FRANCHISE DISCLOSURE DOCUMENT

WAHOO'S FISH TACO, LLC
(A California limited liability company)
1185 Warner Avenue
Tustin, California 92780
(949) 222-0670
www.wahoos.com

mywahoos@wahoos.com

freshly made. pacific inspired.

The franchise is for on-premises dining and carry-out foods featuring freshly-cooked fish tacos, a variety of additional tacos and burritos, charbroiled fish and chicken, steak and pork sandwiches, salads, ahi rice, black and cajun white beans, appetizers, desserts and related food and beverage items, and beer and wine (where available). We offer 2 franchise programs:

Single Restaurant Program. The total investment necessary to begin operation of a single Wahoo's Fish Taco restaurant ranges from $546,500 to $792,500. This includes $40,000 that must be paid to the franchisor or affiliate.

Area Development Program. Under the Area Development Program, we will assign a defined area within which you must develop a certain number of Wahoo's Fish Taco restaurants within a specified period of time. The total investment necessary to begin operations of 2 -3 Wahoo's Fish Taco restaurants ranges from $576,500 to $852,500. This includes $70,000 to $100,000 that must be paid to the franchisor or affiliate.

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

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

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

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

This Disclosure Document is issued February 21, 2023.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C 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 Wahoos' Fish Taco 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 Wahoo's Fish Taco franchisee?	Item 20 or Exhibit H 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. **Outside of State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by mediation/arbitration only in California. Out-of-state mediation/arbitration may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate/arbitrate with us in California than in your own state.

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

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TABLE OF EXHIBITS

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

Company

WAHOO'S FISH TACO, LLC, the franchisor of this business, is referred to as "Company," "Franchisor," "we," "us" or "our" in this Disclosure Document. "You" means the person who buys the franchise whether you are a person or a sole proprietorship, corporation, partnership, limited liability company or other entity. "Related Entities" means Company's parent, subsidiaries or affiliates. The paragraph references used throughout this Disclosure Document refer to the applicable paragraphs contained in the Franchise Agreement, unless otherwise noted. The principal business address of Company and Company’s Related Entities is 1185 Warner Avenue, Tustin, California 92780

Company's affiliate, Lamkone Restaurants, Inc. ("Lamkone"), is a California corporation incorporated on February 9, 1990. Lamkone is located at 1185 Warner Avenue, Tustin, California 92780. Company and Lamkone share common owners. Lamkone may supply trademarks, servicemarks, designs, patents, copyrights, proprietary, confidential and trade secret information, software, products and/or services necessary for operation of the Franchised Restaurant. In addition, Lamkone and has operated restaurants similar to the Franchised Restaurant for the entire period of its existence.

Predecessors

Company has no predecessors.

Conduct of Business

Company will do business under the name "WAHOO'S FISH TACO" with the franchises offered by this Disclosure Document.

Agent For Service of Process

Company's registered agents for service of process are disclosed in Exhibit "A".

The Company

Company was formed in the State of California as a California limited liability company on March 30, 1998.

Prior Business Experience of the Company and its Affiliates

Currently, Lamkone operates 24 outlets similar to the Franchised Restaurant. Lamkone additionally owns a majority interest in 3 franchised restaurants in California. We also have a franchised restaurant that operates under a Sponsorship Agreement with Lamkone. Each restaurant operates under the Mark, "WAHOO'S FISH TACO." Lamkone has never offered franchises. There is one restaurant operating under a license agreement. Additional information concerning the license agreement and the address of the licensee-owned unit is included in Item 13.

Neither Company nor Lamkone has offered franchises in other lines of business.

Company's Business Activities

Company does not currently operate any businesses similar to the Franchised Business. Company's business activities include: (i) granting franchises for the development and operation of family restaurants which serve freshly-cooked fish and other tacos, a variety of burritos, charbroiled fish and chicken, steak and pork sandwiches, salads, ahi rice, black and cajun white beans, appetizers, desserts and related food and beverage items, beer and wine (where available), all prepared with specified recipes and/or procedures ("Menu Items"), and offering seating for on-premises consumption and carry-out services ("Franchised Restaurants"); (ii) continued development of a proprietary line of seasonings, spices and other food products ("Trade Secret Food Products"); (iii) continued development of certain private label hats, t-shirts, caps, coffee mugs, and other novelty items bearing the Marks (as defined below) ("Trademarked Products") which may be introduced into the System (as defined below); and (iv) certain presentation, packaging and marketing standards and techniques for all Menu Items, Trade Secret Food Products and Trademarked Products.

Company offers a franchise for a single Franchised Restaurant. Company provides the start-up and ongoing operational assistance to you described in Item 11 of this Disclosure Document. Company also offers an option to develop and operate multiple Franchised Restaurants under an Area Development Agreement, Exhibit "E." If you sign an Area Development Agreement, you will receive a Designated Territory ("Designated Territory") in which you will establish individual franchises under separate Franchise Agreements according to a specific "Development Schedule."

Each Franchised Restaurant operates under a unique system developed by Company and its Related Entities ("System"). The distinguishing characteristics of the System include distinctive exterior and interior layout, design and color scheme; exclusively designed signage, decorations, furnishings and materials; special recipes, formulae, menus and food and beverage designations; Company's Confidential Operations Manual and General Manager Procedural Handbook (collectively, the "Manuals"); the Trade Secret Food Products; the Trademarked Products; the specially designed proprietary software package ("Software") (defined in Item 8); food and beverage storage, preparation and service procedures and techniques; operating procedures for sanitation and maintenance; and methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales promotion and advertising. Company may change the System periodically.

The Franchised Restaurant will operate under the service marks "WAHOO'S FISH TACO", "WAHOO'S FISH TACO, plus the design", associated logos, commercial symbols and other trade names, service marks and trademarks as are now or later made part of the System ("Marks").

The Franchised Restaurant targets the general public. The Franchised Restaurant will compete with other local restaurants, local, regional and national chains of restaurants and other food service businesses. Company believes the market for casual, quick-service, theme restaurants offering high-quality menu items continues to develop.

States and local jurisdictions have laws, rules, regulations and ordinances which may apply to the operation of your Restaurant, including those which (i) establish general standards, specifications and requirements for the construction, design and maintenance of the restaurant premises; (ii) regulate matters affecting the health, safety and welfare of your customers, as general health and sanitation requirements for restaurants; employee practices concerning the storage, handling, cooking and preparation of food; restrictions on smoking; availability of and requirements for public accommodations, including restrooms; (iii) set standards for employee health and safety; (iv) set standards and requirements for fire safety and general emergency preparedness; (v) control the sale of alcoholic beverages; and (vi) regulate the proper use, storage and disposal of waste, insecticides, and other hazardous materials. The Health Care Reform Bills that became law in March 2010 additionally contain provisions that require disclosure of nutrition and calorie information in chains of more than 20 restaurants. We advise you to investigate what regulations and requirements may apply in the area in which you are interested in locating your franchise and to consider their effect and cost of compliance.

Company's Franchised Restaurant generally competes in the Fast Casual Restaurant Segment. National competitors include Rubios, Baja Fresh, Qdoba, Chipotle, La Salsa and Tacos Del Mar. Several regional competitors have also entered the segment. Being first to market in a geographic area is difficult given the financial power of national competitors and the limited real estate available for restaurants similar to the Franchised Restaurant. Company generally competes by communicating the uniqueness of the Franchised Restaurants beyond the menu offerings.

ITEM 2:
BUSINESS EXPERIENCE

Vice President of Marketing: Mr. Wing Lam

Mr. Lam has been Company's Vice President of Marketing since its inception. In addition, Mr. Lam has been Lamkone's Director of Marketing since 1988.

President: Mr. Renato Lee

Mr. Lee has been Company's President since its inception. In addition, Mr. Lee has been the President of Lamkone since 1988.

Senior Operations Officer: Mr. Fabiano Fonseca

Mr. Fonseca has been the Company's Senior Operations Officer since 2019. Before that, from 2002 to 2019, he was employed by the Rainforest Café Brand restaurant chain, which is owned by Landry's Inc., located in Houston, Texas.

ITEM 3:
LITIGATION

Double Overtime, LLC, Jane Casey, Sean Casey, Laura Slajchert and Davis Slajchert v. Wahoo's Fish Taco, LLC, Renato Lee and Tom Orbe (Case No. 01-14-0000-3205 JIG, American Arbitration Association) was filed on May 2, 2014. Double Overtime, LLC, one of our franchisees, filed a Demand for Arbitration for restitution and damages, alleging violations of the California Franchise Investment Law, negligent misrepresentation, unfair competition, breach of contract, and breach of implied covenant of good faith and fair dealing, in our sale of the franchise. On May 23, 2014, we filed a response to the claimants' Demand for Arbitration, denying each of the claimants' allegations. On December 31, 2014, the parties entered into a Settlement Agreement, pursuant to which we terminated the Franchise Agreement.

Rebecca Castillo ("Plaintiff") v. Wahoo's Fish Taco, LLC (Case No. 21PSCV00903, Superior Court of California, County of Los Angeles) was filed on or about November 5, 2021. Plaintiff, an individual, alleged violations of California's Unruh Civil Rights Act, California Civil Code Section 51 *et.seq*., claiming that our website is not ADA compliant. We disputed the claims, but entered into a Settlement Agreement on April 22, 2022, paying the Plaintiff $10,172.00.

Theodore Smith ("Plaintiff") v. Wahoo's Fish Tacos, Lamkone Restaurants, Inc., Adam McLaughlin, Halie Lunato, Does I-V and Roe Corporations VI-X ("Defendants") (Case No. A-21-845023-C, District Court, Clark County, Nevada) was filed on December 6, 2021. Plaintiff filed a Complaint and Demand for Jury Trial alleging negligence, negligent hiring, supervision and retention and joint venturer liability as to Wahoo's Fish Tacos and Lamkone Restaurants, Inc., and intentional infliction of emotional distress and battery as to Adam McLaughlin and Halie Lunato, as a result of an altercation that occurred while Plaintiff was a patron of the Wahoo's Fish Taco restaurant located at 1000 South Rampart, Las Vegas, Nevada on December 21, 2019. A Second Amended Complaint was filed on April 12, 2022, removing Lamkone Restaurants, Inc. and substituting Wahoo's Fish Tacos, LLC in its place. We have not yet responded to the Second Amended Complaint. Pursuant to an extension of time granted by Plaintiff's counsel, the deadline for Wahoo's Fish Taco, LLC to file its Answer to Plaintiff's Second Amended Complaint is now July 8, 2022. The next hearing in this case is the Final Pretrial Conference which is set for July 20, 2023 before Judge Monica Trujillo . In addition, a jury trial has been set for July 31, 2023 before Judge Trujillo. The case is not yet at issue, and neither Defendant Adam McLaughlin nor Defendant Halie Lanuto have made an appearance in this action. It is currently unknown whether Mr. McLaughlin or Ms. Lanuto have retained counsel.

Other than the actions listed above, no litigation is required to be disclosed in this Item.

ITEM 4:
BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5:
INITIAL FEES

You must pay Company an initial franchise fee ("Franchise Fee") when you sign the Franchise Agreement of $40,000 for your first unit. If you later purchase additional franchises, we will reduce your initial fee to seventy-five percent (75%) of the then-current initial franchise fee.

If you are signing an Area Development Agreement, you must pay Company a Development Fee equal to $40,000 for the first unit and $30,000 for each additional Franchised Restaurant to be opened, $15,000 of which is payable upon signing the Area Development Agreement (the "Development Fee") and $15,000 of which is due when you sign the franchise agreement for each Franchised Restaurant. The Development Fee is not refundable under any circumstances, even if you later decide not to open additional units.

If no acceptable site is found and approved by the parties within 60 days from the date of signing of the Franchise Agreement, then, upon written notice from either party, the contract will be terminated and any funds received by Company will be returned to you minus costs not to exceed $9,000, if you have used your best efforts and good faith in locating a suitable site. When we return this amount to you, Company is fully and forever released from any claims pursuant to the Franchise Agreement and any right, title or interest you have in the Marks or the System is terminated.

If Company determines that you cannot satisfactorily complete any phase of the training program, Company may require you or a new approved designee to complete the training program or Company may terminate the Franchise Agreement and return the Franchise Fee, less Company expenses, not to exceed $15,000.

Except as described above, the Franchise Fee and Development Fee are uniform to all franchisees under this offering and are fully earned when paid and non-refundable under any circumstances.

ITEM 6:
OTHER FEES

Type of Fee	**Amount**	**Due Date**	**Remarks**
Royalty Fees	5% of Net Sales	Payable weekly	See Definition of Net Sales.[1]
Advertising Fund	Up to 1% of Net Sales	Payable at the same time and in the same manner as Royalty Fees	You must contribute if an Advertising and Development Fund is established. Contributions will be credited toward local advertising requirements.

