FRANCHISE DISCOSURE DOCUMENT

STAR HOOKAH, INC.
A California Corporation
325 Sunnycroft Rd
Ben Lomond, CA 95005
(323) 460-6100
info@StarHookah.com
www.starhookah.com

The franchise offered is a fixed location retail business focused on providing hookah products and services from a lounge setting. Retail locations are 1,200 to 6,000 square feet in size.

The total investment necessary to begin operations is Star Hookah franchise is $233,500 to $2,143,500. This includes $35,000 franchise fee that must be paid to the franchisor or affiliate.

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

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

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

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

This Disclosure Document was issued on 04/~~15~~23/2020~~19~~

FRANCHISE DISCLOSURE DOCUMENT

STATE ~~OF CALIFORNIA~~ COVER ~~PAGE~~SHEETS

How to Use This Franchise Disclosure Document

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

QUESTION	**WHERE TO FIND INFORMATION**
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only StarHookah business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Star Hookah franchisee?	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, you 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 C.

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

Special Risks to Consider About *This* Franchise

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

1. Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation on in Califormia. 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 your "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted. ~~Franchisee's state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in Franchisee's state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.~~

~~Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in Franchisee's state.~~

~~MANY FRANCHISE AGREEMENTS DO NOT ALLOW FRANCHISEE TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. FRANCHISEE MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE FRANCHISEE'S BUSINESS. BEFORE FRANCHISEE BUY, CONSIDER WHAT RIGHTS FRANCHISEE HAVE TO RENEW FRANCHISEE'S FRANCHISE, IF ANY, AND WHAT TERMS FRANCHISEE MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.~~

~~Please consider the following RISK FACTORS before Franchisee buy this franchise:~~

~~1. THE FRANCHISE AGREEMENT REQUIRES FRANCHISEE TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN CALIFORNIA. OUT-OF-STATE ARBITRATION MAY FORCE FRANCHISEE TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST FRANCHISEE MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN FRANCHISEE'S OWN STATE.~~

~~2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. FRANCHISEE MAY WANT TO COMPARE THESE LAWS~~

~~3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.~~

~~The following chart lists states that require this disclosure document be registered or filed with the state or be exempt from registration. In these states, the effective date of this disclosure document is as follows:~~

~~State~~	~~Effective Date~~
~~California~~	~~7/18/19~~
~~Hawaii~~	
~~Illinois~~	
~~Indiana~~	
~~Maryland~~	
~~Michigan~~	
~~Minnesota~~	
~~New York~~	
~~North Dakota~~	
~~Rhode Island~~	
~~South Dakota~~	
~~Virginia~~	
~~Washington~~	
~~Wisconsin~~	

~~In Michigan, a Notice of Franchise Offering must be filed. Our effective date in Michigan is as follows:~~

~~State~~	~~Effective Date~~
~~Michigan~~	

~~The following chart lists states that require a notice of exemption from the registration or filing requirements of the state's business opportunity laws with respect to the offering described in this disclosure document. In these states, the effective date of our notice of exemption is as follows~~

~~State~~	~~Effective Date~~
~~Connecticut~~	
~~Florida~~	
~~Kentucky~~	
~~Nebraska~~	
~~Texas~~	
~~Utah~~	

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EXHIBITS

To simplify the language, this disclosure document uses "we," "us" or "our" to mean Star Hookah, Inc., the franchisor. "You" or "your" means the individual, corporation, or other entity that buys a Star Hookah franchise.

Item 1: The Franchisor, and any Parents, Predecessors, and Affiliates.

(1) Star Hookah, Inc. is the Franchisor with a principle business address of 325 Sunnycroft Rd, Ben Lomond, CA 95005. We do not have any parents. Star Hookah of Hollywood, Inc. is our Affiliate with a principal business address of 6430 Hollywood Blvd, Los Angeles, CA 90028.

(2) We do not have any predecessors.

(3) We currently use the name Star Hookah to conduct business and does not have any current plans to use other names.

(4) Our agent for service of process in California is Mr. Nathan Madani who can be reached at the principal business address of 6430 Hollywood Blvd, Los Angeles, CA 90028. More information on Agents for Service of Process can be found in Exhibit B.

(5) We are a California registered corporation.

(6) The Franchisor:

(i) Does not operate a business of the type being franchised, but our Affiliate does.

(ii) We are not involved in any other business activities.

(iv) The general market for the service that you will offer is people ages 18 and above who enjoy using hookah products.

(v) There are a significant amount of laws and regulations which pertain to the operation of a hookah lounge business. These laws vary depending on the state, county and market where the franchised business is to be operated from. You should inquire with local permitting authorities, legal counsel and others who are familiar with your market's regulations and laws related to tobacco use or the operation of a hookah lounge business in your market.

