FRANCHISE DISCLOSURE DOCUMENT

Sushi Freak Franchise Group LLC
a California limited liability company
5175 Linda Vista Road, Suite 105
San Diego, California 92110
(619) 808-3838
www.sushifreak.com
michael@sushifreak.com

The franchise is for the operation of a "Sushi Freak" restaurant offering fresh high quality, customizable, rolled-to-order sushi, sushi burritos, salads, soup and other related items, hot tea, fountain drinks, logoed merchandise, as well as beer, wine, and sake on a catering, dine-in and take-out basis.

The total investment necessary to begin operation of a Sushi Freak franchise is $265,000 to $344,000. This includes $25,000 that must be paid to the franchisor.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in 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 Jenifer Duarte at 5175 Linda Vista Road, Suite 105, San Diego, California 92110 (619) 808-3838 and jenifer@sushifreak.com .

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

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

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

Issuance Date: April 15, 2022

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits E and F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Sushi Freak 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 Sushi Freak franchisee?	Exhibits E and F 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 A.

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

Special Risks to Consider About *This* Franchise

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

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

2. **Governing Law**. The franchise agreement states that California law governs the agreement, and this law may not provide the same protections and benefits as local law. You may want to compare these laws.

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.

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<u>EXHIBITS</u>

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

The Franchisor

Sushi Freak Franchise Group LLC ("we", "us" or "Sushi Freak") is the Franchisor and maintains its principal place of business at 5175 Linda Vista Road, Suite 105, San Diego, California 92110. We were formed as a limited liability company in the State of California on October 17, 2011. In this Disclosure Document, we use the term "you" to refer to individuals, partnerships, corporations and limited liability companies, and the direct and indirect owners of partnerships, corporations and limited liability companies.

Sushi Freak is a franchising company which promotes and sells franchises for the operation of restaurants known as "Sushi Freak" ("Restaurant" or "Franchised Business"), as well as owning and operating Sushi Freak Restaurants. We began offering franchises in February 2012 and do not offer franchises in any other line of business. We do not own or operate a business of the type being franchised.

Our agents for service of process are listed in Exhibit A.

Our Parents, Affiliates and Predecessors

We have no parent or predecessor, but we have one affiliate. Our affiliate is 7 Moon Enterprises LLC, a California limited liability company headquartered at our address ("Affiliate"). Our Affiliate owns and operates one business of the type being franchised which has been in operation in San Diego, California since September 2010. Our Affiliate has never offered franchises in this or any other line of business. Our Affiliate owns the Proprietary Marks (described below and in Item 13) which it has licensed to us so that we may sublicense them to our franchisees and development agents.

The Franchise Offered

If we approve your application to become a franchisee, you will sign a franchise agreement ("Franchise Agreement"). Under a Franchise Agreement, we will grant you the right, and you will accept the responsibility, to establish and operate a Restaurant at an agreed upon location (the "Approved Location"). Sushi Freak Restaurants fresh high quality, customizable rolled-to-order sushi, sushi burritos, poke bowls, salads, soup and other related items, hot tea, fountain drinks, logoed merchandise, as well as beer, wine, and sake on a catering, dine-in and take-out basis. With our prior written consent, and depending on the location of your Restaurant, we may permit you to offer in-house delivery services.

We will occasionally enter into franchise agreements and other similar arrangements in which a franchisee will open and operate Restaurants at public transportation facilities, department stores, service station/convenience stores, airports, shopping malls, and other non-traditional settings.

The System

We have developed and own a unique system for Restaurant operation (the "System"). The Restaurants are quick serve and feature a specialized menu of fresh high quality, customizable rolled-to-order sushi, salads, soup and other related items, hot tea, fountain drinks, as well as beer, wine, and sake on a catering, dine-in and take-out basis. With our prior written consent, and depending on the location of your Restaurant, we may permit you to offer in-house delivery services. The System's distinguishing characteristics include a method of providing customers with individual, customized sushi rolls made according to their request; distinctive exterior and interior design, décor, color scheme and furnishings; uniform standards, specifications and procedures for operations, including proprietary recipes and ingredients; quality and uniformity of products and services offered; procedures for management and inventory control; training and assistance and advertising and promotional programs, all of which may be periodically changed, improved and further developed byus.

The System is identified by our service mark "Sushi Freak For the Luv of Sushi" (see Item 13), and any other trade names, service marks and trademarks that we may designate otherwise in writing for use with the System (the "Proprietary Marks").

You must conduct the Franchised Business according to our Confidential Operating Manual (the "Manual"), a copy of which we will lend to you for the term of the Franchise Agreement. You may offer only those services and sell only those items and products that we specify or approve.

A Restaurant is typically located in one of the following types of settings: an in-line shopping center, an in-line urban restaurant or a free-standing location. A typical Restaurant requires a site between 1,200 to 1,800 square feet in size.

Market and Competition

You will offer our products to the general public. You can expect to compete in your market with locally owned restaurants, as well as with national and regional restaurant chains (some of which may be franchise systems), offering sushi and other Japanese menu items. The market for quick service restaurants is well established and highly competitive, and the market for quick-service sushi restaurants is still developing. Restaurants generally compete on the basis of factors including location, food quality, service and price. These businesses are often affected by other factors as well, such as changes in consumer taste, economic conditions, population and travel patterns. If your Restaurant is located in a non-traditional setting as described above, or if your Restaurant is located near another Restaurant, you may appear to or actually compete with other Sushi Freak Restaurants.

Industry Specific Regulations

The restaurant industry is heavily regulated. A wide variety of Federal, state and local laws, rules and regulations have been enacted that may impact the operation of your Restaurant, and may include those which: (a) establish general standards, zoning, permitting restrictions and requirements and other specifications and requirements for the location, construction, design, maintenance and operation of the Restaurant's premises; (b) set standards pertaining to employee health and safety; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants and laws and regulations relating to access by persons with disabilities; employee practices concerning the storage, handling, cooking and preparation of food; restrictions on smoking; available of and requirements for public accommodations and requirements for fire safety and general emergency preparedness; (d) establish requirements for food identification and labeling; and (e) regulate advertisements. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Restaurant and you should consider both their effect and costs of compliance.

Many of the laws, rules and regulations that apply to business generally, such as the Americans With Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to restaurants. The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and service and restaurant sanitary conditions. The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

You must identify, investigate, satisfy and comply with all laws, ordinances and/or regulations applicable to your Restaurant, including employment, workers' compensation, insurance, corporate, tax, public health and similar laws and regulations, because they vary from place to place, can change over time and may affect the operation of your Restaurant. 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.

You may offer wine, beer, and sake for sale at your Restaurant. If you offer alcohol at your Restaurant, you must comply with any federal, state, county, municipal, or other local laws and regulations relating to alcohol and liquor that may apply to your Restaurant. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Restaurant. If you offer alcohol, you must obtain any applicable real estate permits (*e.g.*, zoning), real estate licenses, liquor licenses and operational licenses.

If you choose to serve beer and wine the license should be obtained before you open the Restaurant. The difficulty and cost of obtaining a beer and wine license and the procedures for securing the license vary greatly from area to area. There is also wide variation in state and local laws and regulations that govern the sale of alcoholic beverages. In addition, state "dram shop" laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol. Each of your managers and other employees we designate must be ServSafe (or similar) certified. Certain managers and other employees we designate must also complete alcohol awareness or TIPS training.

ITEM 2
BUSINESS EXPERIENCE

CEO – Michael Broder

Mr. Broder has been our CEO since our inception in October 2011, and he has been Managing Member of our Affiliate since September 2009.

COO – Jenifer Duarte

Ms. Duarte has been our COO since our inception in October 2011, and she has been Managing Member of our Affiliate since September 2009.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Franchise Agreement

You must pay a uniform initial franchise fee of $25,000 ("Initial Franchise Fee"). The Initial Franchise Fee is paid in a lump sum when you sign the Franchise Agreement, but we reserve the right require you to pay to us a deposit first. If we require you to pay a deposit and sign our Deposit Agreement, the Initial Franchise Fee is paid in two installments: $10,000 is paid when you sign our deposit agreement, which is Exhibit J to the Franchise Agreement, and the balance of $15,000 is paid when you sign the Franchise Agreement. The deposit under the deposit agreement is not refundable, but if you qualify to purchase a Franchised Business the $10,000 deposit will be applied toward the Initial Franchise Fee. Once the Initial Franchise Fee has been paid in full, it is non-refundable, except that if you fail to complete our training program to our reasonable satisfaction, we have the right to terminate your Franchise Agreement and refund all but $15,000 of the Initial Franchise Fee. If you fail to secure an approved location within six months after you sign your Franchise Agreement, we can terminate your Franchise Agreement and we keep the entire Initial Franchise Fee. The Initial Franchise Fee is not refundable under any other circumstances.

ITEM 6
OTHER FEES

Name of Fee (1)	Amount	Due Date	Remarks
Royalty	6% of Gross Sales	Payable each Wednesday by 5:00 p.m. PST/PDT for the previous week	"Gross Sales" means all revenue from the sale of services and products and all other income related to the Franchised Business, including all amounts paid to, collected by, or shared with third-party delivery services and excluding sales taxes. Royalty Fees are payable by automatic debit, and funds must be made available in your account for withdrawal. This fee is payable to us, but our designee will deduct the amount due from your account. See note 2
National Creative Fund	1% of Gross Sales	Payable each Wednesday by 5:00 p.m. PST/PDT for the previous week	This fee is payable to our designee when the National Creative Fund is established. See Item 11
Computer Polling	$12.60	Payable each Wednesday by 5:00 p.m. PST/PDT for the previous week	Payable to our designee for polling your computer system to retrieve sales and other data. See Item 11

Name of Fee (1)	Amount	Due Date	Remarks
Local Advertising	1% of Gross Sales	Must be spent quarterly	This will be in addition to any National Creative Fund contributions. This amount may be higher if you participate in an advertising cooperative that requires a higher payment. Any advertising materials you wish to use must first be approved by us.
Cooperative Advertising	As agreed by the members, but not more than 3% of Gross Sales	As agreed by the members	See Item 11. Any amount you contribute to a cooperative will count toward your local advertising requirement, but if the amount you contribute to a cooperative is less than the amount you must spend on local advertising, then you must still spend the difference locally.
Transfer	$5,000	On or before the date of the proposed transfer	No fee is imposed for a one-time transfer to a corporation or limited liability company you form for the convenience of ownership.
Audit by us	Cost of the audit (estimated to be between $1,000 and $ 5,000) plus understated amount with interest	15 days after billing	Payable only if you fail to furnish reports, supporting records or other required information.
Interest on Overdue Payments	Lesser of 2% above prime or highest contract rate of interest allowed by law	On Demand	If you do not pay any amounts due to us on time and in the amount due, we may charge you interest on the overdue amounts.
Prohibited Product or Service Fine	$250 per day of use of unauthorized products or services	If incurred	In addition to other remedies available to us. This may not be enforceable under California law.

Name of Fee (1)	Amount	Due Date	Remarks
Late Fee for Weekly Royalty Reports, Financial Statements, Tax Returns, Local Advertising Plans and Local Advertising Reports	$100 per day for any report, statement or return that is late	Daily	If you fail to submit timely, complete and accurate Weekly Royalty Reports, financial statements, tax returns, local advertising plans and local advertising reports when due, we may charge you $100 per day until the report is received
Costs and Attorneys' Fees	The cost would be the actual cost.	Upon request	If you default under your agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the Agreement.
Indemnification	The cost would be the actual cost.	Upon request	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the Franchised Business or in connection with any offer of your securities, or for costs associated with defending claims that you used the trademarks in an unauthorized manner
Renewal Fee	One-half of the then-current initial franchise fee	Before renewal	You will only need to pay this fee if you renew the Franchise Agreement.
Non-Compliance Fine	$500-$1000 for each deviation from operational requirements/system standards	Upon request	Due, at our option, if you deviate from operation requirements or system standards. You may be charged $500 for each deviation. If the same (or substantially similar) deviation is discovered on 1 or more consecutive, subsequent visits to or inspection of your Restaurant, you may be charged $1000 for each subsequent deviation. In addition to other remedies available to us.
Violation of Non-Competition Covenant	$500 per week	On Demand	During the term or after termination of your Franchise Agreement, if you breach the non-competition covenant contained in the Agreement, you must pay us $500 per week.

Name of Fee (1)	Amount	Due Date	Remarks
Customer Complaint Reimbursement	Out-of-pocket cost	As incurred	You must reimburse us if we resolve a customer complaint because you did not do so; amount depends on extent of your non-compliance.
Liquidated Damages	See note 3		
Insurance	Reimbursement of our costs	On Demand, if incurred	If you do not have the required insurance coverages, we may (but are not required to) purchase insurance on your behalf.
Management Fee	5% of Gross Sales, plus expenses	If incurred	We have the right to step in and operate your business for you in certain circumstances. If we do this, you must pay us a management fee and reimburse the expenses our representatives incur while providing management services.
Additional Training	$1,500 to $2,500	If incurred	We may require that you and/or your designated manager(s) attend further training programs that we periodically schedule.

Notes:

1. We impose and collect all fees, except as otherwise noted. All fees are non-refundable.

2. You must report your Restaurant's Gross Sales to us on a weekly royalty report ("Weekly Royalty Report") each Wednesday by 5:00 p.m. PST/PDT for Gross Sales from the preceding week, together with any other reports we specify in the Manual.

   We may require payment by other than automatic debit, and you must comply with our payment instructions. If any Wednesday is not a business day, payment is due on the next business day. If you do not submit Weekly Royalty Reports as required reporting the Restaurant's Gross Sales, we may debit your account for 120% of the last Royalty Fee and National Creative Fund contribution that it debited. If the Royalty Fee and National Creative Fund contribution we debit are less than the Royalty Fee and National Creative Fund contribution you actually owe us, once we have received the Weekly Royalty Report and determined the true and correct Gross Sales for your Restaurant, we will debit your account for the balance. If the Royalty Fee and National Creative Fund contribution we debit are greater than the Royalty Fee and National Creative Fund contribution you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following week. You must keep a minimum balance in your account of $5,000.

   If a state or local law applicable to your Restaurant prohibits or restricts in any way your ability to pay Royalty Fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the Restaurant, then the percentage rate for calculating Royalty Fees shall be increased, and the definition of Gross Sales shall be changed to exclude sales of alcoholic beverages, so that the Royalty Fees to be paid by you shall be equal to the amounts you would have had to pay if sales from alcoholic beverages were included in Gross Sales. For example, if you generated $1,000 in Gross Sales, of which $200 is from the sale of alcoholic beverages, then your weekly Royalty Fee is $60 (6% x $1,000). If you are not permitted by law to pay Royalty Fees on the sale of alcoholic beverages, then we must recalculate your royalty percentage so that you still pay the full Royalty Fee. In our example, we must deduct $200 from the Gross Sales and raise your royalty percentage to 7.5% so that we may collect the same $60 Royalty Fee ($1,000 - $200 = $800 x 7.5% = $60).

If any state imposes a sales or other tax on the royalty fees, then we have the right to collect this tax from you.

3. If we terminate the Franchise Agreement with cause, you must pay us liquidated damages equal to the average monthly Royalty Fees you have paid during the 12 months of operation before the termination multiplied by 24 (being the number of months in two years) or the number of months remaining in the Franchise Agreement had we not terminated it, whichever is higher.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (1)	$25,000	Installments	On signing Deposit Agreement and Franchise Agreement	Us
Leasehold Improvements, Construction Cost (2) (3)	$90,000 - $125,000	As Incurred	As Agreed	Supplier
Fixtures, Equipment, Signs, POS System (4)	$105,000-$130,000	As Arranged	As Incurred	Suppliers and Our Affiliate
Security/Utility Deposits, Licenses and Prepaid Fees (5)	$6,000 - $8,000	As Incurred	As Incurred	Suppliers
Opening Inventory and Supplies (6)	$13,000-$16,000	As Incurred	As Incurred	Suppliers
Miscellaneous Opening Costs (7)	$6,000- $10,000	As Incurred	As Incurred	Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Operating Capital (8)	$10,000-$15,000	As Incurred	As Incurred	Third Parties
Additional Funds (3 months) (9)	$10,000-$15,000	As Incurred	As Incurred	Third Parties
TOTAL (10)	$265,000-$344,000			

* These figures do not include any Tenant Improvement Allowance.

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable and the initial franchise fee is partially refundable in certain circumstances (see Item 5). We do not finance any portion of your initial investment.

Notes:

1. ***Initial Franchise Fee***. The initial franchise fee is discussed in detail in Item 5 above. It is not refundable, except as discussed in Item 5. Amounts paid to suppliers or third parties (other than us) may or may not be refundable, depending on the arrangement you make with your supplier

2. ***Leasehold Improvements; Construction Costs***. It is our standard practice to select a site within your geographic area. The terms of the lease and the amount of the monthly lease payment and security deposit will depend on the geographic location and size and condition of the premises and the demand for the premises by other prospective tenants. These recurring overhead costs cannot be estimated. You will lease space from the owner of the approved location on terms negotiate by you and the owner.

3. Leasehold improvement and construction costs vary significantly depending on the condition, location, size and configuration of the Restaurant premises, the layout of the retail center, and other factors relating to the geographic location of the business, suppliers, government regulations, labor costs and other considerations. You will contract directly with the architect, construction contractor and possibly other construction suppliers on terms negotiated by you. We will consult with you regarding the construction of the Restaurant.

4. ***Fixtures, Equipment, Signs, POS System.*** This estimate includes the cost of all equipment and the sushi robot, and the estimated charges for you to hire a general contractor for the construction in the mall or retail center.

5. ***Security/Utility Deposits, Licenses and Prepaid Fees.*** This category includes an estimate of security deposits, utility deposits, food service licenses and other prepaid fees that you must pay. We strongly recommend that you determine the availability and cost of required licenses before you purchase a Sushi Freak franchise.

6. ***Opening Inventory and Supplies***. The cost of initial inventory and supplies, including food and ingredient supplies, vary with the local market. The above figures are based upon estimates of reasonable quantities of inventory and supplies for the start-up of the business.

7. ***Miscellaneous Opening Costs; Travel.*** This category includes miscellaneous opening costs and expenses

such as installation of telephones and a high-speed internet connection, initial insurance premiums, cost of uniforms and employee recruitment, out-of-pocket expenses for travel to training, training costs, grand opening marketing and other miscellaneous costs.

8. ***Initial Operating Capital***. This category is an estimate of initial operating capital needed to begin operation of the business. This is only an estimate of the amount of operating capital needed.

9. ***Additional Funds***. Additional funds may be necessary before the Restaurant is opened and to maintain the business during the first few months of operation. This category is intended to cover unforeseen costs that may arise during the initial six-month phase of the business. It is anticipated that the Restaurant will not open for at least three months after the Franchise Agreement is signed, and cash flow may be minimal during the first few months the business is open.

10. ***Total.*** We cannot guarantee the actual total cost to open the franchise, or the amount of operating capital needed to operate the business. Your actual costs may vary greatly and will depend on many factors such as the size and condition of the space and the cost to convert it to a Sushi Freak Restaurant, your management skill, experience and business acumen local economic conditions, the local market for the products, the prevailing wage rate, advertising expenditures, rental charges, level of competition, and the sales level achieved during the initial period. These figures should be reviewed carefully with a business advisor before making a decision to purchase the franchise. In compiling these figures, we relied on our Affiliates experience in operating Sushi Freak Restaurants since September 2010.

The above estimates of your initial investment do not include optional business organizational expenses or overhead expenses such as legal fees for review of the Franchise Agreement, review of the lease and the contracts with construction suppliers, organization of a new business entity, etc. Whether or not any of these expenses are incurred is entirely at your discretion and cannot be predicted or estimated by us. These are only estimates and your costs may vary based on actual rental prices in your area, and other site- specific requirements or regulations. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICE

You must purchase all food products, ingredients, beverages, food service equipment, point of sale system (including hardware and software), décor items, and menu boards and any and all of the branding option items from suppliers we have approved. The list of approved suppliers is included in the Manual. The list of approved suppliers changes periodically, and it is regularly updated by us.

You may be required to purchase certain products, equipment or services directly from us or our affiliates. Currently, we do not require you to purchase any items from us or our affiliates. You may receive a discount on certain products, equipment or services if you purchase directly from us or our affiliates, but you are not required to do so. During 2021, we did not, nor did our affiliates, derive any revenue from direct sales of equipment, products or services to franchisees. There are no required suppliers in which any of our officers own an interest.

To maintain the highest level of quality, you must operate your Restaurant in compliance with our standards and specifications presented in the Manual, which is provided on loan only to franchisees. You must only use the products, materials, supplies, ingredients, menus and other items in the Restaurant that conform to the specifications contained in the Manual. We have the right to decide what items will be purchased and used in your Franchised Business and we expect to make changes as we continue to develop and improve the System. We will periodically modify the list of approved products and suppliers contained in the Manual and you may only purchase from suppliers on the approved list of suppliers, unless we agree to a deviation.

We change specifications, standards and approved suppliers when it appears to benefit the System. To date, we have not made the criteria for product and supplier approval available to the franchisees and suppliers. The criteria for evaluating suppliers and products include qualitative criteria such as aesthetic appeal and our perception of quality and market acceptance, as well as quantitative criteria such as performance, financial capability and price criteria. Deviations from the list of approved products and suppliers, or amendments to the list proposed by you, will only be permitted or made if we review a request by you and decide after testing that the product meets our standards and/or the supplier meets our approved supplier criteria. We anticipate that our review will take between 30 and 60 days to complete. There is no stated fee for processing a request, but you may be asked to pay the cost of reviewing any proposed changes in, or deviations from, approved products or suppliers. There are no products or categories of products for which we or any affiliate of ours is an approved supplier. We do not sell any products to our franchisees. We and/or our affiliates may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other Franchised Businesses in the System, such as rebates, commissions or other forms of compensation. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate As of the Issue Date of this Disclosure Document, we received rebates and commissions from two of our Approved Suppliers. These rebates and commissions are based on franchisee purchases. During 2021, we did not receive any such rebates or commissions. The cost of purchasing approved or required inventory, supplies, fixtures, equipment and construction items is estimated to be approximately 82% to 86% of total purchases you will make in connection with the establishment of your Restaurant, and approximately 90% to 95% of total purchases in connection with the operation of your Restaurant. At this time, there are no purchasing or distribution cooperatives in connection with our System. We do not provide you with any material benefits based on your use of designated or approved suppliers, such as the grant of renewal or additional franchises.

You must purchase all food, ingredients and other consumables and supplies from approved suppliers according to specifications provided by us. Specifications for the food products sold by you and other minimum standards for the operation of the Restaurant are part of the Manual, which will be loaned to you while the franchise is in effect. We will maintain high quality food products by maintaining high quality standards for these products. We will also maintain minimum specifications as to the equipment and other supplies used in your Franchised Business.

We will have the right to review and approve all marketing plans and promotional materials that you propose to use. You may not use any marketing plan or promotional material without our prior written consent.

We must approve of the location you select for your Restaurant. We must also approve of your plans to build out your Restaurant. Our review of your proposed plans will only determine that the Restaurant has been designed according to our specifications, and we will not determine whether the plans comply with any applicable federal, state or local law.

Insurance

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

Presently you must maintain the following minimum insurance amounts: (1) broad form comprehensive general liability including liquor liability with limits of no less than $2,000,000 in case of damage or injury to one or more persons, including indemnification coverage and property damage insurance of $500,000; both of which shall be considered primary policies; (2) all risk coverage on all personal property covering the Restaurant, its premises and its contents, and business interruption insurance; (3) worker's compensation, disability and employer's liability insurance, as well as any other insurance required by law; (4) product liability insurance with limits of at least $2,000,000 aggregate; (5) automobile liability insurance with a minimum limit of $2,000,000 per occurrence (including but not limited to owned automobiles titled or leased in the name of you or your business and used at any time, whether principally or occasionally in your business, hired and non-owned coverage and additional liability coverage as needed for delivery services; and (6) any other insurance required by the state or local municipality where the Restaurant is located or that may be required by the terms of your lease.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise 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	Article/Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Franchise Agreement: 2	7, 11
b. Pre-opening purchases/ leases	Franchise Agreement: 2, 7 and 8	7, 8, 11
c. Site development and other pre-opening requirements	Franchise Agreement: 2, 7, 8 and 9	7, 8, 11
d. Initial and ongoing training	Franchise Agreement: 2, 4, 6 and 20	7, 11
e. Opening	Franchise Agreement: 2, 6 and 7	11
f. Fees	Franchise Agreement: 5, 8, 9, 10 and 20	5, 6, 7, 11
g. Compliance with standards and policies/Operating Manual	Franchise Agreement: 4, 8, 11 and 15	8, 11, 16
h. Trademarks and proprietary information	Franchise Agreement: 3, 8 and 11	13, 14
i. Restrictions on products/ services offered	Franchise Agreement: 7	8, 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable

Obligation	Article/Section in Agreement	Disclosure Document Item
k. Ongoing product/service purchases	Franchise Agreement: 8	8, 16
l. Maintenance, appearance and remodeling requirements	Franchise Agreement: 8 and 15	11
m. Insurance	Franchise Agreement: 12	7, 8
n. Advertising	Franchise Agreement: 9	6, 7, 11
o. Indemnification	Franchise Agreement: 13	6
p. Owner's participation/ management/staffing	Franchise Agreement: 8 and 19	15
q. Records/reports	Franchise Agreement: 10	6
r. Inspection/audits	Franchise Agreement: 7 and 10	6, 11
s. Transfer	Franchise Agreement: 20	6, 17
t. Renewal	Franchise Agreement: 4	6, 17
u. Post-termination obligations	Franchise Agreement: 18	17
v. Non-competition covenants	Franchise Agreement: 14	17
w. Dispute resolution	Franchise Agreement: 30	17
x. Liquidated damages	Franchise Agreement: 18	6

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your notes, leases or other obligations.

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

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

Pre-Opening Obligations

1. Before you open the Restaurant we will:

   a. Review sites you select for conformity to our standards and criteria for potential sites and, if the site meets our criteria, accept the site for a Restaurant. Our criteria for site approval includes demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses, the nature of other businesses in proximity to the site and other commercial characteristics, and the size, appearance and other physical characteristics of the proposed site. We will accept or decline a location you propose for the Restaurant within 30 days after we receive the complete site report and other materials we request. We do not guarantee the success of any site or any lease (Franchise Agreement – Sections 2.1, 2.2 and 2.3).

   b. Our representative will assist you with the purchase of equipment, signs, fixtures and opening inventory and supplies, but we will not install these items. We will not provide assistance with establishing prices. We will assist you in setting up accounts with approved suppliers who are familiar with our specifications and will provide you a copy of our specifications (Franchise Agreement – Section 2.6).

   c. Give you mandatory and suggested specifications and layouts for your Restaurant, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings and color scheme (Franchise Agreement – Section 2.4).

   d. Loan you one copy of the Manual (Franchise Agreement – Section 11.1).

   e. Train you and your manager (Franchise Agreement – Sections 2.8 and 6.1). This training is described in detail later in this Item.

Continuing Obligations

During the term of the agreement, we will:

a. Advise you regarding operating issues concerning the Restaurant disclosed by reports you submit or inspections we make. In addition, we will give you guidance on standards, specifications and operating procedures and methods used by other Restaurants in the System; food preparation and display methods; purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies; advertising and marketing programs; employee training; and administrative, bookkeeping and accounting procedures. This guidance will, at our discretion, be furnished in our Manual, bulletins or other written materials (including e-mails) and/or during telephone consultations or in-person consultations at our office or the Restaurant (Franchise Agreement – Section 7.5).

b. Review and approve or disapprove of proposed advertising materials prepared by you for use in local advertising (Franchise Agreement – Section 9.4).

c. Inspect and observe the operations of the Restaurant periodically to determine whether you and the Restaurant are complying with the Franchise Agreement and all System standards (Franchise Agreement – Section 7.6).

d. Administer the national creative fund in the manner described in the Franchise Agreement (Franchise Agreement – Article 9).