Type of Fee	Amount	Due Date	Remarks
Local Advertising[2]	2% of Net Sales (less amounts paid to Advertising Fund or Cooperative Advertising)	Monthly	Paid directly by you to suppliers of advertising.
Cooperative Advertising	Proportional share to be determined, up to 1% of Net Sales	Monthly	These expenditures will be credited toward local advertising requirements. You pay as directed by Company.
Cost Related to Inaccurate or Missing Sales Reports	Cost of third-party service provider engaged to correct inaccurate reports or obtain missing reports	Upon demand	If you fail to submit any required reports or submit reports containing errors, you will be required to pay the expenses of obtaining/correcting such reports.
Audit	Cost of audit, not to exceed $2,000, plus interest on underpayment	30 days after billing	You pay only if audit shows that you understated Net Sales by at least 2%.
Software License Fee	To be determined, not to exceed $5,000 initially and $100 monthly	Monthly	You pay when and if Software is introduced into the System.
Refurbishing	Reasonable capital expenditures, not to exceed $25,000 per term	At the time of redecoration	You must update your Franchised Restaurant to the then-current image periodically and pay Approved Suppliers.
Maintenance	Actual expense and cost, not to exceed $25,000	Upon demand	Company may maintain the premises, vehicles, signs, decor or equipment if you do not begin and continue a good faith program to complete required maintenance within 30 days' notice from Company.
Operation of the Franchised Restaurant in Case of Your Default	$400 per day plus expenses	Weekly after time of service and at the same time as Royalty Fees	Company may operate your Franchised Restaurant if you fail to cure a default within 20 business days of receipt of written notice to cure.

Type of Fee	Amount	Due Date	Remarks
Late Fees	Highest applicable legal rate for open account business credit, not to exceed 1.5% per month or the highest amount allowed by law.	After due date	Applies to all Royalty Fees, advertising contributions and amounts due for purchases from Company or its affiliates.
Supplier/Supplies Approval	Reasonable cost of inspection and actual cost of test, not to exceed $2,000 for both inspection and testing	Time of inspection and testing	Applies to new suppliers or supplies you wish to purchase that Company has not approved.
Advisory Council	Council assessments, not to assessments, not to exceed $1,000 per year	When levied	Payable to Advisory Council, if developed.
Operation of the Franchised Restaurant in Case of Your Absence, Incapacity or Death	$400 per day plus expenses	Weekly after time of service and at the same time as Royalty Fees	Prevents harmful interruption or depreciation of the Franchised Restaurant in your absence, incapacitation or death.
Insurance Policies[3]	Amount of unpaid premium	Must have the policies within 90 days after signing the Franchise Agreement, but before you acquire an interest in the real property for your Franchised Restaurant	You pay only if you fail to maintain required coverage and Company obtains coverage for you.
Transfer Fee	Franchise Agreement: 50% of the then-current initial Franchise Fee for a start-up Franchised Restaurant charged by Company at transfer Area Development Agreement: 50% of the then-current initial Development Fee for a start-up Franchised Restaurant charged by Company at transfer	Upon your request to transfer your Franchise Agreement or Area Development Agreement	Not applicable to transfer of less than Control under specified conditions, as defined in Item 17 below.
Renewal Fee	$5,000	Upon exercise of renewal options	

Type of Fee	Amount	Due Date	Remarks
Additional Manager Training	$400 per day plus expenses	Time of service	Company provides approximately 5 weeks of initial training. You pay for additional training if you request it.
Additional Assistance	$400 per day plus expenses	Time of assistance	Company provides approximately four 160 hours of assistance around the beginning of operations at its cost. You pay for additional assistance.
Continuing Education	Tuition is no charge; however, you must pay your expenses and your employees' expenses for food, travel and lodging in attending these programs	Time of program	You do not have to attend more than one time per year and a program will not last more than 3 business days.
Relocation Fee -- Voluntary and Involuntary	Company's actual expenses not to exceed $3,000 plus any necessary travel and lodging expenses	Time of relocation	Company must approve your new location.
Cost of Enforcement or Defense	All costs including attorneys' fees	Upon settlement or conclusion of claim or action	You must reimburse Company for all costs in enforcing Company's obligations in the Franchise Agreement if Company prevails.
Indemnification	All costs including attorneys' fees	Upon settlement or conclusion of claim or action	You must defend suits at your own cost and hold Company harmless against damages resulting from your operation of the Franchised Restaurant.
Cash Register System (electronic point of sale)	Positouch (current model) $20,000-$25,000 total cost for three (3) machines	As arranged	The Positouch current model has been approved to record gross sales and transaction data. Your cash register system must also include a "non-resettable" gross sales recorder.

Type of Fee	Amount	Due Date	Remarks
Virtual Private Network (VPN) Software and Hardware	$1,000 - $2,000	As arranged	You must obtain software and hardware necessary for a secure VPN.
Royalty Software	$1,000 - $2,000	As arranged	You must obtain royalty software for the automated calculation of royalties.
Miscellaneous	Varies	Upon breach of the Franchise Agreement	You must personally guarantee and comply with all terms of and are liable for any breach of the Franchise Agreement.

All fees are uniformly imposed by and are payable to Company unless otherwise noted.

You will have the same fees for each Franchised Restaurant whether or not purchased under an Area Development Agreement. There are no additional fees under the Area Development Agreement, except as described in Item 5.

Interest owed begins from date of underpayment. The highest interest rate in California is 10%. You do not have to pay other fees to Company, or other fees to any third party. Fees paid to Company are non-refundable unless otherwise noted. Fees paid to third parties are refundable based on your agreements with the third parties.

[1]. Net Sales. The term "Net Sales" means the total of all revenues and income ("Total Revenues") from the sale of all Menu Items, Trade Secret Food Products, Trademarked Products, other food products, beverages and other related merchandise, products and services to your customers, even if they did not originate from the Franchised Restaurant and whether received in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received) or otherwise. Deducted from Total Revenues are all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, and are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. Deducted from Total Revenues are any documented refunds, chargeback's, credits and allowances given in good faith to customers by you. In determining Net Sales all barter and/or exchange transactions pursuant to which you furnish services and/or products in exchange for goods or services to be provided to you by a vendor, supplier or customer will be valued at the full retail value of the goods and/or services.

[2]. Local Advertising. You must spend each calendar month on local advertising and promotion at least 2% of your Franchise Restaurant Net Sales. Expenditures must be made directly by you, subject to approval and direction by Company or Company's designated advertising agency. Company reserves the right, in Company's sole discretion, to require you to contribute up to 100% of the required local advertising expenditures on cooperative advertising. Within thirty days of the end of each calendar month, you must furnish to Company, in a manner approved by Company, an accurate accounting of your expenditures on local advertising and promotion for the preceding calendar month. Company will give you guidelines for local advertising and you must have Company's prior approval for any deviation.

[3]. Insurance Policies. The following is the required coverage with their respective minimum limits of coverage:

a) Special Form with replacement cost coverage insurance on the Franchised Restaurant and all fixtures, equipment, supplies, products and other property used in the Franchised Restaurant (coverage may include flood and/or earthquake coverage) for full repair and replacement value without any co-insurance clause, except that an appropriate deductible clause will be permitted.

b) Workers' compensation and employer's liability insurance, and other insurance as required by statute or rule of the state or county in which the Franchised Restaurant is located.

c) Comprehensive general liability insurance including a per premises aggregate with the following coverages: broad form contractual liability, personal and advertising injury; products/completed operation; and liquor law liability (if applicable) insuring Company and you against all claims and liabilities, including attorneys' fees, based upon or arising out of actual or alleged bodily injuries or property damage resulting from, occurring in the course of conduct of the Franchised Restaurant's business including General Aggregate coverage in the following limits:

Coverage*	Minimum Limits of Coverage
General Aggregate	$2,000,000
Products/Completed Operations Aggregate	$1,000,000
Personal and Advertising Injury	$1,000,000
Each Occurrence	$1,000,000
Liquor Law Liability (if applicable)	$1,000,000
Fire Damage (any one fire)	$300,000
Medical Expense (any one person)	$5,000

*Company may modify the amounts to reflect inflation or future experience with claims.

d) Business interruption insurance for actual losses sustained.

e) Automobile liability insurance, including owned, hired and non-owned vehicle coverage, with a combined single limit of at least $1,000,000.

f) Umbrella coverage with a $1,000,000.00 limit per occurrence.

g) Insurance and types of coverage as required by the lease terms for the Franchised Restaurant, or as Company may require.

h) A Food borne illness policy that covers risks not covered under your standard business insurance.

The insurance policies described above are minimum insurance requirements and you may purchase and maintain additional insurance policies or insurance policies with greater coverage limits. You must provide us with a current certificate of insurance, proof of endorsements and other evidence of compliance with these requirements at all times.

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ITEM 7:
ESTIMATED INITIAL INVESTMENT

You may incur the following estimated initial expenditures in the establishment of a Franchised Restaurant. Factors regarding each expenditure category are described in the notes following the chart.

YOUR ESTIMATED INITIAL INVESTMENT

SINGLE FRANCHISED RESTAURANT

Type of Expenditures	**Your Actual or Estimated Amounts**	**Method of Payment**	**When Due**	**To Whom Payment Is Made**
Initial Franchise Fee[1]	$40,000	Cashier's Check	Upon Signing Franchise Agreement	Company
Real Estate/Rent[2]	$12,500 - $21,000	As Arranged	As Arranged	Landlord
Utility Security Deposits[3]	$0 - $5,000	As Arranged	As Arranged	Utility Companies
Architectural and Design Service[4]	$17,500 - $35,000	As Arranged	As Arranged	Architects
Leasehold Improvements[5]	$200,000 - $260,000	As Arranged	As Arranged	Landlord, Approved Suppliers
Furniture, Fixtures & Equipment[6]	$160,000 - $190,000	As Arranged	As Arranged	Company, Approved Suppliers
Initial Inventory[7]	$5,000 - $10,000	As Arranged	As Arranged	Company, Approved Suppliers
Insurance[8]	$10,000 - $55,000	As Arranged	As Arranged	Company Approved Suppliers
Training[9]	$20,000 - $35,000	As Incurred	As Incurred	Company, Transportation Lines, Hotels and Restaurants
Grand Opening Advertising	$6,000 - $10,000	As Arranged	First Month of Operation	Company, Approved Suppliers
Signage[10]	$10,000 - $15,000	Lump Sum	As Arranged	Approved Suppliers

Type of Expenditures	Your Actual or Estimated Amounts	Method of Payment	When Due	To Whom Payment Is Made
Office Equipment/ Supplies[11]	$3,000 - $6,500	As Arranged	As Arranged	Approved Suppliers or, if none, You Determine
Licenses/Permits[12]	$2,500 - $10,000	Lump Sum	As Arranged	Licensing Authorities
Working Capital[13]	$60,000 - $100,000	As Arranged	As Required	You Determine
TOTAL[14]	$546,500 - $792,500			

AREA DEVELOPMENT PROGRAM (2-3 FRANCHISED RESTAURANTS)

Type of Expenditures	Your Actual or Estimated Amounts	Method of Payment	When Due	To Whom Payment Is Made
Development Fee[1]	$70,000 - $100,000	Cashier's Check	Upon Signing Franchise Agreement	Company
Real Estate/Rent[2]	$12,500 - $21,000	As Arranged	As Arranged	Landlord
Utility Security Deposits[3]	$0 - $5,000	As Arranged	As Arranged	Utility Companies
Architectural and Design Service[4]	$17,500 - $35,000	As Arranged	As Arranged	Architects
Leasehold Improvements[5]	$200,000 - $260,000	As Arranged	As Arranged	Landlord, Approved Suppliers
Furniture, Fixtures & Equipment[6]	$160,000 - $190,000	As Arranged	As Arranged	Company, Approved Suppliers

Type of Expenditures	Your Actual or Estimated Amounts	Method of Payment	When Due	To Whom Payment Is Made
Initial Inventory[7]	$5,000 - $10,000	As Arranged	As Arranged	Company, Approved Suppliers
Insurance8	$10,000 - $55,000	As Arranged	As Arranged	Company Approved Suppliers
Training[9]	$20,000 - $35,000	As Incurred	As Incurred	Company, Transportation Lines, Hotels and Restaurants
Grand Opening Advertising	$6,000 - $10,000	As Arranged	First Month of Operation	Company, Approved Suppliers
Signage[10]	$10,000 - $15,000	Lump Sum	As Arranged	Approved Suppliers
Office Equipment/ Supplies[11]	$3,000 - $6,500	As Arranged	As Arranged	Approved Suppliers or, if none, You Determine
Licenses/Permits[12]	$2,500 - $10,000	Lump Sum	As Arranged	Licensing Authorities
Working Capital[13]	$60,000 - $100,000	As Arranged	As Required	You Determine
TOTAL[14]	$576,500 - $852,500			

All fees are uniformly imposed by and are payable to Company unless otherwise noted.