(vi) The competition within the industry in which the franchise business operates is other hookah lounges, tobacco retail businesses or other smoke shop businesses.

(7) We were incorporated in 2015 for the purpose of franchising the business model of our Affiliate.

(i) Our Affiliate has conducted the type of business the you will operate since 2012. Our Affiliate has not offered Star Hookah franchises or franchises in any other line of business.

(ii) We have offered franchises providing the type of business that you will operate since 09/31/2015.

(iii) Neither We nor Our Affiliate has offered franchises in any other line of business.

Item 2: Business Experience.

Mr. Nathan Madani - President
Star Hookah, Inc. - President, Los Angeles, CA (2015-Present)
Star Hookah Lounge, Inc. – President, Los Angeles, CA (2012-2015)
Nathan Madani, LLC – Managing Member, Los Angeles, CA (2015-Present)
Dirt'e, Partnership – Partner, Los Angeles, CA (2013-Present)
Dejant Group, Inc. – Partner, Los Angeles, CA (2006 – Present)

Item 3: Litigation.

No litigation is required to be disclosed in this Item.

Item 4: Bankruptcy.

No bankruptcy is required to be disclosed in this Item.

Item 5: Initial Fees.

An initial lump sum franchise fee of $35,000 is due when you sign the Franchise Agreement but payment of the Franchisee Fee will be deferred until Franchisee commences doing business. The Franchise Fee will be discounted to $15,000 for a second and subsequent franchise. Other than this, the Franchise Fee is uniform. We will refund 50% of the franchise fee you have paid for a particular franchise if: (5.2) you fail to select a site within 6 months; (8.3) we terminate this agreement because we determine you are unable to satisfactorily complete the training program. We do not give refunds under other circumstances.

Item 6: Other Fees.

OTHER FEES

Type of Fee	Amount	Due Date
Royalty Fee	6% of Gross Revenue	Monthly, paid on the 10th of each month.
Marketing Fund Contribution	2% of Gross Revenue based on the previous month's Revenue.	Monthly, paid on the 10th of each month.

accountants and consultants and your existing relationships. These fees are typically non-refundable. You should inquire about the refund policy of the attorney, accountant or consultant at or before the time of hiring.

[15] Dues and Subscriptions. You will be required to sign up with local networking and business development groups related to the hookah industry. This may include hookah or smoke shop associations and other venues, which will support you in promoting the franchised business services. These expenses are not included in the estimation because they depend on franchisee location and intent of the franchisee.

[16] Vehicle. You have the option to purchase a vehicle for use in the operation of the franchised business. This could be used for marketing purposes, transferring goods and products to and from the store and general transportation. You should inquire with the dealership as to what refund policies are for your vehicle purchase.

[17] Additional Funds. We recommend that you have a minimum amount of money available to cover operating expenses for the first 3 months after the franchised business is open. The lower end represents estimated expenses to maintain minimal operations without any sales for three months. The high end is a more conservative working capital estimate. We cannot guarantee that our recommendation will be sufficient. Additional working capital may be required if sales are low or operating costs are high. These expenses are typically non-refundable.

[18] Total. In compiling this chart, we relied on our and our affiliates' industry knowledge and experience in the business of the type being franchised. The amounts shown are estimates only and may vary for many reasons, including the condition of your facility, the capabilities of your management team, where you locate your franchised business and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. These figures are estimates only and we cannot guarantee that you will not have additional expenses in starting the franchised business.

Item 8: Restrictions on Sources of Products and Services.

(1) All products and services offered by You and your Computer System, including the computer, photocopier, backup drive, printer, projector and software, will follow our guidelines as set forth in the confidential Franchise Operations Manual. Products and Services will include, but not be limited to hookah products, hookah supplies and other related items specific to the Star Hookah business model.

(2) We are not an Approved Supplier.

(3) Our officers own an interest in the Nathan Madani, LLC, which will provide Tobacco, Charcoal, Hookahs, Uniforms, and Beverages.

(4) We grant and revoke approval of Approved Suppliers.

(G) As we are in our inaugural year, we do not have information on the percentage of the fund spent on production, media placement, administrative expenses, or any other use.

(vi) If excess amounts remain in any fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the fund, and next out of prior year contributions and then out of current contributions.

(vii) We do not use any advertising funds principally to solicit new franchise sales.

(5) You are required to purchase computer and point of sale consisting of hardware and software in accordance with our specifications in the Operations Manual. (Section 12.5)~~Star Hookah~~

Hardware	Software
Photocopier	Star Hookah - Franchisee Management System
Macintosh Computer Desk-top~~-~~/Laptop~~s~~	Quick books
Backup Drive, power back ups	Microsoft Office (2007 or higher)
Printer	Anti-virus /Anti Malware - Standard
Projector	

(i) The approximate cost of the hardware and software is $1,500 to $3,000.

