposes, the Territory as it currently exists is shown on an attachment to this Agreement.

(15) Nothing contained in this Agreement will be construed to prevent me from engaging in a lawful profession, trade or business after my employment with the Franchisee. I confirm that I possess valuable skills unrelated to the Franchised Business and have the ability to be self-supporting and employed regardless of the restrictions described in this Agreement. I also acknowledge that the restrictions of this Agreement will not prevent me from practicing a lawful profession, trade, or business and are limited to the express restrictions detailed herein. This Agreement will be construed only as one which prohibits me from engaging in practices unfair to the Franchisee, and which are in violation of the confidence and trust reposed in me by the Franchisee with respect to its Confidential Information.

(16) The parties agree to the following dispute resolution provisions:

a. Any litigation, claim, dispute, suit, action, controversy, or proceeding of any type whatsoever including any claim for equitable relief and/or where you are acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving you and us on whatever theory and/or facts based, and whether or not arising out of this Agreement, and including any dispute involving the Franchisor, ("Claim") will be processed in the following manner, you and we each expressly waiving all rights to any court proceeding, except as expressly provided below at sub-sections (g) and (h) below:

(1) First, discussed in a face-to-face meeting held at a neutral location reasonably near your franchised location within thirty (30) days after either you or we give written notice to the other proposing such a meeting;

(2) Second, if unresolved, submitted to non-binding mediation for a minimum of four (4) hours before (a) the American Arbitration Association ("AAA") or its successor or (b) Judicial Arbitration and Mediation Service ("JAMS") or its successor if the AAA cannot conduct such mediation. The mediator shall be a neutral person experienced in franchising. We will pay the costs of the first four (4) hours of any mediation, and no mediation is required to extend beyond such four (4) hour period. Any party may be represented by counsel and may, with permission of the mediator, bring persons appropriate to the proceeding.

(3) Third, if unresolved, submitted to Arbitration before and in accordance with the arbitration rules of (a) the American Arbitration Association ("AAA") or its successor or (b) Judicial Arbitration and Mediation Service ("JAMS") or its successor if the AAA cannot conduct such arbitration. Arbitration may be filed prior to a face-to-face meeting and/or mediation, with such face-to-face meeting and/or mediation to follow as quickly thereafter as possible. Arbitration and mediation/meeting may proceed concurrently. The arbitrator must be a lawyer substantially experienced in franchising. Judgment on any arbitration award may be entered in any court having jurisdiction thereof, or of Franchisor or of Franchisee or of Employee, subject to the opportunity for appeal to a panel, as contemplated below. The arbitrator's award will be in writing.

(4) Fourth, a final award by an arbitrator (there will be no appeal of interim awards or other interim relief) may be appealed within thirty (30) days of such final award. Appeals will be conducted before a three (3)-arbitrator panel appointed by the same organization as conducted the arbitration, each member of which must be a lawyer substantially experienced in franchising. The arbitration panel will not conduct any trial de novo or other fact-finding function. Such panel's decision will be in writing, may be entered in any court having jurisdiction and will be BINDING, FINAL AND NON-APPEALABLE. On request by either party, the arbitration panel will provide to all disputants a reasoned opinion with findings of fact and conclusions of law.

(5) If required by applicable law for any arbitration provision (including the appeal process) to be enforceable (for example, to preserve constitutionally or statutorily provided rights), the arbitrator or a court will, as soon as possible, appropriately allocate between you and us the fees of the arbitrator(s) and/or his/her related organization, or require us to advance a portion of such fees subject to possible reimbursement, or otherwise address such issues so as to allow the mediation/arbitration to proceed and may adjust such allocations appropriately during the arbitration process for such purpose. In addition, you or we can choose to deposit all fees required by any arbitration organization, subject to later allocation between you and us, as provided above.

(6) If the organizations specified by this Agreement to conduct any mediation and/or arbitration are unable or unwilling to conduct such proceeding(s), and the parties to the dispute cannot agree on an appropriate substitute organization or person to conduct such proceeding(s), then a court of competent jurisdiction shall designate an appropriate organization or person to conduct such proceeding(s).

b. **Location**. Any mediation/arbitration (and any arbitration appeal) will be conducted exclusively at a neutral location in the county in which our then-current headquarters is located, which may change from time to time, and be attended by you and us, and/or designees authorized to make binding commitments on each of our respective behalf. You and we agree that the provisions of this Article will control, notwithstanding any language included in our franchise disclosure documents due to state requirements suggesting that the provisions of any section might be unenforceable due to a failure to have a meeting of the minds or otherwise. Neither you nor we have any expectation that the provisions of this (or any other) section will be unenforceable or that they will not be enforced. You understand and agree that one effect of this paragraph may be that mediation, arbitration and other related costs may be greater, and it may be more difficult for you to proceed, than if those proceedings took place in a location near your residence or business. If any court determines that this provision is unenforceable for any reason, mediation/arbitration (and any arbitration appeal) will be conducted at a neutral location reasonably near your franchised location.

c. **Arbitration Authority**. Arbitrators shall apply all applicable law, and a failure to apply the applicable law in accordance with Section 19.8 C. of the Franchise Agreement shall be deemed an act in excess of authority. The arbitrator shall be appointed within thirty (30) days of the filing of any demand for arbitration. Any arbitration hearing shall be held within ninety (90) days of the applicable appointment. The arbitrator shall decide all questions relating in any way to the parties' agreement to arbitrate, including but not limited to arbitrability, applicability, subject matter, timeliness, scope, remedies, and any alleged fraud in the inducement or claimed unconscionability. The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc. by any court having jurisdiction. The subpoena powers of the arbitrator with respect to witnesses to appear at the arbitration proceeding shall not be subject to any geographical limitation. No award in arbitration will have any effect of preclusion or collateral estoppel in any other adjudication or arbitration.