1 Development Fee. The Development Fee for your first Franchised Restaurant is $40,000 (see Item 5 of this Disclosure Document). The Development Fee for your second and all subsequent restaurants under an Area Development Agreement is $30,000. You must pay half of the Development Fee ($15,000) for each Franchised Restaurant you agree to develop upon signing the Development Agreement. The remainder of the Development Fee is due when you sign the franchise agreement for each Franchised Restaurant.

2 Real Estate. You must rent premises suitable for your Franchised Restaurant. The higher figure represents a start-up franchise and a lease rate of $3.50 per month per square foot for 3,000 square feet. The estimate includes

payment of one month's rent as a security deposit. The low-end represents a lease rate of $2.50 per month per square foot for a 2,500 square foot space.

[3] Utility Security Deposits. You may have to pay deposits before the installation or start of service of telephone, gas, electric and other utilities. The high-end includes a $4,500 sewer hook-up/grease trap change plus $500 for gas, phone, electricity, water and garbage. The low-end assumes the services are existing.

[4] Architectural and Design Space. This represents the costs for an architect to properly design the leased property in creating Company motif.

[5] Leasehold Improvements. The cost of construction and leasehold improvements depends upon the size and condition of the premises, the required leasehold improvements, the local cost of contract work and the location of the Franchised Restaurant. Costs may be less if the landlord provides a construction allowance to you. The low-end of the range assumes a 2,400 square foot space at a cost of $80 per square foot. The high-end represents a 3,000 square foot facility at $80 per square foot.

[6] Furniture, Fixtures & Equipment. The estimate includes the costs of merchandise and memorabilia for decoration of your Franchised Restaurant, including a mandatory décor package at a cost of $3,200.

[7] Initial Inventory. The estimate represents approximately two weeks supply of consumables.

[8] Insurance. You must obtain insurance coverage with the required limits as described in Item 6 of this Disclosure Document. The lower estimate represents a 25% down payment on an annual premium for general liability, workers' compensation and business interruption insurance. The upper figure represents the approximate annual premium. The amounts described in Item 6 of this Disclosure Document have changed from that of prior years to reflect increases in the costs of workers' compensation insurance.

[9] Training. If the Franchised Facility contains a full-service bar, you must complete additional bar training for which Company charges $5,000.00. You must arrange transportation and pay for meals and lodging for any persons attending the training program. The amount will depend on the distance you must travel and the type of accommodations you choose. You must travel to Company's headquarters or other location that Company designates for approximately five weeks.

[10] Signage. The range approximates the expense for all signage on the franchised locations. The cost of signage may vary depending on the type, size and location of the signs, subject to local restrictions.

[11] Office Equipment and Supplies. You must acquire office equipment and supplies for the Franchised Restaurant as specified in the Manual. The low and the high estimates represent a straight purchase of all supplies and equipment.

[12] Licenses/Permits. Represents estimated costs of permits to sell alcoholic beverages.

[13] Working Capital. Working capital amounts are the strongly recommended minimum levels to cover operating expenses, including employee's salaries for a three-month period. You may need additional working capital if sales are low or fixed costs are high. We have relied on the experience of Lamkone in developing these estimates. You should review these estimates carefully with a business advisor before making any decision to purchase the Franchised Restaurant.

[14] Totals.. You should review these figures carefully with a business advisor before making any decision to purchase the Franchised Restaurant. These Item 7 charts are intended strictly as an estimate of your initial start-up expenses.

ITEM 8:
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Supplies and Suppliers

Company will give you a list of approved manufacturers, suppliers and distributors authorized for the Franchised Restaurant ("Approved Suppliers List"). A list of approved inventory, products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the Franchised Restaurant ("Approved Supplies List") is set forth in our Manuals. Company may modify the Approved Suppliers List and Approved Supplies List from time to time.

We will provide you with a list of items that you must purchase or lease to operate the Franchised Restaurant in our Manuals. Size and quantity requirements may be subject to change based on the individual Site/Kitchen Plan for the Franchised Restaurant.

If you would like to sell or use any product, material or supply not on the Approved Supplies List or purchase any products from a supplier not on the Approved Supplier List, you must notify Company and must submit samples and other information so that Company can determine if this product or supplier meets Company's standards. You may be charged for the costs of Company's inspection and testing not to exceed $2,000.

All items used in the Franchised Restaurant, whether listed on the Approved Supplies List or not, must conform to Company's established standards and specifications.

You must maintain an inventory of ingredients, food and beverage products and other products, materials and supplies that will permit operation of the Franchised Restaurant at maximum capacity.

Company applies the following general criteria in approving a proposed supplier:

1. Ability to purchase in bulk;

2. Quality of services and supplies;

3. Production and delivery capability;

4. Proximity to the Franchised Restaurant to ensure timely deliveries of product; and

5. Dependability of the supplier.

Company will revoke a supplier's approval if it no longer meets these general criteria. Company will notify you of Company's approval or disapproval of a proposed supplier within thirty (30) business days of receipt of all pertinent information.

Company's specifications and standards for purchasing are in the Manuals, as modified periodically.

Certain suppliers may pay Company because of transactions with you, although there are no such arrangements at the present. If Company qualifies for these payments, 100% of the payment (net of costs) will be contributed to the corporate marketing fund.

Company or Related Entities may negotiate group rates for purchases of products and materials with suppliers in its discretion. There are no purchasing or distribution cooperatives at this time.

None of Company’s officers owns an interest in any supplier.

Software

Company may develop and design custom Software or acquire the right to use Software for tracking patrons, accounting, inventory control and related activities. When Company implements the Software into the System (if ever), you must meet all Software specifications and standards in the Manuals. Any software manuals are considered part of the Manuals. The Software is proprietary to Company and the confidential information of Company. Company may not be able to practically alter the Software and System to accommodate you; therefore, you must only utilize the Software as prescribed by Company. Company or its designee may provide ongoing Software service and support to you and will license the Software to you at the then-current fees in the Manuals.

Trade Secret Food Products

Company has acquired the rights to Trade Secret Food Products including sauces, spices and other food products. In addition, Company will continue to develop and own proprietary recipes. To protect its trade secrets and to monitor the manufacture, packaging, processing and sale of Trade Secret Food Products, Company has disclosed the formulae for and methods of preparation of the Trade Secret Food Products to a limited number of suppliers who are authorized to manufacture Trade Secret Food Products to Company's precise specifications and sell Trade Secret Food Products to you. You must purchase and use Trade Secret Food Products exclusively from authorized suppliers.

Trademarked Products

Company or Related Entities have developed proprietary or private-labeled Trademarked Products including hats, caps, t-shirts, coffee mugs and other logo novelty items containing the Marks. To protect its trade secrets and to monitor the manufacture, packaging, processing and sale of these Trademarked Products, Company or its affiliates will (i) manufacture, supply and sell the Trademarked Products to you, or (ii) disclose the designs or specifications of the Trademarked Products to a limited number of suppliers who will be authorized by Company or its Related Entities to manufacture the Trademarked Products to Company's precise specifications and sell the Trademarked Products to you. Any Trademarked Products you choose to purchase must be purchased exclusively from Company or a limited number of authorized suppliers.

We estimate that approximately 0-5% of your expenditures for leases and purchases in establishing your Franchised Restaurant and approximately 0 - 20% on an ongoing basis will be for goods and services with sourcing restrictions (that is, for which suppliers must be approved by Company, or which must meet Company's standards or specifications.)

Company does not provide or withhold material benefits to you (such as renewal rights or the right to open additional businesses) based on whether or not you purchase through the source Company designates or approves. However, purchases of unapproved products or from unapproved suppliers in violation of the Franchise Agreement will entitle Company to terminate your Franchise Agreement and seek damages against you.

We may receive rebates based on our franchisee’s purchases of required products or services from certain approved suppliers. If and when the Company qualifies for any discounts or rebates in the future, 50% of the revenue is contributed to system-wide advertising costs. Company retains the remaining 50% to offset costs for securing these deals. During the fiscal year ended December 31, 2022, Company received no rebates or revenue from the sale of required products and services.

Except as provided above, Company does not derive revenue from your purchases from approved or designated suppliers.

Area Development Agreement

Company has no required specifications or designated suppliers for goods, services or real estate under the Area Development Agreement. Company will not derive revenue from purchases or leases under the Area Development Agreement.

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 the Disclosure Document.

	Obligation	**Paragraph in the Franchise Agreement**	**Paragraph in the Area Development Agreement**	**Item in the Disclosure Document**
a.	Site selection and acquisition/ lease	III.	III.	Item 12
b.	Pre-opening purchases/leases	III., XII.	Not applicable	Items 7 and 8
c.	Site development and other pre-opening requirements	III, IV.	V.	Items 6 and 11
d.	Initial and ongoing training	IV.	V.	Items 5 and 6
e.	Opening	XII.	Not applicable	
f.	Fees	I., III., IV., IX., X., XI., XII., XIV., XVI., XVIII., XXI., XXII., XXV.	II. IX.	Items 5 and 6
g.	Compliance with standards and policies/operating manuals	VI. VII. VIII., XI., XII., XXII.	V., VI.	Item 11
h.	Trademarks and proprietary information	V., VI. VII.	VI.	Items 13 and 14
i.	Restrictions on products/services offered	XII. XV.	Not applicable	Items 8 and 16
j.	Warranty and customer service requirements	XII.	Not applicable	Not applicable
k.	Territorial development and sales quotas	I.E.	III., Exhibit "B"	Item 12

	Obligation	Paragraph in the Franchise Agreement	Paragraph in the Area Development Agreement	Item in the Disclosure Document
l.	Ongoing product/service purchases	XII	Not applicable	Items 8 and 11
m.	Maintenance, appearance and remodeling requirements	III. XII., XVI.	Not applicable	Items 6 and 17
n.	Insurance	XIV.	Not applicable	Items 6, 7 and 8
o.	Advertising	IX.	Not applicable	Item 6 and 11
p.	Indemnification	XXII.	XI.	Item 6
q.	Owner's participation/ management/ staffing	IV. XII., XV.	Not applicable	Item 15
r.	Records and reports	XI.	Not applicable	Items 9 and 11
s.	Inspection and audits	V., XI.	Not applicable	Items 6, 11 and 13
t.	Transfer	XVIII. XX.	VIII.	Items 9 and 17
u.	Renewal	II.	Not applicable	Item 17
v.	Post-termination obligations	XVII.	IX.	Item 17
w.	Non-competition covenants	VII. XV.	IX.	Item 17
x.	Dispute resolution	XXIX. XXX.	XVII. XVIII.	Item 17
y.	Licenses	XII	Not applicable	Not applicable

ITEM 10:
FINANCING

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

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

Except as listed below, Company is not required to provide you with any assistance.

(a) Company's Obligations Before the Franchised Restaurant Opens:

(1) You will be solely responsible for purchasing or leasing a suitable site for your Franchised Restaurant. Company does not generally own premises that it will lease to you. Company will use reasonable efforts to help analyze your market area to help determine site feasibility, and to assist in the designation of the franchise location. Company's approval of the site is required. (Paragraph III. B.) Prior to the acquisition by lease or purchase of any site for your premises, you will submit a description of the proposed site to Company, together with a letter of intent or other evidence satisfactory to Company which confirms your favorable prospects for obtaining the proposed site. Company will thereafter approve or disapprove such proposed site in the exercise of its sole discretion and so advise you in writing within fifteen business days after receiving your written proposal. The premises must comply with Company's requirements as set forth in the Manual, including requirements for strict brand compliance and minimum size and seating. Company will utilize its experience and expertise in the approval of a location; however, it is your sole responsibility to undertake site selection activities and otherwise secure premises for your Franchised Restaurant. (Paragraph III.B.)

(2) Company does not generally provide you with any assistance conforming your premises to local ordinances and building codes, or with obtaining any required permits.

(3) Company will provide you with Company's basic architectural plans and specifications (not for construction) for the development of your Franchised Restaurant, which plans and specifications, upon providing prior notification to Company, may only be modified to the extent required to comply with all applicable ordinances, building codes and permit requirements. (Paragraph III.E.)

(4) Company will train you at the training program before opening your Franchised Restaurant for approximately 300 hours conducted over a period of approximately eight to ten weeks as described in Item 11 below. (Paragraph IV.A.)