(ii) We are not obligated to provide ongoing maintenance, repairs, upgrades or updates to your Computer System. Franchisee does not have to enter into any ongoing maintenance or support agreements for the maintenance of a computer system, but Franchisee may find it advantageous to do so.

(iii) Franchisee may periodically be required to update or upgrade computer hardware and software, if we believe it is necessary. We may introduce new requirements for computer systems or modify our specifications and requirements. There are no limits on our rights to do so, except as disclosed in ITEM 16.

(iv) If you would like to purchase optional maintenance for your personal computer, you should investigate the cost.

(v) We have the right to independently access all information Franchisee collects or compile at any time without first notifying Franchisee. (Section 12.6)

(6) We will provide to you, on loan, one copy of the Star Hookah Operations Manual or provide you with access to an electronic copy of the Operations Manual. The

Table of Contents of the Operations Manual, along with number of pages devoted to each section, is included as Exhibit D to this Disclosure Document. (Section 9.1)

(7) Franchisor's Training Program

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of on the Job Training	Location of the Training
Operations (POS, Web, Music, etc..)	6	3	Our Corporate Headquarters and the Approved Location
Company History	1	0	Our Corporate Headquarters
Events (Birthdays, Girl Scouts, Private)	10	10	Our Corporate Headquarters and the Approved Location
Classes Overview	4	0	Our Corporate Headquarters
Total	21	13	

(A) The initial training program will be conducted approximately 2 months before the opening of the Franchised Business and will be held at either our location or yours. (Section 8.1)

(B) The training materials include the Operations Manual and related written materials. The management team's experience is listed in Item 2.

(C) We do not charge for initial training; however, Franchisee must pay for all travel costs and living expenses of any attendees. (Section 8.1)

(D) Your designated manager must satisfactorily complete the initial training program before we will approve an opening date for the franchised business. Up to 2 assistants of your choosing may also attend (for a total of 3 people). (Section 8.1)

(E) Periodically, you, your managers or employees must attend refresher-training programs to be conducted at our headquarters or another location we designate. Attendance at these programs will be at your expense. (Section 8.5)

<u>(F) Nathan Madani will conduct the training. He has 8 years of experience with Star Hookah and 14 years of industry experience.</u>

Item 12: Territory

(1) If we have not already approved a location for the Franchised Business, Franchisee shall select and submit possible sites within the Designated Area for our approval. (Section 2.3)

(2) You will receive a territory based on a population of 500,000. (Section 2.4)

(3) We shall allow the reasonable relocation of the Franchised Business Location. Franchisee will not be permitted to open additional franchise outlets. (Sections 2.5 and 2.6)

(4) You do not have any right to acquire additional franchises granted under this Agreement.

(5) We grant an exclusive territory to you that is neither contingent ~~on performance~~ nor modifiable by Us. (Section 2.4)

(6) Restrictions and Competition

(i) Our Affiliate does operate a business of the type being franchised ~~and~~ but ~~will thus may compete with Franchisee our Affiliate~~ does not have the right to solicit or accept orders from your exclusive territory. We do not have the right to solicit or accept orders from inside your exclusive territory. (Section 2.9)

(ii) Franchisee shall not directly market to or solicit customers located outside of the Territory. (Section 2.10)

(iii) We neither operate nor plan to operate a business under a different trademark that will compete with Franchisee within the Territory.

Item 13: Trademarks

(1) We license our principal trademark (depicted on the cover page of this document) to Franchisee for use associated with the Franchised Business. We will also license any other current or future Mark used to operate the franchised business. By "Mark," We means any trade name, trademark, service mark or logo used to identify your business. Franchisee may not use any Marks that we have not designated to identify your business.

(2) We have received a federal registration on the Principle Register for our principle trademark on 09/08/2015 with the registration #4807473, pictured below. We have filed all required affidavits. This registration has not yet needed to be renewed.

(3) We began using our trademark in commerce in October 2012.

(4) We have a federal registration for our principle trademark. Therefore, our trademark has nationwide legal protection as of the registration date.

(5) We know of no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceedings except opposition #91229288, filed by Starbuzz Tobacco, Inc. challenging our application for the word mark "STAR HOOKAH", serial # 86775698. The opposition proceeding has been suspended pending the disposition of the civil case filed by Starbuzz Tobacco referenced in Item 3 above.

(6) We know of no pending material federal or state court litigation regarding our use or ownership rights in any of the Marks.

(7) We know of no currently effective agreements that would significantly limit our rights to use or license the use any of the Marks.

(8) Trademark Liabilities

(i) We are not required to protect your right to use the principle trademarks or to protect you against claims of infringement or unfair competition arising out of their use of the Marks.