d. **Intention to Arbitrate**. The parties each knowingly waive all rights to a trial and select arbitration as the sole means to resolve disputes, except as expressly provided otherwise in this Agreement, understanding that arbitration may be less formal than a court or jury trial, may use different rules of procedure and evidence and that appeal is generally less available, and that the fees and costs associated with a face-to-face meeting, mediation and/or arbitration may be greater than in civil litigation, but still strongly preferring a face-to-face meeting, mediation and/or arbitration as provided in this Agreement believing that arbitration has overriding advantages from a business standpoint. The Franchisee intends to, and the Employee expressly agrees that the Franchisee may, fully enforce each of the provisions of this Agreement, including those relating to arbitration, venue, choice of laws, or otherwise, having had an express meeting of the minds regarding each of such matters.

e. **Choice of Laws**. Notwithstanding any provision of this Agreement or otherwise relating to which state or other laws this Agreement will be governed by, any provisions of state, or other law to the contrary, the Franchisee and the Employee mutually intend and agree that (1) the arbitrator shall decide any and all questions relating in any way to the parties' agreement (or claimed agreement) to arbitrate, including but not limited to applicability, subject matter, timeliness, scope, remedies, claimed unconscionability and any alleged fraud in the inducement and/or the enforcement of the agreement to arbitrate contained herein and that this Agreement and all related matters shall be governed exclusively by the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law of arbitration and (2) the Franchisee and the Employee mutually intend and agree (and have expressly had a meeting of the minds) to fully enforce all of the provisions of this Agreement and all other documents signed by the Franchisee and the Employee, including (but not limited to) all venue, choice-of-laws, mediation/arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal preemption under the Federal Arbitration Act (9 U.S.C. § 1 et seq.).

f. **No Bond**. No party will be required to post a bond in order to obtain any injunctive or other equitable relief.

g. Intellectual Property Claims. These dispute resolution provisions apply to any claims/arbitration between the parties (including any dispute involving the Franchisor and/or any person/entity related in any way to it), and/or by any owner and/or affiliate thereof, or which could be brought in their behalf or by any successor; provided that any claims or disputes relating primarily to the validity of the Franchisor's Marks and/or any Intellectual Property licensed to the Franchisee will be subjected to court proceedings; provided that only the portion of any claim or dispute relating primarily to the validity of the Marks and/or any Intellectual Property licensed to the Franchisee and requesting equitable relief shall be subject to court action, and any portion of such claim seeking monetary damages will be subject to the process outlined above.

h. Litigation. Subject to the foregoing obligations regarding mediation/arbitration, any litigation (for example, to enforce such obligations) between the undersigned (or involving the Franchisor) will be held in the United States District Court encompassing the Franchisee's then-current headquarters (the "Proper Federal Court"). Proceedings will be held only in the Proper Federal Court, subject to the following exceptions:

(i) if a basis for federal jurisdiction does not exist, then any such proceeding shall be brought exclusively before a court in the most immediate state judicial district encompassing the Franchisee's then-current headquarters and having subject matter jurisdiction (the "Proper State Court");

(ii) proceedings to remove or transfer a matter to the Proper Federal Court and/or to compel arbitration as contemplated by this Agreement may be brought in the court where the applicable action is pending and/or the Proper State or Federal Court; and

(iii) any action primarily with respect to any real and/or personal property (including any action in unlawful detainer, ejectment or otherwise) may be brought in any court of competent jurisdiction and/or the Proper State or Federal Court.

(17) Upon the termination of the Employee's employment, the Franchisee may notify anyone thereafter employing me of the existence and provisions of this Agreement.

(18) The employee understands that his/her employment is at will, and that just as the Employee may terminate his/her employment at any time and for any reason (or for no reason), the Franchisee may do the same, unless a fixed term is specified herein or in another writing, executed by the Employee and the Franchisee.

(19) The Employee represents that he/she has no existing agreements with, obligations to, or interest in any other party that keep the Employee from complying with his/her obligations under this Agreement, or which may give rise to a conflict of interest, except those identified on the attached list signed by the Employee and the Franchisee. If no list is attached, the Employee agrees that there are no such agreements, obligations or interests on my part. In addition, the Employee agrees to promptly disclose in writing to his/her superior any future agreements, obligations and/or interests which may preclude or conflict with his/her obligations hereunder.

(20) The Employee will not use on behalf of, or divulge to, the Franchisee, or its agents or employees, during his/her employment by the Franchisee, confidential or trade secret information acquired during any prior employment of his/hers or from any other source outside of the Franchisee, provided, of course, that the Employee knows or should know of its nature as confidential or a trade secret.

(21) The Employee understands and confirms that he/she has no authority whatsoever to make any commitment or enter into any arrangement or contract on behalf of the Franchisee unless authorized by an officer of the Franchisee in writing.

(22) The Franchisee and the Employee agree that this Agreement supersedes any prior oral agreement and/or written agreement by and between them relating generally to the subject matter of this

Agreement; the Employee represents and warrants that there are no such prior oral agreement and/or written agreement.

(23) The Franchisee and the Employee agree that, if it is determined that any provision of this Agreement is illegal or unenforceable, such provision will be enforced to the fullest extent permissible under governing law and such determination will solely affect such provision and not impair the remaining provisions of this Agreement. The time period of the restrictions described in this Agreement will be extended by the length of time during which the Employee is in breach of any such provision of this Agreement.

(24) The Franchisee and the Employee agree that this Agreement will be construed, and the validity, performance and enforcement hereof will be governed by the laws of the State in which the Franchisee's headquarters is located.

(25) A waiver by the Franchisee or Franchisor of any breach of this Agreement on the Employee's part will not operate as or be construed as a waiver of any subsequent breach hereof.