National Creative Fund

We reserve the right to establish a National Creative Fund (the "National Creative Fund") for the advertising, marketing and public relations programs as we, in our sole discretion, may deem necessary or appropriate to promote "Sushi Freak" Restaurants, however the National Creative Fund will not be established until the opening of the tenth franchised outlet. We will administer the National Creative Fund as follows:

1. We will direct all advertising and public relations programs financed by the National Creative Fund, with sole discretion of approval over agencies, spokespersons, creative concepts, materials, and media placements and allocations used in the programs. The National Creative Fund will establish and maintain an internet presence, including a main website for the Sushi Freak System and web pages or listings for individual Restaurants and social media initiatives. The National Creative Fund may be used to pay the costs of researching, preparing, maintaining, administering and directing advertising and promotional materials and programs (including the costs of preparing and conducting television, radio, magazine, newspaper, direct mail and coupon advertising campaigns and other public relations activities; employing advertising agencies; and providing promotional brochures and other marketing materials to franchisees in the System). Also, monies in the National Creative Fund may be used to cover administrative costs and overhead we may incur including salary costs of employees working exclusively for the National Creative Fund, up to 20% of the Creative Fund. You must participate in all advertising and public relations programs conducted by the National Creative Fund. All Restaurants owned by us or our affiliates will contribute to the National Creative Fund on the same basis as you.

2. The National Creative Fund will be accounted for separately from our other funds. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all Restaurants to the National Creative Fund in that year and the National Creative Fund may borrow from us or other lenders at standard commercial interest rates to cover deficits of the National Creative Fund or cause the National Creative Fund to invest any surplus for future use by the National Creative Fund. Any monies remaining in the National Creative Fund at the end of any year will carry over to the next year.

3. You authorize us to collect for payment to the National Creative Fund any advertising or promotional monies or credits offered by any supplier based upon your purchases. Any advertising or promotional monies or credits we collect from any supplier based upon your purchases will not be credited toward your required contribution to the National Creative Fund.

4. An unaudited statement of monies collected and costs incurred by the National Creative Fund will be prepared annually by us and will be furnished to you upon written request. We will have the right to cause the National Creative Fund to be incorporated or operated through an entity separate from us whenever we deem appropriate, and any successor entity will have all our rights and duties.

5. The National Creative Fund is intended to maximize recognition of the Proprietary Marks and patronage of Sushi Freak Restaurants generally. Although we will try to use the National Creative Fund to develop advertising and marketing materials and programs, and to place advertising, to benefit all Restaurants, we have no obligation to make sure that expenditures by the National Creative Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the National Creative Fund by the

Restaurants operating in that geographic area or that any Restaurant will benefit directly or in proportion to its contribution to the National Creative Fund from the development of advertising and marketing materials or the placement of advertising. Your failure to derive any benefit will not serve as a basis for a reduction or elimination of your obligation to contribute to the National Creative Fund. We have no fiduciary obligation to you or any other Restaurant in connection with the establishment of the National Creative Fund or the collection, control or administration of monies paid into the National Creative Fund. Except as expressly provided in the Franchise Agreement, we do not assume any direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the National Creative Fund. (Franchise Agreement – Article 9.)

In the fiscal year ending December 31, 2021, no advertising funds were spent. The National Creative Fund may place advertising in any media, including print, radio and television. The coverage is typically regional and national in nature. Advertising may be developed in-house and/or by regional and national advertising agencies. No money will be spent by the National Creative Fund to solicit new franchisees.

Grand Opening Advertising

You must spend at least $2,000 for a grand opening advertising campaign to promote the opening of your Restaurant. The grand opening advertising campaign should be conducted in the 60-day period that includes 30 days before and 30 days after opening. Your grand opening advertising is in addition to the requirement to contribute to the National Creative Fund and your local advertising requirement. Your grand opening advertising campaign must be approved by us before you can begin it. At our request, you must give us the money for your grand opening advertising campaign, and we will conduct this campaign on your behalf. (Franchise Agreement – Section 9.9.)

Local Advertising

In addition to your contributions to a National Creative Fund that we may establish, you must spend a minimum of 1% of your Gross Sales each quarter on local advertising for your Restaurant. Ten (10) days prior to the beginning of each quarter, you must submit for our written approval, a quarterly local advertising plan ("Local Advertising Plan") outlining the manner in which you will market your Franchised Business and the amount that will be expended. Within five (5) days of the close of each quarter, you must submit to us, an accurate accounting of your local advertising expenditures ("Local Advertising Report") along with receipts documenting each expenditure.

If other Restaurants are located in your area, you must participate in any local advertising cooperative that we establish, if we require your participation. Participation in the cooperative may require you to spend up to a maximum of 3% of your Gross Sales each month on local advertising based on a vote by the cooperative members. Any amount you contribute to a cooperative will count toward your local advertising requirement, but if the amount you contribute to a cooperative is less than the amount you must spend on local advertising, you must still spend the difference locally. You may not solicit business through a toll-free number, direct mail, internet, or other advertising method without our prior written consent. (Franchise Agreement – Sections 9.4 and 9.8.)

All advertising, promotion and marketing must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe. You must submit to us, in the form and manner we prescribe, for prior approval, samples of all advertising and promotional materials not prepared or previously approved by us. If you do not receive written or oral disapproval within 10 days from the date of our receipt of your materials, we will be deemed to have approved the submitted materials. You may not use any advertising or promotional materials that we have not approved, have disapproved or that do not include the copyright registration notices and trademark registration notices we designate (Franchise Agreement –Section 9.5).

Any advertising or promotional materials you submit to us for our review will become our property, and there will be no restrictions on our use or distribution of these materials. We may require you to include certain language within your local advertising, such as “Franchises Available”, our website address and our phone number.

Website / Intranet/Social Media

Websites (as defined below) are considered as “advertising” under the Franchise Agreement and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term “Website” means an interactive electronic document contained in a network of computers linked by communications software, that you operate or authorize others to operate and that refers to the Restaurant, Proprietary Marks, us, or the System. The term Website includes Internet and World Wide Web home pages.

In connection with any Website, the Franchise Agreement provides that you may not establish a Website related to the Proprietary Marks or the System, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Mark, through the Internet (including networking and social Websites as described above) without our prior written approval. If we permit you the right to promote your Restaurant on any social media or networking Websites, you must do so in compliance with our policies and rules regarding the creation, maintenance, use and content of such Websites as set forth in our Manual.

We will have the right to establish a website or other electronic system providing private and secure communications (*e.g.*, an intranet) between us, our franchisees, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access to the intranet in the manner we designate. Additionally, we may periodically prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign.

You are strictly prohibited from promoting your Restaurant and using the Proprietary Marks in any manner on any social or networking Websites, such as Facebook, LinkedIn, Twitter or Instagram, without our prior written consent.

Supplemental Marketing Programs

We may establish supplemental marketing programs (such as limited time offers, gift cards, gift certificates, loyalty programs, and reward programs) from time to time as part of the System, and you must participate in (and comply with) such supplemental marketing programs at your expense. You must utilize the service providers we designate for these programs, utilize the specified equipment and software and pay the associated fees on a timely basis.

National Advertising Council

We may, in the future, establish a National Advertising Council composed of franchisees. The Council members are selected by the franchisees in the System. The Council will serve in an advisory capacity only, advising us on advertising policies. We will have the authority to form, dissolve, change, merge, and reform the Council. There currently are no advisory councils.

Computer Systems

You must keep your books and business records according to our formats. To help your reporting to us and other communications, you must purchase or lease and use certain point of sale systems, computer hardware and software that meet our specifications and that are capable of electronically interfacing with our computer system. The computer system will provide sales tracking information, inventory management, business reports, labor and scheduling management, order processing and credit card processing.

The point of sale system must be set up to enable us to have immediate, independent access to the information monitored by the system, and there is no contractual limitation on our access or use of the information we obtain. You must install and maintain equipment and a high-speed internet connection in accordance with our specifications to permit us to independently access the point of sale system (or other computer hardware and software) either electronically or at your premises. This will permit us to electronically inspect and monitor information concerning your Gross Sales and any other information that may be contained or stored in the equipment and software. There are no limits on our access to the data on your point of sale system. (Franchise Agreement - Section 10.1.)

You must purchase the computer system and point of sales system we designate in our Manual. The approved supplier for the computer system and point of sale system, if we designate one, will be included in the Manual. We expect that the point of sale system will cost approximately $3,000 to $5,000**.** You are not currently required to maintain a separate support contact, though we reserve the right to require you to obtain one in the future. You must obtain any upgrades and/or updates to the software used with the point of sale system, at your expense. In addition, we may require you to update and/or upgrade all or a portion of your point of sale system during the term of your Franchise Agreement, at your expense (we currently estimate the cost of optional and required updates/upgrades to be between $250 to $600 annually. The Franchise Agreement does not limit our ability to require you to update and/or upgrade your point of sale system or pay the cost of any update and/or upgrade. Neither we nor any affiliate of ours is responsible for providing you with any upgrades, updates or maintenance for your point of sale system.

All sales data and customer data that we download from your system and that we otherwise collect from you is owned exclusively by us, and we will have the right to use that data in any way that we deem appropriate without compensating you. There is no contractual limitation on this access.

You must keep your point of sale and computer system in good repair, at your expense, and you must promptly install additions, changes, modifications, substitutions and replacements to the point of sale and computer system as we may reasonably require. You will have the sole and complete responsibility for: (a) acquiring, operating, maintaining and upgrading your own point of sale and computer system; (b) the manner in which your point of sale and computer system interface with our computer systems, if any, and the computer systems of third parties; and (c) all consequences that may arise if your point of sale and computer system are not properly operated, maintained and upgraded.

Confidential Operations Manual

The table of contents from our Manual is appended to this Disclosure Document as Exhibit D. The Manual includes approximately 351 pages.

Site Selection

If you have found a site which you believe to be suitable for a Restaurant, you must submit a completed site approval package to us (the "Site Approval Package") and other materials which we may reasonably require. We will have 30 days to accept or deny a site you propose. Franchise Agreement – Section 2.1.) You must secure (by lease, sublease or purchase agreement) an accepted location within six months after you sign the Franchise Agreement.

Our site selection and/or acceptance is based on residential population, traffic counts and patterns, competing establishments, median income levels, availability of parking, rental and lease terms, physical configuration of the site and growth trends in the area. You must sign a Conditional Assignment of Lease in a form designated by us. If you cannot find a suitable site within six months from signing the Franchise Agreement, we can terminate the Franchise Agreement and keep the Initial Franchise Fee.

Our acceptance of a site for your Restaurant is not a warranty or guarantee, express or implied, that you will be successful at that site. Our acceptance only means that the site meets our minimum specifications for a Sushi Freak Restaurant.

Opening the Franchised Business

We estimate that there will be an interval of three to twelve months between when you sign the Franchise Agreement and when you open the Restaurant, but the interval may vary based upon factors such as the location and condition of the site, the construction schedule for the Restaurant, how much the existing location must be upgraded or remodeled, the delivery schedule for equipment and supplies, delays in securing financing arrangements and completing training and your compliance with local laws and regulations. You may not open the Restaurant for business until: (1) we approve the Restaurant as developed according to our specifications and standards and the plans that we approved; (2) pre-opening training has been completed to our satisfaction by all required persons; (3) the Initial Franchise Fee and all other amounts then due to us have been paid; and (4) we have been furnished with copies of all required insurance policies, or other evidence of insurance coverage and payment of premiums as we request. You must have your Restaurant open and operating by six months after you have secured the approved location or 12 months after you sign the Franchise Agreement, whichever occurs first.

Training

Our training program consists of approximately one week of instruction by our current management team concerning all aspects of the operation and management of the Franchised Business which you and/or your designated manager(s) must attend. The training includes review and discussion of the and all aspects of the operation of your business. The training should be scheduled four to six weeks ahead of your scheduled opening and near the completion of construction and after hiring your key employees. The training will take place at a designated location or at our headquarters in San Diego, California, and will be managed by Jenifer Duarte, who has at least seven years of relevant experience. In addition, we may send one member of our training staff for a period of one to three days during the opening of your Restaurant, in our discretion.

You must pay for our representative's expenses. We may require that you and/or your designated manager(s) attend further training programs that we periodically prescribe, and we may require that you and/or your designated manager(s) complete the programs, including the initial training program, to our satisfaction. There may be a fee for refresher courses (currently $1,500 to $2,500). The fee will be primarily to compensate the personnel who teach the courses and to pay some the expenses of the courses. Currently we project the following training schedule, which is subject to change:

TRAINING PROGRAM

Description	Hours of Classroom Training	Hours of On-the-Job Training	Location
Positional Training Management Training	8	75	San Diego, California

We may also use Certified Trainers to teach certain elements of our training program. Our Certified Trainers are experienced and fully competent in the operational standards and systems defined by us. They can readily teach, coach, and demonstrate all operational metrics. They must work a minimum of 90 days with us and must be certified as fully competent by our management before they may provide any training.

For all required initial training courses, we will provide, at no charge to you, instructors and training materials. You must pay for all other expenses which you and your manager incur within the courses, including the cost of transportation, lodging, meals and wages. The training materials we use during our training program include the Manual and other teaching aids we find useful.

You must replace a manager if we determine that he or she is not qualified to serve in this position. If you (or your managing shareholder or partner) are unable to complete the initial training to our satisfaction, we can terminate the Franchise Agreement and refund to you all but $15,000 of your Initial Franchise Fee.

You must recruit and hire *all* of your employees. You must also train all Restaurant employees. For all of your Restaurants, one of our representatives will advise and assist you in opening the Restaurant by coordinating your pre-opening activities and being available to assist with your operations for up to five days around the opening of your Restaurant, at your expense.

ITEM 12
TERRITORY

Under the Franchise Agreement we grant you the right to operate a Restaurant at a specific location. We will grant you a protected territory ("Protected Territory"). This is your exclusive territory. If your Restaurant is in an urban area, the Protected Territory will be up to a one-half mile radius around the Restaurant. Continuation of your exclusivity in your Territory is not dependent on your achieving a minimum sales volume, market penetration or other contingency, except that you must comply with your obligations under the Franchise Agreement to maintain your exclusivity. There are no other circumstances that permit us to modify your territorial rights. If your Restaurant is in a rural area, the Protected Territory will be a one-mile radius around the Restaurant. The site of the Restaurant will be identified on Exhibit A to the Franchise Agreement when the location is approved. Relocation of your Restaurant requires our prior written approval. If your lease for the premises of the Restaurant terminates without your fault, or if the premises are damaged, condemned or otherwise unusable, or if in your and our reasonable judgment there is a change in the character of the location of the Restaurant sufficiently detrimental to its business potential to warrant its relocation, we shall grant permission to you for relocation of the Restaurant.

Except as expressly limited by the terms of your Franchise Agreement, we and our affiliates retain all rights with respect to Restaurants, the Proprietary Marks, and any goods and services anywhere, including: (a) to produce, offer and sell and to grant others the right to produce, offer and sell the services and/or goods offered at the Restaurant and any other goods and services through similar or dissimilar channels of distribution under trade and service marks other than the Proprietary Marks and under any terms, both inside and outside your Protected Territory; (b) to produce, offer and sell and to grant others the right to produce, offer and sell the services and/or goods offered at the Restaurant and any other goods and services through dissimilar channels of distribution under the Proprietary Marks and under any terms, both inside and outside the Protected Territory; (c) to operate or grant others the right to operate Restaurants anywhere outside of your Protected Territory, regardless of its proximity to your Restaurant, and on terms that we deem appropriate; (d) to operate and to grant others the right to operate Restaurants at Non-Traditional Sites anywhere inside or outside your Protected Territory under any terms and conditions we deem appropriate; and (e) subject to the option described below, the right to acquire and operate a business operating one or more food service businesses located or operated anywhere. At the present time, we plan to operate Restaurants in airports, shopping malls and along toll roads.

You may sell our products and related merchandise to customers who live anywhere but who choose to dine in your Restaurant. You may not engage in any promotional activities or sell our proprietary products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "Electronic Media"); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Protected Territory, and you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Protected Territory. With our prior written consent, you may offer in-house delivery services from your Restaurant. You may not use a third-party delivery service including, but not limited to, Uber Eats, Grubhub, DoorDash or Caviar without our prior written consent, which may be withheld in our sole discretion. You may not sell any products to any business or other customer at wholesale.

Although we have not done so, we and our affiliates may sell products under the Proprietary Marks within and outside your Protected Territory through any method of distribution other than a dedicated Sushi Freak Restaurant, including sales through channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales outside or inside your Protected Territory except as described in the following paragraph and you will not receive any compensation for our sales through alternative distribution channels except as described in the following paragraph. We are under no obligation to pay you for soliciting or accepting orders from inside your Protected Territory.

If we engage in electronic commerce through any Internet, World Wide Web or other computer network site or sell through any other alternative distribution channel, and we receive orders for any products offered by a Sushi Freak Restaurant calling for delivery or performance in your Protected Territory, then we will offer the order to you at the price we establish. If you choose not to fulfill the order or are unable to do so, then we, one of our affiliates or a third party we designate (including another franchisee) may fulfill the order, and you will not be entitled to any compensation in connection with this. This type of electronic commerce program has not yet been instituted.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time.

Except for any Restaurants operated by our affiliates, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned Restaurants which sell our proprietary products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

There are no minimum sales quotas, sales volume, level of market penetration or similar contingencies that you must meet in order to maintain your area.

Except as the Franchise Agreement grants you the right to acquire the Optioned Restaurants described above, you are not granted any other option, right of first refusal or similar right to acquire additional Restaurants under the Franchise Agreement. You are not granted any options, right of first refusal or similar rights to acquire additional franchises within your Protected Territory or contiguous territories.

ITEM 13
TRADEMARKS

The Franchise Agreement allow you to use our Proprietary Marks with the Franchised Business. Our Affiliate has registered or applied for registration of the following principal marks on the Principal Register of the United States Patent and Trademark Office ("USPTO"). Our Affiliate intends to file all affidavits when required.

Mark	Application Date	Serial Number	Registration Date	Registration Number
Sushi Freak For the Luv ofSushi…	11/18/2009	77/875,881	3/22/2011	3,935,318

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court. There is no pending infringement, opposition or cancellation proceeding. There is no pending material litigation involving the trademarks which may be relevant to their use in this state or in any other state.

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

You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks. We have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We will defend you against any third-party claim, suit or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement. If there is any litigation due to your use of the Proprietary Marks, you must sign all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action. Unless litigation results from your use of the Proprietary Marks in a manner inconsistent with the terms of your Agreement, we will reimburse you for your out-of- pocket costs, except that you will bear the salary costs of your employees.

There are no agreements currently in effect which limit our rights to use or license the use of any Proprietary Mark, except for the perpetual trademark license agreement between us and our Affiliate dated November 3,2011.

We reserve the right to substitute different proprietary marks for use in identifying the System and businesses operating under it if we, in our sole discretion, determine that substitution of different marks as Proprietary Marks will be beneficial to the System. You must promptly implement any substitution of new Proprietary Marks at your expense.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

There are no patents or any pending patents that are material to the franchise. We claim copyright protection of our Manual and related materials, although these materials have not been registered with the United States Registrar of Copyrights. The Manual and related materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement. You may not use our confidential information in any unauthorized way and you must take reasonable steps to prevent its disclosure to others.

There are no currently effective determinations of the USPTO, Copyright Office, or any court regarding any patent or copyright. There are no currently effective agreements relating to any patent or copyright which could limit your use of them. We do not need to protect any of the rights that you have to use any patent or copyright, and we do not have any other obligation under the Franchise Agreement regarding patents and copyrights. We are not aware of any infringements that could materially affect your use of any patent or copyright in any state.

Confidential Operations Manual

We will lend you a copy of the Manual for the term of the Franchise Agreement (see table of contents as Exhibit E). We may provide the Manual electronically, such as via CD-ROM or a password protected Website. You must treat the Manual, any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained in them, as confidential, and must use reasonable efforts to maintain this information as secret and confidential. You must not reproduce these materials or otherwise make them available to any unauthorized person. The Manual will remain our sole property. You must keep it in a secure place on the Restaurant premises.

We may revise the contents of the Manual, and you must comply with each new or changed standard. You must make sure that the Manual is kept current at all times. If there is a dispute as to the contents of the Manual, the terms of the master copy which we maintain at our home office will control.

Confidential Information

We may reveal certain proprietary information to you, which includes food formulae, recipes, customer lists, and information in the manuals provided to you. You must not, during or after the term of the Franchise Agreement methods of operation of the Franchised Business. You may divulge confidential information only to those employees who must have access to it to operate the Franchised Business. Any and all information, knowledge and other data which we designate as confidential will be deemed confidential for purposes of your Agreement.

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

You must at all times directly supervise the operation of the Restaurant or you may employ a manager for this purpose. We recommend that you conduct direct, on-premises supervision of the Restaurant and not delegate this duty to third parties. If you do appoint a manager for these duties, we must train him or her and the manager must complete the training to our satisfaction. Also, you must inform us of your manager's identity, and each manager must sign an agreement not to divulge any trade secrets or confidential or proprietary information, or to engage in any other business. Your manager need not have an ownership interest in a corporate, limited liability company or partnership franchisee, but he or she must have substantial food service experience, demonstrate strong management abilities, ability to obtain applicable food service licenses as required by law, and promote the "Sushi Freak" image to the public.

If you do not have acceptable prior experience in a food service business, you must hire a general manager who possesses a minimum of five years of acceptable food service experience. Your general manager must complete our training program to our satisfaction.

You must devote your full time and efforts to managing the general business matters of the Restaurant. You may not, during the term of the Franchise Agreement, engage in any conflicting enterprises. Also, you are bound by confidentiality requirements discussed in Article 8 of the Franchise Agreement and non-competition covenants discussed in Article 14 of the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell only those products and services that we have approved. You may not offer for sale any products or perform any services that we have not authorized or approved (see Item 8). We have the right to change the types of authorized products and services and there are no limits upon our right to do so.

We place no restrictions upon your ability to serve customers provided you do so from the location of your Restaurant and as otherwise described in Item 12.

You have the right to establish prices for the Menu Items and other products and services you sell. We may, from time to time, suggest prices for the Menu Items and other products and services you sell. We do, however, have the right to modify the Menu Items or System to give us the right to establish prices, both minimum and maximum, subject to applicable law. Any such modification will be in writing. Unless we so modify the Menu Items or our System, any list or schedule of prices we furnish to you is a recommendation only and any decision you make to accept or reject the suggestion will not in any way affect the relationship between you and us.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

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

Provision	Article in Franchise Agreement	Summary
a. Length of franchise term	4	10 years
b. Renewal or extension of the term	4	Two additional terms of 10 years
c. Requirements for franchisee to renew or extend	4	You have been in substantial compliance with agreement, pay renewal fee. You may have to remodel the Restaurant, at your expense You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees
d. Termination by franchisee	Not Applicable	The Franchise Agreement does not provide for this. But you may seek to terminate on any grounds available to you by law.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	17	We can terminate only if you commit any one of several listed violations

Provision	Article in Franchise Agreement	Summary
g. "Cause" defined – curable defaults	17	30 days for operations defaults, 30 days for monetary defaults, 24 hours for health code violations
h. "Cause" defined – non-curable defaults	17	Conviction of a felony, abandonment, unapproved transfers, bankruptcy, assignment for benefit of creditors, repeated violations
i. Franchisee's obligations on termination/non-renewal	18	Pay outstanding amounts, de-identification, return of confidential information and telephone numbers (see also below)
j. Assignment of contract by franchisor	20	No restriction on our right to assign. However, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement
k. "Transfer" by franchisee – defined	20	Includes transfer of contract of assets or any ownership change
l. Franchisor approval of transfer by franchisee	20	We have the right to approve all transfers, our consent will not be unreasonably withheld
m. Conditions for franchisor approval of transfer	20	Transferee qualifies, all amounts due are paid in full, transferee completes training, transfer fee paid
n. Franchisor's right of first refusal to acquire franchisee's business	20	We can match any offer
o. Franchisor's option to purchase franchisee's business	18	After the Franchise Agreement expires or is terminated, we have the right to purchase any or all of the signs, advertising material, supplies, equipment and any items bearing the Proprietary Marks at your cost or fair market value, whichever is less

Provision	Article in Franchise Agreement	Summary
p. Death or disability of franchisee	21	Franchise must be assigned to approved buyer within 12 months or transferred to an heir
q. Non-competition covenants during the term of the franchise	14	Can't divert business or operate a competing business anywhere (Subject to state law)
r. Non-competition covenants after the franchise is terminated	14	No competing business for two years, within 25 miles of any other Restaurant (Subject to state law)
s. Modification of the Agreement	32	The Franchise Agreement may not be modified except by written agreement between the parties
t. Integration/merger clause	32	Only the terms of the Franchise Agreement are binding (subject to state law) Any representations or promises outside the disclosure document and Franchise Agreement may not be enforceable
u. Dispute resolution by arbitration or mediation	30	Except for certain claims, all disputes must be arbitrated in California (subject to state law)
v. Choice of forum	30	Arbitration in California (subject to state law)
w. Choice of law	29	California law applies (subject to state law)

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Michael Broder at 5175 Linda Vista Road, Suite 105, San Diego, California 92110 and (619) 808-3838, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO.1
SYSTEM-WIDE OUTLET SUMMARY FOR PERIOD ENDING DECEMBER 31, 2021

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE (+ or -)
Franchised	2019	1	3	+2
	2020	3	3	+0
	2021	3	3	+0
Company-Owned*	2019	3	2	-1
	2020	2	2	+0
	2021	2	2	+0
Total Outlets	2019	4	5	+1
	20202	5	5	+0
	2021	5	5	+0

The Company-Owned outlets reflected in the above chart include outlets that are owned by our Affiliate, as described in Item 1.

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN FRANCHISOR) FOR PERIOD ENDING DECEMBER 31, 2021

STATE	YEAR	NUMBER OF TRANSFERS
New Mexico	2019	0
	2020	1
	2021	0
TOTAL	2019	0
	2020	1
	2021	0

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS FOR PERIOD ENDING DECEMBER 31, 2021

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINA-TIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
Texas	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New Mexico	2019	0	0	0	0	0	0	0
	2020	0	2	0	0	0	0	2
	2021	2	0	0	0	0	0	2
TOTAL	2019	0	1	0	0	0	0	1
	2020	1	2	0	0	0	0	3
	2021	3	0	0	0	0	0	3

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS FOR PERIOD ENDING DECEMBER 31, 2021

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEES	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEES	OUTLETS AT END OF THE YEAR
TOTAL	2019	3	0	0	1	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2

The Company-Owned Outlets reflected in the chart above include the Restaurants owned and operated by our Affiliate**.**

TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2021

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
Texas	1	0	0
New Mexico	1	0	1
Total	2	0	1

A list of the names of all franchisees and the addresses and telephones numbers of their businesses will be provided in Exhibit E to this Disclosure Document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit F to this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Sushi Freak System.

There are no trademark-specific organizations formed by our franchisees that are associated with the Sushi Freak System.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit G are our audited financial statements for the fiscal year ending December 31, 2019, December 31, 2020, and December 31, 2021. Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

The following contracts are attached to this Disclosure Document:

Franchise Agreement – Exhibit C

Sample Copy of General Release – Exhibit H

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records. If you are missing these Receipts, please contact us at this address or telephone number:

Sushi Freak Franchise Group LLC
5175 Linda Vista Road, Suite 105
San Diego, California 92110
(619) 808-3838

Issuance Date:__________________________________

California Effective Date: ____________________________

EXHIBIT A TO THE DISCLOSURE DOCUMENT
STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, Sushi Freak Franchise Group LLC has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which Sushi Freak Franchise Group LLC has appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed.

CALIFORNIA
California Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013
(213) 576-7500 Toll Free (866) 275-2677
website: www.dfpi.ca.gov
email: Ask.DFPI@dfpi.ca.gov

CONNECTICUT
State of Connecticut

Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, CT 06103-1800

HAWAII
(state administrator)

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722
(agent for service of process)
Commissioner of Securities
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96812
(808) 586-2722

ILLINOIS

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA
(state administrator)

Indiana Secretary of State
Securities Division, E-111
302 Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

(agent for service of process)
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND
(state administrator)

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(for service of process)
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN
(state administrator)

Michigan Department of the Attorney General
Franchise Section
G Mennen Williams Building, 1st Floor
525 W. Ottawa Street
Lansing, Michigan 48933
(517) 373-7117

(for service of process)
Michigan Attorney General's Office
Consumer Protection Division
G Mennen Williams Building, 1st Floor
525 W. Ottawa Street
Lansing, Michigan 48933
(517) 373-7117

MINNESOTA
(state administrator)

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

(for service of process)
Commissioner of Commerce of Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

NEW YORK
(state administrator)

New York State Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8285

(for service of process)
New York Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001

NORTH DAKOTA

Office of Securities Commissioner
600 East Boulevard, Suite 414
Bismarck, North Dakota 58505
(701) 328-4712

OREGON

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

RHODE ISLAND

Securities Division
Department of Business Regulation
233 Richmond Street, Suite 232
Providence, Rhode Island 02903
(401) 277-3048

(for service of process)

Department of Business Regulation
233 Richmond Street, Suite 232,
Providence, Rhode Island 02903
(401) 277-3048

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

(for service of process)
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON
(state administrator)

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

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

WISCONSIN
(state administrator)

Division of Securities
Department of Financial Institutions
201 W. Washington Ave., Suite 300
Madison, Wisconsin 53703
(608) 266-1064

(for service of process)
Administrator, Division of Securities
Department of Financial Institutions
345 W. Washington Ave., 4th Floor
Madison, Wisconsin 53703

EXHIBIT B TO THE DISCLOSURE DOCUMENT

MULTI-STATE ADDENDUM

CALIFORNIA APPENDIX

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

2. 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.).

3. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.

4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

5. 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. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

6. The Franchise Agreement requires binding arbitration. The arbitration will occur in California with the costs being borne by the franchisee and franchisor. 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 the State of California. Business and Professions Code Section 20040.5 relating to forum selection clauses restricting venue outside the state of California or arbitration may be preempted by the Federal Arbitration Act. Section 20040.5 may still apply to any provision relating to judicial proceedings. A binding arbitration provision may not be enforceable under generally applicable contract defenses, such as fraud, duress, or unconscionability.

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

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

9. 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.

10. 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 the State of California.

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

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

13. California has a labor law known as California Assembly Bill 5 or "AB5" that governs when someone is classified as an employee or an independent contractor. Your franchise agreement states that you are an independent contractor, but AB5 may mean you are an employee instead. Being an employee may entitle you to minimum wage, sick and family leave, unemployment and workers' compensation, expense reimbursements, protection from retaliation and discrimination, and other benefits given to employees. You should research and consult with an attorney regarding California's labor laws.

14. The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

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

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

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

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

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

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

ADDENDUM REQUIRED BY THE STATE OF INDIANA

1. To be added to Item 3 of the Disclosure Document, is the following statement:

   There are presently no arbitration proceedings to which the Franchisor is a

   party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusiveterritory.

3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. The appropriate sections of the Franchise Agreement are amended accordingly.

5. Under Indiana Code 23-3-3.7-1 (10) franchisee may not waive any claims or rights.

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for Sushi Freak Franchise Group LLC's Franchise Disclosure Document and for its Franchise Agreement. The amendments to the Franchise Agreement included in this addendum have been agreed to by the parties.

1. Item 17 of the Disclosure Document is amended to state that 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.

2. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement which provide for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. The appropriate sections of the Franchise Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The appropriate sections of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

7. The appropriate sections of the Franchise Agreement are amended to state that 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.

8. The Franchise Agreement and Franchisee Disclosure Acknowledgment Statement are amended to include the following statement: "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."

DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS, IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(a) A prohibition on the right of a franchisee to join an association of franchises.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE

ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Marilyn McEwen
525 W. Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

This addendum to the Disclosure Document is agreed to this day of________________, 20 , and effectively amends and revises said Disclosure Document and Franchise Agreement as follows:

1. Item 13 of the Disclosure Document, Article 3 of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

> "In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchise from any loss, costs or expenses arising out of any claim, suit or demand regarding such use."

2. Item 17 of the Disclosure Document and the appropriate sections of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

> "With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec. 80C.14, Subds.3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld."

3. Item 17 of the Disclosure Document and the Franchise Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections:

> "Minn. Stat. Sec. 80C.21 and Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

4. Item 17 of the Disclosure Document and the appropriate sections of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

> "Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release."

5. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in

accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. Section 29.6 of the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

7. Section 30.6 of the Franchise Agreement regarding Limitations of Claims is hereby amended to comply with Minn. Stat. §80C.17, Subd. 5.

8. Under Minn. Rule 2860.4400J, franchisees cannot be required to waive their rights under RICO. Therefore, Section 29.5 of the Franchise Agreement is hereby deleted.

9. Item 6, Insufficient Fund Fees: NSF fees are governed by Minnesota Statute 604.113; which puts a cap of $30 on a NSF check. This applies to everyone in Minnesota who accepts checks except banks.

10. Under Minn. Rule 2860.440J, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required. Section 14.6 of the Franchise Agreement is hereby amended accordingly.

ADDENDUM REQUIRED BY THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

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

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

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

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

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

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

7. The following is added to the end of the "Summary" sections of Item 17(v), titled **"Choice of forum"**, and Item 17(w), titled **"Choice of Law"**:

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

ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document, Franchise Agreement effectively amends and revises said documents as follows:

1. Item 17(c) of the Disclosure Document and Articles 4 and 20 of the Franchise Agreement, are hereby amended to indicate that a franchisee shall not be required to sign a general release.

2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document, and Article 14 of the Franchise Agreement are amended accordingly.

3. Item 6 and Item 17(i) of the Disclosure Document and Article 18 of the Franchise Agreement require the franchisee to consent to termination or liquidated damages. Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota.

4. Item 17(u) of the Disclosure Document and Article 30 of the Franchise Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties.

5. Item 17(v) of the Disclosure Document and the provisions of Article 29 of the Franchise Agreement which require jurisdiction of courts in California are deleted.

6. Item 17(w) of the Disclosure Document and Article 29 of the Franchise Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.

7. Apart from civil liability as set forth in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law.

8. The provisions of Article 29 of the Franchise which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted.

9. The provisions of Article 29 of the Franchise Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies.

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that:

> "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

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

1. Additional Disclosure: The following statements are added to Item 17.h:

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

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

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

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

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this______day of________________, 20___.

FRANCHISOR
SUSHI FREAK FRANCHISE GROUP LLC

By:__________________________________

Name: Jenifer Duarte

Title: COO

FRANCHISEE

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

EXHIBIT C TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

SUSHI FREAK FRANCHISE GROUP LLC

FRANCHISE AGREEMENT

FRANCHISEE

DATE OF AGREEMENT

SUSHI FREAK FRANCHISE GROUP LLC

FRANCHISE AGREEMENT

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EXHIBITS:

SUSHI FREAK FRANCHISE GROUP LLC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT, made this ______day of _______________20______ , by and between Sushi Freak Franchise Group LLC, a California limited liability company with its corporate headquarters office at 5175 Linda Vista Road, Suite 105, San Diego, California 92110 (hereinafter referred to as "we", "us" or "our") and ____residing at (hereinafter referred to as "you" or "your").

W I T N E S S E T H:

WHEREAS, we franchise certain specialty food service establishments, known as "Sushi Freak" restaurants ("Restaurant" or "Franchised Business"), with a specialized menu offering fresh, high quality customizable, rolled-to-order sushi, sushi burritos, salads, soup and other related items, hot tea, fountain drinks, logoed merchandise, as well as beer, wine, and sake on a catering, dine-in and take-out basis ("Products"). Such Restaurants are operated under certain trademarks, service marks, logos and other commercial symbols, including without limitation "Sushi Freak For the Luv of Sushi" ("Marks") and pursuant to certain confidential information and trade secrets. Such Restaurants are operated with uniform formats, designs, systems, methods, specifications, standards and procedures, all of which may be improved, further developed or otherwise modified from time to time by us ("System"). With our prior written consent only, and depending on the location of your Restaurant, we may permit you to provide in-house delivery services; and

WHEREAS, the Marks are owned by our affiliate, 7 Moon Enterprises LLC, which has licensed the Marks to us so that we may sub-license them to our franchisees and development agents; and

WHEREAS, we grant to persons who meet our qualifications and who are willing to undertake the investment and effort to establish and develop a "Sushi Freak" Restaurant, a franchise to own and operate such a Restaurant, offering the Products and services approved by us and utilizing our formats, designs, methods, specifications, standards, operating procedures and the Marks; and

WHEREAS, you acknowledge that you have read this Agreement and our Disclosure Document and that you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at all "Sushi Freak" Restaurants in order to protect and preserve the goodwill of the Marks; and

WHEREAS, you acknowledge that you have conducted an independent investigation of the business contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by "Sushi Freak" Restaurants may evolve and change over time, that an investment in a "Sushi Freak" Restaurant involves business risks and that the success of the venture is largely dependent upon your business abilities and efforts; and

WHEREAS, we expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. You acknowledge that you have not received or relied on any representations about the franchise by us, or our officers, directors, employees or agents, that are contrary to the statements made in the Disclosure Document or to the terms and conditions contained herein, and further represent to us, as an inducement to our entry into this Agreement, that you have made no misrepresentations in obtaining the franchise; and

WHEREAS, you have applied for a franchise to own and operate a single "Sushi Freak" Restaurant, and such application has been approved by us in reliance upon all of the representations made therein.

NOW, THEREFORE, for and in consideration of the premises and the mutual promises and covenants hereinafter made, we and you do hereby agree as follows:

ARTICLE 1
GRANT OF FRANCHISE

1.1 Grant of Franchise

Subject to the terms and conditions contained herein, we hereby grant to you the right to own and operate a "Sushi Freak" Restaurant at, and only at, the premises approved by us in accordance with the provisions of this Agreement, and to use the Marks in the operation thereof.

1.2 Location of Restaurant; Protected Area

Unless an approved location has been selected for or by you at the time this Agreement is executed, you shall select and secure the location of the Restaurant, subject to our acceptance, within six (6) months after the date of this Agreement.

1.2.1 Protected Area. Upon your acquisition of the site, your Protected Area will be as follows: if your Restaurant is in an urban area, the Protected Area will be up to a one-half (1/2) mile radius around the Restaurant or if your Restaurant is in a rural area, the Protected Area will be a one (1) mile radius around the Restaurant. Except as provided in this Agreement (including Sections 1.3 and 1.4 hereof), and subject to your full compliance with this Agreement and any other agreement between you or your affiliates and us or our affiliates, neither we nor any of our affiliates will establish, or authorize any person or entity other than you to establish a Sushi Freak Restaurant in the Protected Area during the term of this Agreement. You may operate your Restaurant only from the location we have approved. You may not provide in-house delivery services or third-party delivery services outside your Protected Area without our prior written consent. We retain the right to revise and/or make exceptions to our delivery policy as it applies to you and other franchisees.

1.3 No Change of Franchise Location

The franchise location described in Exhibit "A" may not be altered or changed by you without our prior written approval. In the event there is such an approval, the new franchise location shall become the "Franchise Location," under the terms of this Agreement.

1.4 Rights Reserved to Us

Except as expressly limited by Section 1.2, we and our affiliates retain all rights with respect to Restaurants, the Marks and the sale of Products and any other products and services anywhere in the world including without limitation:

A. to produce, offer and sell, and to grant others the right to produce, offer and sell, the Products and any other goods and services through similar or dissimilar channels of distribution under trade and service marks other than the Marks and under any terms and conditions we deem appropriate;

B. to produce, offer and sell, and to grant others the right to produce, offer and sell, the Products and any other goods and services through dissimilar channels of distribution under the Marks and under any terms and conditions we deem appropriate; and

C. to operate and to grant others the right to operate Restaurants at "Non-Traditional Sites" under any terms and conditions we deem appropriate, regardless of proximity to the Restaurant. As used in this Agreement, Non-Traditional Sites shall include without limitation military bases, hotels, high school and college campuses, airports, train stations, travel plazas, toll roads, beaches, parks and other seasonal facilities, government buildings and establishments, prisons, hospitals, convenience stores, cafeterias, snack bars, trucks, casinos, sports or entertainment venues or stadiums, and retail food service locations being sublet under a lease to a master concessionaire, whether currently existing or constructed or established subsequent to the date hereof.

ARTICLE 2
DEVELOPMENT AND OPENING OF THE RESTAURANT

2.1 Site Selection; Lease of Premises

You shall find a location for a Restaurant and shall submit to us for our evaluation and acceptance, in the form specified by us, a description of the site, the terms of the lease or purchase, a market feasibility study for the site and such other information and materials as we may reasonably require, together with a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have thirty (30) days after receipt of such information and materials from you to accept or decline the site in our sole discretion. You shall lease, within six (6) months from the date of execution of this Agreement, the premises for the Restaurant. We shall have the right in our sole discretion, to require:

A. You to use a site location firm or real estate broker to assist you in locating a suitable site for the Restaurant. If a site location firm or real estate broker is designated by us, the costs associated with such firm or broker shall be borne by you.

B. You to execute a Site Location Addendum in the form attached hereto;

C. You to conditionally assign such lease to us (with the consent of the lessor, if required) by conditional lease assignment provisions in form annexed to this Agreement as Exhibit "C" in order to secure performance of any and all of your liabilities and obligations to us; or

D. That such lease contain substantially the following provisions:

1. "Anything contained in this lease to the contrary notwithstanding, Lessor agrees that without its consent, this lease and the right, title and interest of the Lessee hereunder may be assigned by the Lessee to Sushi Freak Franchise Group LLC, a California limited liability company or its designee."

2. "Lessee hereby agrees that Lessor may, upon the written request of Sushi Freak Franchise Group LLC, disclose to Sushi Freak Franchise Group LLC all reports, information or data in Lessor's possession respecting sales made in, upon or from the leased premises."

3. "Lessor shall give written notice to Sushi Freak Franchise Group LLC (concurrently with the giving of such notice to Lessee) of any default by Lessee under the lease and Sushi Freak Franchise Group LLC shall have the right, in its sole discretion, to cure any such default. Such notice shall be sent to Sushi Freak Franchise Group LLC at its headquarters, or such other address as Sushi Freak Franchise Group LLC may from time to time specify in writing to Lessor."

2.2 Approval of Lease Terms

We shall also have the right to approve the terms of any lease for the premises of the Restaurant. You must deliver a copy of the fully signed lease to use within seven (7) days after its execution. You may not begin construction of the Franchised Restaurant until you have delivered a copy of the fully signed lease to us. In the event we cure any default by you under such lease, the total amount of all costs and payments incurred by us in effecting such cure shall be immediately due and owing by you to us.

2.3 Execution of Lease and Your Acceptance

Your execution of a lease for the location for your Restaurant shall constitute your acceptance of such location and site and the terms of such lease and shall constitute a waiver of any claim or rights against us relating to your choice of such site and location and of the terms of such lease.

2.4 Restaurant Specifications

We will have our architect provide you with prototype or protostyle plans and specifications for your Restaurant reflecting our requirements for dimensions, exterior design, interior design and layout, image, building materials, fixtures, equipment, furniture, signs and décor.

2.5 Development ofRestaurant

Within ninety (90) days after obtaining possession of the premises of the Restaurant and having been furnished with the above-described plans and specifications, you will do or cause to be done the following:

A. Secure all financing required to fully develop the Restaurant;

B. Approval may be granted or withheld at our sole discretion) any proposed modifications to our prototype or protostyle plans and specifications, which may be modified only to the extent necessary to comply with applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions, all such modifications being subject to prior notification to, and approval by, us. You understand and acknowledge that our review is only meant to verify that such plans have been developed according to our specifications, and is not intended, nor will it be construed, to assess compliance with any applicable federal, state or local law or building code;

C. Obtain all required building, utility, sign, health, sanitation and business permits and licenses, and any other required permits and licenses;

D. Construct all required improvements to the premises, purchase and install all required fixtures and equipment and decorate the premises with required branded décor in compliance with plans and specifications approved by us; and

E. Purchase, in accordance with our specifications and requirements, an opening inventory of proprietary food items, Products, ingredients and other products and supplies required for the opening of the Restaurant.

2.6 Your Duties in Developing the Restaurant

You agree that you will do or cause to be done the following with respect to the development of the Restaurant:

A. obtain all required construction and sign permits and licenses;

B. complete the construction of all required improvements to the premises and decorate the premises in accordance with our specifications;

C. purchase or lease and install all fixtures, furnishings, equipment, signs and the opening food and beverage inventory and operating supplies and required branded merchandising materials and other materials in accordance with our specifications.

You shall use your best efforts to complete development and have the Restaurant ready to open within six (6) months after you obtain possession of the premises or twelve (12) months after this Agreement is executed, whichever occurs first. You and we shall cooperate together to (1) obtain bids and conclude a contract with a suitable general contractor or contractors for the construction of the Restaurant; (2) obtain bids and conclude orders for the signs, fixtures, furnishings, equipment and operating supplies and materials;

(3) make all decisions concerning the construction, furnishing, equipping and staffing of the Restaurant; (4) maintain a current and complete accounting of the costs of development of the Restaurant; and (5) supervise the construction, furnishing, equipping and staffing of the Restaurant, in the time frames necessary to complete the development of the Restaurant on schedule. All final decisions concerning the development of the Restaurant which are discretionary and not dictated by our written specifications shall be made by you, with our consultation and advice. Within a reasonable time after the completion of development, a final accounting of all costs of development of the Restaurant, along with copies of all contracts, lien waivers, other paid receipts and equipment warranties, shall be provided by you to us. You may, at your option, purchase or lease equipment for the Restaurant.

2.7 Fixtures, Equipment, Furniture and Signs

You agree to use in the construction and operation of the Restaurant only those brands, types or models of construction and decorating materials, fixtures, equipment (including point of sale and computer hardware and software systems), furniture and signs that we have approved for Restaurants as meeting our specifications and standards for quality, design, appearance, function and performance. You further agree to place or display at the premises of the Restaurant only such signs, emblems, lettering, logos and display materials that are from time to time approved in writing by us. You may purchase approved types or models of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier approved or designated by us (which may include us and/or our affiliates), which approval may not be unreasonably withheld. If you propose to purchase any type or model of construction or decorating material, fixture, equipment, furniture or sign not then approved by us, and/or any such item from any supplier which is not then approved by us, you shall first notify us in writing and shall submit to us sufficient specifications, photographs, drawings and/or other information or samples for our determination of whether such brand or type of construction or decorating material, fixture, equipment, furniture or sign complies with our specifications and standards. We may, in our sole discretion, refuse to approve any such item(s) and/or supplier(s) that do not meet our standards or specifications.

2.8 Restaurant Opening

You agree not to open the Restaurant for business until:

A. We determine that the Restaurant has been constructed and equipped in accordance with approved plans and specifications;

B. Training of you and your manager(s) has been completed to our reasonable satisfaction;

C. The Initial Franchise Fee and all other amounts due to us under this Agreement and any other related agreements to which you are a party have been paid;

D. We have been furnished with copies of all insurance policies required by Article 12 hereof, or such other evidence of insurance coverage as we request; and

E. Our personnel are available to assist and be present at the opening of the Restaurant if we, in our sole discretion, deem it necessary.

You agree to have the Restaurant ready to open for business within six (6) months after the date of execution of your lease or twelve (12) months after this Agreement is executed, whichever occurs first. Final approval by us of the opening of the Restaurant shall be given in writing and shall be in our sole discretion. You agree to open the Restaurant for business within ten (10) days after receipt of such written notice from us.

2.9 Relocation of Restaurant

If your lease for the premises of the Restaurant terminates without your fault, or if the premises are damaged, condemned or otherwise unusable, or if in your and our reasonable judgment there is a change in the character of the location of the Restaurant sufficiently detrimental to its business potential to warrant its relocation, we shall grant permission to you for relocation of the Restaurant to a location accepted by us. Any such relocation shall be at your sole expense and we shall have the right to charge you for costs and expenses incurred by us in connection therewith.

2.10 De-Identification of Original Approved Location

You agree that in the event of a relocation of the Restaurant, you shall promptly remove from the first Restaurant premises, and discontinue using for any purposes, any and all signs, fixtures, furniture, posters, furnishings, equipment, menus, advertising materials, stationery supplies, forms and other articles which display any of the Marks or any distinctive features or designs associated with Sushi Freak Restaurants. Furthermore, you shall, at your expense, immediately make such modifications or alterations as may be necessary to distinguish the first Restaurant so clearly from its former appearance and from other Sushi Freak Restaurants and to prevent any possibility of confusion therewith by the public (including, without limitation, removal of all distinctive physical and structural features identifying Sushi Freak Restaurants and removal of all distinctive signs and emblems). You shall, at your expense, make such specific additional changes as we may reasonably request for this purpose. If you fail to initiate immediately or complete such alterations within such period of time as we deem appropriate, you agree that we or our designated agents may enter the premises of the first Restaurant and adjacent areas at any time to make such alterations, at your sole risk and expense, without responsibility for any actual or consequential damages to the property of you or others, and without liability for trespass or other tort or criminal act. You expressly acknowledge that your failure to make such alterations will cause irreparable injury to us and you consent to entry, at your expense, of an *ex-parte* order by and court of competent jurisdiction authorizing us or our agents to take such action, if we seek such an order. Compliance with the foregoing shall be a condition subsequent to our approval of any relocation request by you, and in the event complete de-identification of the first Restaurant premises is not promptly and completely undertaken, we may then revoke our permission for relocation and declare a default under this Agreement pursuant to Article 17 hereof.

ARTICLE 3
PROPRIETARY MARKS AND GOODWILL

3.1 Definition of "Marks"

When used in this Agreement, "Marks" mean the trademarks and service marks which are used to identify Restaurants and to distinguish it from that of any other business, and the trademarks, service marks, trade names, logos and commercial symbols as may be designated by us from time to time for use in connection with the System.

3.2 Authorized Use of Marks

You are authorized to use the Marks, goodwill and trade secrets in the operation of the Restaurant only at the location specified in Exhibit A. Nothing in this Agreement shall be construed as authorizing or permitting their use at any other location or for any other purpose except as may be authorized in writing by us. You understand and agree that the limited license to use the Marks granted hereby applies only to such proprietary marks as are designated by us, and which are not subsequently designated by us as being withdrawn from use, together with those which may hereafter be designated by us in writing. You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any of the Marks by virtue of the limited license granted hereunder, or by virtue of your use of any of the Marks.

3.3 Ownership of Marks

You acknowledge that the ownership of all of the Marks, goodwill and trade secrets remains solely with us or our licensor and that you shall not register or attempt to register the Marks or to assert any rights in them other than as specifically granted in this Agreement.

3.4 Additional Rights

At our request, you shall assign, transfer or convey to us, in writing, all additional rights, if any, that you may acquire as a result of your use of Marks.

3.5 Rights to Use Marks

You shall only use the Marks, logos, trade styles, color combinations, designs, signs, symbols and slogans, and only in the manner and to the extent specifically permitted by this Agreement or in any manuals, directives or memos (hereinafter collectively referred to as "Confidential Operations Manuals") prepared by us. You shall not use any confusingly similar Marks in connection with your franchise or any other business in which you have an interest.

3.6 Approval of Items Using the Marks

We reserve the right to approve all signs, memos, stationery, business cards, advertising material forms and all other objects and supplies using the Marks. All advertising, publicity, point of sale materials, signs, decorations, furnishings, equipment, or other materials employing the name "Sushi Freak" shall be in accordance with this Agreement and the Confidential Operations Manuals, and you shall obtain our approval prior to such use.

3.7 Modification of Marks

If it becomes advisable at any time, in our discretion, to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary marks, then you shall be obligated to comply with any such instruction by us. In such event and at our direction, you shall adopt, use and display only such new or modified Marks and shall promptly discontinue the use and display of outmoded or superseded marks, at your expense. You waive any other claim arising from or relating to any proprietary mark change, modification or substitution. We will not be liable to you for any expenses, losses or damages sustained by you as a result of any proprietary mark addition, modification, substitution or discontinuation, except that we will reimburse you for your reasonable direct expenses of changing the Restaurant's signage. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages.

3.8 Expiration or Termination of this Agreement

Upon the expiration, termination or non-renewal of this Agreement, you shall immediately cease using the Marks, color combinations, designs, symbols or slogans; and we may cause you to execute such documents and take such action as may be necessary to evidence this fact. After the effective date of expiration, termination or non-renewal, you shall not represent or imply that you are associated with us. To this end, you irrevocably appoint us or our nominee to be your attorney-in-fact to execute, on your behalf, any document or perform any legal act necessary to protect the Marks from unauthorized use. You acknowledge and agree that the unauthorized use of the Marks will result in irreparable harm to us for which we may obtain injunctive relief, monetary damages, reasonable attorneys' fees and costs.

3.9 Notification of Infringement

You shall immediately notify us of any apparent infringement of or challenge to your use of the Marks, or any claim, demand, or suit based upon or arising from the unauthorized use of, or any attempt by any other person, firm, or corporation to use, without authorization, or any infringement of or challenge to, any of the Marks. You also agree to immediately notify us of any other litigation instituted by any person, firm, corporation or governmental entity against us or you.

3.10 Our Defense of the Marks

We shall undertake the defense or prosecution of any litigation concerning you that relates to any of the Marks or that, in our judgment, may affect the goodwill of the System; and we may, in such circumstances, undertake any other action which we deem appropriate. We shall have sole and complete discretion in the conduct of any defense, prosecution or other action we choose to undertake. In that event, you shall execute those documents and perform those acts which, in our opinion, are necessary for the defense or prosecution of the litigation or for such other action as may be undertaken by us.

3.11 Limited License

In order to develop and maintain high uniform standards of quality and service and to protect our reputation and goodwill, you agree to do business and advertising using only the Marks designated by us. You shall not do business or advertise using any other name. You are not authorized to and shall not use the name "Sushi Freak" by itself, as a part of the legal name of any corporation, partnership, proprietorship or other business entity to which you are associated, or with a bank account, trade account or in any legal or financial connection.

3.12 Our Right to Inspect

In order to preserve the validity and integrity of the Marks, and to assure that you are properly employing them in the operation of your business, we and our agents shall have the right at all reasonable times to inspect your business, financial books and records, and operations. You shall cooperate with and assist our representative in such inspection.

3.13 Copyright and Trademark Notices

Franchisee shall be required to affix the ©, Œ, ^{SM} or ® symbol upon all advertising, publicity, signs, decorations, furnishings, equipment or other printed or graphic material employing the name "Sushi Freak" or any other of the Marks, whether presently existing or developed in the future.

3.14 No Right to Deny Use

You acknowledge that you do not have any right to deny the use of the Marks to any other franchisees. In consideration therefor, you shall execute all documents and take such action as may be requested to allow us or other franchisees to have full use of the Marks.

3.15 Claim of Prior Use

If, during the term of this Agreement, there is a claim of prior use of the "Sushi Freak" name or any other of the Marks in the area in which you are doing business or in another area or areas, you shall so use any of our other Marks in such a way and at our discretion in order to avoid a continuing conflict.

3.16 Indemnification by Us

We agree to indemnify you against, and to reimburse you for, all damages for which you are held liable in any proceeding in which your use of any Mark pursuant to and in compliance with this Agreement is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by you in the defense of any such claim brought against you or in any such proceedings in which you are named as a party, provided that you have timely notified us of such claim or proceedings, have otherwise complied with this Agreement and have tendered complete control of the defense of such to us. If we defend such claim, we shall have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney retained by you.

3.17 Your Identification as Independent Owner

During the term of this Agreement and any renewal or extension hereof, you shall identify yourself as the independent owner of the Restaurant in conjunction with any use of the Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, contracts with all third parties or entities, as well as the display of such notices in such content and form at such conspicuous locations as we may designate in writing.

ARTICLE 4
TERM AND RENEWAL

4.1 Initial Term

Except as otherwise provided in this Agreement, the initial term of this franchise shall be for a period commencing upon the execution of this Agreement (the "Initial Term") and conclude on the tenth (10th) year anniversary of the date of execution of this Agreement.

4.2 Right to Renewal Term

Subject to the conditions specified in Section 4.3 hereof, you shall have the right to renew this Agreement for two (2) additional periods of ten (10) years from the date of the expiration of the Initial Term and the date of the expiration of the First Renewal Term.

4.3 Conditions to Renewal

Your right of renewal pursuant to Section 4.2 above shall be subject to the following conditions precedent:

A. Neither this Agreement nor the lease agreement shall have been terminated for any reason, and that the lease is renewable;

B. You shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, any other agreement between you and us or any of our subsidiary and/or affiliated corporations and you have substantially complied with all of the terms and conditions of such agreements during their terms;

C. You shall have served notice of your intention to exercise your right of renewal not less than twelve (12) months nor more than eighteen (18) months prior to the expiration of the Initial Term or the First Renewal Term;

D. You shall have completed the improvements to your Restaurant and your operations required by us pursuant to Section 4.4 below;

E. You have satisfied all monetary obligations due and owing to us and/or any of our subsidiary or affiliated corporations and you have timely met these obligations throughout the term of this Agreement and any other agreement in effect and any renewals thereof;

F. You shall execute, upon renewal, our then-current form of Franchise Agreement, which agreement shall supersede this Agreement in all respects and terms, and which may differ from the terms of this Agreement, including, without limitation, a higher royalty fee and higher national creative fund contribution;

G. You shall execute a general release, in a form prescribed by us on any and all claims against us and/or any of our subsidiary or affiliated corporations, and our respective officers, directors, agents and employees;

H. You shall comply with our then-current reasonable qualification and training requirements; and

I. You shall remit to us a renewal fee equal to one half (½) of the then-current initial franchise fee.

4.4 Renewal Report

Upon receipt of a notice to renew from you pursuant to Section 4.3 hereof, we shall prepare a renewal report which report shall be completed within three (3) months of the receipt of said notice and shall specify the modifications and improvements and repairs, if any, required by us and which you must make to your Restaurant which must be in conformity with the then existing standards, and specifications pertaining to your Restaurant.