(ii) You must immediately notify us when you learn about an infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you must not communicate with any person other than and our counsel regarding any infringements, challenges or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense.

(iii) We are not required to take affirmative action when notified of these uses or claims but will take the action we think appropriate.

(iv) We have the option to control the defense and settlement of any proceeding related to your use of the Marks.

(v) We will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding.

h. "Cause" defined- non-curable defaults	16.2.1	We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you under certain defined circumstance. ~~:~~ ~~fail to timely select an approved site for or establish, equip and begin operations of the franchised business; fail to have your Designated Manager satisfactorily complete training; make a material misrepresentation or omission in the application for the franchise; after notice to cure, fail to refrain from activities, behavior or conduct likely to adversely affect the reputation of either party or the franchised business; are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of either party or the franchised business; use the Operations Manual, Training Manuals, trade secrets or other confidential information in an unauthorized manner; if required, fail to have your owners (and members of their immediate families and households), officers, directors, managers, executives and professional staff, and other individuals having access to trade secrets or other confidential information sign nondisclosure and non-competition agreements or, if requested, fail to provide us with copies of all signed nondisclosure and non-competition agreements; abandon the Franchised Business for 5 or more consecutive days; surrenders or transfers control of the Franchised Business in an unauthorized manner; fail to maintain the Franchised Business under the supervision of a Designated Manager following ITS death or disability; submit reports on 2 or more separate occasions understating any amounts due by more than 3%; are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; misuse or make unauthorized use of the Marks; fail on 2 or more occasions within any 12 months to submit reports or records or to pay any fees due to us or any Affiliate; violate on 2 or more occasions any health, safety or other laws or operate the Franchised Business in a manner creating a health or safety hazard to customers, employees or the public; take any action reserved to us; fail to comply with applicable law after notice; breach the franchise agreement or fail to comply with specifications on 2 or more~~

		~~occasions within any 12 months; or default under any other agreement with us (or an Affiliate) so that they have the right to terminate such agreement~~.

i. Franchisee's obligations on termination/non-renewal	17.1	If the Franchise Agreement is terminated or not renewed, you must close your franchised business and return all proprietary or branded items to franchisor~~: stop operating the franchised business; stop using any trade secrets, confidential information, the System and the Marks; if requested, assign your interest in the franchise location to us; cancel or assign to us any assumed names; pay all sums owed to us including damages and costs incurred in enforcing the Franchise Agreement; return the Operations Manual, trade secrets and all other confidential information; assign your telephone, email address and facsimile numbers to us; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement.~~
j. Assignment of contract by franchisor	18.1	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k. "Transfer" by franchisee-definition	18.2	"Transfer" means to sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the franchise granted hereby, the Approved Location used in operating the Franchised Business, its assets, or any part or all of the ownership interest in Franchisee.
l. Franchisor's approval of transfer by franchisee	18.2	You may not transfer your interest without our prior written consent.

m. Conditions for franchisor approval of transfer	18.2	You will consent to a transfer if you fulfil our requirements and receive our approval.~~; we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a general release in a form the same as or similar to the General Release attached to the Franchise Agreement; the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then current Franchise Agreement; your provide a copy of all contracts and agreements related to the transfer; you or the transferee pay a transfer fee of $10,000; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; you have agreed to guarantee performance by the transferee, if requested by us; the transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed a non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition attached to the Franchise Agreement; the transferee has agreed that its Designated Manager will complete the initial training program before assuming management of the franchised business; and the transferee has obtained all necessary types of insurance~~.
n. Franchisor's right of first refusal to acquire franchisee's business	19	We may match an offer for the Franchised Business or an ownership interest you propose to sell.
o. Franchisor's option to purchase franchisee's franchised business	17.4	Except as described in (n) above, we do not have the right to purchase the Franchised Business; however, during the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the Franchised Business for fair market value.

u. Dispute resolution by arbitration or mediation	23.6	Except for claims relating to the Marks, confidential information, trade secrets and covenants not to compete, and subject to state law, all disputes must be arbitrated in Los Angeles, California.
v. Choice of forum	23.2	Subject to state law, any litigation must be pursued in courts located in Los Angeles, California.
w. Choice of law	23.1	Subject to state law, California Law applies; except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.) and disputes over copyrights will be governed by federal copyright laws of the United States.

Item 18: Public Figures.

We do not presently use any public figures to promote our franchise.

Item 19: Financial Performance Representation.

(1) The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in ITEM 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this ITEM 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

(2) We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. Franchisor also does not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, Franchisor may provide Franchisee with actual records of that outlet. If Franchisee receives any other financial performance information or projections of your future income, Franchisee should report it to the our management by contacting Mr. Nathan Madani, 6430 Hollywood Blvd, Los Angeles, CA 90028, (323) 460-6100, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: Outlets and Franchise Information.