Company does not charge for this training or service; however, you must pay for your employees' travel expenses, room and board expenses and salaries. All training is at Company's headquarters or at a location Company designates and begins approximately four weeks after site approval.

If Company determines that you cannot to satisfactorily complete the training program, Company may require you or a new approved designee to complete the training program or terminate the Franchise Agreement and return the Franchise Fee, less Company expenses for training to you and other expenses, not to exceed $15,000. (Paragraph IV.C.)

(5) Loan you one copy of each of the Manuals which contain mandatory and suggested specifications, standards and procedures. The Manuals are confidential and remain the property of Company. Company may modify the Manuals. (Paragraph VI.A.) Company offers you the opportunity to view the Manuals before purchase of the franchise.

(6) Provide all of the specifications, Approved Suppliers List, Approved Supplies List and the Manuals to you at the conclusion of training. (Paragraph XIII.E.)

(b) Typical Length of Time between signing of Franchise Agreement and Opening of Your Franchised Restaurant:

Franchised Restaurants are typically opened approximately six months after the earlier of the time you sign the Franchise Agreement or make the first payment for the franchise (which absent special circumstances occur simultaneously). Factors that may affect such time period include, but are not limited to your ability to obtain a lease, liquor license, and building permits, as applicable, shortages, or delayed installation of equipment, fixtures, and signs, as well as your ability to comply with zoning and local ordinances. You must open your Franchised Restaurant not later than eight months after you sign the Franchise Agreement unless otherwise obligated or approved in writing. (Paragraph XII.B.)

(c) Company's Obligations During the Operation of the Franchised Restaurant.

(1) Company will furnish you with such assistance in connection with the operation of the Franchised Restaurant as is reasonably determined to be necessary by Company from time to time. Operations assistance may consist of advice and guidance with respect to: (a) proper utilization of procedures by the Franchised Restaurant regarding the service and sale of all Menu Items, other food and beverage items and related items and materials as approved by Company; (b) additional products and services authorized for sale from Franchised Restaurants; (c) purchase of ingredients and other food and beverage items, materials and supplies; (e) the institution of proper administrative, bookkeeping, accounting, inventory control, supervisory and general operating procedures for the effective operation of the Franchised Restaurant; (f) advertising and promotional programs; and (g) ongoing research and development of new procedures and techniques, new products and materials and other enhancements to the System. (Paragraph XIII.C.).

(2) For approximately 160 hours around the opening of the Franchised Restaurant, Company will furnish to you, at your premises and at Company's expense, up to three representatives to assist in opening your Franchised Restaurant, including establishing and standardizing procedures and techniques essential to the operation of a Franchised Restaurant and such representative will assist in training personnel. If Company determines you are not prepared for the opening of the Franchised Restaurant due to non-compliance with the requirements for opening set forth in the Manual or if Company determines that you requires additional training and/or assistance to open the Franchised Restaurant, the training will either be delayed until such time as you demonstrate readiness to open, or Company will send additional representatives to the premises, and you will bear the cost of the increased travel, room and board expenses of Company in travelling to the premises on multiple occasions or sending additional representatives.(Paragraph IV.B.) Under an Area Development Agreement, Company provides approximately 40 hours of assistance, upon request, around the opening of your second and subsequent Franchised Restaurants. Company may provide additional training if requested, at its then-current fee, as described in Item 6. (Paragraph IV.B.)

(3) Company's approval is required for all promotional materials and advertising including newspapers, radio and television advertising, specialty and novelty items, signs and containers. If Company does not disapprove in writing any item submitted to Company within ten business days of receipt, the particular materials are approved. (Paragraph IX.A.)

(4) Company will establish and provide guidelines to you for Grand Opening Advertising before or during the initial training program. You must spend $6,000 during the first 30 days of operation of the Franchised Restaurant on newspaper, direct mail advertising or promotional items through other media. This Grand Opening Advertising must be in accordance with the Manuals. (Paragraph IX.B.)

(5) Company may establish an Advertising and Development Fund ("Advertising Fund") to which you must contribute an amount up to 1% of your Net Sales. Company will direct all advertising programs with sole discretion over the creative concepts, materials and media used and their placement and allocation. The media used may include print, television, radio or other media and may be local, regional or national in scope. Company will, however, undertake no obligation in administering the Advertising Fund to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that you benefit in proportion to the placement of advertising. Company will, for each of the Lamkone-owned restaurants offering products and services similar to the Franchised Restaurant, make or cause Lamkone to make contributions to a corporate marketing fund ("CMF") equal to the contributions required of Franchised Restaurants. The funds may be used to meet any costs of administering, and producing promotions and advertising (including the cost of conducting public relations activities; conducting advertising; website development, social media and producing promotional brochures and other marketing

materials for you). Company will conduct all advertising in-house, but may use a national or regional advertising agency in the future. Company will not be compensated for providing services to the CMF except for paying Company personnel who will conduct and develop advertising. Company will prepare an accounting of the CMF which will be available to you upon request. Company reserves the right, to require that this annual accounting include an audit of the operation of the CMF prepared by an independent certified public accountant selected by Company and prepared at the expense of the CMF. It is anticipated that all contributions to the CMF will be used for advertising and promotional purposes during Company's fiscal year within which these contributions were made. All expenditures in the following fiscal years will be made first out of any current interest or other earnings of the CMF, next out of any accumulated earnings, and finally from principal. The CMF may be terminated at any time once all monies in the CMF have been used for advertising and promotional purposes. There are no advertising councils presently in place or under consideration for the immediate future. (Paragraph IX.C.)

(6) Company will provide guidelines for local advertising and any deviation requires Company approval. You must spend at least 2% of Net Sales each month on local advertising and promotion, less any amounts contributed to the Advertising Fund or toward cooperative advertising. You must pay these expenses directly to the advertising and promotion provider(s). Company reserves the right to obligate you to pay up to 50% of the required local advertising expenditures to cooperative advertising, including the cost of a Yellow Pages listing. (Paragraphs IX.D.F.)

(7) Periodically, Company will designate a local, regional or national Advertising Coverage Area ("Advertising Coverage Area") in which your Franchised Restaurant and at least one other Franchised Restaurant is located and develop a cooperative local, regional or national advertising or promotional program. An Advertising Coverage Area ("ACA") is an area covered by the particular advertising medium (television, radio or other medium). You must participate in and contribute your share to cooperative advertising and promotional programs in your ACA. Your share will be in proportion to your sales during the preceding twelve-month period, or portion of that period. Company may establish Regional Franchisee Councils to administer the cooperative advertising program with representatives from Company, franchisees in the ACA and Lamkone-owned restaurants. When a program is submitted, Company will submit a list to you of all Franchised Restaurants in your ACA. Company will have the sole power to form, change, merge or dissolve these cooperatives. These cooperatives may operate from a written governing document which you will review if a document is prepared. (Paragraph IX.E.)

(8) Company will update the Approved Supplies List and Approved Suppliers List, as needed. (Paragraph XII.I.)

(9) Company may modify the System, including use of new or modified trade names, trademarks, service marks or copyrighted materials, new Menu Items, new products, new equipment or new techniques. (Paragraph VIII.)

(10) Company will provide you with the following: (Paragraph XIII.B.)

(i) A comprehensive list of established sources of equipment, foods, supplies and containers necessary for the operation of the Franchised Restaurant and specifications for these products;

(ii) Coordination of product distribution for local, regional and national suppliers;

(iii) Regulation of quality standards and products throughout the network of Franchised Restaurants;

(iv) Coordination of advertising materials and strategies;

(v) Negotiation of group rates for products and materials purchased as Company, in its sole discretion, deems appropriate; and

(vi) Ongoing training and support.

(11) Company will periodically advise you regarding pricing for the food and other products offered for sale by the Franchised Restaurant. In addition, Company may establish fixed, minimum or maximum prices to be charged for the food and other products offered for sale by the Franchised Restaurant that, in Company's judgment, constitute good business practice. These mandatory pricing specifications will be based on the experience of Company and its Related Entities in operating restaurants and an analysis of the costs of the products and prices charged for competitive products. Except as otherwise provided in writing by Company, you must strictly abide by pricing specifications if and when established by Company. Until Company establishes pricing specifications, you will have the right to determine the prices to be charged by your Franchised Restaurant. (Paragraph XII.A. XIII.A.)

(12) Company will make periodic visits to your Franchised Restaurant to consult with you regarding the management of the Franchised Restaurant and prepare written reports outlining any suggested improvements and detailing any defaults. Company will provide you with a copy of each written report. Company will also advise you of problems disclosed by reports submitted to Company or by inspections of the Franchised Restaurant. (Paragraph XIII.D.)

(13) Company will furnish you with assistance in operating of your Franchised Restaurant that Company determines necessary which may include the following: (Paragraph XIII.C.)

(i) Proper utilization of procedures by the Franchised Restaurant regarding the service and sale of all Menu Items, other food and beverage items and related items and materials approved by Company;

(ii) Additional products and services authorized for sale from Franchised Restaurants;

(iii) Purchase of ingredients and other food and beverage items, materials and supplies;

(iv) Institution of proper administrative, bookkeeping, accounting, inventory control, supervisory and general operating procedures for the effective operation of the Franchised Restaurant;

(v) Advertising and promotional programs; and

(vi) Ongoing research and development of new procedures and techniques, new products and materials and other enhancements to the System.

(d) Required Electronic Cash Registers/Computer Systems.

You must purchase and maintain an electronic point of sale cash register system to record gross sales and transaction data (such as item ordered, price and date of sale). The system must include a "non-resettable" gross sales recorder. We have approved the following system: Positouch (current model). The Positouch manufacturer is located at 12 Morgan, Irvine, California 92618. An acceptable system is available from numerous manufacturers. Company will approve other systems if they meet our specifications. There are no contractual limitations on the frequency or cost of required upgrades. We will have the right, upon reasonable notice, to access all information and financial data recorded by the system for audit and sales verification purposes.

Company may also develop the Software, as described in Items 6 and 8 of this Disclosure Document. Company will lease this Software to you at the then-current rates. If Company introduces the Software into the System, you must use the Software. (Paragraph XII.R.)

You must upgrade any hardware component or software program at any time during the term of the Franchise Agreement to ensure compatibility with the Software.

You must enroll and participate in Company's gift card program and shall set up and maintain all necessary accounts in connection therewith, all in accordance with the Manuals. (Paragraph XII.V.)

Except for the Software, Company does not provide assistance to you in obtaining the point-of-sale system or computer hardware other than providing the specifications for these items and providing the Approved Supplies and Approved Suppliers List for these items.

You are solely responsible for protecting yourself from Internet access and Internet content failures, disruptions and attacks by hackers and other unauthorized intruders and you shall waive any and all claims you may have against us as the direct or indirect result of such failures, disruptions or attacks. Neither we nor any of our affiliates will have any liability and/or obligation (and neither you, nor any affiliate of yours, if any), will make any claims about any failures, errors or any other occurrences relating to any computer or system hardware or software without an express written warranty from us, even if recommended or specified by us. You must comply with all regulations and laws relating to privacy and data protection and must comply with any data protection or privacy policies we may establish from time to time. You must notify us immediately of any suspected data breach at or in connection with your Franchised Restaurant. (Paragraph XI.C.).

You must strictly follow the social media guidelines, code of conduct, and etiquette as set forth in the Manuals regarding social media activities. Any use of social media by you pertaining to the Franchised Restaurant must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. You will promptly modify or remove any online communication pertaining to the Franchised Restaurant that does not comply with the Franchise Agreement or the Manuals. (Franchise Agreement, Section IX.G).

(e) Manuals. The table of contents for each of the Manuals is attached hereto as Exhibit "D."

(f) Advertising and Development Fund. If we establish an Advertising and Development Fund, you shall contribute an amount of up to 1% of Net Sales, payable at the same time and in the same manner as Royalty Fees. Currently, we have not established an Advertising Fund. (Paragraph IX C.)