4.5 Our Right to Deny Renewal

We expressly reserve the right to deny your renewal in the event that you abandon your Restaurant and you cease to operate and maintain your Restaurant in accordance with the terms of this Agreement.

4.6 Extension of this Agreement

In the event you shall continue to operate your Restaurant following the expiration, termination or non-renewal of this Agreement for any reason, with our express or implied consent, such continuation shall be construed to be an extension of the term hereof only from month-to-month, terminable by either party on no more than thirty (30) days' notice to the other party and otherwise in accordance with all of the provisions ofthis Agreement.

ARTICLE 5
INITIAL AND CONTINUING FEES PAYABLE TO US

5.1 Initial Franchise Fee

In consideration of the execution of this Agreement and our granting to you the franchise covered hereby, you agree to pay to us an Initial Franchise Fee of Twenty-Five Thousand Five Hundred Dollars ($25,000) (the "Initial Franchise Fee"), which sum shall be deemed fully earned by us upon receipt thereof and is non- refundable, except as may be stated in Section 6.1 below. The Initial Franchise Fee is payable in a lump sum upon execution of this Agreement, unless we have required you to execute our Deposit Agreement and pay to us a deposit. If we have required you to execute our Deposit Agreement, we hereby acknowledge receipt of your deposit of Ten Thousand Dollars ($10,000), which sum was paid to us when you signed our deposit agreement, attached to this Agreement as Exhibit J. Said deposit will be applied by us toward the Initial Franchise Fee due hereunder and the balance of the Initial Franchise Fee, or Fifteen Thousand Dollars ($15,000) is payable by you in a lump sum upon execution of this Agreement.

5.2 Royalty Fee

In consideration of this franchise granted hereby, the services to be provided by us hereunder, the right to prepare and sell the Products to the general public, and for the use of the Marks during the term hereof and any subsequent renewals, you shall pay to us, in addition to the Initial Franchise Fee stated herein, a royalty fee equal to six percent (6%) of the gross sales generated by, from, or through your Restaurant ("Royalty Fee").

5.3 Definition of "Gross Sales"

For the purposes of determining the royalties to be paid hereunder, "Gross Sales" shall mean the total selling price of all services and products and all income of every other kind and nature related to the Restaurant, including the amount paid to, collected by, or shared with third-party food ordering and delivery services, whether for cash or credit and regardless of collection in the case of credit. In the event of a cash shortage, the amount of Gross Sales shall be determined based on the records of the electronic cash register system and any cash shortage shall not be considered in the determination. Gross Sales shall expressly exclude the following:

A. Receipts from the operation of any public telephone installed in the Restaurant, which operation has been previously approved by us, or products from vending machines located at the Restaurant, except for any amount representing your share of such revenues;

B. Sums representing sales taxes collected directly from customers, based upon present or future laws of federal, state or local governments, collected by you in the operation of the Restaurant, and any other tax, excise or duty which is levied or assessed against you by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Restaurant, provided that such taxes are actually transmitted to the appropriate taxing authority;

C. Returns to shippers or manufacturers; and

D. Proceeds from isolated sales of trade fixtures not constituting any part of your products and services offered for resale at the Restaurant nor having any material effect upon the ongoing operation of the Restaurant required under this Agreement.

5.3.1 We may, from time to time, authorize certain other items to be excluded from Gross Sales. Any such permission may be revoked or withdrawn at any time in writing by us in our discretion. In addition to the foregoing, the following are included within the definition of "Gross Sales" described except as noted below:

(1) The full value of meals furnished to your employees as an incident to their employment except that the value of any discounts extended to such employees may be credited against Gross Sales during the reporting week in which the meals were furnished for the purpose of determining the amount of Gross Sales upon which the Royalty Fee is due; and

(2) All proceeds from the sale of coupons, gift certificates or vouchers; provided that at the time such coupons, gifts certificates or vouchers are redeemed the retail price thereof may be credited against Gross Sales during the reporting week in which such coupon, gift certificate or voucher is redeemed for the purpose of determining the amount of Gross Sales upon which the Royalty Fee is due

5.4 Payment Date

Royalty Fees and National Creative Fund contributions are due and payable on the Wednesday of each week before 5:00 p.m. PST/PDT ("Payment Date") for the week ending on the preceding Saturday. You shall remit Royalty Fees, National Creative Fund contributions and any other monies owed to us or our designee hereunder via electronic funds transfer or other comparable means. You shall comply with the procedures established by us and/or our designated agent, and/or you shall perform such acts and deliver and execute such documents as may be necessary to assist in or accomplish such electronic method of payment. If any Wednesday is not a business day, then payment shall be due on the next business day.

A. In the event any electronic funds transfer is not honored by your bank for any reason, you agree that you shall be responsible for that payment plus a service charge applied by us and the bank, if any. You further agree that you shall, at all times throughout the term of this Agreement, maintain a minimum balance of Five Thousand Dollars ($5,000.00) in your bank account against which such electronic funds transfer shall be drawn for the Restaurant operated under this Agreement.

B. You agree to deliver the Royalty Fee and National Creative Fund contribution together with a weekly royalty report ("Weekly Royalty Report") itemizing the Restaurant's Gross Sales for the preceding week. If you do not submit a Weekly Royalty Report itemizing the Restaurant's Gross Sales, we or our designee may debit your account for one hundred twenty percent (120%) of the last Royalty Fee and National Creative Fund contribution that we or our designee debited. If the Royalty Fee and National Creative Fund contribution we or our designee debit are less than the Royalty Fee and National Creative Fund contribution you actually owe, once we have received the Weekly Royalty Report and have determined your true and correct Gross Sales, we or our designee will debit your account for the balance. If the Royalty Fee and National Creative Fund contribution we or our designee debit are greater than the Royalty Fee and National Creative Fund contribution you actually owe, we or our designee will credit the excess against the amount we or our designee otherwise would debit from your account during the following week.

C. If any state imposes a sales or other tax on the Royalty Fee, then we have the right to collect this tax from you.

5.5 Interest on Overdue Amounts

Royalty Fees or any and all other payments provided for in this Agreement not received by us on the Payment Date shall be subject to interest on a daily basis at two percent (2%) above the prime rate of interest per month or the then highest legal rate, whichever is less.

5.6 Late Reporting

If you fail to submit timely, complete and accurate Weekly Royalty Reports, financial statements, tax returns, local advertising plans, local advertising reports and any other reports due in accordance with Article 10 (Records and Reports), we may charge you a late fee in the amount of One Hundred Dollars ($100.00) per day for each day the Weekly Royalty Report, financial statements, tax returns, local advertising plans, local advertising reports and any other reports are late. This fee is reasonably related to Franchisor's costs resulting from the delay in receipt of any report and is not a penalty and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to submit required reports in accordance with the terms of this Agreement

5.7 Our Acceptance of Payments

Our acceptance of the payment of any Royalty Fee or any and all other payments provided for in this Agreement shall not be conclusive or binding on us with respect to the accuracy of such payment until two (2) years after the effective date of termination or non-renewal of this Agreement. Acceptance of any payment on account of Royalty Fees or any and all other payments provided for in this Agreement does not constitute any waiver of our rights under Article 18 hereof.

5.8 You May Not Withhold or Off-set Payments

Your obligation for the full and timely payment of the Royalty Fees and all other amounts provided for in this Agreement shall be absolute, unconditional and fully earned by us, except in those instances where we are in breach hereunder and have failed to cure such breach although obligated to do so. You shall not delay or withhold the payment of all or any part of the fees for any reason, put the same in escrow or set-off same against any and all claims or alleged claims you may allege against us.

5.9 Additional Payments

You agree to pay any additional amounts required pursuant to this Agreement.

ARTICLE 6
TRAINING AND COMMENCEMENT OF BUSINESS

6.1 Initial Training Program

Prior to opening your Restaurant, you shall attend our initial training program, which shall be conducted at our headquarters in San Diego, California or at another location designated by us, and complete the training program to our satisfaction. In addition, we may, in our discretion, assign a team of trainers to travel to your Restaurant to for a period of one (1) to three (3) days during the opening of your Restaurant, at your sole cost and expense. You shall be responsible for all travel and living expenses which you and your manager incur in connection with the initial training program. In the event you fail to complete the aforesaid training program, we shall have the right to terminate this Agreement and refund the Initial Franchise Fee to you, less the sum of Fifteen Thousand Dollars ($15,000) to cover our administration, site selection and training costs and expenses. During the training program, you shall receive instruction, training and education in the operation of the Restaurant and indoctrination into the System. Such training program shall include, but not be limited to, instructing you in the preparation and sale of the proprietary food items, the Products and quality control techniques and procedures.

6.2 Refresher Training

You shall attend such periodic refresher and supplemental training programs or meetings at such locations as we may from time to time direct. All expenses you incur in connection with attendance at any such refresher or supplemental training programs or meetings shall be borne solely by you.

6.3 Restaurant Staff

You shall maintain at all times during the term of this Agreement or any renewal thereof, a staff of trained employees sufficient to operate the Restaurant in accordance with this Agreement and our standards.

6.4 General Manager

In the event you do not have acceptable prior experience in a food service business, you shall be required to hire a general manager who possesses acceptable food service experience, as determined by us in our sole discretion. Such general manager shall be required to complete our training program.

ARTICLE 7
OUR OBLIGATIONS

7.1 Restaurant Specifications

To assist you in constructing your Restaurant, we shall furnish to you a set of prototype or protostyle plans and specifications for your Restaurant, including requirements for exterior and interior design, layout, equipment and sign placement and décor scheme, all as included in the System.

7.2 Leasehold Improvements

We shall assist you in your selection of and contracting with appropriate architects and engineers for construction of all leasehold improvements at your Restaurant in accordance with the plans and specifications prepared by your architect and approved by us.

7.3 Pre-Opening Assistance

We shall make available to you any further assistance that we may deem is required, based on our experience and judgment, in pre-opening, opening and initial business operation of your Restaurant, which assistance shall conform to that furnished to other existing franchisees. Such assistance may, in our discretion, include providing you with the services of one (1) of our representatives one (1) to three (3) days for supervisory assistance and guidance during the opening of the Restaurant, at your expense. We shall have the right to determine the time or times at which such representative shall be available to you.

7.4 Advertising

We shall assist you with your grand opening advertising program and ongoing local marketing programs.

7.5 Continuing Advice

We shall maintain an advisory relationship with you including ongoing telephone consultation to aid in the proper and effective operation of the System, the frequency and duration of which shall be in our sole discretion. Such operating assistance may consist of advice and guidance with respect to:

A. Methods and operating procedures utilized by Restaurants;

B. Additional food and beverage products and services authorized for sale by Restaurants;

C. Selection, purchasing and preparation of food products, beverages and other approved products, materials and supplies; and

D. The establishment and operation of administrative, bookkeeping, accounting, inventory control, sales and general operating procedures for proper operation of Restaurants.

7.6 Inspection

We or our designees or agents shall visit and inspect, from time to time, your Restaurant and evaluate the proper execution of the System and confer with you and your employees in connection therewith in order to assist in the proper business operation of your Restaurant. We or our designees or agents shall have the absolute right to make inspections at such times and frequencies, during normal business hours, as we may determine. You will cooperate with our representatives in such inspections, render such assistance to them as they may reasonably request and immediately correct any failure to comply with the System and this Agreement as brought to your attention by such representative; If we determine that your Restaurant has deficiencies relating to food safety and cleanliness, we have the right to require you to close your Restaurant and you may not reopen your Restaurant until we have re-inspected it and determined that it meets our standards. You must reimburse us for our costs for re-inspection.

7.7 Maintenance of Standards

We shall use our reasonable efforts to require maintenance of high and uniform standards in the execution of the System at all Restaurants utilizing the System, thus protecting and enhancing the reputation of us and the Marks.

7.8 Proprietary Items

In order to insure that the distinguishing characteristics of the System are uniformly maintained, we may establish from time to time standards for certain proprietary food items, products, equipment, commodities and supplies for the use of same by you in the execution of the System and may, in conjunction therewith, develop new proprietary food items, products, programs and develop new equipment and new techniques which you shall be required to use and/or purchase in the operation of your Restaurant. The purchase of any new equipment will not materially increase your economic burden.

7.9 No Representation of Success

Neither our approval of a specific location for your Restaurant, nor any other service provided by us pursuant to this Article shall be deemed a representation, warranty or judgment by us as to the likely success of your Restaurant at such location with the specified personnel or as to the relative desirability of such location in comparison to others that might have been available to you.

7.10 Sale of Proprietary Items

We or our designees shall sell to certain geographically located franchisees all of our requirements of certain proprietary food items, as is stated in Article 8 hereof, unless prevented from so doing by Force Majeure, governmental restrictions, labor disputes, inability to obtain or manufacture supplies or products, or other contingency or situation. Under these circumstances, we will not be responsible or liable for any business losses or interruption, and you, during these situations, may seek alternate, but approved, sources of supply, provided such products meet our specifications as to quality and availability.

7.11 Computer Polling

We or our designee will poll your computer system on a daily or weekly basis to retrieve and/or download any information we require concerning your operation of the Restaurant, including, but not limited to, data relating to sales, inventory, and employee scheduling. We may use any data we retrieve from your computer system in any manner we choose, without compensation to you. You agree to ensure that your computer system has the hardware, software and communications system required to permit us or our designee to poll your computer system, at your cost. In addition, you agree to pay to us or our designee the then-current polling fee, which fee will be payable at the same time and in the same manner as the Royalty Fee described in Article 5.

ARTICLE 8
YOUR OBLIGATIONS AND DUTIES

8.1 Grand Opening Advertising

You shall make any grand opening advertising expenditures as may be required by us, your landlord or by the terms of your lease.

8.2 Management and Operation of the Restaurant

You or a designated and approved manager shall, during the term of this Agreement and any renewal thereof, devote full time, energy and best efforts to the management and operation of the Restaurant franchised hereunder, except as otherwise approved in writing by us, including, but not limited to, keeping the Restaurant operating and open for business at the times specified in the Confidential Operations Manual or as required by your lease, subject to applicable law.

8.3 Hiring Practices

You understand that we, our affiliates and franchisees expend substantial time, effort and expenses in training management personnel for the development and operation of their respective restaurant, Accordingly, you agree that if you shall, during term of this Agreement, employ in a managerial position, any individual who is at the time or was within the preceding ninety (90) days, employed in a managerial or supervisory position by us, our affiliates or any other franchisee, then such former employer of such individual shall be entitled to be compensated for the reasonable: costs and expenses, of whatever nature or kind, incurred by such employer in connection with the training of such employee. The parties agree that such expenditures may be uncertain and difficult to ascertain and therefore agree that the compensation specified herein reasonably represents such expenditures and is not a penalty. An amount equal to the compensation of such employee for the three (3) month period (or such shorter time, if applicable) immediately prior to the termination of his/her employment with such former employer shall be paid by you to the former employer prior to such individual assuming the managerial position unless otherwise agreed with the former employer. In seeking an individual to serve in a managerial position, you shall not discriminate in any manner whatsoever to whom the provisions of this Section apply, on the, basis of the compensation required to be paid hereunder, if you designate or employ such individual, The parties acknowledge and agree that no current or former employee of us, our affiliate, you, or of any other entity operating under the System shall be a third party beneficiary of this Agreement or any provision hereof. Notwithstanding the above, solely for purposes of bringing an action to collect payments due under this Section, such former employer shall be a third-party beneficiary of this Section 8.13. We hereby expressly disclaim any representations and warranties regarding the performance of any employee or former employee of ours, or our affiliate or of any franchisee under the System who is designated, as your manager or employed by you in any capacity, and we shall not be liable for any losses, of whatever nature, or kind, incurred by you in connection therewith.

8.4 Maintenance of Restaurant

You shall maintain, at your expense, at all time, the interior and exterior of your Restaurant in a high degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without our prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment (including, but not limited to, point of sale or computer hardware and software systems), and décor as we may reasonably direct in order to maintain system-wide integrity and uniformity. You shall also obtain, at your cost and expense, any new or additional equipment (including point of sale or computer hardware and software systems), fixtures, supplies and other products and materials which may be reasonably required by us for you to offer and sell new menu at your Restaurant. or to provide the Store services by alternative means, such as through catering arrangements. Except as may be expressly provided in the Manuals, no material alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior décor items, fixtures or furnishings shall be made in or about your Restaurant or its premises without our prior written approval, which shall not be unreasonably withheld.

8.5 Testing by Us

You agree to allow us, from time to time, to obtain and take samples of ingredients, products and supplies from your Restaurant for testing by us in order to assure that you comply with our reasonable standards and specifications.

8.6 Standards of Operation

You agree to maintain a high moral and ethical standard in the operation and conduct of your Restaurant so as to create and maintain goodwill among the public for the name "Sushi Freak" and supervise and evaluate the performance of your staff to ensure that each renders competent, efficient and quality service to the general public.

8.7 Approved Products and Services

You recognize that it is essential to the proper marketing of the Products, and to the preservation and promotion of your reputation and acceptance by the public at large, that standards of quality be maintained. You therefore agree, as part of the consideration for this Agreement, that you will at all times sell or offer for sale to retail customers, only the Products and render only such services as shall meet the reasonable specifications and standards from time to time approved in writing by us, as permitted by law, and as permitted under the lease. In furtherance thereof, you shall be required to purchase from us or our designee any new Products, which may be introduced from time to time by us and be required to offer same to the consuming public for its consumption.

8.8 Approved Suppliers

In connection with the operation of your Restaurant, you are required to purchase certain items of equipment, if applicable, and also certain containers, packaging supplies, paper goods and other product service items for the preparation and service of the Products from sources designated by us. Your obligations under this Section 8.7 shall be satisfied so long as you equip your Restaurant and keep it maintained in accordance with our strict specifications and standards for the items. In the event that you desire to purchase containers, packaging supplies, paper goods and product service items from sources other than us, we shall, without charge, make a license available to such other sources of such products to print the required name, trademarks, and text thereon, but in no event shall you be entitled to use any containers, packaging supplies, paper goods and other product service items at your Restaurant which do not duplicate those authorized by us for use in connection with the service of food items; and before use of any such items, you shall have requested in writing and obtained our written approval to have the required name, trademark, and text printed thereon in the form and style directed by us, and also have had the same so imprinted on the goods prior to using them.

In connection with the operation of your Restaurant, you are required to purchase certain other food products, beverages and other similar products and other items offered for consumption to the retail purchaser as stated in the Confidential Operations Manual. Your obligation under this Section 8.7 shall be satisfied so long as you purchase the stated products from sources of supply designated by us. Although it shall not be construed as an attempt to unreasonably limit the sources from which you may procure certain food products, beverages, products and other similar items, it is our intention that such items conform to our strict standards and strict specifications of consistent quality and uniformity. Therefore, we require you to purchase such food products, beverages, and other food items from sources designated by us. We shall not be obligated to approve any suppliers.

8.9 No Representation or Warranty

You acknowledge that in purchasing or leasing supplies, equipment and/or materials from us or from suppliers approved by us, **WE EXPRESSLY DISCLAIM ANY WARRANTIES OR REPRESENTATIONS AS TO THE CONDITION OF SAME, INCLUDING WITHOUT LIMITATION, EXPRESS OR IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE. YOU AGREE TO LOOK SOLELY TO THE MANUFACTURER OR SUPPLIER OF SAME IN THE EVENT OF ANY DEFECTS THEREIN.** The foregoing shall not apply to the Products or to supplies, equipment or materials purchased directly from us.

8.10 Confidential Information

You shall not, during the terms of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association or corporation any confidential information, knowledge, recipes, food preparation methods, or know-how concerning the methods of operation of the business franchised hereunder which may be communicated to you, or of which you may be apprised, by virtue of your operation under the terms of this Agreement. You shall divulge such confidential information only to those of your employees as must have access to it in order to operate the Restaurant. Any and all information, knowledge and know-how, and other data which we designate as confidential, shall be deemed confidential for purposes of this Agreement, except information which you can demonstrate came to your attention prior to disclosure thereof by us; or which, at the time of disclosure by us to you, had become a part of the public domain through publication or communication by others; or which, after disclosure to you by us, becomes a part of the public domain through publication or communication by others.

8.11 Changes in Approved Products or Services

You shall only sell or offer for sale such products as prescribed by us, from time to time; and you must obtain our written approval for all contemplated menu changes and all additions to and/or deletions of items sold in your Restaurant.

8.12 Compliance with the System

You agree that every component of the System is vital to us, to your Franchised Business and to the Businesses our other franchisees operate and your compliance with the System is of the essence to this Agreement. You therefore agree that you will conduct all activities and operations of your Franchised Business in strict compliance with the System. If you, in any way, fail to maintain the standards of quality or service established by us and the System, we shall have the right to assign to the Restaurant such person or persons as we deem necessary to ensure that the standards of quality and service are maintained. Our actual costs for each such person so assigned to the Restaurant, plus travel and living expenses, shall be paid by Franchisee.

8.13 Pricing

We may, from time to time, suggest prices for the Menu Items and other products and services you sell. We do however, have the right to modify the Menu Items or System to give us the right to establish prices, both minimum and maximum, subject to applicable law. Any such modification will be in writing.

8.14 Customer Complaints

You must promptly respond to, and reasonably attempt to resolve, any complaints or negative feedback received by us or you from any of your customers. If you fail to respond to and resolve any customer complaint or negative feedback within forty-eight (48) hours, we may do so on your behalf and you will reimburse us upon request for any costs or expenses we incur.

8.15 Compliance with Terms of Agreement

You shall comply with all the terms, conditions, requirements, covenants and agreements in this Agreement and any renewals thereof and supply us with such information (in addition to that otherwise provided for in this Agreement) as may be reasonably requested by us.

8.16 Delivery Services

With our prior written consent, you may provide in-house delivery services for your Restaurant. You agree not to utilize any third-party delivery services without our prior written approval. Third-party delivery services shall include, but are not limited to, any third-party food delivery services platform such as Uber Eats, Grubhub, DoorDash and Caviar. We may designate a third-party delivery service in our sole and absolute discretion. You can request the approval of a third-party delivery service by notifying us in writing and submitting such information and the draft agreement with such third-party delivery service as we may request. We may require you to pre-pay any reasonable charges connected with our review and evaluation of any proposal. We will notify you of our decision within a reasonable time after our receipt of all required information and the third-party delivery service agreement. We may approve, or revoke or deny approval, of any in-house or third-party delivery service in our sole and absolute discretion Notwithstanding the foregoing, nothing in the foregoing will be construed to require us to approve any particular third-party delivery service, and to the extent permissible under then applicable law, we will have the right to designate a single approved third-party delivery service or limit the number of approved third-party food delivery services for use in the System, as we deem appropriate. You agree to strictly adhere to the standards, specifications and procedures applicable to delivery services as set forth in this Agreement and in the Confidential Operations Manual. We retain the right to revise and/or make exceptions to our delivery services policy as it applies to you and our other franchisees.

8.17 Menu and Menu Format

You shall use a standard menu and menu format as required by us. You shall only employ our designated supplier to reproduce your menus using our format and specifications. This provision shall not constitute a license of any copyright or trademark to the prospective printer of such menus. Any changes in the menu used at the Restaurant shall be approved in writing by us prior to use. At our discretion, the standard menu format may contain advertising reference to other Restaurants.

8.18 E-mail

You must use the sushifreak.com e-mail address provided to you to communicate with us. This will be the only e-mail address you will be authorized to use for any e-mail communications with us and your customers.

8.19 Taxes

You shall promptly pay, when due, all taxes levied or assessed, including, without limitation federal income taxes, sales taxes, unemployment taxes and all indebtedness to us incurred by you in the conduct of the business licensed by this Agreement.

8.20 Compliance with Laws

You shall comply with all federal, state and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business licensed by this Agreement, including, without limitation, operation licenses, licenses to do business, and fictitious name registration.

8.21 Notification of Claims

You shall notify us, in writing, within five (5) days of the commencement of any action, claim, suit or proceeding, and of the issuance of any order, writ, injunction, suit or proceeding, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of the Restaurant.

8.22 No Right to Bind Us

You shall not pledge our credit or bind us to any obligation, nor shall you hold yourself out as being authorized to do so.

8.23 Uniforms

You shall be responsible for having all personnel employed by you wear standard related uniforms and attire during business hours in order to further enhance our product and format. You shall be permitted to purchase such uniforms and attire from manufacturers or distributors approved by us, which uniforms and attire must be in strict accordance with our design and other specifications.

8.24 Compliance with Applicable Governmental Authorities

We and you understand and agree that the operation of the Restaurant, maintenance of its premises and equipment, conduct and appearance of its personnel, and the preparation and sale of products therefrom are all regulated by governmental statutes and regulations. To this end, we and you agree that you owe an obligation to the patrons of your Restaurant, us, and to yourself, to fully and faithfully comply with all those applicable governing authorities, and all of the same are made a part of this Agreement as if fully described herein. It is further agreed that in the event any product dispensed at your Restaurant evidences adulteration from the standards of our food items or is in violation of applicable law or regulations or in the event the food items, premises, equipment, personnel or operation of the Restaurant fail to be maintained in accordance with the governmental requirements incorporated in this Franchise as aforesaid, you shall immediately close your Restaurant, terminate selling operations thereat, destroy all contaminated or adulterated products and eliminate the source thereof and remedy all unsanitary conditions present, reopening for business only after our inspection and laboratory analysis from samples obtained for that purpose by us, evidence a compliance with the applicable governmental requirements and with our standards. In the event you or your agents or employees fail or refuse to comply with all of the foregoing remedial measures or in the event of any repetition of any adulteration or palming off or failure of sanitation in the Restaurant:

A. The non-prevailing party shall pay the costs and expenses, including attorneys' fees, of both parties, incurred in enforcing the provisions of this Subsection or any provision of this Agreement in obtaining your compliance herewith. The remedies presented herein are in addition to and not in substitution for those stated in Article 23 of this Agreement.

B. In furtherance of the foregoing, you must submit copies of all health, sanitation or other regulatory agency inspection reports to us immediately upon receipt thereof.

8.25 Market Research

We may, from time to time, conduct market research and testing to determine consumer trends and the salability of new food products and services. You agree to cooperate by participating in our market research programs, test marketing new food products and services in the Restaurant and providing us with timely reports and other relevant information regarding such market research. In connection with any such test marketing, you shall purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell such products.

8.26 Prohibition of Vending Machines, Etc.

You shall be absolutely prohibited from having any vending machines, lottery games or games of chance, newspaper racks, juke boxes, gum or candy machines, games, pinball machines, pay telephones, video games, rides or other mechanical or electronic devices installed or operated at the Restaurant, unless otherwise approved by us.

8.27 Supplemental Marketing Programs

We may establish supplemental marketing programs (such as limited time offers, gift cards, gift certificates, loyalty programs and reward programs) from time to time as part of the System, and you must participate in (and comply with) such supplemental marketing programs at your expense. You must utilize the service providers we designate for these programs, utilize the specified equipment and software and pay the associated fees on a timely basis.

8.28 Computer and Point of Sale Systems

You must purchase or lease and use certain point of sale systems, computer hardware and software that we designate and that are capable of electronically interfacing with our computer system. The computer system will provide sales tracking information, inventory management, business reports, labor and scheduling management, order processing and credit card processing. You must install and maintain equipment and a high-speed internet connection in accordance with our specifications to permit us to independently access the point of sale system electronically. You must record all sales on the point of sale system designated by us in the Manual or otherwise in writing. You must make, from time to time, such upgrades and other changes to your computer system and point of sale system as we may request in writing. All sales data and customer data that we download from your system and that we otherwise collect from you is owned exclusively by us, and we will have the right to use that data in any way that we deem appropriate without compensating you.