~~(1) Franchised and Company Owned Outlets for the past 3 fiscal years.~~

Table No. 1
System wide Outlet Summary for Years 2017~~6~~ to 2019~~8~~

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2017	0	1	+1
	2018	1	1	0
	2019	1	1	0
Company-Owned	2017	1	1	0
	2018	1	1	0
	2019	1	1	0
Total Outlets	2017	1	2	+1
	2018	2	2	0
	2019	2	2	0

~~(2) Status and Transfers of Franchised and Company Owned Outlets for the past three fiscal years.~~

~~(i) Transfers~~

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For Years 2017~~6~~ to 2019~~8~~

State	Year	Number of Transfers
California	2017	0
	2018	0
	2019	0
Total	2017	0
	2018	0
	2019	0

~~(ii) Status of Franchisee-Owned Outlets by state~~

Table No. 3
Status of Franchised Outlets for Years 2017~~6~~ to 2019~~8~~

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
CA	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Total	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1

~~(iii) Status of Franchisor-Owned Outlets~~

Table No. 4
Status of Company-Owned Outlets for Years 2017~~6~~ to 2019~~8~~

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CA	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
Total	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1

~~(3) Projected New Outlets~~

Table No. 5
Projected Openings as of December 31, 2019~~8~~

State	Franchise Agreements Signed But Outlet Not Yet Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
CA	0	1	0

Total	0	1	0

~~(4)~~ Our current franchisees and any franchisees that have had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement are disclosed in Exhibit F. Your contact information will be disclosed here for future franchisees if you purchase a franchise.

~~(5) No franchisees have had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement~~.

~~(6)~~ We are not selling any previously owned franchised outlets now under its control.

~~(7)~~ In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Star Hookah franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

~~(8)~~ There is no trademark-specific franchisee organization associated with the franchise system being offered.

Item 21: Financial Statements.

The required financial statements are attached in Exhibit E to this document.

Item 22: Contracts.

All proposed agreements regarding the franchise offering are attached: Franchise Agreement (Exhibit C); General Release (Exhibit 1 to the Franchise Agreement); Nondisclosure and Non-Competition Agreement (Exhibit 2 to the Franchise Agreement); Unlimited Guaranty and Assumption of Obligations (Exhibit 3 to the Franchise Agreement).

Item 23: Receipts.

Both Franchisor and Franchisee copies of the Disclosure Document Receipts are located on the last 2 pages of this Document.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

California
Department of Business Oversight
One Sansome Street
San Francisco, California 94104-4428
1-866-275-2677

Connecticut
Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103

Florida
Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, Florida 32399-6500

Hawaii
Commissioner of Securities
Department of Commerce & Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

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

Kentucky
Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, KY 40601-8204

Maine
Department of Professional and Financial Regulations
Bureau of Banking
Securities Division
121 Statehouse Station
Augusta, Maine 04333

Maryland
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

Michigan
Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48933

Minnesota
Minnesota Department of Commerce
Commissioner of Commerce
85 7th Place East, Suite 600
St. Paul, Minnesota 55101

Nebraska
Nebraska Department of Banking and Finance
Commerce Court
1230 O Street, Suite 400
Lincoln, Nebraska 68509

New York
Bureau of Investor Protection and Securities
New York State Department of Law
120 Broadway, 23rd Floor
New York, New York 10271

North Carolina
Secretary of State

estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years of the grant of the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. The following is added to section 3.1: The Franchise Fee is deferred until Franchisor completes its pre-opening obligations

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Star Hookah, Inc.:	Franchisee:___________________________
By: ___________________________	By: ________________________________
Title:__________________________	Title: _______________________________
Date: _________________________	Date: _______________________________

A. ANDREW GIANIODIS

CERTIFIED PUBLIC ACCOUNTANT

STAR HOOKAH, INC.

DECEMBER 31, 2019 AND 2018

FINANCIAL STATEMENTS

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

STAR HOOKAH, INC.

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A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

April 21, 2020

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders of
Star Hookah, Inc.:

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying balance sheet of Star Hookah, Inc. (a subchapter C-Corporation) as of December 31, 2019 and 2018 and the related statements of operations, changes in owner's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit includes 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 risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. Accordingly, I express no such opinion.

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

An audit also includes evaluating 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. examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Star Hookah, Inc. (a subchapter C-Corporation) as of December 31, 2019 and 2018 and the related statements of operations, changes in owner's equity and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CPA

A. Andrew Gianiodis

Certified Public Accountant

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

Star Hookah, Inc.