(g) Training. Approximately three months prior to site completion, Company will train you or your designated manager for approximately eight to ten weeks at Company's headquarters, a Company-owned restaurant, and/or another location in Southern California designated by us, which includes 2 weeks of soft opening at your Franchised Restaurant, as described below:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	INSTRUCTOR
Day 1. Introduction Store Tour Meet Franchise Support Team	8	0	Fabiano Fonseca Mingo Lee Billy Hilt

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	INSTRUCTOR
Kitchen Intro - Part 1 Work Dish station Assist with Food Preparation Operate Charbroiler			
Day 2. Kitchen Intro - Part 2 Continue Food Preparation Training Work on the Cookline Expediter	0	8	Fabiano Fonseca
Day 3. Dining Room Intro Worked with Servers and Buspersons	0	8	Fabiano Fonseca
Day 4. Front Counter - Part 1 Train at Beverage Station Assist with Take-out Orders	0	8	Billy Hilt
Day 5. Front Counter - Part 2 Train as Cashier Training Evaluation and Discussion	0	8	Fabiano Fonseca Billy Hilt Mingo Lee
Day 6. Introduction Training course overview and objectives	8	0	Fabiano Fonseca
Company History, Vision & Mission			Fabiano Fonseca
Employee Handbook			Billy Hilt
Management Philosophy & Style			Mingo Lee
Store Tour, Orientation & Observation			
Menu review & testing			
Inspection program review			
Management Bonus			
Inspection program review			
Management Bonus			
Programs (MBP)			
General Manager meeting			
Day 7 - 10. Back of the House Training	8	24	
Inventory, ordering, receiving & storage procedures			Ramon S.
Preparation kitchen opening procedures			
Preparation list procedures & recipes			Ramon S.
Cold food preparation & portioning			Juan Verdin
Daily usage procedures waste control			
Preparation kitchen equipment operation & safety			Billy Hilt
Preparation kitchen cleaning & sanitation Review, testing & evaluation			Billy Hilt
Month end inventory			Billy Hilt
Day 11 - 20. Front of the House Training	24	56	
Store opening & closing procedures review			Billy Hilt
Payroll & banking procedures			Billy Hilt
Food server position & duties			Billy Hilt
Drink server position & FOH line check			Fabiano Fonseca
FOH cleaning schedules			Billy Hilt
Management Reports			Billy Hilt
Hiring procedures & paperwork			Billy Hilt

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	INSTRUCTOR
Labor scheduling & productivity			
Cash register operation & programming			
Cash register reports			
Product sales training & customer service			
Guest Q&A/problem solving session			
Cashier position & line checks			
Staff meetings & management agenda development			
Inspection review & plan of action			
Review, testing & evaluation			
Day 21- 40. New Unit Operations			
Management agenda development	30	130	Fabiano Fonseca Billy Hilt
Vendor meetings			
Interviewing, hiring & training			
Staffing & scheduling			
Staff meetings			
Payroll & banking			
Marketing & advertising programs			
Total (Approximately 320 hours of training over a period of 8-10 weeks)	78	242	

The instructional materials for the initial training program will consist of the Franchise Operations Manual, General Manager Procedure Handbook, Employee Handbook, Store Logs, Menu & Ingredients, Inspection Form, Inventory and Ordering Forms, and Daily Usage Forms.

Company will maintain a formal training staff led by Renato "Mingo" Lee. Their qualifications are in Item 2. In addition, the following individuals will provide training: Billy Hilt, District Manager/Training Manager, joined Lamkone in 1998 and has been responsible for opening numerous new Company restaurants. Juan Verdin joined Lamkone in 2009 and has experience in training kitchen personnel. Ramon Serrato joined Lamkone in 1994 and is a kitchen specialist. Fabiano Fonseca joined Lamkone in 2019.

Company periodically may provide and require that you, your managers and/or employees attend and successfully complete refresher training programs to be conducted at Company's headquarters. Company anticipates that refresher training will include seminars and dialogue on new product introductions, system-wide advertising campaigns, productivity, and quality enhancements and other issues affecting you. There is no charge for refresher training, however, you must pay all expenses for travel, meals and lodging for both yourself and your employees. The instructors will generally include those individuals who provide initial training and are listed above along with the individuals included in Item 2. You do not have to attend more than one of these programs in any calendar year which will last no longer than three business days in duration. (Paragraph IV.D.)

Any training we provide to any of your employees will be limited to training or guiding the employees regarding the delivery of approved goods and services to customers in a manner that reflects the customer and service standards of the System. You are, and will remain, the sole employer of your employees during all training programs, and you are solely responsible for all actions and employment decisions related to your employees. You must ensure that all of your employees receive adequate training. (Paragraph IV.G.).

If you designate new or additional managers after the initial training program, Company will provide training to these managers on a space available basis in a regularly scheduled training course. All designated managers must successfully complete the training program provided at Company's headquarters or another designated location. You must pay your employees' expenses in attending. (Paragraph IV.E.).

ITEM 12:
TERRITORY

You will receive a protected territory covering approximately a 1.5-mile radius surrounding the Franchised Restaurant. The territory will remain your protected territory so long as you remain a franchisee of Company and are not in default under the Franchise Agreement. Company will not operate or grant franchises for another Franchised Restaurant within your territory, with the exception of franchises for Franchised Restaurants or similar restaurants located at non-traditional sites, such as schools, universities, airports, amusement parks, hospitals, stadiums, arenas, convention centers and others.

However, Company specifically reserves the right to vary your territory based upon the peculiarity of the particular site or circumstance, density of population, business potential, population of trade area, existing business practices or any other condition which Company deems important to the successful operation of your business. Company will make these determinations on a case-by-case basis, you will not be entitled to require Company to grant you a like or similar variation under the Franchise Agreement. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You must operate the Franchised Restaurant from an approved location and receive Company's permission before relocating at your sole cost, plus reasonable costs and fees paid to Company for approving the new location. You can relocate the premises if the lease for the site expires or terminates and it is not your fault, or if the site is destroyed, condemned or becomes unusable, or as agreed to by Company. Company will have the right to charge you for all reasonable costs related to any relocation or proposed relocation.

Company and its Related Entities retain the right, both within and/or outside your territory, to offer and sell at wholesale or retail (other than through another Franchised Restaurant within your then-defined territory), including by means of the Internet or Internet web site, mail order catalogs, direct mail advertising or through any other distribution system, including supermarkets and other retail facilities to the general public, Wahoo’s products and services, including the Trade Secret Food Products and Trademarked Products, which are or may in the future be, a part of the System with no obligation to pay you in connection with these activities; and to advertise and promote the System through any means, including the Internet.

Company and its Related Entities also retain the right, both within and/or outside your territory, to market products and services other than fish tacos, burritos, charbroiled fish and chicken and other products and services that currently are a part of the System under a format and trademarks and service marks distinct from the System with no obligation to pay you in connection with these activities.

Unless you have signed and are in compliance with an Area Development Agreement, you will have no right to acquire additional franchises, although you may apply to operate additional Franchised Restaurants under separate franchise agreements.

You must engage only in the retail sale of Menu Items and other products and not in wholesale sales and/or other sales through any other distribution systems of any product offered for sale through the Franchised Restaurant, unless authorized in writing by Company.

There is no minimum sales quota. Subject to Company's right to vary your territory as provided above, you will maintain rights to your territory even though the population increases.

Under the Area Development Agreement, you can develop and operate Franchised Restaurants solely in a specified Designated Territory which may be one or more cities, counties, states, or countries, zip codes or some other defined area. Your minimum territory will consist of 150,000 people and may be greater depending upon the number of Franchised Restaurants to be developed under the Area Development Agreement. During the term of the Area Development Agreement, Company may not own, operate, franchise or license any other Franchised Restaurant in your Designated Territory, with the exception of Franchised Restaurants or similar restaurants at non-traditional sites, such as schools, universities, airports, amusement parks, hospitals, stadiums, arenas, convention centers and others. Company and its Related Entities additionally retain the right, both within and/or outside of your Designated Territory, to (i) offer and sell at wholesale or retail, including by means of the Internet or Internet web site, mail order catalogs, direct mail advertising or through any other distribution system, including supermarkets and other retail facilities to the general public, Wahoo's products and services, including the Trade Secret Food Products and Trademarked Products, which are or may in the future be, a part of the System; and to advertise and promote the System through any means, including the Internet; and (ii) to market products and services other than fish tacos, burritos, charbroiled fish and chicken and other products and services that currently are a part of the System under a format and trademarks and service marks distinct from the System, with no obligation to pay you in connection with these activities. Until the termination or expiration of the Area Development Agreement, you retain your protected area rights if you comply with your development and other obligations under the Area Development Agreement, however, if you fail to meet any of your obligations or breach any Franchise Agreement signed by you under the Area Development Agreement, Company may terminate your right to develop and operate new Franchised Restaurants in the Area Development Area. The termination of the right to develop your Development Area will not terminate any rights under the Franchise Agreements then in effect between you and Company. After the expiration of the term of your Area Development Agreement, Company may own, operate, franchise or license others to operate additional businesses anywhere, without restriction, including in your Designated Territory (excluding any territory under your Franchise Agreement which remains in effect). Company defines the specific nature of the Designated Territory on a map attached to the Area Development Agreement as Exhibit "A".

If Company proposes to establish other Franchised Restaurants within the Designated Territory after expiration of the Area Development Agreement, you have right of first refusal for two years after successful completion of the unmodified Area Development Agreement.

Your options and territorial exclusivity in the Area Development Agreement are granted in reliance on your representations and warranties and strictly on the conditions in the Area Development Agreement, including your strict compliance with the Development Schedule.

Company may establish other franchises or Company-owned units or other channels of distribution selling or leasing similar products or services under a different Mark in your territory. Company, however, has no specific plans to do so.

Under the Area Development Agreement, the continuation of your territorial exclusivity depends upon your meeting your development and other obligations under the Area Development Agreement.

ITEM 13:
TRADEMARKS

Company will grant you the right to operate a Franchised Restaurant under the name "WAHOO'S FISH TACO" and other Marks Company may authorize you to use.

Lamkone is the registered owner of the following Marks filed on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

MARK	REGISTRATION NUMBER	REGISTRATION DATE
WAHOO'S FISH TACO (trademark)	1,947,015	January 9, 1996
WAHOO'S FISH TACO (servicemark)	1,949,071	January 16, 1996

MARK	REGISTRATION NUMBER	REGISTRATION DATE
FUELING THE FORCES SINCE 1988	2,233,880	March 23, 1999
BANZAI BURRITO	2,344,406	April 25, 2000
DROP IN. HAVE FUN. EAT WELL.	3,042,860	January 10, 2006
WAHOO'S FISH TACO	3,247,878	May 29, 2007
WAHOO'S	4,231,244	October 23, 2012

Lamkone has also filed an application for registration on the Principal Register of the United States Patent and Trademark office for the following Mark:

Trademark	SERIAL NUMBER	APPLICATION DATE
Wahoo's freshly made. pacific inspired.	97253508	February 4, 2022

The Marks constitute the principal trademarks to be licensed to you. There are currently no effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of this state or any court; pending infringement, opposition or cancellation; or pending material litigation involving the Marks. With the exception of Serial Number 97253508, all required affidavits, including applicable registration renewals have been filed for the Marks.

Because we do not have a federal registration for Serial Number 97253508, that trademark does not have as many legal benefits and rights as our federally registered trademarks. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Except as described in Item 3 above, Company is not aware of any prior superior rights or infringing uses that could materially affect the use of the Marks in this state or any other state in which the Franchised Restaurant is to be located.

Under a Licensing Agreement dated March 30, 1998, Lamkone has granted Company the non-exclusive right to market and sell Franchised Restaurants throughout the United States and to grant Franchised Restaurants the right to use the Marks. The term of the Licensing Agreement is 50 years. Lamkone may terminate the Licensing Agreement upon (i) a breach of the Licensing Agreement by Company, (ii) Company's failure to offer for sale products bearing the Marks, or (iii) the insolvency of Company or similar circumstances.

In October 1996, Lamkone entered into a settlement agreement with Wahoo’s International, Inc. (“Wahoo’s International”) concerning the Marks. As part of the settlement agreement, Lamkone and Wahoo’s International agreed to the following terms: (1) Company or its Related Entities may sell at its restaurants promotional merchandise, using the words "WAHOO'S FISH TACO"; (2) Company or its Related Entities may give away as part of promotional packs, merchandise, including caps and t-shirts, using the words "WAHOO'S FISH TACO" at special events; (3) Company or its Related Entities will on any Company merchandise be required to make the terms "WAHOO'S," "FISH" and TACO" all suitably prominent in size, color, and type style. The term "WAHOO'S" will be kept within the same spatial coordinates - linear, circular or oval - as the terms "FISH" and "TACO" and will not be singled out or emphasized; (4) Company or its Related Entities will not wholesale any t-shirts, caps or other merchandise bearing the phrase "WAHOO'S FISH TACO”; (5) Company or its Related Entities will not sell or distribute merchandise using the term "WAHOO'S" alone or without combining it with "FISH" and "TACO”; (6) Any surfer or surfer representative who is sponsored by or affiliated with Company or its Related Entities must be identified with the words "WAHOO'S FISH TACO Restaurant”; (7) Company or its Related Entities has one style of t-shirt promoting

"WAHOO'S FISH TACO" with a stylized picture of a Wahoo on it. This t-shirt is permitted under the license; (8) Company or its Related Entities has one t-shirt style promoting a Hawaiian amber ale with "WAHOO'S FISH TACO" stylistically pictured on it. This t-shirt is also permitted under the license; (9) while the two t-shirts described in subsections 7 and 8 above are permitted, Company or its Related Entities are not limited to these two designs. However, Company or its Related Entities will only sell or distribute these t-shirts in their restaurants; they will not sell or distribute them outside of its restaurants. Furthermore, Company or its Related Entities will not introduce new t-shirts with a non-stylized realistic "Wahoo" picture on it. The settlement agreement is irrevocable and in perpetuity.