8.29 Prohibited Product Fine; Non-Compliance Fine

In the event you sell any food, beverage, products, premiums, novelty items, clothing, souvenirs or perform any services that we have not prescribed, approved or authorized, you shall (i) cease and desist offering or providing the unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or from performing such services and (ii) pay to us, on demand, a prohibited product or service fine equal to Two Hundred Fifty Dollars ($250) per day for each day such unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or service is offered or provided by you. The prohibited product or service fine shall be in addition to all other remedies available to us under this Agreement or at law.

You acknowledge the importance of operating the Restaurant in full compliance with this Agreement and the System Standards set forth in the or otherwise communicated to you. You further acknowledge that your deviation from any contractual requirement, including any System Standard, is a violation of this Agreement and will require us to incur incalculable administrative and management costs to address the violation (separate and apart from any damages your violation might cause to the System, our business opportunities, and the goodwill associated with the Marks). Therefore, you agree that, in order to compensate us for our incalculable administrative and management costs due to your operational violations, you must pay us, at our option, Five Hundred Dollars ($500) for each deviation from a contractual requirement, including any System Standard, cited by us (the "Non-Compliance Fine"). However, if we discover that same (or a substantially similar) deviation on one or more consecutive, subsequent visits to or inspections of the Restaurant, the Non-Compliance Fine will, at our option, be One Thousand Dollars ($1,000) for each subsequent repeat deviation. (The Non-Compliance Fine does not apply to payment defaults for which we may charge late fees and interest.) We may assess a Non-Compliance Fine regardless of whether we send you a notice to cure or termination notice, so long as we notify you in writing of our decision to charge you a Non-Compliance Fine, the amount of the Non-Compliance Fine and the reason we believe you have committed a deviation of System Standards. These Non-Compliance Fines shall be in addition to all other remedies available to us under this Agreement or at law. Assessment and/or payment of a Non-Compliance Fine does not constitute a waiver of any other rights or remedies we may have in connection with the event or otherwise under this Agreement.

ARTICLE 9
ADVERTISING AND PROMOTIONAL ACTIVITIES

9.1 National Creative Fund Contributions

Recognizing the value of marketing and the importance of the standardization of promotions and public relations programs to the furtherance of the goodwill and public image of the System and the Marks, we reserve the right to establish a system-wide advertising and promotional National Creative Fund (the "National Creative Fund") after the opening of the tenth franchised outlet. Once the National Creative Fund is established, you agree to contribute to the National Creative Fund, on a weekly basis, an amount we determine that will not exceed one percent (1%) of your Gross Sales. Such National Creative Fund contributions are payable at the same time and in the same manner as the Royalty Fee.

9.2 Administration of the National Creative Fund

The National Creative Fund will be maintained and administered as follows:

A. You will contribute to the National Creative Fund weekly by electronic transfer (as specified in the Confidential Operations Manual) based on your Gross Sales for each preceding week. During any period of business interruption, you will continue to make weekly contributions based on your average weekly payment during the eight (8) week period immediately preceding the period of business interruption.

B. Any Restaurants owned by us or our affiliates will contribute to the National Creative Fund on the same basis as our franchisees.

C. We shall direct all advertising and promotional programs, with the sole discretion of approval over agencies, spokespersons, creative concepts, materials, and media placements and allocations used in the programs. The National Creative Fund will establish and maintain an on-line presence, including social media initiatives. You agree that the National Creative Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of the System, and that we and our designees undertake no obligation in administering the National Creative Fund to make expenditures for you that are equivalent or proportionate to your contributions, or to ensure that you benefit directly or pro rata from the placement of advertising.

D. You agree that the National Creative Fund may be used to meet the costs of researching, preparing, maintaining, administering and directing advertising and promotional materials and programs (including the costs of preparing and conducting television, radio, magazine, newspaper, direct mail and coupon advertising campaigns and other public relations activities; employing advertising agencies; providing a toll-free number for prospective customers to call for referral purposes; and providing promotional brochures and other marketing materials to franchisees in the System). All sums contributed to the National Creative Fund will be maintained in a separate account from our general funds and will not be used to defray our general operating expenses, except for reasonable administrative costs and overhead incurred in activities related to the administration or direction of the National Creative Fund (up to twenty percent(20%)).

E. If we spend less than the total of all contributions to the National Creative Fund during any fiscal year, we have the right to retain those contributions for use in subsequent years. If we spend more than the contributions accumulated in the National Creative Fund during any fiscal year, we will have the right to receive from the National Creative Fund reimbursement or credit during the same or subsequent years to the extent of the excess expenditure. Any monies remaining in the National Creative Fund at the end of any year will carry over to the next year.

F. An unaudited summary report on the operation of the National Creative Fund will be prepared annually and will be made available to you on request ninety (90) to one hundred twenty (120) days after fiscal year end.

G. Although the National Creative Fund is intended to be of perpetual duration, we retain the right to terminate the National Creative Fund. The National Creative Fund will not be terminated, however, until all contributions have been used for the purposes described above or returned to contributors on a pro rata basis.

H. You authorize us to collect for remission to the National Creative Fund any advertising or promotional monies, signing right fees or credits offered by any supplier based on your purchases. Any advertising or promotional monies or credits we collect from any supplier based upon your purchases will not be credited toward your required contribution to the National Creative Fund.

9.3 Advertising Council

We may establish an advertising council of franchisees. The council will advise us on advertising policies. Franchisees will elect the members of the council. The council will be advisory and have no operational or decision-making power. The council will operate under its own by-laws, but we will have the right to change or dissolve the council.

9.4 Local Advertising

You must aggressively advertise, market and promote your Franchised Business locally in accordance with our guidelines as prescribed in the Confidential Operations Manual or otherwise in writing. You shall be required to spend one percent (1%) of your Gross Sales on local advertising each quarter during the term of this Agreement. At least ten (10) days prior to the beginning of each quarter, you must submit for our written approval, a quarterly local advertising plan ("Local Advertising Plan") outlining the manner in which you will market your Franchised Business and the amount that will be expended. Within five (5) days after the close of each quarter, you must submit to us, an accurate accounting of your local advertising expenditures ("Local Advertising Report") along with receipts documenting each expenditure. Your failure to comply with this Section is a material breach of this Agreement.

If you participate in an advertising cooperative as described in Section 9.8 below, the members of the cooperative may agree to require each member to contribute a maximum of three percent (3%) of each member's Gross Sales to the cooperative. This amount is in addition to any National Creative Fund contributions. If other Restaurants are located in your area, you must participate in any local advertising cooperative that we establish or cause to be formed, if we require your participation. Such participation may involve, for example, paying a pro rata share of the cost of yellow pages advertising (or equivalent) placed on behalf of you and other Restaurants. You may not solicit business through the use of an 800 (or other toll-free) number, direct mail, the Internet (including networking or social websites) or other advertising method without our prior written consent.

9.5 We Must Approve Advertising Materials

You and each advertising Cooperative must submit to us, for our approval, all materials to be used for local advertising, unless they have been approved before or they consist only of materials we provided. All materials containing the Marks must include the designation trademark Œ, registered trademark ®, service mark SM, copyright ©, or any other designation we specify. If you or the Cooperative do not receive written or oral disapproval of any materials submitted within ten (10) days from the date we receive the materials, the materials are deemed approved. We may require you or the Cooperative to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved. We must make this requirement in writing, and you have five (5) days after receipt of our notice to withdraw and/or discontinue use of the materials or advertising. Your submission of advertising for approval does not affect your right to determine the prices at which you sell your services or products. You must include in any significant display advertisements, and in marketing materials for the Restaurant, in conformance with standards in the Confidential Operations Manual, a notice that the Restaurant is individually owned and operated. Subject to any legal restrictions, you also must display or make available, in the reception area of the Restaurant, marketing materials that we provide to you about the availability of Sushi Freak Restaurant franchises, but you have no responsibility or authority to act for us in franchise sales.

Any promotional or advertising materials you submit to us for our review will become our property, and there will be no restrictions on our use or distribution of these materials. We may require you to include certain language within your local advertising, such as "Franchises Available", our website address and our phone number.

9.6 Telephone Listings

You acknowledge and agree that we will own all rights to and interest in each telephone number and telephone directory listing used by you that is associated in any manner with your Restaurant and/or with any Mark ("Telephone Listing"). You acknowledge and agree that all goodwill arising from or in connection with the use of each Telephone Listing will inure to our benefit. Promptly after the expiration, termination, repurchase or transfer of the franchise, and at your own expense, you will notify all telephone companies with whom you have any Telephone Listing and direct them to transfer the Telephone Listing to us or to any person(s) we designate, and you will execute any and all documents necessary to complete these transfer(s). On the execution of this Agreement, you will sign a telephone transfer consent and authorization, in a form substantially similar to Exhibit F, granting us the authority to change, transfer or terminate your Telephone Listing(s) on your behalf. We will use this authorization only if you do not comply fully with this Section 9.6 after the expiration, termination, repurchase or transfer of the franchise.

9.7 Internet, World Wide Web and Websites

As used in this Agreement, the term "Website" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, you agree to the following:

A. We shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Marks, Sushi Freak Restaurants and any or all of the products offered at Restaurants, the franchising of Sushi Freak Restaurants, and/or the System. We shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; We shall also have the right to discontinue operation of the Website.

B. We shall have the right, but not the obligation, to designate one or more web page(s) to describe you and/or your Restaurant, with such web page(s) to be located within our Website, and we may use monies from the National Creative Fund to establish and/or maintain such web page. You shall comply with our policies with respect to the creation, maintenance and content of any such web pages; and we shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

C. You shall not establish a separate Website related to the Marks or the System, nor shall you establish a presence on the Internet (such as on a networking or social Website) without our prior written approval (which we shall not be obligated to provide). If approved to establish a Website, you shall comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Website. You specifically acknowledge and agree that any Website owned or maintained by you or for your benefit shall be deemed "advertising" under this Agreement and will be subject to (among other things) our approval under this Article 9.

D. We shall have the right to modify the provisions of this Section 9.7 relating to Websites as we shall solely determine is necessary or appropriate.

E. You understand and agree that you are strictly prohibited from promoting your Restaurant or using the Marks in any manner on any social or networking Websites, including, but not limited to, Facebook, LinkedIn, Instagram and Twitter, without our prior written consent.

9.8 Advertising Cooperative

We may, in our discretion, create a regional advertising cooperative in any area, or we may approve the creation of such an advertising cooperative by franchisees in the System, and establish the rules and regulations therefor. Immediately upon our request, you must become a member of the Cooperative for the area in which some or all of your Protected Area is located. In no event may the Restaurant be required to be a member of more than one cooperative. The Cooperative must be governed in the manner we prescribe. The Cooperative may require each of its members to make contributions thereto not to exceed three percent (3%) of such member's Gross Sales. You shall contribute such amounts at the times and in the manner as determined by the Cooperative members. Any funds contributed to a regional advertising cooperative will be credited against your obligation to pay for local advertising as set forth in Section 9.4 above; provided, however, that if your contributions to a Cooperative are less than your local advertising requirement, you shall nevertheless spend the difference locally. The following provisions apply to each cooperative:

A. the Cooperative must be organized and governed in a form and manner, and commence operation on a date, that we approve in advance in writing;

B. the Cooperative must be organized for the exclusive purpose of administering advertising programs and developing, subject to our approval, standardized promotional materials for the members' use in local advertising within the Cooperative's area;

C. the Cooperative may adopt its own rules and procedures, but such rules or procedures must be approved by us and must not restrict or expand your rights or obligations under this Agreement;

D. except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative (including, without limitation, imposing assessments for local advertising) at a meeting attended by members possessing more than fifty percent (50%) of the total voting power in the Cooperative is binding upon you if approved by members possessing more than fifty percent (50%) of the total voting power possessed by members in attendance, with each Restaurant having one (1) vote, but no franchisee (or commonly controlled group of franchisees) may have more than twenty-five percent (25%) of the vote in the Cooperative regardless of the number of franchised businesses owned;

E. without our prior written approval, the Cooperative may not use, nor furnish to its members, any advertising or promotional plans or materials; all such plans and materials must be submitted to us in accordance with the procedure set forth in Section 9.5;

F. the Cooperative may require its members to periodically contribute to it in such amounts as it determines, subject to the limit set forth in the first paragraph of this Section 9.8;

G. no later than the fifteenth (15^{th}) day of each month, each member/franchisee must submit its contribution under Section 9.8(F) for the preceding calendar month to the Cooperative, together with such other statements or reports as we or the Cooperative may require, with our prior written approval; and

H. if an impasse occurs because of a Cooperative members' inability or failure, within forty-five (45) days, to resolve any issue affecting the Cooperative's establishment or effective functioning, upon request of any Cooperative member, that issue must be submitted to us for consideration, and our resolution of such issue is final and binding on all Cooperative members.

9.9 Grand Opening Advertising

In addition to the ongoing advertising requirements set forth herein, you shall be required to spend not less than Two Thousand Dollars ($2,000) on a grand opening advertising campaign to advertise the opening of the Restaurant. The grand opening advertising campaign shall be conducted in the sixty (60 day period comprising thirty (30) days prior to and thirty (30) days following the Restaurant's opening. All advertisements proposed to be used in the grand opening advertising campaign are subject to our review and approval in the manner set forth in this Article 9. We reserve the right to require you to give the grand opening advertising campaign monies to us and we will conduct the grand opening advertising campaign on your behalf.

ARTICLE 10
RECORDS AND REPORTS

10.1 Books and Records

You shall keep full, complete and accurate books and accounts in accordance with generally accepted accounting principles and in accordance with the System, and you shall:

A. Submit to us and/or our designee concurrently with the payment of the Royalty Fees, on a form supplied or approved by us, a signed and verified Weekly Royalty Report itemizing the Gross Sales in cash, credit and/or other charges, including copies of statements received from third-party delivery services for the preceding week. In addition, you shall ensure that your computer system is capable of permitting us or our designee to poll your computer system and to download sales and other data, as described in Section 7.11;

B. Submit to us within sixty (60) days after the close of each twelve (12) month period an annual profit and loss statement for the Restaurant for such year and a balance sheet for the Restaurant as of the end of such year, reviewed by a independent certified public accountant. We may randomly select one or more franchisees who will be required to have an audited financial statement prepared by a certified public accountant selected by the franchisee, but who shall be acceptable to us, which opinion may be qualified only to the extent reasonably acceptable to us;

C. Submit to us within thirty (30) days of the close of each quarter, an unaudited income statement and balance sheet for the Restaurant;

D. Submit to us a copy of all of your Federal, State and Local tax returns of any kind or nature; and a certificate from said accountant that all Social Security payments, taxes and fees required to be paid by you have been paid and that there is no reason to believe that your corporate status, if you are a corporate entity, has been impaired;

E. Submit to us within ten (10) days of the beginning of each quarter, a Local Advertising Plan outlining the manner of local advertising and the amounts to be expended;

F. Submit to us within five (5) days of the close of each quarter, a Local Advertising Report, including all receipts, documenting the expenditures of your local advertising budget; and

G. Submit to us such other periodic forms and reports as may be reasonably prescribed by us.

10.2 Maintenance of Accounting Records

You shall preserve for a period of not less than three (3) years all accounting records and supporting documents relating to your business under this Agreement.

10.3 Sales Records

You shall record, in a manner approved and designated by us at the time of receipt, all sales of all products sold by you from your Restaurant in a point of sale system designated by us.

10.4 Audit

In order to determine whether you are complying with this Agreement, we or our designated agents shall have the right, at any time during reasonable business hours, to examine, at our expense, the books, records, cash control devices, income tax returns, bank statements, sales records of the Restaurant, and the books and records of any corporation or partnership which owns the franchise. We shall also have the right, at any time, to have an independent audit made of your books. If an inspection or audit should reveal that Gross Sales and/or payments have been understated in any report to us by more than two percent (2%), then you shall, upon fifteen (15) days' notice, pay to us the amount understated upon demand with applicable interest on the understated amount, and in addition reimburse us for any and all costs and expenses connected with the inspection (including without limitation, reasonable accounting and attorneys' fees, travel expenses, room and board and compensation of our employees). The foregoing remedies shall be in addition to any other remedies we may have hereunder or under applicable law.

ARTICLE 11
CONFIDENTIAL OPERATIONS MANUAL

11.1 Loan of Confidential Operations Manual

We shall lend to you a confidential operations manual published by us (the "Confidential Operations Manual") which includes, in part, the business procedures, technical advice and rules and regulations for operating the business. We reserve the right to provide the Confidential Operations Manual electronically, including via CD-ROM or a password-protected Website.

11.2 Your Acknowledgments

You acknowledge and agree that:

A. The Confidential Operations Manual is our property during the term of this Agreement and any renewal hereof;

B. The Confidential Operations Manual contains confidential information which you will protect as a trade secret, and that its loss will cause substantial damage to us and other franchisees, although the amount of such loss would be incalculable with any degree of accuracy;

C. You shall not reprint or reproduce any portion of the Confidential Operations Manual for any reason whatsoever; and

D. Upon termination of this Agreement for any reason, the Confidential Operations Manual will be immediately returned to us.

11.3 Modifications to Confidential Operations Manual

We may reasonably add to or otherwise modify the Confidential Operations Manual, from time to time, whenever we consider such additions or modifications desirable to improve or maintain the standards of the System and the efficient operation thereof, or to protect or maintain the goodwill associated with the "Sushi Freak" name and Marks or to meet competition, provided such additions or modifications are system-wide in nature and do not substantially increase your economic burden.

11.4 Confidential Operations Manual a Part of this Agreement

From the date of the opening of your business, the mandatory specifications, standards and operating procedures prescribed by us and communicated to you in writing shall constitute provisions of this Agreement as if fully described herein. All references herein to this Agreement shall include the provisions of the Confidential Operations Manual and all such mandatory specifications standards and operating procedures.

ARTICLE 12
INSURANCE

12.1 Insurance Coverages

You shall obtain and place at your sole cost and expense, with an insurer rated "AAA" in Best's Directory who is authorized to do business in the state in which your Restaurant is located, and to keep in full force and effect during the terms of this Agreement, insurance coverage on an "occurrence basis" naming us, our officers, directors and shareholders and any supplier of Products, and any designated primary and secondary lessor as co-insureds (such insurance policies hereinafter referred to collectively as "Insurance") as follows:

A. Broad Form Comprehensive General Liability, including liquor liability coverage, with limits of no less than Two Million Dollars ($2,000,000) in case of damage or injury to one or more persons, including indemnification coverage and property damage insurance of Five Hundred Thousand Dollars ($500,000); both of which shall be considered primary policies;

B. All risk coverage on all personal property covering your Restaurant and premises and contents thereof, including, without limitation, all supplies, inventory, fixtures, and equipment and business interruption in amounts not less than is sufficient to meet the co-insurance requirements of your policies, and which business interruption insurance covers at least six (6) months of rent, royalties and National Creative Fund contributions, and contains a replacement value endorsement in an amount not less than ninety percent (90%) of the replacement value thereof, and any loss shall be payable to us and you as our interests may appear;

C. Worker's Compensation and Disability Insurance as may be required by law;

D. Products Liability Insurance in an amount not less than Two Million Dollars ($2,000,000), which policy shall be considered primary;

E. Automobile liability insurance with a minimum limit of $2,000,000 per occurrence (including but not limited to owned automobiles titled or leased in the name of you or your business and used at any time, whether principally or occasionally in your business, hired and non-owned coverage and additional liability coverage as needed for delivery services; and

F. Any other insurance coverage as required by the State, Federal or local municipality in which the franchised premises is located.

12.2 Additional Provisions

The insurance shall cover the acts or omissions of each and every one of the persons who perform services of whatever nature at your Restaurant and shall protect against all acts of any persons who patronize the Restaurant and shall contain a waiver of subrogation against us.

12.3 Certificates of Insurance

Prior to the opening of your Restaurant, you will deliver to us certificates of the Insurance, together with the copies of the actual policies issued, and will promptly pay all premiums thereon as and when the same become due. All policies shall provide that they are non-cancelable as to us in the absence of thirty (30) days' prior written notice to us. We shall have the right, but shall not be obligated, to pay premiums due and unpaid by you or else to obtain substitute coverage in the case of cancellation. Any cost thereof to us shall be added to the Royalty Fees otherwise payable to us under this Agreement, provided, however, that same shall be due and payable to us by you within five (5) days of demand therefor.

12.4 Changes in Insurance Coverages

We reserve the right to demand that you obtain Insurance from time to time which is different in coverage, risks, amount or otherwise from the foregoing in order to protect fully the parties having insurable interests in your Restaurant, provided such Insurance is reasonably common in the area for similar operations.

12.5 Notification of Claims

You shall immediately notify us, in writing, of any accidents, injury, occurrence or claim that might give rise to a liability or claim against us or which could materially affect your business, and such notice shall be provided no later than the date upon which you notify your insurance carrier.

ARTICLE 13
RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

13.1 Independent Contractor

The relationship between us and you is strictly that of a franchisor and franchisee, and you shall be deemed to be an independent contractor. This Agreement does not create a fiduciary relationship, joint venture, partnership, or agency between us, and any act or omission of either party shall not bind or obligate the other except as expressly stated in this Agreement. Furthermore, we have no relationship with your employees, and no rights, duties, or responsibilities with regard to their employment by you. We shall not be liable for any damages to any person or property arising directly or indirectly out of the operation of the Restaurant, including but not limited to those damages which may occur while you or your employees are making or returning from making deliveries or which may arise out of your employment practices or relationships.

13.2 You Have Full Responsibility

You recognize that we have entered into this Agreement in reliance upon and in recognition of the fact that you will have full responsibility for the management and operation of the business and that the amount of profit or loss resulting from the operation of the business will be directly and solely attributable to your performance.

13.3 No Rights in the System, Marks, Etc.

Except as expressly granted herein, you recognize that nothing contained in this Agreement shall be construed as giving to you or to any other person or entity any right or interest in our names, Marks, trade secrets, methods, procedures or techniques developed by us and used in the System. Further, except as specifically stated in Article 1 hereof, nothing contained herein shall be construed as limiting our right, title or interest in the “Sushi Freak” name, Marks, trade secrets, methods, procedures and techniques which are a part of the System, or our sole and exclusive right to register, trade secrets, methods, procedures and techniques.

13.4 Identification of Independent Ownership

In all public records and prominently displayed in your Restaurant and in your relationship with third parties, as well as on letterheads and business forms, you shall indicate clearly the independent ownership of your Restaurant, and that the operations of same are separate and distinct from the operation of our business. We shall have the absolute right to approve and/or supply any sign displays containing the foregoing.

13.5 Taxes

We shall have no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon you, the Restaurant or its assets, or upon us in connection with sales made, services performed or business conducted by you.

13.6 Indemnification by You

You agree to indemnify and hold us and our subsidiaries, affiliates, stockholders, directors, officers, employees, agents and assignees harmless from and against, all liability, injury, loss, cost (including attorneys' fees), damages and expense of any type that arises in connection with your operation of the Restaurant, including but not limited to acts or omissions arising out of the maintenance or use of a motor vehicle or while making a delivery or returning from making a delivery. You further agree to reimburse them for, any loss, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by reason of, arising from or in connection with your ownership or operation of the Restaurant, which is due solely to your negligence, breach of contract or other civil wrongs, unless such loss, liability or damage is solely due to the negligence of us (or any of our affiliates, i.e., any company controlling, controlled by, or under common control with us) in producing, handling or storing the proprietary food items sold to you (provided we shall have established that you inspected such proprietary food items in accordance with the procedures stated in Manual and could not have reasonably discovered the adulteration or other defect in such proprietary food items which was the case of such loss, liability or damage). You acknowledge and agree that any action or inaction by any third party (e.g., an independent carrier) which is not an affiliate of ours in connection with handling or storing the Products shall not be attributable to or constitute our negligence.

13.7 Indemnification by Us

We agree to indemnify and hold you harmless against, and to reimburse you for, any loss, liability or damage (actual or consequential) and all reasonable costs and expenses of defending any claim brought against you or any action in which you are named as a party (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which you may suffer, sustain or incur solely by reason of, arising from or in connection with the gross negligence of us (or any of our affiliates, i.e., any company controlling, controlled by or under common control with us) in producing, handling or storing the proprietary products (provided you shall have established that you inspected such Products in accordance with the procedures stated in the Confidential Operations Manual and could not have reasonably discovered the adulteration or other defect in such Products which was the cause of such loss, liability or damage). You acknowledge and agree that any action or inaction by any third party (e.g., an independent carrier) which is not an affiliate of ours in connection with handling or storing proprietary food items shall not be attributable to or constitute our negligence.

ARTICLE 14
COVENANTS NOT TO COMPETE

14.1 In-Term Covenants

During the term of this Agreement, or any extension thereof, neither you, nor any partner, if you are a partnership, nor any shareholder, if you are a corporation, nor any member, if you are a limited liability company, shall either directly or indirectly for himself or herself or on behalf of, or in conjunction with any other person, persons, partnership, association or corporation (a) divert, or attempt to divert, any business or customer of the Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; (b) own, maintain, engage in, participate or have any interest in the operation of any enterprise which is the same or substantially similar to the "Sushi Freak" franchise, or any other business which distributes, produces or sells products similar to those offered by a Sushi Freak Restaurant, and which products constitute more than twenty- five (25%) percent of the menu items (a "Competitive Business"), provided, however, that this prohibition shall not apply to your ownership of additional Restaurants under valid Franchise Agreements with us.

14.2 Post-Term Covenants

For a period of two (2) years following termination, expiration, or non-renewal of this Agreement, except where the termination occurs due to our fault or action and not due to default of you or any partner, if you are a partnership, or any shareholder or member, if you are a corporation or limited liability company, you shall not, except with respect to your ownership or operation of additional Sushi Freak Restaurants under valid Franchise Agreements with us:

A. Divert, or attempt to divert, any business or customer of the Restaurant hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

B. Either directly or indirectly for yourself or on the behalf of, or in conjunction with, any other person, persons, partnership, association or corporation, own, maintain, engage in, participate in, or have any interest in the operation of any Competitive Business, or which distributes, produces or sells the Products within the "Minimum Area of Competition". The "Minimum Area of Competition" shall be deemed to be that area which is within a radius of twenty-five (25) miles from your Restaurant or any other Restaurant in operation on the effective date of termination or expiration, whether franchised or company-owned.

14.3 Non-Compliance Fine

In the event you fail or refuse to comply with the in-term or post-term covenants of this Article, even if such failure or refusal is based upon a claim that the laws of any particular jurisdiction excuse such non-compliance or make the provision of said paragraph unenforceable in whole or in part, and provided that the jurisdiction in which your Restaurant is located permits, you hereby separately covenant and agree that while this Agreement is in effect and for two (2) years after its termination, except where termination occurs due to our fault or action and not due to your default, we shall have the right to require that all sales made in the operation of any Competitive Business or within the Minimum Area of Competition, if this Agreement has been terminated, shall be reported to us and you agree to pay us, upon demand, the weekly fee of Five Hundred Dollars ($500) at the times and in the manner specified in Article 5 hereof all without being deemed to revive, modify or expand this Agreement. The covenants of this Article shall survive the termination or expiration of this Agreement.

14.4 Confidential Information

You shall not, during the term of this Agreement or after its termination or non-renewal, communicate or divulge to any other person, persons, partnership, limited liability company or corporation, any information or knowledge concerning the methods of operation used in a Restaurant franchise nor shall you disclose or divulge, in whole or in part, any trade secrets of ours or our affiliated companies or any subsidiaries thereof.

14.5 Unenforceability of Covenants

The parties agree that the covenants contained in Sections 14.2, 14.3 and 14.4 above shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed with the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated and made a part of this Article.

14.6 Injunctive Relief

You acknowledge that the foregoing restrictions are reasonable, are not vague or indefinite, and are designed to protect our legitimate business interests, and that in the event of a breach of covenants contained in this paragraph, the damage to us would be difficult to ascertain, and in addition to the liquidated damages payable to us as hereinafter provided for the breach of any or all of said covenants, we shall be entitled to seek injunctive and/or other equitable relief against the violation of any said covenants, together with reasonable attorneys' fees and costs.

14.7 Severability; Enforceability

Covenants contained in this Article shall be construed as severable and independent and shall be interpreted and applied consistent with the requirements of reasonableness and equity. Any judicial reformation of these covenants consistent with this interpretation shall be enforceable as though contained herein and shall not affect any other provisions or terms of this Agreement.