Balance Sheet
December 31, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash	$ 16	$ 54
Accounts Receivable	3,124	3,186
Total Current Assets	3,140	3,240
Other Assets	-	-
TOTAL ASSETS	$ 3,140	$ 3,240
LIABILITIES & EQUITY		
Current Liabilities		
Accounts Payable	$ -	$ -
Total Liabilities	-	-
Stockholders' Equity		
Common Stock	775	775
1000 Shares authorized, issued and outstanding		
Retained Deficit	2,365	2,465
Total Equity	3,140	3,240
TOTAL LIABILITIES & EQUITY	$ 3,140	$ 3,240

See accompanying notes

- 2 -

Star Hookah, Inc.

Statement of Operations
Years Ending December 31, 2019 and 2018

	2019	2018
Revenues		
Franchise fees	$ -	$ 17,249
Other revenue	2,392	2,338
Total revenue	2,392	19,587
Expenses		
Advertising	333	2,671
Bank charges	851	572
Licenses	-	829
Office	466	650
Professional fees	-	6,801
Marketing fees	-	6,256
Travel	11	224
Total expenses	1,661	18,003
Operating Income	731	1,584
Income taxes	(831)	-
Interest income	-	-
Net Income/(Loss)	$ (100)	$ 1,584

See accompanying notes

Star Hookah, Inc.

Statement of Changes in Stockholder's Equity
Years Ending December 31, 2019 and 2018

	Common Stock	Retained Earnings/Deficit	Total Stockholders' Equity
Equity at January 1, 2018	$ 775	$ 2,442	$ 3,217
Capital Contribution	-	-	-
Draws	-	(1,561)	(1,561)
Net Income		1,584	1,584
Equity December 31, 2018	$ 775	$ 2,465	$ 3,240
Equity at January 1, 2019	$ 775	$ 2,465	$ 3,240
Draws	-	-	-
Net Loss		(100)	(100)
Equity December 31, 2019	$ 775	$ 2,365	$ 3,140

See accompanying notes

Star Hookah, Inc.

Statement of Cash Flows
Years Ending December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Net Income/(Loss)	$ (100)	$ 1,584
Adjustments to reconcile net loss to net cash provided by operating activities:		-
Depreciation & amortization	-	-
Changes in assets and liabilities		
Current assets	62	(1)
Current liabilities	-	-
Net cash provided by operating activities	(38)	1,583
Cash flows from investing activities:		
	-	-
Net cash provided by investing activities	-	-
Cash flows from financing activities:		
Capital infusion	-	-
Owner draws	-	(1,561)
Net cash provided by investing activities	-	(1,561)
Net change in cash	(38)	22
Cash - beginning of year	54	32
Cash - end of year	$ 16	$ 54
Supplemental Disclosures		
Interest Paid	-	-
Income Taxes Paid	-	-

See accompanying notes

STAR HOOKAH, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF BUSINESS

The Company was incorporated under the laws of the State of California for the purpose of offering franchise opportunities to entrepreneurs who want to own their own Star Hookah operation, as a franchise.

BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

REVENUE RECOGNITION

Initial franchise fees will be recorded as income when the company provides substantially all the initial services agreed upon in the franchise agreement or when the franchise has commenced operations, whichever comes first. If the fee is received over a period of time and the Company has no reasonable basis for estimating the collectability of the fee, the Company will use the installment method of recognition of the initial fee as revenue.

Monthly royalty fees will be recognized when paid by the franchisee.

COMPANY INCOME TAXES

The Company is a wholly owned subsidiary of a holding company operated as Sub-chapter C Corporation. As such, the entity will be taxed on its taxable income.

NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at December 31, 2019 and 2018, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

STAR HOOKAH, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 COMMITMENTS AND CONTINGENCIES

The Company does not carry general liability or worker's compensation coverage, nor is it self-insured.

NOTE 4 FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
B. The franchisee is obligated to pay a non-refundable initial franchise fee.
C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

NOTE 5 SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 21, 2020, the date that the financial statements were available to be issued.

A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

STAR HOOKAH, INC.

DECEMBER 31, 2017 AND 2016

FINANCIAL STATEMENTS

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

STAR HOOKAH, INC.

Table of Contents

A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

March 28, 2018

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders of
Star Hookah, Inc.:

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying balance sheet of Star Hookah, Inc. (a subchapter C-Corporation) as of December 31, 2017 and 2016 and the related statements of operations, changes in owner's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit includes 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 risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. Accordingly, I express no such opinion.

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

An audit also includes evaluating 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. examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Star Hookah, Inc. (a subchapter C-Corporation) as of December 31, 2017 and 2016 and the related statements of operations, changes in owner's equity and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CPA

A. Andrew Gianiodis

Certified Public Accountant

Star Hookah, Inc.