On November 9, 1993, Lamkone licensed Morning Jade, Inc., a California corporation, the exclusive license to use the Mark "WAHOO'S FISH TACO" within a five-mile radius of the restaurant which is operated at 120 Main Street, Huntington Beach, California. The initial term was for one year with automatic future extensions unless 4 months prior notice is given by one of the parties to terminate the license agreement.

There are no other agreements currently in effect which significantly limit the rights of Company to use or license the use of the Marks in any manner material to the franchise.

Your use of the Marks and any goodwill established from their use will benefit Company.

You will not receive any interest in the Marks. You may not contest the validity or ownership of the Marks, including any Marks authorized or licensed to you after you sign the Franchise Agreement.

You must notify Company immediately upon learning of an infringement of or challenge to your use of any Mark, or the use of, or claims of rights to, a trademark identical or confusingly similar to any Mark. Company will take whatever action it deems appropriate and will have the right to control any administrative proceedings or litigation involving any Mark. Company, however, is not required protect your right to use any Mark or defend you against claims of infringement or unfair competition arising out of your use of any Mark.

You must modify or discontinue using any Mark upon notice from Company within a reasonable time after receiving notice. Company will not be obligated to compensate you for any costs you incur in connection with any such modification or discontinuance.

You must not use any Mark or part of any Mark as part of any corporate or trade name, in any modified form, with the sale of any unauthorized product or service or in any other manner not authorized in writing. You must give notices of trademark and service mark registration as Company specifies and obtain fictitious or assumed name registrations under applicable law.

You must not use any merchandising, advertising or promotional practice which is unethical or may be injurious to the business of Company, other Franchised Restaurants or to the goodwill associated with the Marks.

Company and its agents have the right to enter and inspect your Franchised Restaurant to make sure you are complying with Company's standards.

You must not establish a website on the Internet using any domain name containing the words "WAHOO'S FISH TACO" or any variation or any other Marks. Company retains the sole right to advertise on the Internet and create a website using the "WAHOO'S FISH TACO" domain name. You acknowledge that Company is the owner of all right, title and interest in and to those domain names as Company will designate in the Manuals. Company retains the right to pre-approve your use of linking and framing between your web pages and all other websites. If requested by Company, you must, within five business days, dismantle any frames and links between your web pages and any other websites.

You must use the designation ®, TM, SM or other trademark registration notice where applicable or otherwise indicate in your advertising that the names "WAHOO'S FISH TACO", "WAHOO'S FISH TACO, plus the design" and any future Marks belong to Company.

ITEM 14:
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Company has acquired the right to use copyrights for the recipes, Manuals, training materials and other confidential information which will be provided to you, as described below. These copyrights have not been registered and no applications for registration have been filed, however, Company may submit applications for registration in the future for some or all of these copyrights. Except as described in this Item 14, no patents or copyrights are material to the franchise. If Company acquires a patent or copyright, you must use such patent or copyright as then instructed by Company. Company is not aware of any copyright infringement that could materially affect you.

You will receive proprietary, confidential and trade secret information of Company and Related Entities. You must maintain the confidentiality of this information unless otherwise authorized in writing by Company.

You must divulge confidential information only to employees who must know it to operate the Franchised Restaurant. All information, knowledge and know-how which Company designates as confidential is confidential, except information which you can demonstrate you lawfully knew before Company's disclosure or which, at the time of or after Company's disclosure to you, had lawfully become or becomes a part of the public domain through publication or communication by others.

Employees with access to confidential information must sign confidentiality agreements, which entitle Company to equitable remedies, including injunctive relief, to protect its confidential information, Manuals and Marks.

The Area Development Agreement does not grant you any right to use any Marks, any trade secret and/or confidential information of Company or Related Entities. The Area Development Agreement does not grant you any right to any copyright or patent which Company is licensed to use, now owns or may own in the future. Company grants you rights to the Marks, trade secrets, confidential information, copyrights or patents only under the Franchise Agreement you sign with Company.

Nothing under the Area Development Agreement authorizes you to make any contract, agreement, warranty or representation on Company's behalf or to incur any debt or other obligations in Company's name. Company assumes no liability for you in your conduct of any Franchised Restaurant. You must indemnify and hold Company harmless in claims resulting from or connected with your operations under any franchise agreement as well as any costs in defending them.

You and Company acknowledge that:

1. Company may authorize you to use certain copyrighted or copyrightable work ("Copyrighted Works");

2. The Copyrighted Works are the valuable property of Company or Related Entities; and

3. You are granted use of the Copyrighted Works solely on the condition that you comply with the terms of Paragraph VII. of the Franchise Agreement.

Company owns or is the licensee of the owner of the Copyrighted Works and may create, acquire or obtain licenses for certain copyrights used in the operation of Franchised Restaurants including all categories of works eligible for protection under the United States copyright law, all of which are Copyrighted Works under the Franchise Agreement. These Copyrighted Works include the Manuals, advertisements, promotional materials, posters and signs and may include all or part of the Marks, Software, trade dress and other portions of the System. Company intends that all works of authorship of the System which are created in the future will be owned by Company or Related Entities.

If you develop any new methods, recipes, formulae, specifications, processes, procedures, programs, projects, works of art or other materials in the course of operating your Franchised Restaurant which Company approves the for use and/or sale in the Franchised Restaurant, such method, recipe, formulae, specification, process, procedure, program, project, work of art or other material ("Work") will be a work made for hire and will automatically become the property of Franchisor as though Franchisor had developed the Work itself.

Unless authorized by Company in writing, you may not use an item covered by a patent or copyright, but you can use the confidential information in the Manuals, as described in Item 11. Although Company has not filed an application for copyright registration for the Manuals, Company claims copyrights to the Manuals which are Company's confidential information.

You must notify Company immediately upon learning of an unauthorized use of the confidential information or Manuals or any other Copyrighted Work. Company will take whatever action it deems appropriate and will have the right to control any administrative proceedings or litigation pertaining to any unauthorized use. Company, however, is not required to defend you against a claim against your use of any Copyrighted Works or otherwise protect your right to use any Copyrighted Works or against claims of infringement arising out of your use of any Copyrighted Works. You must modify or discontinue using any Copyrighted Work upon notice from Company within a reasonable time after receiving notice.

The Manuals belong to Company and you must return them to Company upon the expiration or termination of the Franchise Agreement. You or your employees must not make copies or reproductions of all or any part of the Manuals.

You must keep the Manuals updated and at the premises of the Franchised Restaurant. If there is a dispute regarding the contents of the Manuals, the contents contained in Company's master copy will control.

You must not use, in advertising or any other form of promotion, the Copyrighted Works without the appropriate notices which may be required by law or Company, including © or other copyright notice.

You must not disclose to any person, partnership, corporation or any other entity any Copyrighted Works, including without limitation, information, trade secrets, ingredients, recipes, cooking techniques or processes used in the Trade Secret Food Products, Menu Items and other food and beverage products used in the System or any information stated in the Manuals.

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

You must participate in the operation of the Franchised Restaurant. You must devote your full time and attention to managing and supervising all administrative and operational activities of the Franchised Restaurant, both in terms of managing development obligations and store operations. However, if we allow you not to assume these responsibilities full time, you must assign them to a member of your senior management who need not hold an equity interest in the franchise, but who must successfully complete our initial training program and will actively supervise and manage the Franchised Restaurant on a full-time basis ("Certified Manager"). If one or more individuals sign the Franchise Agreement and we consent to it being assigned to a business entity for convenience of ownership or you enter into the Franchise Agreement as an entity, you must designate a Certified Manager acceptable to us who will be principally responsible for communicating with us about the operational and other ongoing matters concerning your Franchised Restaurant.

If you operate more than one franchise, you must divide at least a 40-hour work week among all the Franchised Restaurants you operate and/or employ at least one trained and competent employee, as described above, to act as a full-time manager for each franchise. You must keep Company informed at all times of the identity of any employee(s) acting as manager(s) of the Franchised Restaurant. If you select a substitute or additional manager, you must have the manager successfully complete the initial training. Company will make training available, as is reasonable and necessary, for all managers. Company will provide this training at the then-current published rates. Company is not under any obligation to provide individual training to any manager.

You are solely responsible for the soliciting, hiring, firing, disciplining, paying, scheduling and management of the employees of the Franchised Restaurant, for the terms of their employment and for ensuring their compliance with any training or other requirements established by us. You will keep us advised, in writing, of any Certified Manager involved in the operation of the Franchised Restaurant and their contact information.

You and any owner who owns 10% or more of your entity, or your full-time manager, must devote full time and best efforts to the management of the Franchised Restaurant.

Any employees having access to confidential information must sign confidentiality agreements described in Item 14.

ITEM 16:
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only those goods and services that Company has approved.

All Trade Secret Food Products, Menu Items and other food and beverage products must be prepared only by properly trained personnel strictly in accordance with Company's recipes, cooking techniques and processes in the Manuals. All items offered from the Franchised Restaurant must be sold only at retail to customers.

Company can add additional authorized services that you must offer. There are no limits on Company's right to do so except that the investment required of you (for equipment, supplies and initial inventory) will not exceed $25,000.

You must use only displays, trays, napkins, boxes, bags, wrapping paper, labels, forms and other paper and plastic products imprinted with the Marks and colors prescribed by Company.

You must not install or maintain on the premises any newspaper racks, video games, juke boxes, gaming machines, gum machines, games, rides, vending machines or other similar devices without the written approval of Company.

You must use the location of the Franchised Restaurant solely for the purpose of conducting a Franchised Restaurant.

You must maintain the condition and appearance of the premises consistent with Company's quality controls and standards. Any maintenance or replacement will be in addition to any request to remodel, modernize or redecorate as specified in Item 6.

You must not make material alterations to the premises or make material replacements of or alterations to the equipment, fixtures or signs of the Franchised Restaurant without Company's written approval.

You must not, without Company's written consent, place anywhere at or on the location of the Franchised Restaurant, or in any communication media, any form of advertising, or list with any business, real estate broker, agent or attorney any information about the sale of the Franchised Restaurant or the rights granted under the Franchise Agreement.

You must prominently display, by posting a sign within public view on or in the premises, a statement that clearly indicates that the Franchised Restaurant is independently owned and operated by you as a Company franchisee of Company and not as Company's agent.

The Manuals will contain mandatory and suggested standards, specifications and/or procedures that we develop for Wahoo's Fish Taco restaurants and information relating to your other obligations. Any required standards, specifications or procedures exist to protect our interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over your day-to-day operations.

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.