(26) This Agreement will inure to the benefit of and be enforceable by the Franchisee and the Franchisor, and any successors and assigns of the foregoing, and that it will be binding upon the Employee, his/her executors, administrators, legatees, distributees, heirs and other successors in interest. The Franchisor is an intended third-party beneficiary of this Agreement and may protect its interests by enforcing the parties' obligations, but the Franchisor is not a party to this Agreement, is not the employer of, and has no obligations to, the Employee.

(27) The Employee has read the foregoing provisions, understands that this Agreement defines the terms and conditions under which the Franchisee is willing to employ or continue to employ the Employee, is executing this Agreement and agreeing to abide by its provisions voluntarily, and the Franchisee has given the Employee a copy of this Agreement for his/her future reference so as to avoid any possible oversights or misunderstandings regarding its provisions.

Dated: ____________________ ___, 20__ at _________________________, _____________________

City State

FRANCHISEE:	EMPLOYEE:
_________________________	_____________________________
By:	Employee's name
Its: ______________________	
	_____________________________
	Employee's signature

SANSAI NORTH AMERICA FRANCHISING, LLC

EXHIBIT 10. EXECUTIVE ORDER 13224 AND RELATED CERTIFICATIONS

If the Franchisee is an individual or individuals, the Franchisee certifies that he/she/they are not, nor to my/our best knowledge have I/us been designated, a terrorist and/or a suspected terrorist, nor am I/us associated and/or affiliated in any way with any terrorist and/or suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

If the Franchisee is a company, the person(s) signing on behalf of the Franchisee certifies(y) that, to the Franchisee's and such person's best knowledge, neither the Franchisee, such person, and/or any owners, officers, board members, similar individuals and/or affiliates/associates of the Franchisee have been designated, a terrorist and/or a suspected terrorist, nor is the Franchisee or any such persons and/or affiliates/associates owned, controlled, associated and/or affiliated in any way with any terrorist and/or a suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

Franchisee agrees to fully comply and/or assist Franchisor in its compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations, including properly performing any currency reporting and other obligations, whether relating to the Franchise or otherwise, and/or required under applicable law. The indemnification responsibilities provided in the Franchise Agreement cover the Franchisee's obligations hereunder.

FRANCHISEE

By: ______________________________________

Printed Name: _____________________________

Title: _____________________________________

Date: _____________________________________

EXHIBIT F
AREA DEVELOPMENT AGREEMENT

SANSAI NORTH AMERICA FRANCHISING, LLC

AREA DEVELOPMENT AGREEMENT

Table of Contents

1.1 Designated Development Area and Development 1

2.1 Term. 1

3.1 Renewal 2

4.1 Development Conditions and Procedures 2

5.1 Fees. 2

5.2 Extension Fee. 3

6.1 Operations 3

7.1 Defaults and Termination 4

8.1 Transfers 4

9.1 Relationship of the Parties 5

10.1 Personal Guarantees 5

11.1 Payments and Legal Compliance. 5

12.1 Incorporated Provisions of SANSAI Franchise Agreement. 5

13.1 Miscellaneous Provisions. 6

Exhibit 1.1 Designated Development Area 9

Exhibit 1.2 Development Schedule 10

Exhibit 1.3 Owner's Guaranty And Assumption of Business Entity Franchisee's Obligations 11

SANSAI NORTH AMERICA FRANCHISING, LLC

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (the "Agreement") is ma on de and entered into this _____ day of ___________, 20__, (the "Effective Date") by and between SANSAI North America Franchising, LLC ("Franchisor", "we" or "us") and _________________, ("Area Developer," or "you"), with reference to the following facts:

A. SANSAI North America Franchising, LLC is in the business of franchising "quick casual" Japanese grill restaurants. We refer to these businesses as "SANSAI Units" or "SANSAI Fresh Japanese Grills®". We grant franchises for qualified persons to own and operate SANSAI Fresh Japanese Grills using the SANSAI® System and the SANSAI® brand name and trademarks.

B. You desire to have the right and obligation to open a specified number of SANSAI Fresh Japanese Grills® in a designated territory on or before certain dates. We desire to grant to you such right and obligation, subject to the terms and upon the conditions contained in this Agreement.

You and we agree to the following provisions.

1.1 Designated Development Area and Development

A. We will not award a SANSAI Franchise for the operation of a SANSAI Fresh Japanese Grill to anyone other than you, or open a SANSAI Unit owned by us or our Affiliate ("Company Owned Unit"), in the area designated on the attached Exhibit 1.1 (the "Designated Development Area") for the term of this Agreement, subject to all of the conditions and provisions of this Agreement.

B. You commit to sign the then current version of the SANSAI Franchise Agreement (and all related documents then customarily in use by us), and pay the full Initial Franchise Fees, and to open and operate the number of SANSAI Units (the "Development Units") in the Designated Development Area, in each case by no later than the dates provided on Exhibit 1.2 (the "Development Schedule"). You understand that the then-current form of SANSAI Franchise Agreement may differ in material respects from our present Franchise Agreement. Our current form of SANSAI Franchise Agreement has been fully reviewed and approved by you. Terms not defined in this Agreement have the same meanings as in the Franchise Agreement.

C. Only SANSAI Fresh Japanese Grills newly established by you in the Designated Development Area will count to satisfy the requirements of this Agreement and the Development Schedule. Any franchises acquired by transfer or to be located outside the Designated Development Area will not satisfy such requirements.

D. Your rights in the Designated Development Area are only as expressly stated in 1.1 A, above, and are subject to certain rights reserved by us. You understand and agree that Section 2 of the Franchise Agreement, captioned "Grant and Term", expresses our respective rights in the Designated Development Area during the term of this Agreement. You expressly acknowledge reading and understanding Section 2 of the Franchise Agreement.

E. We are not granting you with this Agreement the right to sell or to solicit offers to buy SANSAI Franchises. You represent that all SANSAI Franchises to be obtained by you are for your sole ownership, use and operation. You will not have the right to "sublet" any area within the Designated Development Area or to sub-franchise or assign any rights under this Agreement.