Balance Sheet
December 31, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash	$ 32	$ 36
Accounts Receivable	3,185	-
Total Current Assets	3,217	36
Other Assets	-	-
TOTAL ASSETS	$ 3,217	$ 36
LIABILITIES & EQUITY		
Current Liabilities		
Accounts Payable	$ -	$ 350
Total Liabilities	-	350
Stockholders' Equity		
Common Stock	775	775
1000 Shares authorized, issued and outstanding		
Retained Deficit	2,442	(1,569)
Total Equity	3,217	(794)
TOTAL LIABILITIES & EQUITY	$ 3,217	$ (444)

See accompanying notes

Star Hookah, Inc.

Statement of Operations
Years Ending December 31, 2017 and 2016

	2017	2016
Revenues		
Franchise fees	$ 7,009	$ -
Other revenue	4,363	-
Total revenue	11,372	-
Expenses		
Bank charges	494	-
Licenses	700	-
Office	1,059	-
Professional fees	-	800
Marketing fees	5,000	-
Travel	179	-
Total expenses	7,432	800
Operating Income/(Loss)	3,940	(800)
Income taxes	-	-
Interest income	-	-
Net Income/(Loss)	$ 3,940	$ (800)

See accompanying notes

Star Hookah, Inc.

Statement of Changes in Stockholder's Equity
Years Ending December 31, 2017 and 2016

	Common Stock	Retained Earnings/Deficit	Total Stockholders' Equity
Stockholder's equity at January 1, 2016	$ 775	$ (769)	$ 6
Capital Contribution	-	-	-
Net Loss		(800)	(800)
Stockholder's equity December 31, 2016	$ 775	$ (1,569)	$ (794)
Stockholder's equity at January 1, 2017	$ 775	$ (1,569)	$ (794)
Capital Contribution	-	1,390	1,390
Draws	-	(1,319)	(1,319)
Net Income		3,940	3,940
Stockholder's equity December 31, 2017	$ 775	$ 2,442	$ 3,217

See accompanying notes

Star Hookah, Inc.

Statement of Cash Flows
Years Ending December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Net Income/(Loss)	$ 3,940	$ (800)
Adjustments to reconcile net loss to net cash provided by operating activities:		-
Depreciation & amortization	-	-
Changes in assets and liabilities		
Current assets	(3,665)	480
Current liabilities	(350)	350
Net cash provided by operating activities	(75)	30
Cash flows from investing activities:		
	-	-
Net cash provided by investing activities	-	-
Cash flows from financing activities:		
Capital infusion	1,390	-
Owner draws	(1,319)	-
Net cash provided by investing activities	71	-
Net change in cash	(4)	30
Cash - beginning of year	36	6
Cash - end of year	$ 32	$ 36
Supplemental Disclosures		
Interest Paid	-	-
Income Taxes Paid	-	-

See accompanying notes

STAR HOOKAH, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF BUSINESS

The Company was incorporated under the laws of the State of California for the purpose of offering franchise opportunities to entrepreneurs who want to own their own Star Hookah operation, as a franchise.

BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

REVENUE RECOGNITION

Initial franchise fees will be recorded as income when the company provides substantially all the initial services agreed upon in the franchise agreement or when the franchise has commenced operations, whichever comes first. If the fee is received over a period of time and the Company has no reasonable basis for estimating the collectability of the fee, the Company will use the installment method of recognition of the initial fee as revenue.

Monthly royalty fees will be recognized when paid by the franchisee.

COMPANY INCOME TAXES

The Company is a wholly owned subsidiary of a holding company operated as Sub-chapter C Corporation. As such, the entity will be taxed on its taxable income.

Based on the income tax basis of accounting used for their Corporate tax return, an accrual would be included in these financial statements for the Company's taxable income for their fiscal year May 31, 2017.

NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at December 31, 2017 and 2016, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

STAR HOOKAH, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 COMMITMENTS AND CONTINGENCIES

The Company does not carry general liability or worker's compensation coverage, nor is it self-insured.

NOTE 4 FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
B. The franchisee is obligated to pay a non-refundable initial franchise fee.
C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

NOTE 5 SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 28, 2018, the date that the financial statements were available to be issued.

LIST OF CURRENT FRANCHISES

Star Hookah of Los Angeles LLC: 864 N. Vermont Ave., Lost Angeles, CA 90029, Zenaida Magana, 323-928-2800

LIST OF TERMINATED FRANCHISES

There are no franchisees who have had an outlet terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with Franchisor within 10 weeks of the application date.