FRANCHISE AGREEMENT

Provision	**Paragraph in the Franchise Agreement**	**Summary**
a. Length of the term of the franchise	Paragraph II.A.	The term is ten years from the date the Franchise Agreement is signed.
b. Renewal or extension of term	Paragraph II.B.	If you are in compliance with all provisions in the Franchise Agreement, you can renew for up to four additional successive term of five years.
c. Requirements for you to renew or extend	Paragraphs II.B., C., D.	In order to renew the Franchise Agreement, you must: (1) be in compliance with all provisions of the Franchise Agreement; (2) not be in default under the Franchise Agreement; (3) have brought the Franchised Restaurant into compliance with Company's current standards; (4) given notice; (5) satisfied all monetary obligations; (6) have signed the then-current Franchise Agreement; (7) met current training requirements; (8) have signed a general release; and (9) paid to Company a Renewal Fee in the amount of $5,000.00.. You must give Company notice of your intent to renew between six and twelve months before the Franchise Agreement expires. Company will give you notice of its intent not to renew along with specific reasons at least three months before the expiration. A "renewal" of the Franchise Agreements means that you can continue operating your Franchised Restaurant subject to the then-current Franchise Agreement, which may contain terms and conditions materially different than those in the original agreement.
d. Termination by you	Paragraph XVI.A.	You may terminate the Franchise Agreement if you are in compliance with the Franchise Agreement and Company is in materially

Provision	Paragraph in the Franchise Agreement	Summary
		breach and fails to cure within 30 business days of receiving your written notice.
e. Termination by Company without cause	None	Company will not terminate the Franchise Agreement without cause.
f. Termination by Company with cause	Paragraphs XVI.B., C.	Company may terminate the Franchise Agreement upon delivery of notice if you are in default under the Franchise Agreement.
g. "Cause" defined - curable defaults	Paragraphs XVI.B., C.	You have ten business days to cure a refusal or failure to make payments due Company and 30 business days to cure a failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manuals or otherwise in writing
h. "Cause" defined - non-curable defaults	Paragraph XVI.B.	Non-curable defaults include: (1) failure to complete training; (2) a material misrepresentation or omission in the franchise application; (3) conviction or plea of no contest to a felony or other crime or offense that can adversely affect reputation; (4) misuse of the Manuals; (5) abandonment of business for two business days in any twelve month period; (6) surrender or transfer of control of the Franchised Restaurant; (7) submission of reports understating Royalty Fees by more than 3% for periods totaling three or more weeks more than twice during the term; (8) failure to submit reports on two or more occasions within any twelve consecutive month period; (9) your bankruptcy, insolvency or general assignment for the benefit of creditors; (10) continued violation of any health, safety or sanitation law or operation that presents a health or safety hazard; (11) misuse of Marks; (12) any unauthorized use of the Software; (13) fails on two or more separate occasions within any period of twelve consecutive months to submit when due reports or other information or supporting records, to pay when due the Royalty Fees, advertising contributions, or other payments due, or otherwise fails to comply with the Franchise Agreement; (14) continues to violate any health, safety or sanitation law, ordinance or regulation, fails any health department inspection which results in a permanent or temporary closure of the Franchised Restaurant, or operates the Franchised Restaurant in a manner that presents a health or safety hazard to its customers or the

Provision	**Paragraph in the Franchise Agreement**	**Summary**
		public; or (15) fails to maintain the required amount of working capital as provided by Paragraph XI.G of the Franchise Agreement and does not cure such deficiency within thirty days of written notice from Franchisor or fails on two or more separate occasions within any period of twelve consecutive months to maintain the required amount of working capital.
i. Your obligation on termination/non-renewal	Paragraph XVII.	On termination or non-renewal of the Franchise Agreement, you are obligated to cease operation of the Franchised Restaurant; assign any lease to Company if required; cease using the Marks and items bearing the Marks; assign any assumed names to Company; de-identify the premises from any confusingly similar decoration, design or other imitation of a Franchised Restaurant; cease advertising as a Franchised Restaurant; pay all sums owed to Company; pay all damages and costs in enforcing the termination provisions of the Franchise Agreement; return all Manuals, other confidential information and signs to Company; sell to Company, at Company's option, all assets of the Franchised Restaurant; assign your telephone and facsimile numbers, e-mail and Internet addresses to Company; and comply with the covenants not to compete.
j. Assignment of contract by Company	Paragraph XVIII.A.	No restriction on Company's right to assign except that assignee expressly assume and agree to perform these obligations.
k. "Transfer" by you - defined	Paragraph XVIII.B.	A "transfer" includes a transfer of any of your assets or rights under the Franchise Agreement or a change in ownership.
l. Company's approval of transfer by you	Paragraph XVIII.B.	Company will not unreasonably withhold approval of a transfer of less than Control (as defined in the Franchise Agreement). Company may withhold consent to any transfer of more than Control for any reason.
m. Conditions for Company's approval of transfer	Paragraphs XVIII.B.	For a transfer of less than Control, the transferee must meet Company's qualifications, successfully complete the training program and sign the current Franchise Agreement. You must pay all sums owed Company and its affiliates, sign a general release and pay the transfer fee to Company described in Item 6. If you are transferring to an entity owned by you

Provision	Paragraph in the Franchise Agreement	Summary
		and formed solely for the purposes of operating the Franchised Restaurant, you must remain the owner of the majority interest of that entity. Company may withhold consent to a transfer of more than Control for any reason or no reason or may condition consent upon satisfaction of additional requirements as determined in Company's sole discretion.
n. Company's right of first refusal to acquire your business	Paragraph XX.	Company has 30 business days from notice of the offer to purchase the Franchised Restaurant or its assets on the same terms as contained in the offer.
o. Company's option to purchase your business	Paragraph XVII.J.	Within 30 business after expiration or termination of the Franchise Agreement, Company may (but is not required to) purchase any or all of assets of the Franchised Restaurant. The purchase price for the assets shall be the fair market value.
p. Your death or disability	Paragraphs XIX.A., B.	Within 90 days of your death or incapacity, your estate can apply to Company to continue operating of the Franchised Restaurant, or sell your interest in the Franchised Restaurant. If no application is made (or an application is rejected) and no sale is made, the Franchise Agreement will terminate and Company will have the option to buy the Franchised Restaurant.
q. Non-competition covenants during the term of the franchise	Paragraph XV.C.	You must not (1) divert or attempt to divert any business or customer to a competitor; (2) harm the goodwill associated with the Marks and the System; (3) employ or seek to employ any person employed by Company or another franchisee or otherwise cause that person to leave his or her employ; or (4) own or have any interest in any restaurant (including a restaurant you currently operate) specializing in preparing, promoting or selling food products or services similar to those of the System.
r. Non-competition covenants after the franchise is terminated or expires	Paragraph XV.D.	You must not own or operate a restaurant which sells food products or services similar to those of the System for one year after the Franchise Agreement is terminated within the Metropolitan Statistical Area, as defined by the United States Census Bureau, in which the Franchised Restaurant is located or within a ten-mile radius of the Franchised Restaurant or of any other business using the System.

Provision	Paragraph in the Franchise Agreement	Summary
s. Modification of the agreement	Paragraphs VIII. XXVII.	The Franchise Agreement can be modified only by written agreement between you and Company. Company can modify or change the System through changes in the Manuals.
t. Integration/merger clause	Paragraphs XXVI. XXVII.	Only the terms of the Franchise Agreement are binding (subject to state law) and may only be modified by written agreement or as required by a court of competent jurisdiction to make the Franchise Agreement enforceable. Notwithstanding the foregoing, nothing in the Franchise Agreement or in any related exhibits are intended to disclaim the representations made to you in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Paragraph XXX.A., XXX.G.	Except for certain claims concerning confidential information or the Marks, all disputes must be resolved by mediation, then binding arbitration in Orange County, California. You will have no recourse against non-party affiliates.
v. Choice of forum	Paragraph XXVIII.H.	Any action must be brought in an appropriate state or federal court in Orange County, California.
w. Choice of law	Paragraph XXVIII.G.	California law applies, subject to the exception provided in Paragraph XXVIII.G of the Franchise Agreement and applicable state law. See the State Specific Addenda (Exhibit G) attached to this Disclosure Document. Disputes regarding the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.).

AREA DEVELOPMENT AGREEMENT

Provision	Paragraph in the Area Development Agreement	Summary
a. Length of the term of the Area Development Agreement	Paragraph IV.A.	The rights granted under the Area Development Agreement expire on the date of Company's acceptance and signing of a franchise agreement for the last Franchised Restaurant.

Provision	Paragraph in the Area Development Agreement	Summary
b. Renewal or extension of term	Paragraph IV.B.	The Area Development Agreement contains no provision for renewal or extension, however, for a period of two years following the successful completion of the term, you will have the right of first refusal to open and operate any Franchised Restaurant within the Designated Territory that Company proposes to franchise to another franchisee or developer on the proposed terms.
c. Requirements for you to renew or extend	Paragraph IV.B.	In order to exercise the right of first refusal, you must fulfill all obligations under the Area Development Agreement and any other agreement between you and Company.
d. Termination by you	None	The Area Development Agreement does not contain a provision allowing you to terminate the Area Development Agreement for any reason.
e. Termination by Company without cause	None	Company will not terminate the Area Development Agreement without cause.
f. Termination by Company with cause	Paragraphs VII.B., C.	Company may terminate the Area Development Agreement upon your default.
g. "Cause" defined - curable defaults	Paragraphs VII.B., C.	The following defaults can be cured: (1) an unsatisfied final judgment must be cured (satisfied) within 30 days (unless bond is filed), and (2) a mortgage or lien foreclosure suit must be dismissed or be in the process of being dismissed within 30 days.
h. "Cause" defined – non-curable defaults (defaults which cannot be cured)	Paragraphs VII.B., C.	Non-curable defaults include: your bankruptcy, insolvency, or involvement in a bankruptcy proceeding; your failure to exercise options and sign Franchise Agreements with Company under your Development Schedule; your failure to meet any other term or condition of the Area Development Agreement or any other agreement between you and Company; or any unapproved transfer or assignment or attempted transfer of the Area Development Agreement.
i. Your obligation on termination/non-renewal	Paragraphs VII.D., E.	You will lose your options to establish one or more Franchised Restaurant(s) if Franchise Agreement(s) have not been signed. A default under the Area Development Agreement is not a default under the Franchise Agreement,

Provision	Paragraph in the Area Development Agreement	Summary
		unless specified otherwise. If you are in default under the Area Development Agreement, but not under any one or all of your Franchise Agreements, you may continue to operate the existing Franchised Restaurants under the terms of their separate Franchise Agreements.
j. Assignment of contract by Company	Paragraph VIII.A.	There is no restriction on Company's right to assign except that assignee must expressly assume and agree to perform these obligations.
k. "Transfer" by you - defined	Paragraph VIII.D.	A "transfer" includes a transfer of any of your assets or rights under the Area Development Agreement or a change in ownership.
l. Company's approval of transfer by you	Paragraphs VIII.C., D.	Company has the right to approve all transfers.
m. Conditions for Company's approval of transfer	Paragraphs VIII.D., G., H.	The transferee must meet Company's qualifications, successfully complete the training program and sign the current Area Development Agreement. You must pay all sums owed to Company or Lamkone, sign a general release, and pay Company's then-current transfer fee. You must give Company 90 day's written notice before any sale or assignment.
n. Company's right of first refusal to acquire your business	Paragraph VIII.E.	Company has 60 business days from notice of the offer to provide you with notice to purchase your ownership interest or your assets at the same terms as those contained in the offer.
o. Company's option to purchase your business	Paragraph VIII.E.	Company has 60 business days from notice of the offer to provide you with notice to purchase your ownership interest or your assets at the same terms as those contained in the offer.
p. Your death or disability	None	Not Applicable
q. Non-competition covenants during the term of the franchise	Paragraphs IX.C., H.	You must not (1) divert or attempt to divert any business or customer to a competitor; (2) harm the goodwill associated with the Marks and the System; (3) employ or seek to employ any person employed by Company or another franchisee or otherwise cause that person to leave his or her employ; (4) own or have any interest in any restaurant (including a restaurant you currently operate) specializing in preparing, promoting or selling food products

Provision	Paragraph in the Area Development Agreement	Summary
		or services similar to those of the System; or (5) fail to comply with the covenants contained in each Franchise Agreement between you and Company.
r. Non-competition covenants after the franchise is terminated or expires	Paragraphs IX.D., H.	You must not own or operate a business which specializes in promoting or selling products or services the same as or similar to those of the System for one year after the Area Development Agreement is terminated, and you must comply with the covenants in each Franchise Agreement between you and Company.
s. Modification of the Area Development Agreement	Paragraph XV.	The Area Development Agreement can be modified only by written agreement between you and Company.
t. Integration/merger clause	None	Not Applicable
u. Dispute resolution by arbitration or mediation	Paragraph XVIII.A.	Except for certain claims concerning confidential information or the Marks, all disputes must be resolved by mediation, then binding arbitration in Orange County, California.
v. Choice of forum	Paragraph XVII.B.	All actions under the Area Development Agreement will be brought in the appropriate state or federal court in California.
w. Choice of law	Paragraph XVII.A.	California law applies, subject to the exception provided in Paragraph XVII.A of the Area Development Agreement and applicable state law. See the State Specific Addenda (Exhibit G) attached to this Disclosure Document. Disputes regarding the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.