2.1 Term. Unless earlier terminated in accordance with its provisions, this Agreement shall commence on the Effective Date indicated on Page One and automatically expire upon the earlier of: (i) the latest Required Date for Opening of a SANSAI Fresh Japanese Grill or sometimes referred to as

"Development Unit", provided on Exhibit 2.1; or (ii) the actual Opening Date for the last scheduled SANSAI Fresh Japanese Grill.

3.1 Renewal. Area Developer shall have no right to a renewal or successor agreement.

4.1 Development Conditions and Procedures

A. You are solely responsible for locating, securing and developing the site for each SANSAI Fresh Japanese Grill according to any then applicable SANSAI standards, guidelines and/or specifications.

B. You shall submit to us such information regarding a proposed site as we require, in the form and manner requested by us, together with the terms of any proposed lease. We may seek such additional information that we consider necessary, but our approval will not be unreasonably withheld. The terms of any such lease shall comply with the provisions of the Franchise Agreement applicable to such proposed site. Our consent to any site shall not be construed as a recommendation or warranty as to suitability or the success of the SANSAI Fresh Japanese Grill to be located there. We make no such assurances of any kind.

C. Upon our written consent to any approved site, and subject to the conditions to the offer of a franchise provided in 4.1 D., below, you will pay to us the Initial Franchise Fee for each approved Development Unit and sign the then current form of Franchise Agreement along with any related documents then customarily used by us, including any appropriate receipts for disclosure documents. We may in connection with our evaluation of the proposed site require and consider financial statements or similar information satisfactory to us demonstrating financial capability and compliance with Section 6.1 C of this Agreement.

D. Regardless of any other provision of this Agreement, you understand that we have the right to deny you a Franchise and/or not permit you to open a Development Unit if any of the following conditions are not met:

(i) you are not in compliance with any Performance Standards under any Franchise Agreement and/or are in default under this Agreement, any Franchise Agreement, the Manuals, or any other agreement with us and/or any Franchisor Related Person/Entity between you and any other party if related to your Franchise Brokers;

(ii) you have not delivered all completed and signed documents currently required by us;

(iii) you have not appointed a manager for the Development Unit who meets our then current training and other standards.

E. You and we acknowledge and agree that the deadlines set forth in the Development Schedule (Exhibit 1.2) are the essence of this Agreement. No modification or amendment to the Development Schedule or any consent to or waiver of any deadline or other obligation of this Agreement will either (i) create any obligation to grant additional modifications, amendments, consents or waivers or (ii) be effective unless made by mutual written agreement. Any modification or amendment to the Development Schedule or otherwise will be in our Business Judgment, as that term is defined in the Franchise Agreement, and may be subject to conditions, including (but not limited to) a General Release or a reduction of the Designated Development Area and Development Units.

5.1 Fees. The Initial Franchise Fee under the Area Development Agreement for the first SANSAI Fresh Japanese Grill is $35,000, for the second SANSAI Fresh Japanese Grill the discounted Initial Franchise Fee is $30,000, the discounted Initial Franchise Fee for the third SANSAI Fresh Japanese Grill is $25,000, the discounted Initial Franchise Fee for the fourth SANSAI Fresh Japanese Grill is $20,000 and the discounted Initial Franchise Fee for each additional SANSAI Fresh Japanese Grill is $15,000. Upon execution of this Area Development Agreement you must pay a lump sum non-refundable Area

Development Fee of $35,000 for the first SANSAI Fresh Japanese Grill plus one-half of the Initial Franchise Fee for each discounted SANSAI Fresh Japanese Grill required to be developed as forth in the Exhibit 1.2 “Development Schedule.” By your signature below you promise to open and operate a total of _____ SANSAI Fresh Japanese Grills and to pay an Area Development Fee of $________________ when you sign this Area Development Agreement and to pay the remaining additional balance of $_________ as set forth in the following chart for a total Area Development Fee of $_____________:

(1) Number of Franchises Agreed To Be Opened	(2) Total Development Fee Owed On Signing Development Agreement	(3) Amount Paid On Signing Development Agreement	(4) Total Amount to be Paid Over Time as You Sign the Agreements for Each of the Remaining Franchises to be Opened
One Franchise	$35,000	$35,000	0
Two Franchises	$65,000	$50,000	$15,000 (*)
Three Franchises	$90,000	$62,500	$27,500 (15k+12.5k)
Four Franchises	$110,000	$72,500	$37,500 (15k+12.5k+10k)
Five Franchises	$125,000	$80,000	$45,000 (15k+12.5k+10k+7.5k)

(1) Number of Franchises Agreed To Be Opened (2) Total Development Fee Owed On Signing Development Agreement (3) Amount Paid On Signing Development Agreement (4) Total Amount to be Paid Over Time as You Sign the Agreements for Each of the Remaining Franchises to be Opened

(*) Note that the second franchise has a reduced fee of $30,000 and in addition to the $35,000 fee for the first franchise makes a total Development Fee of $65,000. However, only half of the fee for the second franchise is paid when signing the Development Agreement. The remaining half ($15,000) is paid upon signing the franchise agreement to open the second franchise.

___________________________ ___________________________________ _____________________
Signature Printed Name Date of Signature

You agree that the grant of rights to you under this Area Development Agreement constitutes the sole consideration for the payment of your Area Development Fee and that the total Area Development Fee is fully earned by us upon your signature to this Area Development Agreement.

5.2 Extension Fee. If you fail to comply with your minimum Development Schedule set forth in Exhibit 1.2, we may, in our sole discretion, grant an extension of your Development Schedule for a non-refundable extension fee of from $5,000 to $20,000 per remaining franchise to be opened, depending upon the amount of time extended.

6.1 Operations.

A. We require the Chief Executive Officer or another officer/owner for or of the Area Developer to attend and successfully complete such initial and/or on-going training as we designate and/or to meet with us from time-to-time to review Area Developer operations.