ARTICLE 15
MODIFICATION OF THE SYSTEM

You understand and agree that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends, other marketplace variables and the needs of customers, and to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System, including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those programs and services which your Restaurant is authorized to offer; modifying or substituting entirely the building, premises, equipment (including point of sale or computer hardware and software systems), signage, trade dress, décor, color schemes and uniform specifications and all other restaurant construction, design, appearance and operation attributes which you are required to observe hereunder; and changing, improving or modifying the Marks. Subject to the other provisions of this Agreement, you expressly agree to abide by any such modifications, changes, additions, deletions and alterations, provided, however, that such changes are system-wide in nature do not materially and unreasonably increase your economic obligations hereunder.

You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

Except as provided herein, we shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, you expressly waive any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

ARTICLE 16
FRANCHISEE

The term "Franchisee" shall include all persons who succeed to the interest of the original Franchisee by transfer or operation of law and shall be deemed to include not only the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement, but shall also include partners of the entity that executes this Agreement, in the event said entity is a partnership, and all shareholders, officers, directors, members and managers owning more than a twenty-five (25%) percent ownership interest in the entity that executes this Agreement, in the event said entity is a corporation or limited liability company. By their signatures hereto, all partners, shareholders, officers, directors, members and managers of the entity that sign this Agreement as Franchisee acknowledge and accept the duties and obligations imposed upon each of them, individually, by the terms of this Agreement. The singular usage includes the plural and the neuter and masculine usages include the other and the feminine.

ARTICLE 17
TERMINATION

17.1 Events of Default

We may terminate this Agreement upon the occurrence of any of the following events of default:

A. Your failure to make complete and timely payment of any and all fees and billings due us or any of our subsidiary or affiliated corporations;

B. Your failure to comply with the reporting or record keeping requirements of this Agreement, and/or the under-reporting of Gross Sales by two percent (2%) or more;

C. Your failure to submit to us any Weekly Royalty Report, financial statement, tax return, Local Advertising Plan, Local Advertising Report, or any other report;

D. The misstatement by you of any material fact, or failure to disclose or the understatement of any material fact in any report furnished to us pursuant to this Agreement or the Confidential Operations Manual, whether or not such misstatement or failure to disclose or understatement is intentional;

E. A breach by you of any provision of this Agreement, any material provision of the Confidential Operations Manual, or any other agreement between us and/or any of our subsidiary or affiliated corporations and you and/or any of your subsidiary or affiliated corporations;

F. Your engaging in any conduct or practice that, in our reasonable opinion, is detrimental or harmful to the good name, goodwill or reputation of us, our products, other franchisees or the public;

G. Your engaging in any conduct or practice that is a fraud upon consumers, or is an unfair, unethical, or deceptive trade, act or practice;

H. Any pledge or attempted pledge of our credit by you, or an attempt by you to bind us to any obligation;

I. Your failure to participate in the advertising, promotional, or marketing activities, services, and programs that are established by us or the National Creative Fund;

J. Unauthorized or improper use by you of the Marks;

K. Misuse or unauthorized disclosure by you of the Confidential Operations Manual, information or materials;

L. Your failure to use or sell any of the Products to the exclusion of those of any competitors and your failure to perform all of the services required by us, including but not limited to the forwarding of copies of all health or sanitation or other regulatory agency reports to us immediately upon receipt thereof;

M. Your failure to open the Restaurant at the location designated by you and accepted by us within the time specified herein;

N. Except as otherwise provided herein, your failure to purchase your entire requirement of any of the food items from sources of supply designated by us and to sell the same to the consuming public using your best efforts;

O. Your failure to correct any local, state or municipal health or sanitation law or code violation within twenty-four (24) hours after being cited for such violation, except if you cannot effect a cure within said time frame, but have, in good faith, initiated a cure of such violations; or

P. Sale of the food items on a wholesale basis to other than the retail customer (ultimate consumer), without our prior consent.

17.2 Notice of Termination

To terminate you for default of this Agreement pursuant to Section 17.1 above, we shall first provide you with written notice of termination, which notice shall specify the reason for and the Effective Date of Termination. This Agreement shall terminate on the date specified therein, which shall not be less than thirty (30) days from the posted day of the notice (or such longer period as provided by State law), unless:

A. You cure the default or reason for termination during the notice period;

B. You have, in good faith, initiated a cure of the default or reason for termination within the notice period, and such default or reason cannot be completely cured during the notice period because of factors reasonably beyond your exclusive control, in which event we, by notice, shall permit you a reasonable opportunity, in light of such factors, to effect a complete cure; or

C. The provisions of Subsection 17.2 A and B notwithstanding, this Agreement shall nonetheless terminate if the default or reason for termination has been stated in two (2) prior notices of termination within any prior twelve (12) month period, and/or if two (2) or more health code violations have been committed within any prior twelve (12) month period, or if you are terminated as a result of under-reporting Gross Sales by two percent (2%) or more.

17.3 Immediate Termination

Upon written notice to you, we may, without right to cure, immediately terminate this Agreement upon the occurrence of any of the following events of default:

A. Any action by you, any of your partners, if you are a partnership, or any of your officers, directors, stockholders or members, if you are a corporation or limited liability company, which results in:

(i) An affirmative act of insolvency;

(ii) An assignment for the benefit of creditors; or

(iii) The filing of a petition under any bankruptcy, reorganization, insolvency, or moratorium law, or any law for the relief of, or relating to, debtors, except with respect to any relief permitted under the Federal Bankruptcy Code; or

(iv) a violation of the Anti-Terrorism Laws (as defined in Article 36).

B. The filing of any involuntary petition under any bankruptcy statute against you, any of your partners, or any of your stockholders or members owning at least twenty-five (25%) percent of any class of stock or membership interest, or the appointment of any receiver or trustee to take possession of property of you, any of your partners, or any of your stockholders or members owning twenty-five (25%) percent of any class of stock or membership interest;

C. Your failure to satisfy fully a civil judgment obtained against you for a period of more than thirty (30) days after all rights of appeal have been exhausted, or execution of such a judgment, execution of a lien, or foreclosure by a secured party or mortgage against your property, which judgment, execution of a lien, or foreclosure by a secured party or mortgage would have an adverse or detrimental effect upon your franchised operation;

D. Conviction of you, or any of your partners, or any officer, director, stockholder or member owning at least twenty-five (25%) percent of any class of stock or membership interest in you, or the manager of your franchise, of any crime which in our opinion would adversely affect the goodwill or interest of you or your Restaurant;

E. The uncured default by you under any lease of your Restaurant which could possibly result in your loss of the right to possess for any reason whatsoever;

F. A final judgment or the unappealed decision of a court, regulatory officer, agency, or quasi-regulatory agency that results in the temporary or permanent suspension or revocation of any permits or licenses, possession of which is a prerequisite to the operation of your business or is required under applicable law;

G. The direct or indirect assignment, transfer, sale or encumbrance by you of this Agreement or franchise or any of your rights or privileges contrary to this Agreement, or any attempt by you to sell, assign, transfer or encumber the Restaurant contrary to the terms of this Agreement;

H. Your failure to remain open for business as required by this Agreement or as may be required by the Confidential Operating Manual, as may be limited by local law or the prime landlord, or your abandonment or vacating of your Restaurant or for three (3) or more consecutive days; or

I. Your dissolution, judicial or otherwise, or liquidation, if you are a corporation, limited liability company or partnership.

17.4. Cross-Defaults, Non-Exclusive Remedies, etc.

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available

17.5 Our Right to Discontinue Services to You

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 17, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your webpage on our Website, until such time as you correct the breach.

17.6 Amendment Pursuant to Applicable Law

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

ARTICLE 18
RIGHTS AND DUTIES OF THE PARTIES UPON EXPIRATION OR TERMINATION

18.1 Effective Date of Termination

For the purpose of this Agreement, the "Effective Date of Termination" shall be the date indicated in any notice of termination sent pursuant to Section 17.2 or 17.3 of this Agreement or the day after the Initial Term, as stated in Section 4.1 of this Agreement.

18.2 Payment of Amounts Owed

Upon the Effective Date of Termination, you shall no longer be an authorized franchisee and you shall pay all sums of money due us or any of our subsidiary or affiliated corporations within fifteen (15) days of the Effective Date of Termination, unless we give written notice of an extension of this period.

18.3 Discontinue Use of Marks; Change of Corporate Name

Upon the Effective Date of Termination, you shall discontinue the use of all Marks owned by or associated with us and all similar names and marks, or any other designation or mark associating you with the System. If you are a corporation, limited liability company or partnership and, notwithstanding the prohibition of utilizing the "Sushi Freak" name in your corporate or partnership name, you have used the "Sushi Freak" name or any names, marks or designations that associate you with us in your corporate or partnership name, you shall, within fifteen (15) days of the Effective Date of Termination, take all necessary steps to eliminate "Sushi Freak" from your corporate or partnership name, at your own cost and expense.

18.4 Signage; Printed Materials

Upon the Effective Date of Termination, you shall cease displaying and using all signs, stationery, letterheads, forms, manuals, printed matter, advertising, and other material containing the Marks, the phrase "Sushi Freak For the Luv of Sushi" (or any part thereof) or any other names, marks, or designations that associate you with the System.

18.5 No Further Acts

After the Effective Date of Termination, you shall refrain from taking any action indicating or implying that you are an authorized franchisee.

18.6 Financial Records and Reports

You shall maintain all financial records and reports required pursuant to this Agreement or the Confidential Operations Manual for a period of not less than three (3) years after the Effective Date of Termination. You shall permit us to make a final inspection of your financial records, books, tax returns, and other accounting records within three (3) years of the Effective Date of Termination.

18.7 Vacate Premises

Upon the Effective Date of Termination, you shall, pursuant to the lease or conditional lease assignment and upon our demand, vacate and surrender the Restaurant premises in accordance with the terms and conditions under the terms of the lease, and/or conditional lease assignment.

18.8 Telephone Numbers and Listings

Upon the Effective Date of Termination, you shall cease all use of telephone numbers used by you while conducting business as a "Sushi Freak" franchise and shall promptly execute such documents or take such steps necessary to remove your listing as a "Sushi Freak" franchise from the "Yellow Pages", all other telephone directories, and all other trade or other business directories.

18.9 Return of Confidential Operations Manual, Etc.

Within fifteen (15) days from the Effective Date of Termination of this Agreement, you shall immediately turn over to us all manuals, including the Confidential Operations Manual, records, files, instructions, recipes, menus, correspondence, any and all materials relating to the operation of the Franchised Business in your possession, and all copies of such written materials (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, except only your copy of this Agreement and of any correspondence between the parties, and any other documents which you reasonably needs for compliance with any provision of law and the records described in Section 18.6 hereof.

18.10 Our Right to Purchase

We shall have the right (but not the duty) to be exercised by notice of intent to do so within ten (10) days after the Effective Date of Termination, to purchase any or all of the signs, advertising material, supplies, equipment and any items bearing the Marks at your cost or fair market value, whichever is less. If the parties cannot agree on fair market value within a reasonable time, an independent qualified appraiser shall be designated by each party and their determination shall be binding on both parties. If these appraisers are unable to arrive at a fair market value, they will designate a third, approved appraiser whose determination shall be binding upon both parties. If we elect to exercise any option to purchase herein provided, we shall have the right to set off all amounts due from you under this Agreement, and the cost of the appraisal, if any, against any payment therefor.

18.11 Rights are Cumulative

No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder.

18.12 Survival of Obligations

Nothing contained herein shall be deemed to relieve you of any obligations or responsibilities or liabilities incurred by you during the term of this Agreement or any renewals hereof, or your lease and which obligations, responsibilities or liabilities shall survive the termination, expiration or non-renewal of this Agreement or lease.

18.13 Liquidated Damages

If we terminate this Agreement with cause, you must pay us liquidated damages equal to the average monthly Royalties you paid or owed to us during the twelve (12) months immediately preceding termination, multiplied by twenty-four (24) (the number of months in two (2) years) or the number of months remaining during the term of this Agreement, whichever is higher.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidate damages provision to be a reasonable, good faith pre- estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

ARTICLE 19
COMMENCEMENT AND HOURS OF OPERATIONS

You recognize that continuous and daily availability of any of the proprietary food items and Products to the public is essential to the adequate promotion of your Restaurant and that any failure to provide such availability affects us both locally and nationally. You shall make yourself or your trained manager personally available to provide the Products to the consuming public at a minimum of ten (10) hours per day, seven (7) days per week, or as required by any lease if different, except where prohibited or otherwise regulated by a governmental authority, including any state or local licensing authority, and shall otherwise conduct the business in accordance with generally accepted business standards. These requirements may be changed by us from time to time, and upon reasonable notice to you, and may differ from one franchisee to another based upon the specific characteristics of a particular location.

ARTICLE 20
TRANSFERABILITY OF INTEREST

20.1 No Transfer Without Our Consent

You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or to your owners or partners if you are a corporate entity), therefore neither this Agreement nor the franchise granted hereby shall be assignable or transferable by you, nor may the same be mortgaged, pledged or encumbered by you without our express prior written consent, and any purported assignment, mortgage, pledge or encumbrance thereof, without our prior written consent, shall be null and void. The issuance or transfer of any stock, membership interest(s) or partnership interest(s) in you, or your merger, a consolidation or dissolution, if the you are a corporation, limited liability company or a partnership, shall be deemed an assignment of this Agreement and of the franchise granted herein.

20.2 Transfer to a Corporate Entity

If you are an individual, we hereby consent, upon thirty (30) days' prior written notice, to the assignment by you of all of your rights and benefits under this Agreement to a corporation or limited liability company of which you own at least a majority of the voting and equity stock or membership interests, provided that:

A. Such entity is newly organized and its activities and purposes are confined exclusively to acting as a Restaurant franchised under this Agreement;

B. Such entity and all equity holders thereof execute a Transfer of Franchise to a Corporation or Limited Liability Company form, or such other form as shall be provided or approved by us, in which they jointly and severally assume all of your past and future obligations under this Agreement, to the same extent as if they had originally executed this Agreement as Franchisee;

C. You or your designated manager actively manages such entity and continue to devote your or his best efforts and full and exclusive time to the day-to-day operation and development of the franchise and the business of the Restaurant, and you shall remain personally liable in all respects under this Agreement, including but not limited to payment for the purchase of any of the Products, jointly and severally with such entity and any and all other equity holders thereof; and

D. All stock certificates of such corporation (or membership certificates of such limited liability company, as applicable) bear the following legend, which shall be printed legibly and conspicuously on the front of each such stock certificate:

> **"The transfer of this certificate is subject to the terms and conditions of a certain Franchise Agreement entered into with Sushi Freak Franchise Group LLC, dated_________, 20 ".**

20.3 Our Right of First Refusal

In the event you, any stockholder, member or partner of a corporate, limited liability company or partnership Franchisee, or any legal heir or legatee of any deceased Franchisee, or of any deceased stockholder, member or partner of any corporate, limited liability company or partnership Franchisee, desire to effect any sale or assignment of any partnership, stock, membership interest or other interest in this Agreement, or of your rights and benefits under this Agreement, including, without limitation, the franchise granted hereby, and/or the ownership for the Restaurant franchised hereby, you or such other authorized person or party shall give us written notice of all of the terms of any such bona fide offer within fifteen (15) days after receipt of such offer, including providing us with all other documents and data required prior to our approving the sale. We shall have the right of first refusal, for a period of fifteen (15) days after receipt of such notice, to notify you or such other person or party of our desire to exercise such option under the same terms and conditions as the aforesaid bona fide offer. If we fail to exercise such option in the time period allotted, then you shall be free to contract with the person who made such bona fide offer solely on the same terms and conditions thereof, subject, of course, to your compliance with all of the other terms and provisions of this Agreement. In the event the terms of such bona fide offer change, then you shall be obligated to re-offer the franchise to us for an additional fifteen (15) day period.

20.4 Conditions to Transfer

In addition to all of the other conditions stated in Sections 20.2 and 20.3 hereof which pertain to your right to assign, transfer or sell the license created hereunder, you hereby agree that any and all rights of assignment, transfer or sale by you of this franchise and the rights herein are conditioned upon compliance with each of the following:

A. Any such assignment, transfer, or sale shall be subject to our approval of such assignee and of the moral and credit background of such assignee and any and all stockholders, members or partners thereof, which approval shall not be unreasonably withheld;

B. The assignee, transferee, or purchaser, and all stockholders, members or partners thereof if same is a corporation, limited liability company or partnership, shall at our option either personally assume in writing all of your obligations, past disclosed or undisclosed and under this Agreement, or execute the then-current Franchise Agreement, in the form used by us, except that the Royalty Fee and National Creative Fund contribution thereunder shall not be greater than that provided by Articles 5 and 9 hereof for the remainder of what would have been the initial term of this Agreement. However, we shall have the right to reasonably increase the Royalty Fee and the National Creative Fund contribution, in conformity with the System, during any renewals thereof;

C. You, such assignee, transferee or purchaser and any and all stockholders, members or partners thereof, shall execute a general release in favor of us, our officers, directors, and employees, of any and all claims and causes of action that you or they may have against us or our subsidiary or affiliated corporations in any way relating to this Agreement or our performance or non- performance thereof;

D. All prior obligations and debts of you or your corporate assignee owed to us under or in connection with this Agreement shall be paid concurrently with such assignment;

E. You must not be in default under this Agreement or any renewals thereof or of any lease agreement to which you are a party;

F. Assignee, transferee or purchaser shall not be in the same business as us either as a franchisor, licensor, independent operator or franchisee of any chain or network which is similar in nature or in competition with us, except that the assignee, transferee or purchaser may be an existing franchisee of ours;

G. Prior to the effective date of the assignment, transfer or sale, the assignee, transferee, or purchaser must satisfactorily complete our training program required of all new franchisees;

H. The assignee, transferee, or purchaser shall, prior to any such assignment, pay to us a non-refundable training and transfer fee equal to Five Thousand Dollars ($5,000) to reimburse us for our legal and accounting fees, credit investigation, training expenses, and other charges and expenses in connection with such assignment, transfer or sale; and

I. You shall enter into an agreement with us agreeing to subordinate such assignee's, transferee's or purchaser's obligations to us, including, without limitation, any Royalty Fees and National Creative Fund contributions, and any obligations of such assignee, transferee or purchaser to make installment payments of the purchase price to you.

20.5 Our Right to Transfer

We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Proprietary Marks or to the System outright 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; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all 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 said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of "Sushi Freak Franchise Group LLC" as Franchisor. Nothing contained in this Agreement shall require us to remain in the restaurant business or to offer the same products and services, whether or not bearing the Proprietary Marks, in the event that we exercise our right to assign our rights in this Agreement.

20.6 Notice of Offer

In addition to the requirements of this Article, you must promptly ("promptly" being herein defined as within fifteen (15) days of receipt of an offer to buy) give us additional written notice whenever you have received a bona fide offer from a third party to buy your business franchised hereunder. You must also give us written notice simultaneously with any offer to sell your Restaurant made by you, for you, or on your behalf. The purpose of this Subsection is to enable us to comply with any applicable state or federal franchise disclosure law or rules. You agree to indemnify and hold us harmless for your failure to comply with this

Subsection.

20.7 No Waiver of Claims

Our consent to an assignment of any interest subject to the restrictions hereof shall not constitute a waiver of any claims we may have against the assignor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the assignee, transferee or purchaser.

ARTICLE 21
YOUR DEATH OR INCAPACITY

In the event of your death or permanent incapacity or disability, i.e., you are unable to operate the Restaurant as an individual franchisee, or any partner of a franchisee which is a partnership, or any shareholder or member owning fifty percent (50%) or more of the capital stock or membership interest of a franchisee which is a corporation or limited liability company, we shall consent to a transfer of your interest to your heirs, beneficiaries or family designees, (hereinafter referred to in this Article as "Transferee") without payment of a transfer fee, subject to the following conditions:

A. The Transferee must complete, and be approved through, our standard franchise selection process including satisfactorily demonstrating to us that he meets the financial character and managerial criteria as we shall then be applying in considering applications for new franchisees;

B. The Transferee shall agree, in writing, to personally assume liability for and to perform all the terms and conditions of this Agreement to the same extent as the original Franchisee; and

C. If the Transferee is not approved, you or your legal representative shall use your best efforts to sell the Restaurant to a party acceptable to us within twelve (12) months from the date of your death or permanent incapacity or disability and we shall have the option, but not the obligation, to operate and/or manage the Restaurant for the account of your estate until the deceased or incapacitated Franchisee's interest is transferred to another party acceptable to us. Should we elect to operate and/or manage the franchised Restaurant, we shall make a complete accounting and shall forward fifty percent (50%) of the net income for the operation of the Restaurant to your estate. If the conveyance of the Restaurant to a party acceptable to us has not taken place within the twelve (12) month period, we shall have the option but not the duty to purchase the Restaurant and its equipment therein at the fair market value thereof as determined by independent qualified appraisers selected by us and the estate. In the event that these appraisers cannot agree on a fair market value, a third appraiser shall be selected by the other two appraisers and his/her determination shall be binding on both parties. However, if we choose not to repurchase the Restaurant, then we may elect to terminate this Agreement, in which event the franchised business hereunder will automatically revert back to us, with us being obligated to purchase the equipment and trade fixtures, as described in Article 18.

ARTICLE 22
OPERATION IN THE EVENT OF ABSENCE OR DISABILITY; STEP-IN RIGHTS

22.1 Operation in the Event of Absence or Disability

In order to prevent any interruption of the Restaurant operations which would cause harm to the Restaurant, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Restaurant, operate the Restaurant for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Restaurant during such period of operation by us shall be kept in a separate account, the expenses of the Restaurant, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Restaurant franchised herein for you, you agree to indemnify and hold harmless us and any of our representatives who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

22.2 Step-In Rights – Cause for Step-In

If we determine in our sole judgment that the operation of your business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the franchised business which would cause harm to the System and thereby lessen its value, you authorize us to operate your business for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the franchised business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your business; or we determine that operational problems require that we operate your business for a period of time that we determines, in our sole discretion, to be necessary to maintain the operation of the business as a going concern.

22.3 Step-In Rights – Duties of Parties

We shall keep in a separate account all monies generated by the operation of your business, less the expenses of the business, including reasonable compensation and expenses for our representatives. In the event of our exercise of the Step-In Rights**,** you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination pursuant to Article 17.

ARTICLE 23
INJUNCTIVE RELIEF

23.1 In the event that you are in default, except for default with respect to monies required to be paid by you to us, under any provisions of this Agreement, we shall be entitled to seek a permanent injunction and any preliminary or temporary equitable relief in connection therewith in order to restrain the violation of this Agreement by you or any person acting for you or in your behalf. In addition, we shall be entitled to our reasonable attorneys' fees and courts costs in connection therewith or in connection with any other remedy sought by us, provided we are the prevailing party. This remedy shall be cumulative to any other remedy available to us.

23.2 it is impossible to measure in money the damages which we will sustain in the event of your breach of this Agreement and, therefore, in the event we institute injunctive proceedings under Section 8.10, Articles 3, 11, 14, 18, 20 and this Article, you hereby waive the defense that we have an adequate remedy at law.

ARTICLE 24
RISK OF OPERATIONS

YOU RECOGNIZE THAT THERE ARE MANY UNCERTAINTIES AND RISKS OF THIS BUSINESS, AND, THEREFORE, YOU AGREE AND ACKNOWLEDGE THAT, EXCEPT AS SPECIFICALLY STATED IN THIS AGREEMENT, NO REPRESENTATIONS, WARRANTIES, GUARANTEES OR AGREEMENTS HAVE BEEN MADE TO YOU, EITHER BY US OR BY ANYONE ACTING ON OUR BEHALF OR PURPORTING TO REPRESENT US, INCLUDING, BUT NOT LIMITED TO, THE PROSPECTS FOR SUCCESSFUL OPERATIONS, THE LEVEL OF BUSINESS OR PROFITS THAT YOU MIGHT REASONABLY EXPECT, OR THE DESIRABILITY, PROFITABILITY OR EXPECTED CUSTOMER VOLUME OF THE RESTAURANT. YOU HEREBY ACKNOWLEDGE

THAT ALL SUCH FACTORS ARE NECESSARILY DEPENDENT UPON VARIABLES WHICH ARE BEYOND OUR CONTROL, INCLUDING, WITHOUT LIMITATION, THE ABILITY, MOTIVATION, AMOUNT AND QUALITY OF EFFORT EXPENDED BY YOU. YOU THEREFORE RELEASE US, OUR SUBSIDIARY OR AFFILIATED COMPANIES, OFFICERS, DIRECTORS, AFFILIATES AND EMPLOYEES FROM ANY CLAIMS, SUITS AND LIABILITY RELATING TO THE OPERATION OF YOUR RESTAURANT INCLUDING, BUT NOT LIMITED TO, THE RESULTS OF ITS OPERATIONS, EXCEPT TO THE EXTENT THAT THE SAME IS PREDICATED UPON THE BREACH OF OUR SPECIFIC WRITTEN OBLIGATION CONTAINED IN THIS AGREEMENT.

ARTICLE 25
OTHER OBLIGATIONS

Nothing contained in this Agreement shall inhibit or limit our unrestricted right to enter into or engage in any business or in the sale ourselves, or the licensing to others for the sale, of the proprietary food items other than the limitations imposed upon us by Article 1 hereof; you shall have no rights, benefits or entitlement with respect thereto.

ARTICLE 26
FORCE MAJEURE

Neither party shall be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including without limitation, the generality of the foregoing acts or omission of other party, acts of civil or military authority, strikes, lockouts, embargoes, insurrections or acts of God, our inability to purchase, deliver and/or manufacture of any of the proprietary food items, provided that inability of a party to obtain funds shall be deemed to be a cause within the control of such party. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost, provided that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay.

ARTICLE 27
WAIVER OF VIOLATION OR DEFAULT

Our or your waiver of any violation or default hereunder shall not alter or impair either party's right with respect to any subsequent violation or default, nor shall any delay or omission on the part of either party to exercise any right arising from such violation of default alter or impair such party's rights as to the same or any future violation or default. Our acceptance of any payment from you after the date on which such payment is due shall not operate as a waiver of your default or violation hereunder, nor alter or impair our rights with respect to such violation or default.

ARTICLE 28
NOTICE AND TIME

28.1 All communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when delivered personally or by fax transmission, or one (1) business day after being sent by overnight commercial courier service for next business day delivery, or five (5) days after being deposited in the United States mail, for certified or registered delivery, return receipt requested, postage prepaid.

Notice to us shall be addressed to:

SUSHI FREAK FRANCHISE GROUP LLC
5175 Linda Vista Road, Suite 105

San Diego, California 92110
Attention: President

Notice to you shall be addressed to:

Either party may designate another address at any time by written notice to the other. Additionally, all payments and reports required to be made by you under this Agreement shall be given to us at the above address.

28.2 Time is of the essence in this Agreement with respect to each and every provision in which time is a factor. Whenever this Agreement refers to a period of days, the first day to be counted shall be the first day following the designated action or event. For any period of five (5) or fewer days, only business days (excluding Saturdays, Sundays and national holidays) shall be counted. Unless expressly stated otherwise, any period longer than five (5) days shall be measured by calendar days, except that if the last day of any such period is not a business day, the period shall automatically be extended to the next business day.

ARTICLE 29
APPLICABLE LAW AND VENUE

29.1 Acceptance of Agreement by Us; Applicable Law

This Agreement takes effect upon its acceptance and execution by us in California and shall be interpreted and construed under the laws thereof, which laws shall prevail in the event of any conflict of law.

29.2 Rights are Cumulative

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

29.3 Injunctive Relief

Nothing herein contained shall bar our right to seek injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

29.4 Venue

You acknowledge that you have and will continue to develop a substantial and continuing relationship with us at our principal offices in the State of California, where our decision-making authority is vested and franchise operations are conducted and supervised. Therefore, the parties herein irrevocably agree and consent that in any action or proceeding hereafter brought by either party to this Agreement, each will submit to the exclusive jurisdiction and venue of any local, state or federal court located in the State of California, County of San Diego.

29.5 Racketeer Influenced and Corrupt Organizations (RICO) Statute

The parties hereto agree to waive, now and forever, any and all rights either may have under the federal statute known as RICO.

29.6 Punitive Damages

The parties hereby waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it. The parties irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of them.

29.7 Attorneys' Fees

In the event we are required to employ legal counsel or to incur other expense to enforce any obligation of yours hereunder, or to defend against any claim, demand, action or proceeding by reason of your failure to perform any obligation imposed upon you by this Agreement, we shall be entitled to recover from you the amount of all reasonable attorneys' fees of such counsel and all other expenses in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter.