~~FRANCHISE DISCLOSURE QUESTIONAIRE~~

~~As you know, Star Hookah, Inc. and you are preparing to enter into a Franchise Agreement for the operation of a Franchised Business. In this Franchisee Disclosure Questionnaire, Star Hookah, Inc. will be referred to as "we" or "us." The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.~~

~~1. Have you received and personally reviewed Star Hookah, Inc. Franchise Agreement and each exhibit, addendum and schedule attached to it?~~

~~Yes~~ __ ~~No~~ __

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

~~Yes~~ __ ~~No~~ __

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

~~3. Have you received and personally reviewed our Disclosure Document Franchisor provided to you?~~

~~Yes~~ __ ~~No~~ __

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

~~Yes~~ __ ~~No~~ __

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

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

~~Yes __ No __~~

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

~~Yes __ No __~~

~~7. Has any employee or other person speaking on our behalf made any statement or promises concerning the revenues, profits or operating costs of the Franchised Business that Franchisor or our franchisees operate?~~

~~Yes __ No __~~

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

~~Yes __ No __~~

~~9. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?~~

~~Yes __ No __~~

~~10. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?~~

~~Yes __ No __~~

~~11. If you have answered "Yes" to any of questions 7 through 10, please provide a full explanation of your answer in the following blank lines. (Attach additional~~

~~pages, if necessary, and refer to them below.) If you have answered "No" to each of these questions, please leave the following lines blank.~~

~~12. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and these dealings are solely between you and us?~~

~~Yes __ No __~~

~~You understand that your answers are important to Franchisor and that Franchisor will rely on them.~~

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

~~Name of Franchisee/Applicant~~

~~Date: ____________________, 20___~~

~~Signature~~

~~Name and Title of Person Signing~~

MULTI STATE ADDENDA

FOR 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. Section 31125 of the California Corporations Code requires Franchisor to give Franchisee 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.

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

4. Neither the franchisor, any person or franchise broker in ITEM 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in the association or exchange.

5. ITEM 17 of the Disclosure Document is amended to add the following:

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

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

- The Franchise Agreement contains a covenant not to compete that extends beyond the term of the agreement. This provision might not be enforceable under California law.

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

- The Franchise Agreement requires binding arbitration. The arbitration will occur at the forum indicated in ITEM 17 with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult 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 the Franchise Agreement restricting venue to a forum outside the State of California.

6. The following URL address is for the franchisor's website: www.starhookah.com

FRANCHISOR'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHTAT www.corp.ca.gov.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Star Hookah, Inc.:	Franchisee:___________________________
By: ___________________________	By: __________________________________
Title:___________________________	Title: ________________________________

EXHIBIT ~~H~~G TO THE DISCLOSURE DOCUMENT

FOR THE STATE OF MARYLAND

THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.

AS A CONDITION OF OUR CONSENT TO ALLOW YOU TO TRANSFER YOUR FRANCHISE TO A THIRD PARTY, WE MAY REQUIRE YOU TO GUARNANTEE THE PERFORMANCE OF THE THIRD PARTY.

ITEM 5 of the Disclosure Document is amended to add the following:

- Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

2. ITEM 17 of the Disclosure Document is amended to add the following:

- The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration Disclosure Law.
- Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- In the event of a conflict of laws if required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
- The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

2. Exhibit E to the Disclosure Document, the Franchise Disclosure Questionnaire is amended as follows:

- All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Star Hookah, Inc.:	Franchisee:____________________________
By: ___________________________	By: ________________________________
Title:___________________________	Title: ________________________________
Date: _________________________	Date: ________________________________

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	**Effective Date**
California	Pending
Hawaii	
Illinois	
Indiana	
Maryland	Pending
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

RECEIPT

~~Issuance Date: April 15, 2019~~

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Star Hookah, Inc. offers you a franchise, Star Hookah, Inc. 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 unless otherwise stated in your state's addendum. The delivery of the Disclosure Document is to be received at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship in the States of Maryland or New York.

If Star Hookah, Inc. 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit A.

The following are the names, principal business addresses, and telephone numbers of each franchise seller offering the franchise:

Mr. Nathan Madani, 6430 Hollywood Blvd, Los Angeles, CA 90028, (323) 460-6100.

Our Agents for Service of Process are listed in Exhibit B.

Issuance Date: April 23~~15~~, 2020~~19~~

I have received a Franchise Disclosure Document including the following exhibits on the date listed below:

A. List of State Administrators
B. List of State Agents for Service of Process
C. Franchise Agreement
D. Table of Contents to the Operations Manual
E. Financial Statements
F. List of Current and Terminated Franchisees
~~G. Franchisee Disclosure Questionnaire~~
~~H.~~G. Multi-State Addenda

Please sign and print your name below, date and return one copy of this receipt to Star Hookah, Inc. and keep the other for your records.

Signature: ______________________________

Print Name: ______________________________

Date of Receipt: ______________________________

Return to:
Star Hookah, Inc.
6430 Hollywood Blvd, Los Angeles
CA 92782

RECEIPT

Company Name: ____________________________

~~Issuance Date: April 15, 2019~~

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