B. We require that you employ a manager for each Development Unit who will meet such standards (including training requirements) as are set forth in the then-current Franchise Agreement and/or Manuals issued by us, to supervise and coordinate the operation of each SANSAI Fresh Japanese Grill.

C. We require that you to maintain positive working capital and a minimum net worth of $250,000 multiplied by the number of Development Units.

7.1 Defaults and Termination.

A. This Agreement may be terminated by us upon your receipt of written notice and without opportunity to cure, except as may be required by law, if:

(1) You attempt to sell, assign, Transfer or encumber in whole or in part any or all rights and obligations under this Agreement in conflict with Article 8.1, below;

(2) You fail to meet on a timely basis any of the provisions of the Development Schedule, including without limitation, any Development Unit Opening Date or Fee Payment;

(3) You commit to a lease unapproved by us, or begin the development and/or operation of a Development Unit, without having complied with the terms of this Agreement, including without limitation Article 4.1, above;

(4) You or any of your owners are judged bankrupt, become insolvent, make an assignment for the benefit of creditors, are unable to pay his/her/their debts as they become due, or a petition under any bankruptcy law is filed against you or any of your owners or a receiver or other custodian is appointed for a substantial part of your assets or the assets of any owner;

(5) You or any of your owners is convicted of, or pleads no contest to, a felony or to any crime or offense that may adversely affect the good will associated with the Marks;

(6) You commit any other breach of this Agreement.

B. Any default by you under this Agreement may be regarded by us as a default by you under the Franchise Agreement. Any default under any Franchise or other agreement with us or with any Franchisor Related Person/Entity may be considered by us to be a default under this Agreement. Any default by you under any agreement, lease or other obligation relating to the Franchise Business may be regarded as a default under this Agreement, regardless of whether or not any such agreements are between you and us. In all instances we shall be entitled to all rights and remedies available to us under the respective agreements, at law and in equity. If you default under any Franchise or other agreement, we may require you to stop all development activities/Development Unit openings under this Agreement unless and until you are permitted by us in writing to continue.

C. Upon a termination/expiration of this Agreement you have no rights under this Agreement, including without limitation, no right to the award of any further franchises or any refunds of any amounts paid. We shall be free to develop the Territory in any manner we choose, including establishing Company Owned Units and franchised units in the Territory, subject only to the terms of any applicable unit franchise agreements.

D. Notwithstanding the provisions of Section 7.1 A (2), above, if the opening of a Development Unit is physically prevented by circumstances beyond human control, such as fire, flood, earthquake, riot, war, or other similar circumstance, then you will be allowed such additional time as is reasonably necessary to open such Development Unit, but not longer than six months. Such an extension shall be available exclusively to the Unit subject to the interrupted development and shall not apply to any subsequent unit development deadlines or requirement dates.

8.1 Transfers

A. This Agreement is personal to you and based upon individual skills, resources, special qualities and characteristics and is not assignable, whether voluntarily or by operation of law, without our express written consent, which we may grant, condition or withhold in our Business Judgment. We may choose among other things to apply the provisions applicable to transfers as contained in the most current SANSAI Franchise Agreement between us, including those regarding Rights of First Refusal, to any transfer of this Agreement. Any assignment by you must be accompanied by a concurrent assignment to the same assignee of all of your interests in each Development Unit and each related SANSAI Franchise Agreement. Any consent to transfer by us will be conditioned upon our receipt of a nonrefundable transfer fee of $7,500, in addition to any such fees due under the applicable unit Franchise Agreements. This area development transfer fee may be reduced or waived by us in our sole Business Judgment.

B. This Agreement is assignable by us, in whole or in part, without your consent and shall inure to the benefit of our successors and assigns. We have no liability to you upon such an assignment.

C. This Agreement shall not be deemed to diminish in any way any rights of first refusal and/or rights of repurchase held by us under any SANSAI Franchise Agreement with you, whether effective now or in the future. If we purchase from you substantially all of the operating assets of the Development Units, or all of their franchises are terminated or repurchased, you will have no rights, and we will have no obligations, under this Area Development Agreement.

9.1 Relationship of the Parties. You and we are independent contractors. Nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. There is no fiduciary, trust or other special relationship between us. Expenses, obligations, taxes and other liabilities incurred by you in connection with your performance of the services contemplated by this Agreement shall be your sole responsibility. Neither you nor we shall act as the agent of the other, nor guarantee or become in any way responsible for the obligations, debts or expenses of the other.

10.1 Personal Guarantees. Each of the owners signing this Agreement hereby personally guarantees, jointly and severally, the full payment and performance of each and all of the Area Developer's obligations under this Agreement.

11.1 Payments and Legal Compliance.

A. You will promptly pay when due any and all taxes, accounts, liabilities and other indebtedness of every kind incurred by you as a result of your acts or omissions under or associated with this Agreement, any Franchise Agreement, the operation of any SANSAI Fresh Japanese Grill or otherwise and will hold harmless and indemnify us and each of the Franchisor-Related Persons/Entities from such taxes, accounts, liabilities and other indebtedness.

B. You will comply with all federal, state and local laws and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the activities contemplated under this Agreement and/or any Franchise Agreement.

12.1 Incorporated Provisions of SANSAI Franchise Agreement.

As provided in Section 1.1 and Exhibit 1.2, you are, or shall become, concurrent with the signing of this Agreement, a SANSAI Franchisee under the terms of a SANSAI Franchise Agreement substantially similar to the current SANSAI Franchise Agreement. The following provisions of the SANSAI Franchise Agreement shall apply to this Agreement in the following manner:

A. Licensed Marks. The provisions of Section 6 of the SANSAI Franchise Agreement shall apply to the use of the Marks under this Agreement and are incorporated herein.