29.8 You May Not Withhold Payments

You agree that you will not, on grounds of our alleged non-performance of any of our obligations hereunder, withhold payment of any Royalty Fee, advertising contributions or any other amounts due to us.

ARTICLE 30
ARBITRATION

30.1 IN THE EVENT ANY PARTY IS REQUIRED TO EMPLOY LEGAL COUNSEL OR TO INCUR OTHER REASONABLE EXPENSES TO ENFORCE ANY OBLIGATION OF ANOTHER PARTY HEREUNDER, OR TO DEFEND AGAINST ANY CLAIM, DEMAND, ACTION, OR PROCEEDING BY REASON OF ANOTHER PARTY'S F AILURE TO PERFORM ANY OBLIGATION IMPOSED UPON SUCH PARTY BY THIS AGREEMENT, AND PROVIDED THAT LEGAL ACTION IS FILED BY OR AGAINST THE FIRST PARTY AND SUCH ACTION OR THE SETTLEMENT THEREOF ESTABLISHES THE OTHER PARTY'S DEFAULT HEREUNDER, THEN THE PREVAILING PARTY SHALL BE ENTITLED TO RECOVER FROM THE OTHER PARTY THE AMOUNT OF ALL REASONABLE ATTORNEYS' FEES OF SUCH COUNSEL AND ALL OTHER EXPENSES REASONABLY INCURRED IN ENFORCING SUCH OBLIGATION OR IN DEFENDING AGAINST SUCH CLAIM, DEMAND, ACTION, OR PROCEEDING, WHETHER INCURRED PRIOR TO OR IN PREPARATION FOR OR CONTEMPLATION OF THE FILING OF SUCH ACTION THEREAFTER. NOTHING CONTAINED IN THIS PARAGRAPH SHALL RELATE TO ARBITRATION PROCEEDINGS PURSUANT TO THIS AGREEMENT.

30.2 EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN THIS AGREEMENT, THE PARTIES AGREE THAT ALL CONTRACT DISPUTES THAT CANNOT BE AMICABLY SETTLED SHALL BE DETERMINED SOLELY AND EXCLUSIVELY BY ARBITRATION UNDER THE FEDERAL ARBITRATION ACT AS AMENDED AND IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR THEREOF. ARBITRATION SHALL TAKE PLACE AT AN APPOINTED TIME AND PLACE IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO.

30.3 EACH PARTY SHALL SELECT ONE (1) ARBITRATOR (WHO SHALL NOT BE COUNSEL FOR THE PARTY), AND THE TWO (2) SO DESIGNATED SHALL SELECT A THIRD ARBITRATOR. IF EITHER PARTY SHALL FAIL TO DESIGNATE AN ARBITRATOR WITHIN SEVEN (7) DAYS AFTER ARBITRATION IS REQUESTED, OR IF THE TWO ARBITRATORS SHALL FAIL TO SELECT A THIRD ARBITRATOR WITHIN FOURTEEN (14) DAYS AFTER ARBITRATION IS REQUESTED, THEN AN ARBITRATOR SHALL BE SELECTED BY THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR THERETO UPON APPLICATION OF EITHER PARTY. JUDGMENT UPON ANY AWARD OF THE MAJORITY OF THE ARBITRATORS

SHALL BE BINDING AND SHALL BE ENTERED IN A COURT OF COMPETENT JURISDICTION. THE AWARD OF THE ARBITRATORS MAY GRANT ANY RELIEF WHICH MIGHT BE GRANTED BY A COURT OF GENERAL JURISDICTION, INCLUDING, WITHOUT LIMITATION, BY REASON OF ENUMERATION, AWARD OF DAMAGES (BUT EXCLUDING INJUNCTIVE RELIEF), AND MAY, IN THE DISCRETION OF THE ARBITRATORS, ASSESS IN ADDITION THE COSTS OF ARBITRATION, INCLUDING THE REASONABLE FEES OF THE ARBITRATORS AND REASONABLE ATTORNEYS' FEES, AGAINST EITHER OR BOTH PARTIES, IN PROPORTIONS AS THE ARBITRATORS SHALL DETERMINE.

30.4 NOTHING HEREIN CONTAINED SHALL BAR THE RIGHT OF EITHER PARTY TO SEEK AND OBTAIN TEMPORARY AND PERMANENT INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION CONSISTENT WITH ARTICLE 30 HEREOF IN ACCORDANCE WITH APPLICABLE LAW AGAINST THREATENED CONDUCT THAT WILL IN ALL PROBABILITY CAUSE LOSS OR DAMAGE TO YOU OR US.

30.5 IT IS THE INTENT OF THE PARTIES THAT ANY ARBITRATION BETWEEN THE YOU AND US REGARDING YOUR CLAIM SHALL BE OF YOUR INDIVIDUAL CLAIM AND THAT NO SUCH CLAIM SUBJECT TO ARBITRATION SHALL BE ARBITRATED ON A CLASS- WIDE BASIS.

30.6 YOU SHALL NOT ASSERT ANY CLAIM OR CAUSE OF ACTION AGAINST US, OUR OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES OR AFFILIATES AFTER ONE (1) YEAR FOLLOWING THE EVENT GIVING RISE TO SUCH CLAIM OR CAUSE OF ACTION.

ARTICLE 31
ACKNOWLEDGMENTS

31.1 YOU ACKNOWLEDGE THAT YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISED BUSINESS, AND RECOGNIZE THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON. WE EXPRESSLY DISCLAIM THE MAKING OF, AND YOU ACKNOWLEDGE THAT YOU HAVE NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

31.2 YOU ACKNOWLEDGE THAT YOU HAVE RECEIVED, READ, AND UNDERSTOOD THIS AGREEMENT, INCLUDING THE EXHIBITS HERETO; THAT WE HAVE FULLY AND ADEQUATELY EXPLAINED THE PROVISIONS OF EACH TO YOUR SATISFACTION; AND THAT WE HAVE ACCORDED YOU AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT.

31.3 YOU ACKNOWLEDGE THAT YOU HAVE RECEIVED THE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION, ENTITLED "DISCLOSURE REQUIREMENT AND PROHIBITIONS CONCERNING FRANCHISING AND BUSINESS OPPORTUNITY VENTURES," AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED OR ANY PAYMENT WAS MADE TO US OR ANY OF OUR AFFILIATES.

31.4 YOU ACKNOWLEDGE AND ARE AWARE OF THE FACT THAT SOME OF OUR FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND, CONSEQUENTLY, THAT OUR OBLIGATIONS AND RIGHTS IN RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

ARTICLE 32
ENTIRE AGREEMENT

This Agreement and any other Franchise Agreements thereunder, constitutes the entire agreement between us and you with respect to the subject matter hereof, and this Agreement supersedes all prior and contemporaneous agreements between us and you in connection with the subject matter of this Agreement; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. In the event of any conflict between the terms of this Agreement or any other Franchise Agreement, the terms of this Agreement shall prevail. No officer, employee or other servant or agent of either us or you is authorized to make any representation, warranty or other promise not contained in this Agreement. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon us or you unless in writing and signed by us and you.

ARTICLE 33
JOINT AND SEVERAL OBLIGATION

If the Franchisee consists of more than one (1) person, their liability under this Agreement shall be deemed to be joint and several.

ARTICLE 34
COUNTERPART; PARAGRAPH HEADINGS; PRONOUNS

This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument. The paragraph headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision thereof. Each pronoun used herein shall be deemed to include the other number of genders.

ARTICLE 35
SEVERABILITY AND CONSTRUCTION

35.1 Each section, part, term and provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such shall not impair the operation of, or affect the remaining portions, parts, terms or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties hereto, and said invalid sections, parts, terms or provisions shall be deemed not to be a part of this Agreement, provided, however, that if we determine that said finding of illegality adversely affects the basic consideration of this Agreement, we and you may terminate this Agreement.

35.2 Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity, other than us or you and such of our respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason hereof.

35.3 You expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law, which is subsumed within the terms of any provision hereof as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

35.4 All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

ARTICLE 36
COMPLIANCE WITH ANTI-TERRORISM LAWS

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

ARTICLE 37
SECURITY INTEREST

37.1 Collateral

You grant to us a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Restaurant, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Restaurant. All items in which a security interest is granted are referred to as the "Collateral".

37.2 Indebtedness Secured

The Security Interest is to secure payment of the following (the "Indebtedness"):

A. All amounts due under this Agreement or otherwise by you;

B. All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

C. All expenses, including reasonable attorneys' fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

D. All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments.

Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Restaurant, including, but not limited to, a real property mortgage and equipment leases.

37.3 Additional Documents

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

37.4 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

37.5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of California (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

37.6 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

ARTICLE 38
SUBMISSION OF AGREEMENT

The submission of this Agreement to you does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by both us and you.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal on the date first written above.

FRANCHISOR
SUSHI FREAK FRANCHISE GROUP LLC

By: ___________________________________

Name: Jenifer Duarte

Title: COO

FRANCHISEE

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

SUSHI FREAK FRANCHISE GROUP LLC

EXHIBIT “A” TO THE FRANCHISE AGREEMENT

Your Location shall be as follows:

FRANCHISOR
SUSHI FREAK FRANCHISE GROUP LLC

By:___________________________________

Name:____Jenifer Duarte_________________

Title:______COO_______________________

FRANCHISEE

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

SUSHI FREAK FRANCHISE GROUP LLC

EXHIBIT "B" TO THE FRANCHISE AGREEMENT

GUARANTY

(TO BE EXECUTED ONLY IF FRANCHISEE IS A CORPORATE ENTITY)

In consideration of the execution by Sushi Freak Franchise Group LLC of the within Franchise Agreement, and acknowledging that undersigned will benefit directly or indirectly from the execution thereof, the undersigned, being all of the shareholders, directors, officers, members and managers (as applicable) of the Franchisee, agree to be jointly and severally bound by, and agree to guaranty the performance of, all of the terms and conditions of the Franchise Agreement and any amendments thereto or renewals thereof, and do hereby execute this Franchise Agreement for the purpose of binding and obligating themselves to the terms and conditions of the aforesaid Franchise Agreement and any amendments thereto or renewals thereof.

The guarantors hereunder hereby waive notice of termination or default under the Franchise Agreement.

SIGNATURES OF ALL SHAREHOLDERS, DIRECTORS,
OFFICERS, MEMBERS AND MANAGERS

Name

Address

Name

Address

Name

Address

Name

Address

SUSHI FREAK FRANCHISE GROUP LLC

EXHIBIT "C" TO THE FRANCHISE AGREEMENT

LEASE RIDER

This Lease Rider ("Rider") is entered into this_________day of___________, 20____by and between __________________, a _____________ ("Franchisee") and _________________, ________________("Landlord").

WHEREAS, Franchisee has entered into a Franchise Agreement dated__________________(the "Franchise Agreement") with Sushi Freak Franchise Group LLC ("Franchisor") for the operation of a Sushi Freak Restaurant (the "Restaurant"); and

WHEREAS, pursuant to the terms of the Franchise Agreement, Franchisee has submitted to Franchisor for its review a proposed site at which Franchisee intends to operate the Restaurant, which site has been approved by Franchisor according to the terms of the Franchise Agreement; and

WHEREAS, Franchisee and Landlord propose to enter into the lease to which this Rider is attached (the "Lease"), pursuant to which Franchisee will occupy premises located at ____ (the "Premises") for the purpose of constructing and operating the Restaurant in accordance with the Franchise Agreement; and

WHEREAS, the Franchise Agreement provides that, as a condition to Franchisor authorizing Franchisee to enter into the Lease, the parties must execute this Rider.

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth in this Rider and in the Franchise Agreement, the receipt and sufficiency of which the parties acknowledge the parties agree as follows:

1. During the term of the Franchise Agreement, Franchisee shall be permitted to use the Premises for the operation of the Restaurant and for no other purpose.

2. Subject to applicable zoning laws and deed restrictions and to prevailing community standards of decency, Landlord consents to Franchisee's installation and use of such trademarks, service marks, signs, decor items, color schemes and related components (the "Trade Dress") of the Sushi Freak system as Franchisor may from time to time prescribe for the Restaurant and which Trade Dress may be modified from time to time by Franchisor.

3. Landlord agrees to furnish Franchisor with copies of all letters and notices it sends to Franchisee pertaining to the Lease and the Premises, at the same time it sends such letters and notices to Franchisee. Such letters and notices shall be sent to Franchisor at: Sushi Freak Franchise Group LLC, 5175 Linda Vista Road, Suite 105, San Diego, California 92110, or such other address provided to Landlord in writing.

4. Franchisor shall have the right, without being guilty of trespass or any other crime or tort, to enter the Premises at any time or from time to time (i) to make any modification or alteration it considers necessary to protect the Sushi Freak system and proprietary marks, (ii) to cure any default under the Franchise Agreement or under the Lease, or (iii) to remove the distinctive elements of the Sushi Freak Trade Dress upon the Franchise Agreement's expiration or termination. Neither Franchisor nor Landlord shall be responsible to Franchisee for any damages Franchisee might sustain as a result of any action Franchisor

takes in accordance with this provision. Franchisor shall repair or reimburse Landlord for the cost of any damage to the Premises' walls, floor or ceiling that result from Franchisor's removal of Trade Dress items and other property from the Premises.

5. If Franchisor cures a default by Franchisee under the Lease, or if Franchisor notifies Landlord that the Franchise Agreement has been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord's receipt of Franchisor's notice thereof), Landlord agrees, upon Franchisor's written request, to assign to Franchisor any and all rights that Landlord may have under the Lease to remove and evict Franchisee from the Premises and shall cooperate with Franchisor in order to pursue such action to a conclusion.

6. If Franchisor cures a default by Franchisee under the Lease or notifies Landlord of the termination of the Franchise Agreement, Franchisor shall have the right and option, upon written notice to Landlord, to do the following:

a. Undertake to perform the terms, covenants, obligations and conditions of the Lease on behalf of Franchisee (notwithstanding any removal or eviction of Franchisee) for a period not to exceed six (6) months from the first date of any cure by Franchisor; or

b. At any time within or at the conclusion of such six (6) month period, assume the terms, covenants, obligations and conditions of the Lease for the remainder of the Lease's term, together with any applicable renewal options. In such event, Landlord and Franchisor shall enter into an agreement to document such assumption. Franchisor is not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, Franchisor as herein provided.

7. If, during the six (6) month period set forth in Section 6(a) above or at any time after the assignment contemplated in Section 6(b), Franchisor shall notify Landlord that the franchise for the Restaurant is being granted to another franchisee, Landlord shall permit the assignment of the Lease to said franchisee, without any further consent of Landlord being required as a condition thereto and without the payment of any fee or other cost requirement. Thereafter, Franchisor shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section.

8. Franchisee shall be permitted to assign the Lease to Franchisor or its designee upon the expiration or termination of the Franchise Agreement. Landlord consents to such an assignment and agrees not to impose any assignment fee or similar change, or to increase or accelerate rent under the Lease, in connection with such an assignment.

9. In the event Franchisee assigns the Lease to Franchisor or its designee in accordance with the preceding paragraph, the assignee must assume all obligations of Franchisee under the Lease from and after the date of assignment, but shall have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assignment.

10. Franchisee may not assign the Lease or sublet the Premises without Franchisor's prior written consent, and Landlord will not consent to an assignment or subletting by Franchisee without first verifying that Franchisor has given its written consent to Franchisee's proposed assignment or subletting.

11. Landlord and Franchisee will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Rider without Franchisor's prior written consent.

12. The provisions of this Rider will supersede and control any conflicting provisions of the Lease.

13. Landlord acknowledges that Franchisor is not a party to the Lease and shall have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, Franchisor.

14. This Rider shall be governed by and construed under the laws of the state in which the Premises are situated, without regard to the application of such state's conflict of law rules.

EXECUTED by the parties hereto as of the day and year first above written.

FRANCHISEE:

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

LANDLORD:

By:______________________________

Name:______________________________

Title:______________________________

FRANCHISOR:

SUSHI FREAK FRANCHISE GROUP LLC

By:______________________________

Name: Jenifer Duarte

Title: COO

SUSHI FREAK FRANCHISE GROUP LLC

EXHIBIT "D" TO THE FRANCHISE AGREEMENT

SITE LOCATION ADDENDUM

Site Location

Sushi Freak Franchise Group LLC (hereinafter "we", "us" or "our") and ______________________ (hereinafter "you" or "your") have this date, ____________________, 20 , entered into a certain Franchise Agreement, (hereinafter "Franchise Agreement") and desire to supplement its terms as set out below. The parties hereto therefore agree as follows:

A. Site Selection

Within _________________( ) days after execution of this Addendum, you shall acquire, by lease or purchase, at your expense and subject to our approval as hereinafter provided, a location for the franchised business. Such location shall be within the following geographic area (which is described solely for the purpose of selecting a site for the franchised business):

B. Guidelines and Evaluation

In connection with your selection of a site for the franchised business, we shall furnish to you the following:

1. Site selection counseling and assistance as we may deem advisable for a non-mall site. If the site is in a regional mall, we shall have our real estate firm handle such counseling.

2. Such on-site evaluation as we may deem advisable in response to your request for site approval; provided, however, that we shall not provide on-site evaluation for any proposed site prior to the receipt of a market feasibility study for such site prepared by you pursuant to Paragraph C. hereof. If on-site evaluation is deemed necessary and appropriate by us (on our own initiative or at your request), you shall reimburse us for all reasonable expenses incurred by us in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging and meals, following your approval in advance of same.

C. Site Approval

Prior to the acquisition by lease or purchase of any proposed location for the franchised business, you shall submit to us, in the form specified by us, a description of the proposed location, a market feasibility study for the proposed location, and such other information or materials as we may reasonably require, together with a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the proposed location. Recognizing that time is of the essence, you agree that you must submit such information and material for the proposed location to us for our approval no later than _________( ) days after the execution of the Franchise Agreement. We shall have thirty (30) days after receipt of such information and materials from you to accept or decline, at our sole discretion, the proposed location as the location for the franchised business. The proposed location shall not be deemed approved unless written notice of acceptance is given to you by us.

D. Lease Provisions

The lease for the premises of the franchised business shall be submitted to us for our written approval prior to execution by you and the Lessor, and shall contain the following terms and conditions:

1. That the premises shall be used only for the operation of the franchised business.

2. That the landlord has examined our standard design concepts and consents to your use of such Proprietary Marks and signage as we may prescribe for the franchised business.

3. That the landlord agrees to furnish us with copies of any and all letters and notices sent to you pertaining to the lease and premises, at the same time that such letters and notices are sent to you.

4. That you may not assign all or any part of your occupancy rights, or extend the term or renew the lease, without our prior written consent.

5. That we shall have the right to enter the premises to make any modification necessary to protect our Proprietary Marks or to cure any default under the lease or under this Agreement.

6. That we shall have the option to assume your occupancy rights, and the right to assign for all or any part of the remaining term, upon your default or termination under such lease or under this Agreement.

7. That we shall be furnished a copy of the executed lease,____________(_) days after its execution, and no change or amendment to such lease affecting the above terms and conditions shall be effective without our prior written approval.

E. Relocation

Upon our approval of a location for the franchised business, or upon execution of this Agreement, whichever occurs earlier, the street address of the approved location of the franchised business shall be recorded and shall be attached as Exhibit "A" to this Agreement. You shall not relocate the franchised business without our express prior written consent.

F. Construction

You shall commence construction or leasehold improvements (hereinafter "Construction") of the franchise business within______________(____) days after you execute this addendum, execute a lease, or obtain the right to possession of the premises, whichever occurs latest. You shall provide written notice to us of the date Construction of the franchised business commences within__________________(___) days after commencement. You shall maintain continuous Construction of the franchised business premises and shall complete Construction, including all exterior and interior carpentry, electrical, painting and finishing work, and installation of all furnishings, fixtures, equipment, and signs, in accordance with the approved plans and specifications at your expense, within________________________(_______) months after commencement (exclusive of the time lost by reason of strikes, lockouts, fire and other casualties and acts of God). Each week during the Construction period, you and your architect or general contractor shall certify in writing to us that all work is proceeding substantially on schedule, and in accordance with the approved plans and specifications and all applicable laws, regulations ordinances and restrictive covenants. You further agree that we and our agents shall have the right to inspect the Construction at all reasonable times.

G. Permits and Approvals

Before or upon completion of Construction, you shall obtain, and shall furnish to us copies of, all necessary permits, approvals, and certificates required for occupancy of the premises and operation of the franchised business. You shall obtain our approval for opening and shall open the franchised business within ______________________( ) months after the date of commencement of Construction.

H. Time of Essence

You and we agree that time is of the essence in your performance of your obligations hereunder. Any failure by you to meet the time limits imposed under this Addendum shall constitute a default under Article 17 of the Franchise Agreement, for which we may terminate this Agreement upon notice to you.

I. Effect of Franchise Agreement

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum in triplicate on the day and year first above written.

FRANCHISOR
SUSHI FREAK FRANCHISE GROUP LLC

By:______________________________

Name: Jenifer Duarte

Title: COO

FRANCHISEE

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

SUSHI FREAK FRANCHISE GROUP LLC

EXHIBIT "E" TO THE FRANCHISE AGREEMENT

TRANSFER OF FRANCHISE TO
A CORPORATION OR LIMITED LIABILITY COMPANY

This Transfer Agreement shall amend that certain Franchise Agreement between _____________ ("Franchisee"), and Sushi Freak Franchise Group LLC ("Franchisor").

The undersigned, an Officer, Director and Owner of a majority of the issued and outstanding voting stock of the Corporation set forth below, or Members of the issued and outstanding Interests of the Limited Liability Company set forth below, and the Franchisee of the Restaurant under a Franchise Agreement executed on the date set forth below, between himself or herself and Franchisor, granting you a franchise to operate at the location set forth below, and the other undersigned Directors, Officers and Shareholders of the Corporation, or the Members of the Limited Liability Company, who together with Franchisee constitute all of the Shareholders of the Corporation, or the Members of the Limited Liability Company, in order to induce Franchisor to consent to the assignment of the Franchise Agreement to the Corporation or Limited Liability Company in accordance with the provisions of Article 20 of the Franchise Agreement, agree as follows:

1. The undersigned Franchisee shall remain personally liable in all respects under the Franchise Agreement and all the other undersigned Officers, Directors and Shareholders of the Corporation, or the Members of the Limited Liability Company, intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Franchise Agreement including the restrictive covenants contained in Article 14 thereof, to the same extent as if each of them were the Franchisee set forth in the Franchise Agreement and they jointly and severally personally guarantee all of the Franchisee's obligations set forth in said Agreement.

2. The undersigned agree not to transfer any stock in the Corporation, or any interest in the Limited Liability Company without the prior written approval of the Franchisor and agree that all stock certificates representing shares in the Corporation, or all certificates representing interests in the Limited Liability Company shall bear the following legend:

> "The shares of stock represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated ____________, 20 between_____________________and Sushi Freak Franchise Group LLC"
>
> or
>
> "The ownership interests represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated ____________, 20 between_____________________and Sushi Freak Franchise Group LLC"

3. ____________________ or his designee shall devote his best efforts to the day-to-day operation and development of the Restaurant.

4. ____________________ hereby agrees to become a party to and to be bound by all of the provisions of the Franchise Agreement executed on the date set forth below between Franchisee and Franchisor, to the same extent as if it were named as the Franchisee therein.

Date of Franchise Agreement: ___________________________________

Location of Restaurant: ____

As to Paragraph 3:

[Name]

As to Paragraph 4:

[Name]

Name of Corp. or Limited Liability Company

By:______________________________
Name:___________________________
Title:_____________________________

In consideration of the execution of the above Agreement, Sushi Freak Franchise Group LLC hereby consents to the above referred to assignment on this_______day of___________________, 20 .

FRANCHISOR
SUSHI FREAK FRANCHISE GROUP LLC

By:_____________________________

Name: ___Jenifer Duarte____________

Title:_____COO___________________

SUSHI FREAK FRANCHISE GROUP LLC

EXHIBIT "F" TO THE FRANCHISE AGREEMENT

INTERNET WEB SITES AND LISTINGS AGREEMENT

THIS INTERNET WEB SITES AND LISTINGS AGREEMENT (the "Internet Listing Agreement") is made and entered into as of the ______ day of________________, 20 (the "Effective Date"), by and between Sushi Freak Franchise Group LLC, a California limited liability company (the "Franchisor"), and__________________________,__________________(the "Franchisee").

W I T N E S S E T H:

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor (the "Franchise Agreement"); and

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

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

1. DEFINITIONS

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

2. TRANSFER; APPOINTMENT

2.1 Interest in Internet Web Sites and Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet web sites, and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the "Internet Web Sites and Listings") related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Internet Service Providers, domain name registries, Internet search engines, and other listing agencies (collectively, the "Internet Companies") with which Franchisee has Internet Web Sites and Listings: (i) to transfer all of Franchisee's Interest in such Internet Web Sites and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites and Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites and Listings or will take such other actions with respect to the Internet Web Sites and Listings as Franchisor directs.

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

2.3.1 Direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Web Sites and Listings to Franchisor;

2.3.2 Direct the Internet Companies to terminate any or all of the Internet Web Sites and Listings; and

2.3.3 Execute the Internet Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

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

2.5 Cessation of Obligations. After the Internet Companies have duly transferred all Franchisee's Interest in such Internet Web Sites and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Internet Web Sites and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies for the sums Franchisee is obligated to pay such Internet Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Internet Listing Agreement.

3. MISCELLANEOUS

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

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

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Internet Web Sites and Listings.

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

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

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

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

3.8 Joint and Several Obligations. All Franchisee's obligations under this Internet Listing Agreement shall be joint and several.

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

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR
SUSHI FREAK FRANCHISE GROUP LLC

By:______________________________

Name: Jenifer Duarte

Title: COO

FRANCHISEE

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

TELEPHONE LISTING AGREEMENT

THIS TELEPHONE LISTING AGREEMENT (the "Telephone Listing Agreement") is made and entered into as of the________day of___________________, 20___(the "Effective Date"), by and between Sushi Freak Franchise Group LLC, a California limited liability company (the "Franchisor"), and__________________________,_______________________(the "Franchisee").

W I T N E S S E T H:

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor (the "Franchise Agreement"); and

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

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

1. DEFINITIONS

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

2. TRANSFER; APPOINTMENT

2.1 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the "Telephone Numbers and Listings") related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee will immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

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

2.3.1 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor;

2.3.2 Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.3.3 Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

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

2.5 Cessation of Obligations. After the Telephone Companies have duly transferred all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further Interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement.

3. MISCELLANEOUS

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

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

3.3 No Duty. The powers conferred on Franchisor under this Telephone Listing Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings.

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

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

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

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

3.8 Joint and Several Obligations. All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several.

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

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:
SUSHI FREAK FRANCHISE GROUP LLC

By:______________________________

Name: Jenifer Duarte

Title: COO

FRANCHISEE:

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

SUSHI FREAK FRANCHISE GROUP LLC

EXHIBIT “G” TO THE FRANCHISE AGREEMENT

STATE SPECIFIC ADDENDA

CALIFORNIA APPENDIX

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

2. 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 etseq.).

3. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.

4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

5. 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. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

6. The Franchise Agreement requires binding arbitration. The arbitration will occur in California with the costs being borne by the franchisee and franchisor. 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 the State of California. Business and Professions Code Section 20040.5 relating to forum selection clauses restricting venue outside the state of California or arbitration may be preempted by the Federal Arbitration Act. Section 20040.5 may still apply to any provision relating to judicial proceedings. A binding arbitration provision may not be enforceable under generally applicable contract defenses, such as fraud, duress, or unconscionability.

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

8. 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.

9. 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 the State of California.

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

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

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

1. The following item must be included within the Disclosure Document and shall replace the language that is in the Disclosure Document itself:

> Section 4, Jurisdiction and Venue, of the Illinois Franchise Disclosure Act of 1987 ("Act") states that "any provision in the franchise agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State." This Section of the Act replaces any contradictory language contained in the Franchise Agreement.

2. Illinois law governs the Franchise Agreement.

3. Any releases and/or waivers that we request you to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act of 1987 which states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding potential or actuallawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."

4. Under Illinois law at 200.608, Jurisdiction and Venue, a franchise agreement may not provide for a choice of law of any state other than Illinois. The Summary column of Items 17(v) and (w) of the Disclosure Document are amended to state "Illinois law". The appropriate sections of the Franchise Agreement are amended accordingly.

5. The appropriate sections of the Franchise Agreement are amended to comply with Section 27, Periods of Limitation, of the Act to allow any and all claims and actions arising out of or relating to these Agreements, the relationship Franchisor and Franchisee, or your operation of the Franchise brought by you against us shall be commenced within 3 years from the occurrence of the facts giving rise to such claim or action, within 1 year after you become aware of the facts or circumstances indicating you may have a claim for relief, or 90 days after delivery to you of a written notice disclosing the violation, or such claim or action will be barred.

6. Item 17(g) of the Disclosure Document and the appropriate sections of the Franchise Agreement are amended by changing the time frame to cure defaults, excluding defaults for safety or security issues,

ADDENDUM REQUIRED BY THE STATE OF INDIANA

1. To be added to Item 3 of the Disclosure Document, is the following statement:

   There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana

Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.

3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. The appropriate sections of the Franchise Agreement are amended accordingly.

5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for Sushi Freak Franchise Group LLC's Franchise Disclosure Document and for its Franchise Agreement. The amendments to the Agreement included in this addendum have been agreed to by the parties.

1. Item 17 of the Disclosure Document is amended to state that 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.

2. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement which provide for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. The appropriate sections of the Franchise Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The appropriate sections of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

7. The appropriate sections of the Franchise Agreement are amended to state that 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.

8. The Franchise Agreement and Franchisee Disclosure Acknowledgment Statement are amended to include the following statement: "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."

DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU

(a) A prohibition on the right of a franchisee to join an association of franchises.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Marilyn McEwen
525 W. Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

This addendum to the Disclosure Document is agreed to this ____ day of____________, 20__, and effectively amends and revises said Disclosure Document and Franchise Agreement as follows:

1. Item 13 of the Disclosure Document and Article 3 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

> "In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchise from any loss, costs or expenses arising out of any claim, suit or demand regarding such use."

2. Item 17 of the Disclosure Document and the appropriate section of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

> "With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec. 80C.14, Subds.3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld."

3. Item 17 of the Disclosure Document and the Franchise Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections:

> "Minn. Stat. Sec. 80C.21 and Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

4. Item 17 of the Disclosure Document and the appropriate sections of the Franchise

Agreement are amended by the addition of the following language to the original language that appears therein:

"Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release."

5. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. Section 29.6 of the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

7. Section 30.6 of the Franchise Agreement regarding Limitations of Claims is hereby amended to comply with Minn. Stat. §80C.17, Subd. 5.

8. Under Minn. Rule 2860.4400J, franchisees cannot be required to waive their rights under RICO. Therefore, Section 29.5 of the Franchise Agreement is hereby deleted.

9. Item 6, Insufficient Fund Fees: NSF fees are governed by Minnesota Statute 604.113; which puts a cap of $30 on a NSF check. This applies to everyone in Minnesota who accepts checks except banks.

10. Under Minn. Rule 2860.440J, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required. Section 14.6 of the Franchise Agreement is hereby amended accordingly.

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

The following Items are required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

3. LITIGATION

Neither the Franchisor, its Predecessor nor any person listed under Item 2 or an affiliate offering franchises under Franchisor's principal trademark:

(A) has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable civil or misdemeanor allegations.

(B) has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging a violation of a franchise; anti-fraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; unfair or deceptive practices; or comparable allegations.

(C) is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

4. BANKRUPTCY

Neither the Franchisor, its affiliate, its predecessor, officers, or general partner during the ten year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code (or any comparable foreign law); (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the Franchisor held this position in the company or partnership, except as follows: None

ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document and Franchise Agreement effectively amends and revises said documents as follows:

1. Item 17(c) of the Disclosure Document and Articles 4 and 20 of the Franchise Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release.

2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document and Article 14 of the Franchise Agreement are amended accordingly.

3. Item 6 and Item 17(i) of the Disclosure Document and Article 18 of the Franchise Agreement require the franchisee to consent to termination or liquidated damages. Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19- 09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota.

4. Item 17(u) of the Disclosure Document, and Article 30 of the Franchise Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties.

5. Item 17(v) of the Disclosure Document and the provisions of Article 29 of the Franchise Agreement which require jurisdiction of courts in California are deleted.

6. Item 17(w) of the Disclosure Document and Article 29 of the Franchise Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.

7. Apart from civil liability as set forth in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law.

8. The provisions of Article 29 of the Franchise Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted.

9. The provisions of Article 29 of the Franchise which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies.

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that:

> "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

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

1. Additional Disclosure: The following statements are added to Item 17.h:

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

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

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

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

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this______day of________________, 20___.

FRANCHISOR
SUSHI FREAK FRANCHISE GROUP LLC

By:___________________________________

Name:_________________________________

Title:__________________________________

FRANCHISEE

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

SUSHI FREAK FRANCHISE GROUP LLC

EXHIBIT "H" TO THE FRANCHISE

AGREEMENT

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, Sushi Freak Franchise Group LLC (the "Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a Sushi Freak Restaurant (the "Restaurant"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor ("Broker") that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Restaurant from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Restaurant from an existing Franchisee?

Yes______ No _____

2. I had my first face-to-face meeting with a Franchisor representative on ________________, 20___.

3. Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes______ No _____

4. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes______ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

5. Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes______ No _____

6. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes______ No _____

7. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes______ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

8. Have you discussed the benefits and risks of establishing and operating a Restaurant with an attorney, accountant, or other professional advisor?

Yes______ No _____

If No, do you wish to have more time to do so?

Yes______ No _____

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

Yes______ No _____

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Restaurant operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes______ No _____

(Franchisee) Initial: __________

11. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Restaurant that is contrary to or different from the information contained in the Disclosure Document?

Yes______ No _____

12. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Restaurant will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes______ No _____

13. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Restaurant that is contrary to or different from the information contained in the Disclosure Document?

Yes______ No _____

14. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Restaurant?

Yes______ No _____

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

Yes______ No _____

16. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes______ No _____

17. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes______ No _____

18. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? ____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank.

(Franchisee) Initial: __________

I signed the Franchise Agreement and Addendum (if any) on________________, 20 , and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None".

C. You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

(i) a person or entity listed in the Annex to the Executive Order;

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

(iv) owned or controlled by terrorists or sponsors of terrorism.

(Franchisee) Initial: __________

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged this______day of__________________, 20____.

FRANCHISEE

[Signature]

____
[Print Name]

[Signature]

____
[Print Name]

SUSHI FREAK FRANCHISE GROUP LLC

EXHIBIT "I" TO THE FRANCHISE AGREEMENT

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

____ (Name of Person or Legal Entity)
____(ID Number)

The undersigned depositor ("**Depositor**") hereby authorizes Sushi Freak Franchise Group LLC ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**") ("**Bank**") to debit or credit such account(s) pursuant to Franchisor's instructions.

Depository	Branch	
City	State	Zip Code
Bank Transit/ABA Number	Account Number	

This authorization is to remain in full and force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination.

Depositor

By:____________________________________

Name:__________________________________

Title:___________________________________

Date:___________________________________

[***Please attach a voided check***]

SUSHI FREAK FRANCHISE GROUP LLC

EXHIBIT "J" TO THE FRANCHISE AGREEMENT

DEPOSIT AGREEMENT

This Deposit Agreement (the "Agreement") is made and entered into on___________, 20 , (the "Effective Date") by and between Sushi Freak Franchise Group LLC, a California limited liability company whose principal address is 5175 Linda Vista Road, Suite 105, San Diego, California 92110 ("we", "us" or "our") and________________________________, a ____[resident] [corporation] [partnership] [limited liability company] [residing at] [with offices located at] ________________________________ ("you" or "your").

RECITALS

WHEREAS, we are in the business of developing and operating a system consisting of franchised and company-operated "Sushi Freak" restaurants under our trademarks, service marks, and system ("Franchised Businesses");

WHEREAS, you wish to apply to become a franchisee under our system pursuant to a franchise agreement, which, if entered into between you and us, would confer upon you the right and obligation to open a Franchised Business within an agreed-upon area;

WHEREAS, we must expend considerable time, effort, and cost during the period (the "Evaluation Period") needed to evaluate your qualifications and suitability to become a franchisee;

WHEREAS, you wish to place a deposit with us as evidence of your good faith during the Evaluation Period.

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. The Deposit. Upon execution of this Agreement, you shall pay us the sum of Ten Thousand Dollars ($10,000) as a non-interest bearing deposit (the "Deposit").

2. Non-Refundability. The Deposit shall not be refundable under any circumstances.

3. Credit. Unless you do not meet our qualifications to purchase a franchise, the full amount of the Deposit shall be credited by us toward payment of the initial franchise fee due under the franchise agreement entered into by the parties.

4. Application. You agree to make all applications and provide all information reasonably requested by us to evaluate your qualifications and suitability to enter into a franchise agreement with us. We shall assess your qualifications during the Evaluation Period.

5. Confidentiality. During the Evaluation Period, certain confidential information about us and our system may be disclosed or otherwise made known to you ("Confidential Information"). You agree to respect and maintain the confidential nature of such Confidential Information, and not in any way disclose the Confidential Information to anyone else, nor in any way use the Confidential Information in the operation of any business (excluding a Franchised Business operated pursuant to a franchise agreement). It is agreed that your obligations under this Section 5 shall not expire upon termination of this Agreement.

6. Evaluation Period. The parties agree that the Evaluation Period shall last until (a) we determine that you do not meet our qualifications to purchase a franchise and we so notify you in writing, or (b) you and we sign a Franchise Agreement for a Franchised Business, whichever occurs first.

7. Termination. This Agreement shall be terminated only as provided in Section 6 above.

8. No Franchise Rights. This Agreement is not a franchise and does not grant you any right whatsoever to use the "Sushi Freak" marks and/or system, which rights can only be granted under a franchise agreement entered into by you and us. You shall not use the "Sushi Freak" marks or system, nor shall you make any representation or commitment on our behalf.

9. Acknowledgment. You acknowledge receipt of our Disclosure Document at least fourteen (14) calendar days before the Effective Date.

10. Full Agreement. This Agreement incorporates the full and complete agreement between the parties concerning the subject of this Agreement, and supersedes any and all prior correspondence, conversations, representations, or statements of whatever nature concerning the subject of this Agreement. This Agreement shall be interpreted under the laws of the State of California without regard to its conflict of laws principles.

FRANCHISOR:

SUSHI FREAK FRANCHISE GROUP LLC

By:_________________________________

Name:_______________________________

Title:________________________________

DEPOSITOR:

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

EXHIBIT D TO THE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF CONFIDENTIAL OPERATING MANUAL

Operations Manual

EXHIBIT E LIST OF FRANCHISEES

(As of December 31, 2021)

New Mexico

Carlos Hill
Euroclydon Enterprises Inc
Sushi Freak ABQ Westside
5600 Coors Blvd NW., Suite E2
Albuquerque, NM 87129
505-539-5095

Carlos Hill
Euroclydon Enterprises Inc
Sushi Freak Las Cruces North Telshor
2808 N. Telshor Blvd., Ste 2
Las Cruces, NM 88011
575-222-0496

Texas

Michael Alvarado & Kristie Alvarado
Awesome Freaks LLC
Sushi Freak El Paso West Towne
6450 N. Desert Blvd #F103
El Paso, TX 79912
915-209-0313

Franchise Agreements Signed but Outlets Not Yet Opened

New Mexico

Jose Aleman
Magical Foods LLC
Sushi Freak Las Cruces East Lohman
3830 E. Lohman Ave., Bldg-02
Las Cruces, NM 88011

Texas

Michael Alvarado & Kristie Alvarado
Awesome Freaks LLC
Sushi Freak El Paso Eastlake
13371 Eastlake Blvd., Ste. 201
El Paso, TX 79928
915-465-5588

EXHIBIT F FORMER FRANCHISEES

(As of December 31, 2021)

NOT APPLICABLE

EXHIBIT G TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

Independent Auditor's Report

To the Managing Members of
Sushi Freak Franchise Group, LLC

Opinion

We have audited the financial statements of Sushi Freak Franchise Group, LLC, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sushi Freak Franchise Group, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. *We are required to be independent of Sushi Freak Franchise Group, LLC and to meet our other ethical responsibilities*, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sushi Freak Franchise Group, LLC's ability to continue as a going concern for one year from the date that the financial statements are issued.

Auditor's Responsibilities/or the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, ***there is a substantial likelihood that***, individually or in the aggregate, they ***would*** influence the ***judgment made by a reasonable user based*** on ***the*** financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sushi Freak Franchise Group, LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sushi Freak Franchise Group, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

CDM Financials, LLC

CDM Financials, LLC
Fairburn, GA
March 21, 2022

SUSHI FREAK FRANCHISE GROUP, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2021

ASSETS

		2021		2020
Cash	$	348,435	$	181,784
Fixed Assets, net		27,451		32,363
TOTAL ASSETS	$	375,886	$	214,147

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES				
Revolving Credit	$	630	$	-
TOTAL LIABILITIES	$	630	$	-
EQUITY				
Capital Contributions	$	80,753	$	81,297
Retained Earnings		294,503		132,850
TOTAL MEMBERS' EQUITY	$	375,256	$	214,147
TOTAL LIABILITIES AND MEMBERS' EQUITY	$	375,886	$	214,147

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

SUSHI FREAK FRANCHISE GROUP, LLC
INCOME STATEMENT
FOR THE PERIODS ENDED DECEMBER 31, 2021 and 2020

	2021	2020
Franchise Fees	$ 67,217	$ 152,311
Royalty Income	180,947	-
Other Income	16,451	38,321
TOTAL REVENUE	264,615	190,632
EXPENSE		
Franchise Expenses	$ 35,125	$ 46,215
Management Fees	-	-
Office Expense	4,584	25,658
Travel	31,883	5,301
Insurance	-	10,808
Uniforms	-	3,445
Depreciation Expense	4,912	4,912
Repairs and Maintenance	-	960
Postage and Delivery	1,304	-
Contract Labor	2,000	-
Contributions	-	9,450
Professional Fees	12,507	4,347
Advertising	10,647	2,478
Tax and License	-	2,412
TOTAL EXPENSES	102,962	115,986
NET INCOME	$ 161,653	$ 74,646

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

SUSHI FREAK FRANCHISE GROUP, LLC
STATEMENT OF MEMBERS' EQUITY
FOR THE PERIODS ENDED DECEMBER 31, 2021 and 2020

Beginning Balance December 31, 2020	$ 214,147
Current Year Net Income	161,653
Distributions	(544)
Ending Balance December 31, 2021	$ 375,256

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

SUSHI FREAK FRANCHISE GROUP, LLC
STATEMENT OF CASH FLOWS
AS OF DECEMBER 31, 2021 and 2020

	2021		2020	
OPERATING ACTIVITIES				
Net Income / (Loss)	$	161,653	$	74,646
Depreciation Expense		4,912		4,912
Change in Current Liabilities		630		
Net Cash Provided by Operating Activities	$	167,195	$	79,558
INVESTING ACTIVITIES				
Change in Fixed Assets			$	-
Net Cash Used for Investing Activities	$	-	$	-
FINANCING ACTIVITIES				
Contributions/ (Distributions)	$	(544)	$	8,919
Net Cash From (Used for) Financing Activities	$	(544)	$	8,919
Net Change in Cash	$	166,651	$	88,477
Cash at Beginning of Period		181,784		93,307
Cash at End of Period	$	348,435	$	181,784

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

SUSHI FREAK FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDING DECEMBER 31, 2021 and 2020

Note 1 - Nature of Business

Sushi Freak Franchise Group, LLC was established in 2011 as a Limited Liability Company in the State of California. The Company was organized for the purpose of franchising a restaurant concept that sells fast-casual sushi under the name Sushi Freak.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting
The financial statements for Sushi Freak Franchise Group, LLC were prepared using the accrual basis of accounting. Under this method income is recorded when earned and expenses are recorded when incurred.

Reporting Period
For tax and reporting purposes, Sushi Freak Franchise Group, LLC operates on a calendar year consisting of a full twelve months beginning with January 1 and ending December 31.

Cash and Cash Equivalents
The Company considers cash on hand, cash in banks and other short-term securities with maturities of three months or less when purchased as cash and cash equivalents. There were no cash equivalents at December 31, 2021 or 2020.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 – Revenue Recognition
The Company adopted ASU 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, "ASU 606") which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. In adopting ASC 606 the full retrospective method was used to determine revenue under the current standard. Completion of the implementation analysis resulted in no adjustment to the beginning accumulated deficit balance.

Initial franchise fees are used to secure the franchisees designated territory and cover the necessary training and orientation. Franchise sales are only recognized when the Company satisfies all its performance obligations to its franchisees. Accordingly, for the year ending December 31, 2021 and for the periods prior to adoption of ASC 606, the company had no unearned income to report.

Note 4 - Advertising Expense

Sushi Freak Franchise Group, LLC accounts for advertising expense in accordance with SOP 93-7 'Reporting of Advertising Cost'. Accordingly, advertising that does not provide a future benefit should be expensed as incurred. Advertising expense for December 31, 2021 and 2020 was $10,647 and $2,478 respectively.

Note 5 – Fixed Assets

Fixed assets are carried at cost less accumulated depreciation. Fixed assets at December 31, 2018 consisted of the following:

Furniture and Equipment	$27,013
Building and Improvements	40,000
Total Fixed Assets	67,013
Less Accumulated Depreciation	(39,562)
Fixed Assets, net	$27,451

Assets are depreciated using the straight-line method over the estimated useful life of the assets. Expenditures that materially extend the life of the asset are capitalized; normal repairs and maintenance are charged to expense. Depreciation expense for December 31, 2021 and 2020 was $4,912 and $4,912 respectively.

Note 6 - Provision for Income Taxes

Sushi Freak Franchise Group, LLC has elected to be taxed as a partnership under the Internal Revenue Service code. Under this provision, all income is passed through to its members who are liable for paying income tax on the related income. Thus, no income tax provisions have been made at the partnership level.

Note 7 – Subsequent Events

The Company has evaluated subsequent events through the date which the financial statements were available to be issued. There are no subsequent events to report.

CDM Financials, LLC
Certified Public Accountants, Business Advisors

AUDITOR'S CONSENT

CDM Financials, LLC consents to the use in the Franchise Disclosure Document issued by Sushi Freak Franchise Group, LLC ("Franchisor") on April 15, 2022, as it may be amended, of our report dated March 21, 2022 relating to the financial statements of Franchisor for the period ending December 31, 2021 and 2020.

Sincerely,

CDM Financials, LLC

CDM Financials, LLC
Fairburn, GA
March 21, 2022

CDM Financials, LLC
Certified Public Accountants, Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the Managing Members of
Sushi Freak Franchise Group, LLC

I have audited the accompanying financial statements of Sushi Freak Franchise Group, LLC, which comprise the balance sheet as of December 31, 2020 and 2019, and the related statements of operations, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

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

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

Opinion
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sushi Freak Franchise Group, LLC as of December 31, 2020 and 2019 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Charlene D. Moultrie

Charlene D. Moultrie, CPA
Fairburn, GA
April 19, 2021

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

SUSHI FREAK FRANCHISE GROUP, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2020

ASSETS

	2020	2019
Cash	$ 181,784	$ 93,307
Fixed Assets, net	32,363	37,275
TOTAL ASSETS	$ 214,147	$ 130,582

MEMBERS' EQUITY

Capital Contributions	$ 81,297	$ 72,378
Retained Earnings	132,850	58,204
TOTAL MEMBERS' EQUITY	$ 214,147	$ 130,582

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

SUSHI FREAK FRANCHISE GROUP, LLC
INCOME STATEMENT
FOR THE PERIODS ENDED DECEMBER 31, 2020 and 2019

	2020	2019
Franchise Fees	$ 152,311	$ 217,812
Other Income	38,321	-
TOTAL REVENUE	190,632	217,812
EXPENSE		
Franchise Expenses	$ 46,215	$ 28,133
Management Fees	-	25,802
Office Expense	30,570	11,576
Travel	5,301	5,590
Insurance	10,808	-
Uniforms	3,445	5,325
Depreciation Expense	-	4,912
Repairs and Maintenance	960	4,846
Training	-	2,300
Contributions	9,450	-
Professional Fees	4,347	2,125
Advertising	2,478	1,516
Tax and License	2,412	38
TOTAL EXPENSES	115,986	92,163
NET INCOME	$ 74,646	$ 125,649

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

SUSHI FREAK FRANCHISE GROUP, LLC
STATEMENT OF MEMBERS' EQUITY
FOR THE PERIODS ENDED DECEMBER 31, 2020 and 2019

Beginning Balance December 31, 2019	$130,582
Current Year Net Income	74,646
Contribution	8,919
Ending Balance December 31, 2020	$214,147

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

SUSHI FREAK FRANCHISE GROUP, LLC
STATEMENT OF CASH FLOWS
AS OF DECEMBER 31, 2020 and 2019

	2020		2019	
OPERATING ACTIVITIES				
Net Income / (Loss)	$	74,646	$	125,649
Depreciation Expense		4,912		4,912
Net Cash Provided by Operating Activities	$	79,558	$	130,561
INVESTING ACTIVITIES				
	$	-	$	-
Net Cash Used for Investing Activities	$	-	$	-
FINANCING ACTIVITIES				
Contributions/ (Distributions)	$	8,919	$	(48,432)
Net Cash From (Used for) Financing Activities	$	8,919	$	(48,432)
Net Change in Cash	$	88,477	$	82,129
Cash at Beginning of Period		93,307		11,178
Cash at End of Period	$	181,784	$	93,307

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

SUSHI FREAK FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDING DECEMBER 31, 2020 and 2019

Note 1 - Nature of Business

Sushi Freak Franchise Group, LLC was established in 2011 as a Limited Liability Company in the State of California. The Company was organized for the purpose of franchising a restaurant concept that sells fast-casual sushi under the name Sushi Freak.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting
The financial statements for Sushi Freak Franchise Group, LLC were prepared using the accrual basis of accounting. Under this method income is recorded when earned and expenses are recorded when incurred.

Reporting Period
For tax and reporting purposes, Sushi Freak Franchise Group, LLC operates on a calendar year consisting of a full twelve months beginning with January 1 and ending December 31.

Cash and Cash Equivalents
The Company considers cash on hand, cash in banks and other short-term securities with maturities of three months or less when purchased as cash and cash equivalents. There were no cash equivalents at December 31, 2020 or 2019.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 – Revenue Recognition
The Company adopted ASU 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, "ASU 606") which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The Company's services that fall within the scope of ASC 606 are presented within Franchise Fee Income. Accordingly, Franchise Fee Income is recognized when the Company satisfies all its performance obligations to the customer.

Note 4 - Advertising Expense

Sushi Freak Franchise Group, LLC accounts for advertising expense in accordance with SOP 93-7 'Reporting of Advertising Cost'. Accordingly, advertising that does not provide a future benefit should be expensed as incurred. Advertising expense for December 31, 2020 and 2019 was $2,478 and $1,516 respectively.

Note 5 – Fixed Assets

Fixed assets are carried at cost less accumulated depreciation. Fixed assets at December 31, 2018 consisted of the following:

Furniture and Equipment	$27,013
Building and Improvements	40,000
Total Fixed Assets	67,013
Less Accumulated Depreciation	(34,650)
Fixed Assets, net	$32,363

Assets are depreciated using the straight-line method over the estimated useful life of the assets. Expenditures that materially extend the life of the asset are capitalized; normal repairs and maintenance are charged to expense. Depreciation expense for December 31, 2020 and 2019 was $4,912 and $4,912 respectively.

Note 6 - Provision for Income Taxes

Sushi Freak Franchise Group, LLC has elected to be taxed as a partnership under the Internal Revenue Service code. Under this provision, all income is passed through to its members who are liable for paying income tax on the related income. Thus, no income tax provisions have been made at the partnership level.

Note 7 – Subsequent Events

The Company has evaluated subsequent events through the date which the financial statements were available to be issued. There are no subsequent events to report.

CDM Financials, LLC
Certified Public Accountants, Business Advisors

AUDITOR'S CONSENT

CDM Financials, LLC consents to the use in the Franchise Disclosure Document issued by Sushi Freak Franchise Group, LLC ("Franchisor") on April 30, 2021, as it may be amended, of our report dated April 19, 2021 relating to the financial statements of Franchisor for the period ending December 31, 2020 and 2019.

Sincerely,

Charlene D. Moultrie

Charlene D. Moultrie, CPA

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

EXHIBIT H TO THE DISCLOSURE DOCUMENT

SAMPLE COPY OF GENERAL RELEASE

THIS AGREEMENT ("Agreement") is made and entered into this _____ day of_____________, 20 by and between Sushi Freak Franchise Group LLC, a California limited liability company having its principal place of business located at 5175 Linda Vista Road, Suite 105, San Diego, California 92110 (the "Franchisor"), and_____________________________, a_____________with an address at _______________________________(hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Release by Releasor**:

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

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

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

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

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

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

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

RELEASOR

[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

FRANCHISOR
SUSHI FREAK FRANCHISE GROUP LLC

By:____________________________

Name: Jenifer Duarte

Title: COO

EXHIBIT I TO THE DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, Sushi Freak Franchise Group LLC (the "Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a Sushi Freak Restaurant (the "Restaurant"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor ("Broker") that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Restaurant from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Restaurant from an existing Franchisee?

Yes______ No _____

2. I had my first face-to-face meeting with a Franchisor representative on ________________, 20___.

3. Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes______ No _____

4. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes______ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

5. Have you received and personally reviewed the Franchisor's Disclosure Document ("Disclosure Document") that was provided to you?

Yes______ No _____

6. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes______ No _____

7. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes______ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

8. Have you discussed the benefits and risks of establishing and operating a Restaurant with an attorney, accountant, or other professional advisor?

Yes______ No _____

If No, do you wish to have more time to do so?

Yes______ No _____

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

Yes______ No _____

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Restaurant operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes______ No _____

11. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Restaurant that is contrary to or different from the information contained in the Disclosure Document?

Yes______ No _____

12. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Restaurant will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes______ No _____

13. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Restaurant that is contrary to or different from the information contained in the Disclosure Document?

Yes______ No _____

14. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Restaurant?

Yes______ No _____

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

Yes______ No _____

16. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes______ No _____

17. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes______ No _____

18. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? ____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank.

I signed the Franchise Agreement and Addendum (if any) on_____________________, 20 , and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None".

C. You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti- terrorism measures (the "Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

(i) a person or entity listed in the Annex to the Executive Order;

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

(iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged this______day of__________________, 20____.

FRANCHISEE:

Signature

____
Print Name

Signature

Print Name

RECEIPT
(RETURN THIS COPY TO US)

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Sushi Freak Franchise Group LLC offers you a franchise, the company must provide this disclosure document 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

In the State of New York, New York law requires a Franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 10 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Sushi Freak Franchise Group 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 Commissioner, Washington. D.C. 20580 and the state agency listed on Exhibit A.

Date of Issuance: April 15, 2022

See Exhibit A for our registered agents authorized to receive service of process. The franchise seller for this offering is Michael Broder, CEO, Sushi Freak Franchise Group LLC, 5175 Linda Vista Road, Suite 105, San Diego, CA 92110 and Phone (619) 808-3838.

I have received a disclosure document dated April 15, 2022 that included the following Exhibits:

A.	State Administrators/Agents for Service of Process	F	Former Franchisees
B.	Multi-State Addendum	G.	Financial Statements
C.	Franchise Agreement	H.	Sample Copy of General Release
D.	Table of Contents of Confidential Operating Manual	I.	Franchisee Disclosure Acknowledgment Statement
E.	List of Franchisees		Receipt

PROSPECTIVE FRANCHISEE

Dated: ____________________

____
(Print Name)

By: ___________________________

PROSPECTIVE FRANCHISEE

Dated: ____________________

____
(Print Name)

By: __________________________

You may return the signed receipt by signing, dating and mailing it to Sushi Freak Franchise Group LLC at 5175 Linda Vista Drive, Suite 105, San Diego, CA 92110

RECEIPT
(KEEP THIS COPY FOR YOUR RECORDS)

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E.	List of Franchisees		Receipt

PROSPECTIVE FRANCHISEE

Dated: ____________________

____
(Print Name)

By: __________________________

PROSPECTIVE FRANCHISEE

Dated: ____________________

____
(Print Name)

By: __________________________

You may return the signed receipt by signing, dating and mailing it to Sushi Freak Franchise Group LLC at 5175 Linda Vista Drive, Suite 105, San Diego, CA 92110