B. Relationship and Indemnification. You and we are independent contractors, as provided in Section 9.1, above. Therefore, the provisions of Sections 7.1 through 7.5 of the SANSAI Franchise Agreement shall apply in the same manner to you in your Area Development activities as they do to your SANSAI Unit Franchise Business and are incorporated herein. References made in such Sections to your SANSAI Unit Franchise and Franchise Business operations shall be deemed to include your operations under this Agreement, including without limitation the indemnification obligations of Section 7.4 of the SANSAI Franchise Agreement.

C. Confidential Information; Exclusive Relationship. The provisions of Section 8 of the SANSAI Franchise Agreement shall apply in the same manner to you in your Area Development activities as they do to your SANSAI Franchise Business and are incorporated herein. References made in Section 8 to your SANSAI Franchise Agreement and Franchise Business operations shall be deemed to include your operations under this Agreement.

D. Records and Reports. The provisions of Section 12.2 of the SANSAI Franchise Agreement and the reporting and record requirements described therein shall apply in the same manner to your Area Development activities as they do to your SANSAI Franchise Business and are incorporated herein.

E. Dispute Avoidance and Resolution, Notice and Acknowledgments. The provisions of Sections 19, 20 and 21 of the SANSAI Franchise Agreement shall apply to this Agreement and are incorporated herein, including without limitation those providing for mediation and mandatory binding arbitration, waiver of jury trial, limitations on damages and venue. The parties (and each of their owners) waive all rights to a jury trial.

F. Rights on Termination, Expiration, Transfer, and/or Repurchase. The provisions of Section 17 of the SANSAI Franchise Agreement shall apply to this Agreement and are incorporated herein.

13.1 Miscellaneous Provisions.

A. Whole Agreement; Amendment. This Agreement contains the final, complete and exclusive expression of the terms of your and our agreement with respect to the subject matter, and supersedes and replaces any and all prior and/or concurrent understandings, agreements, representations or otherwise (whether oral or written) between you and us; provided that this Agreement is not intended to amend or supersede any SANSAI Franchise Agreement and/or related documents to which you are a party. This Agreement cannot be modified or changed except by written document signed by all parties.

B. Severability. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail; but in such event the provisions of this Agreement thus affected shall be limited only to the extent necessary to bring them within the requirements of the law. In the event that any part, article, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

C. Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor and shall be binding upon and inure to the benefit of you and your respective heirs, executors, administrators, successors and assigns, subject to the prohibitions against assignment contained herein.

D. Joint and Several Liability. If "you" consist of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to us are joint and several.

E. No Waiver. No waiver by any party of any breach or series of breaches or defaults in performance, shall be deemed to be a waiver of any other breach or default; and no failure, refusal or neglect of ours to exercise any right, power or option given to us under this Agreement shall be deemed to be a waiver of any right, power or option.

F. Acknowledgments. In addition to those acknowledgments contained in the Franchise Agreement and incorporated by reference pursuant to Section 12.1 E, above, Area Developer and each of its owners expressly acknowledge that:

(1) Neither the Area Developer, any of the owners nor anyone else have received or relied on (nor have we or anyone else provided) any oral or written: sales, income or other projections of any kind or nature or any statements, representations, or otherwise which stated or suggested any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise with respect to any SANSAI Unit or Area Development rights. We cannot reliably predict, forecast or project future performance, revenues, profits or otherwise of any SANSAI Unit or with respect to any Area Development rights. If any such information, promises, representations and/or warranties has been provided to Area Developer, any of the owners or anyone else, they haven't been authorized and may not be relied on; and

(2) A complete ready-to-sign copy of this agreement as signed by Area Developer was received by Area Developer (and each of the owners, as applicable) at least seven calendar days prior to the earlier of its execution, or the payment of any amounts; and

(3) A complete copy of the SANSAI Franchise Disclosure Document, together with all exhibits, was received at least fourteen calendar days prior to the earlier of Area Developer (and each of the owners, as applicable) signing this agreement or the paying of any amounts.

Your Initials: __________ __________

G. Notices. All written notices and reports permitted or required to be delivered by the

provisions of this Agreement will be deemed so delivered at the time delivered by hand, immediately on transmission by facsimile transmission or other electronic system, including e-mail or any similar means, one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to us at SANSAI North America Franchising, LLC, 373 Van Ness Avenue., Suite 180, Torrance, CA 90501, (or our then-current headquarters), to the attention of our Executive Manager, and to you at the following address:

____

____

All parties have obtained the advice of counsel in connection with entering into this Agreement, understand the nature of this Agreement, and intend to be bound by its terms.

FRANCHISOR: SANSAI North America Franchising, LLC

A California Limited Liability Company

By: ___________________________________

Its ____________________________

Area Developer (Individual)

______________________________ __________
Signature Date

____
Printed Name

Area Developer (Individual)

______________________________ __________
Signature Date

____
Printed Name

Area Developer (Corp., LLC or Partnership) must be accompanied by appropriate personal guarantee(s).

____

Legal Name of Franchisee Entity

a_________________________ ____________________________

Jurisdiction of Formation Corporation, LLC or Partnership

By: _______________________________

Name

____

Signature

Title: _____________________________

Owners

_____________________________ ___________________________

_____________________________ ___________________________

Exhibit 1.1   Designated Development Area

The State of ______________, United States of America

Note: Boundary lines include only the area within the boundary line and extend only to the middle of the boundary demarcation (for example, only to the middle of a street or highway.) You have no rights under this Agreement or otherwise with respect to a facility on the other side of the boundary line, street or highway or otherwise, and no matter how close to such boundary a facility may be, regardless of the distance from, impact on, or vicinity of, your SANSAI Development Unit or the number of SANSAI Fresh Japanese Grills, other outlets or otherwise in any area or market.

Describe Development Area below:

Initials: ________

____

Exhibit 1.2 DEVELOPMENT SCHEDULE

Traditional SANSAI Fresh Japanese Grills Only

Development Units	Required Dates for Signing of Separate Franchise Agreements and Related Documents and Payment of Development Fees in Full	Required Date for Opening of SANSAI Fresh Japanese Grill
1	______________________	________________
2	______________________	________________
3	______________________	________________
4	______________________	________________
5	______________________	________________
6	______________________	________________
7	______________________	________________
8	______________________	________________
9	______________________	________________
10	______________________	________________

The SANSAI Fresh Japanese Grills in the foregoing list are the SANSAI “Development Units.”

Initials: _________

____

OWNER'S GUARANTY AND ASSUMPTION OF

BUSINESS ENTITY FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution by SANSAI North America Franchising, LLC, ("Franchisor") of the Area Development Agreement of even date herewith (the "Agreement") between Franchisor and _________________________, a (n) _______________ (the "Area Developer"), each of the undersigned hereby personally and unconditionally, jointly and severally: (1) guarantees to Franchisor, its affiliates, the Franchisor-Related Persons/Entities (as defined in the Agreement) and each of their successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that the undersigned will be bound by, and punctually pay and perform, each and every undertaking, agreement and covenant set forth in the Agreement; (2) agrees to be personally bound by, and personally liable for, the breach of, each and every provision in the Agreement; and (3) agrees to be personally bound by, and personally liable for, each obligation of the Area Developer to Franchisor and/or any company affiliated or related in any way with or to Franchisor, including all past, current and/or future obligations of the Area Developer, the undersigned intending that this guarantee be unqualifiedly general and without limitation in scope, nature and/or effect. Franchisor (and/or its affiliates) need not bring suit first against the undersigned in order to enforce this guarantee and may enforce this guarantee against any or all of the undersigned as it chooses in its Business Judgment.

Each of the undersigned waives:

(1) acceptance and notice of acceptance by Franchisor, of the foregoing undertakings;

(2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;

(3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

(4) any right the undersigned may have to require that an action be brought against Franchisor, Area Developer or any other person as a condition of liability; and

(5) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

(1) his or her direct and immediate liability under this guaranty will be joint and several;

(2) he and/or she will render any payment or performance required under the Agreement on demand if the Area Developer fails or refuses to do so punctually;

(3) such liability will not be contingent or conditioned on pursuit by Franchisor of any remedies against the Area Developer or any other person;

(4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time-to-time grant to the Area Developer or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the term of the Agreement;

(5) the liabilities and obligations of the undersigned, whether under this document or otherwise, will not be diminished or otherwise affected by the termination, rescission, expiration or otherwise of the Agreement; and

(6) the provisions of Articles 19, 20 and 21 of the Agreement are incorporated in and will apply to this document as if fully set forth herein and shall apply to any dispute involving the Franchisor and any of the undersigned.

In connection with such guarantee and the Franchisor (a) not requiring that the Franchise be initially awarded in the name of one or more of the Guarantors and/or (b) not requiring the payment of a full transfer fee in connection with any related transfer from the undersigned to the Area Developer, each of the undersigned hereby grants a General Release of any and all claims, liabilities and/or obligations, of any nature whatsoever, however arising, known or unknown, against the Franchisor and/or any or all of the Franchisor-Related Persons/Entities.

IN WITNESS WHEREOF, each of the undersigned has here unto affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)	**PERCENTAGE OF OWNERSHIP of Area Developer**
______________________________	_______________________%
______________________________	_______________________%
_____________________________	_______________________%
______________________________	_______________________%

Area Developer:

_________________________, a _______________.

By _____________________________________

Its _____________________________________

Franchise Agreement Number: ___________

EXHIBIT G

AGENTS FOR SERVICE OF PROCESS
AND STATE AGENCIES

LIST OF ADMINISTRATORS		
STATE	**ADDRESS**	**PHONE**
California - Los Angeles Department/Commissioner of Financial Protection and Innovation	320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105	213-576-7500
California - Sacramento Department/Commissioner of Financial Protection and Innovation	1515 K Street, Suite 200 Sacramento, CA 95814-4017	916-445-7205
California - San Diego Department/Commissioner of Financial Protection and Innovation	1350 Front Street, Room 2034 San Diego, CA 92101-3697	619-525-4233
California - San Francisco Department/Commissioner of Financial Protection and Innovation	One Sansome Street, Suite 600 San Francisco, CA 94104-4428	415-972-8559
Hawaii	335 Merchant Street, Room 203 Honolulu, HI 9813-2921	808-586-2722
Illinois	500 South Second Street Springfield, IL 62706	217-782-4465
Indiana	302 W. Washington Street, Room E-111 Indianapolis, IN 46204	317-232-6681
Maryland Office of the Attorney General Securities Division	200 St. Paul Place, 20th Floor Baltimore, MD 21202-2020	410-576-6360
Michigan	525 W. Ottawa Street Lansing, MI 48913	517-373-7117
Minnesota	85 7th Place East, Suite 280 St. Paul, MN 55101-2198	651-539-1600
New York New York State Department of Law Investor Protection Bureau	28 Liberty Street, 21st Floor New York, NY 10005	212-416-8222
North Dakota	600 East Boulevard Avenue, 5th Floor Bismarck, ND 58505	701-328-4712
Rhode Island	1511 Pontiac Avenue Cranston, RI 02920	401-462-9587
South Dakota	124 S. Euclid, Suite 104 Pierre, SD 57501	605-773-3563
Virginia State Corporation Commission, Division of Securities and Retail Franchising	1300 E. Main Street, 9th Floor Richmond, VA 23219	804-371-9051
Washington	150 Israel Road, SW Tumwater, WA 98501	360-902-8760
Wisconsin	345 W. Washington Ave., Suite 300 Madison, WI 53703	608-267-9140

AGENTS FOR SERVICE OF PROCESS		
STATE	**ADDRESS**	**PHONE**
California Commissioner of Financial Protection and Innovation	320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105	866-275-2677
California Commissioner of Financial Protection and Innovation	One Sansome Street, Suite 600 San Francisco, CA 94104-4428	866-275-2677
Hawaii Commissioner of Securities	335 Merchant Street, Room 203 Honolulu, HI 9813-2921	808-586-2722
Illinois Illinois Attorney General	500 South Second Street Springfield, IL 62706	217-782-4465
Indiana Indiana Secretary of State	302 W. Washington Street, Room E-111 Indianapolis, IN 46204	317-232-6681
Maryland Maryland Securities Commissioner	200 St. Paul Place, 20th Floor Baltimore, MD 21202-2020	410-576-6360
Michigan Michigan Department of Commerce, Corporations and Securities Bureau	525 W. Ottawa Street Lansing, MI 48913	517-373-7117
Minnesota Commissioner of Commerce	85 7th Place East, Suite 280 St. Paul, MN 55101-2198	651-539-1600
New York Secretary of State of the State of New York	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001	518-473-2492
North Dakota Securities Commissioner	600 East Boulevard Avenue, 5th Floor Bismarck, ND 58505	701-328-4712
Rhode Island Director of Department of Business Regulation	1511 Pontiac Avenue Cranston, RI 02920	401-462-9587
South Dakota Director of Division of Securities	124 S. Euclid, Suite 104 Pierre, SD 57501	605-773-3563
Virginia Clerk of the State Corporation Commission	1300 E. Main Street, 1st Floor Richmond, VA 23219	804-371-9051
Washington Director of Dept. of Financial Institutions	150 Israel Road, SW Tumwater, WA 98501	360-902-8760
Wisconsin Wisconsin Division of Securities	201 W. Washington Ave. Suite 300 Madison, WI 53703	608-267-9140

EXHIBIT H

STATE SPECIFIC AND OTHER ADDENDA RIDERS

ADDITIONAL DISCLOSURES
REQUIRED BY THE STATE OF CALIFORNIA

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

2. See the cover page of the disclosure document for the SanSai website address. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dpfi.ca.gov.

3. The following statement is added to Item 2: Neither SanSai nor any person listed in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such parties from membership in such association or exchange.

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

5. The franchise agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).

6. The franchise agreement contains a covenant not to compete, which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

7. You must sign a general release if you transfer or renew your franchise. These provisions may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professional Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

8. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside of the State of California.

9. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require,

before a solicitation of a proposed material modification of an existing franchise.

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

11. The highest interest rate allowed by law in California is 10% annually.

12. A contract which restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code section 16600.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law or the California Franchise Relations Act are met independently without reference to these Additional Disclosures.

EXHIBIT I

RECEIPTS

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below.

State	Effective Date
California	Pending
Hawaii	
Florida	
Illinois	
Indiana	
Kentucky	
Maryland	
Michigan	
Minnesota	
New York	
Nebraska	
North Dakota	
Rhode Island	
South Dakota	
Texas	
Utah	
Virginia	
Washington	
Wisconsin	

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.

RECEIPT (Retain this copy for Your Records)

This disclosure document summarizes certain provisions of the Franchise Agreement, Area Development Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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

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 for 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 SANSAI NORTH AMERICA FRANCHISING, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency in Exhibit “E”.

The franchisor is SANSAI NORTH AMERICA FRANCHISING, LLC, located at 373 Van Ness Avenue, Suite 180, Torrance, CA, 90501. Its telephone number is (310) 787-1888.

Issuance Date: July 30, 2021

The franchise seller for this offering is Ronald Dharmika, Manager, whose principal business address is 373 Van Ness Avenue, Suite 180, Torrance, CA, 90501, and whose telephone number is (310) 787-1888.

SANSAI NORTH AMERICA FRANCHISING, LLC authorizes the respective state agencies identified in Exhibit “F” to receive service of process for it in their particular state.

I received a disclosure document dated July 30, 2021 that included the following Exhibits:

Exhibit A	Franchisee Operations Manual Table of Contents
Exhibit B	List of Current Franchisees
Exhibit C	List of Franchisees Who Have Left the System
Exhibit D	Financial Statements
Exhibit E	Franchise Agreement
Exhibit F	Area Development Agreement
Exhibit G	List of State Agencies/Agents for Service of Process
Exhibit H	State Specific and other Addenda and Riders
Exhibit I	Receipts

____________________________ ____________________________________

Date Received Prospective Franchisee Signature

RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement, Area Development Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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

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 for 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 SANSAI NORTH AMERICA FRANCHISING, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency in Exhibit "E".

The franchisor is SANSAI NORTH AMERICA FRANCHISING, LLC, located at 373 Van Ness Avenue, Suite 180, Torrance, CA, 90501. Its telephone number is (310) 787-1888.

Issuance Date: July 30, 2021

The franchise seller for this offering is Ronald Dharmika, Manager, whose principal business address is 373 Van Ness Avenue, Suite 180, Torrance, CA, 90501, and whose telephone number is (310) 787-1888.

SANSAI NORTH AMERICA FRANCHISING, LLC authorizes the respective state agencies identified in Exhibit "F" to receive service of process for it in their particular state.

I received a disclosure document dated July 30, 2021 that included the following Exhibits:

Exhibit A	Franchisee Operations Manual Table of Contents
Exhibit B	List of Current Franchisees
Exhibit C	List of Franchisees Who Have Left the System
Exhibit D	Financial Statements
Exhibit E	Franchise Agreement
Exhibit F	Area Development Agreement
Exhibit G	List of State Agencies/Agents for Service of Process
Exhibit H	State Specific and other Addenda and Riders
Exhibit I	Receipts

Please insert the exact date you received this Franchise Disclosure Document, sign and return to us.

____________________________ ______________________________________

Date Received   Prospective Franchisee Signature