ITEM 18
PUBLIC FIGURES

Company does not use any public figures to promote its 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) 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 Company's management by contacting Renato "Mingo" Lee, 1155 Warner Avenue, Tustin, California 92780-6458. Telephone: (949) 222-0670, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20:
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised				
	2020	30*	28*	-2
	2021	28*	27*	-1
	2022	27*	25*	-2
Company Owned**				
	2020	22	20	-2
	2021	20	20	0
	2022	20	20	0
Total Outlets				
	2020	52	48	-4
	2021	48	47	-1
	2022	47	45	-2

*This total does not include the 2 franchised locations in Japan

**The company owned restaurants indicated in this table are all owned by Lamkone, except for one restaurant which operates under an intellectual property license from Lamkone.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2020 to 2022

State	Year	Number of Transfers
Hawaii		
	2020	0
	2021	0
	2022	0

State	Year	Number of Transfers
Total		
	2020	0
	2021	0
	2022	0

Table No. 3

Status of Franchise Outlets For years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
CA*								
	2020	14	0	0	0	0	1	13
	2021	13	0	0	0	0	1	12
	2022	12	0	0	1	0	1	10
CO								
	2020	8	0	0	0	0	1	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
HI								
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
NV								
	2020	5	0	0	0	0	0	5
	2021	5	1	0	0	0	0	6
	2022	6	0	0	0	0	0	6

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
NJ								
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
PA								
	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
TX								
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals								
	2020	30*	1	0	0	0	3	28*
	2021	28*	1	0	0	0	2	27*
	2022	27*	0	0	1	0	1	25*

* Lamkone owns a majority interest in 3 franchised restaurants in California. One of our franchisees operates under a Sponsorship Agreement with Lamkone.

There are 2 franchised locations in Japan that are not included in this chart.

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Table No. 4
Status of Company-Owned Outlets*
For years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CA*							
	2020	22	0	0	2	0	20
	2021	20	0	0	0	0	20
	2022	20	0	0	0	0	20
Totals							
	2020	22	0	0	2	0	20
	2021	20	0	0	0	0	20
	2022	20	0	0	0	0	20

* The restaurants indicated in this table are all owned by Lamkone, except for one restaurant which operates under an intellectual property license from Lamkone.

Table No. 5
Projected Openings as of December 31, 2022 (need estimates here)

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
California	0	0	0
Nevada	0	0	0
Texas	0	1	0
Total	0	1	0

Company requires all franchisees to sign confidentially agreements. In some instances, current provisions restricting their ability to speak openly about their experience with the System. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no independent trademark-specific franchisee organizations associated with the franchise system being offered that have asked to be included in this Disclosure Document.

ITEM 21:
FINANCIAL STATEMENTS

Attached as Exhibit "C" are Company's audited financial statements for the year ending December 31, 2020, December 31, 2021 and December 31, 2022. Company's fiscal year end is December 31.

ITEM 22:
CONTRACTS

The "WAHOO'S FISH TACO" Franchise Agreement (with exhibits) is attached to this Disclosure Document as Exhibit "B."

The "WAHOO'S FISH TACO" Area Development Agreement (with exhibits) is attached to this Disclosure Document as Exhibit "E."

The Franchisee-Franchisor Confidentiality Agreement (with exhibits) is attached to this Disclosure Document as Exhibit "F."

The State Addendum is attached to this Disclosure Document as Exhibit “G”.

There are no other contracts or agreements provided by Company to be signed by you.

ITEM 23:
RECEIPTS

On the last pages of this disclosure document (following the exhibits and attachments) are two (2) copies of a detachable receipt acknowledging your receipt of this disclosure (one copy is for you and the other is to be signed by you and given to Company).

WAHOO'S FISH TACO, LLC

LIST OF STATE AGENTS FOR SERVICE OF PROCESS
AND STATE ADMINISTRATORS

EXHIBIT A TO THE DISCLOSURE DOCUMENT

LIST OF STATE AGENTS FOR SERVICE OF PROCESS
AND STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677 www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov	California Commissioner of Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677
HAWAII	Business Registration Division Department of Commerce and 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii Business Registration Division Department of Commerce & Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Indiana Secretary of State 302 West Washington Street Securities Division, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Attn: Franchise Section 525 West Ottawa G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7177	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, Michigan 48909
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
NEW YORK	NYS Department of Law Investor Protection Bureau Franchise Section 28 Liberty Street, 21st Floor New York, New York 10005 Phone: (212) 416-8222	Attn: New York Department of State One Commerce Plaza 99 West Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
	Fax: (212) 416-6042	
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor, Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capitol Fifth Floor Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387
RHODE ISLAND	Securities Division State of Rhode Island Department of Business Regulation Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, RI 02920 (401) 462 9582 (Mail Should Be Sent To: Rhode Island DBR – Securities Division 1511 Pontiac Avenue Building **68-2** Cranston, RI 02920	Director, Securities Division Department of Business Regulation, Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, RI 02920 (401) 462 9582
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Director, Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Ninth Floor 1300 East Main Street Richmond, Virginia 23219 (804) 371-9672	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501
WISCONSIN	Administrator Division of Securities State of Wisconsin Department of Financial Institutions 4822 Madison Yards Way Madison, Wisconsin 53705 (608) 266-0448	Administrator Division of Securities State of Wisconsin Department of Financial Institutions 4822 Madison Yards Way Madison, Wisconsin 53705

WAHOO'S FISH TACO, LLC

FRANCHISE AGREEMENT

EXHIBIT B TO THE DISCLOSURE DOCUMENT

WAHOO'S FISH TACO, LLC

FRANCHISE AGREEMENT

EXHIBIT B TO THE DISCLOSURE DOCUMENT

THIS CONTRACT IS SUBJECT TO MEDIATION/ARBITRATION

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WAHOO'S FISH TACO, LLC

FRANCHISE AGREEMENT

This Franchise Agreement ("this Agreement"), made this _____ day of _______________, 20___ (the "Effective Date"), by and between WAHOO'S FISH TACO, LLC, a California limited liability company, having its principal place of business at 1185 Warner Avenue, Tustin, California 92780 ("Franchisor"), and ____ ("Franchisee").

RECITALS:

WHEREAS, Franchisor and its affiliate, over a period of time and as the result of the expenditure of time, expertise, effort and money have developed and own a unique system, identified by the Mark "WAHOO'S FISH TACO", relating to, (i) the establishment, development and operation of restaurants which serve freshly cooked fish tacos, a variety of additional tacos and burritos, charbroiled fish and chicken, steak and pork sandwiches, salads, ahi rice, black and cajun white beans, appetizers, desserts and related food items and beverages, and, at some locations, beer and wine all prepared in accordance with specified recipes and/or procedures ("Menu Items"), and offering seating for on-premises consumption and carry-out services; (ii) have developed a proprietary line of seasonings, spices and other food products ("Trade Secret Food Products"); (iii) have developed certain presentation, packaging and marketing standards and techniques for all Trade Secret Food Products; (iv) have developed certain private label hats, T-shirts, caps, coffee mugs and other novelty items bearing the Marks ("Trademarked Products"); and (v) have developed certain presentation, packaging and marketing standards and techniques for all Menu Items, Trade Secret Food Products and Trademarked Products (items (i)-(v) above, collectively the "System"); and

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior layout, design and color scheme; exclusively designed signage, decorations, furnishings and materials; special recipes, formulae, menus and food and beverage designations; the WAHOO'S FISH TACO Confidential Operations Manual ("Manual"); the Trade Secret Food Products; the Trademarked Products; the Proprietary Software Package ("Software") (if developed); food and beverage storage, preparation and service procedures and techniques; operating procedures for sanitation and maintenance; and methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales promotion and advertising, all of which may be changed, improved and further developed by Franchisor from time to time; and

WHEREAS, Franchisor's affiliate, Lamkone Restaurants, Inc. ("Affiliate"), is the owner of the right, title and interest together with all the goodwill connected thereto in and to the trade names, service marks and trademarks "WAHOO'S FISH TACO", "WAHOO'S FISH TACO, plus the design", associated logos, commercial symbols and such other trade names, service marks and trademarks as are now designated (and may hereinafter be designated by Franchisor in writing) as part of the System ("Mark[s]"); and

WHEREAS, Affiliate has granted Franchisor the right to use and to sublicense to its franchisees the right to use the Marks in the operation of WAHOO'S FISH TACO restaurants ("Franchised Restaurant"); and

WHEREAS, Franchisor shall continue to develop, use and control such Marks for the benefit and use of itself and its franchisees in order to identify for the public the source of food products and services marketed thereunder and to represent the System's high standards of quality regarding Menu Items, operations, food products, ingredients, appearance and service; and

WHEREAS, Franchisor grants to qualified persons franchises to own and operate WAHOO'S FISH TACO Franchised Restaurants offering food products and services authorized and approved by Franchisor and utilizing the System and Marks; and

WHEREAS, Franchisee desires to operate a WAHOO'S FISH TACO Franchised Restaurant using the System and Marks and has applied for a franchise, which application has been approved by Franchisor in reliance upon all of the representations made therein;

WHEREAS, Franchisee represents and warrants to Franchisor, as an inducement to Franchisor's execution of this Agreement, that the information set forth in the Entity Information Disclosure attached to this Agreement as Exhibit A is true, accurate and complete in all material respects on the Effective Date and that Franchisee shall provide Franchisor with all additional information Franchisor may request with respect to the owners and ownership of Franchisee. In addition, Franchisee shall notify Franchisor within ten (10) days of any change in the information set forth in the Entity Information Disclosure and shall provide Franchisor with a revised Entity Information Disclosure certified by Franchisee to be true, correct and complete in all material respects. Franchisor grants Franchisee the rights in this Agreement in reliance upon each and all of the terms of the Entity Information Disclosure; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and customer service and the necessity of operating the WAHOO'S FISH TACO Franchised Restaurant in conformity with Franchisor's standards and specifications; and

WHEREAS, Franchisor expressly disclaims the making of and Franchisee acknowledges that it has not received or relied upon any representation, warranty or guarantee, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. Franchisee acknowledges that it has read this Agreement and Franchisor's Uniform Franchise Disclosure Document and that it has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees or agents that are contrary to the statements made in Franchisor's Uniform Franchise Disclosure Document or to the terms herein.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other set forth in this Agreement, hereby agree as follows:

AGREEMENT:

I. APPOINTMENT AND FRANCHISE FEE

A. Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained, the right, license and privilege to use the Mark "WAHOO'S FISH TACO" and the other Marks and Franchisee undertakes the obligation to continuously operate a WAHOO'S FISH TACO Franchised Restaurant throughout the term of this Agreement, and to use solely in connection therewith, the System as it is currently established and as it may be changed, improved and further developed from time to time, at one (1) location only, such location to be:

1. ____

____
("Premises"); or

2. At a location to be designated, as provided in Paragraph III hereof within the following area:

____
____________________________________; provided, however, that when a location has been designated and approved by the parties, said location shall be deemed set forth in Paragraph I.A.1, as if originally incorporated therein. Franchisee shall not relocate its Franchised Restaurant without the prior written approval of Franchisor.

B. Franchisor shall not, so long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof, franchise or operate any other WAHOO'S FISH TACO Franchised Restaurant within a one and one-half (1.5) mile radius surrounding the Franchised Restaurant ("Designated Area"). The Designated Area selected is described in writing and on a map attached hereto as Exhibit B and made a part of this Agreement. Notwithstanding the above, Franchisor has the right to grant franchises or operate Franchised Restaurants at non-traditional sites, such as schools, universities, airports, amusement parks, hospitals, stadiums, arenas, convention centers and others ("Non-Traditional Sites") within or without the Designated Area and to grant such other franchises or operate Franchised Restaurants outside of the Designated Area as Franchisor, in its sole and exclusive discretion, deems appropriate.

1. Franchisor or any parent, subsidiary or affiliate of Franchisor ("Related Entities") reserves the right, to offer and sell at wholesale or retail, including by means of the Internet or Internet web site, mail order catalogs, direct mail advertising or through any other distribution system, both within and outside the Designated Area, Wahoo's products and services which comprise or may in the future comprise a part of the System including, but not limited to, the Trade Secret Food Products and Trademarked Products, which products may be resold at retail or through any other distribution channel to the general public by such entities; and to advertise and promote the System through any means, including the Internet.

2. Franchisor and any of its Related Entities further reserve the right, both within and outside the Designated Area, to market products other than fish tacos, burritos, charbroiled fish and chicken and other products comprising a part of the current System under a format, trademarks and service marks distinct from the WAHOO'S FISH TACO System.

3. Franchisee shall engage only in the retail sale of Menu Items and Franchisee agrees not to engage in the wholesale sale and/or distribution of any product offered for sale through the Franchised Restaurant, except if authorized in writing by Franchisor. "Wholesale Sale and/or Distribution" shall mean any sale and/or distribution of any product by Franchisee to a third party for resale, retail sale or further distribution by such third party.

C. In consideration of the franchise granted herein, Franchisee shall pay to Franchisor, on the Effective Date, a franchise fee of ______________________________ DOLLARS ($__________) ("Franchise Fee"). Said fee shall be deemed fully earned and non-refundable when paid as consideration for expenses incurred by Franchisor in furnishing assistance and services to Franchisee and for Franchisor's lost or deferred opportunity to franchise others, except as may be otherwise specifically provided in this Agreement and/or any Exhibit attached hereto.

D. Franchisee acknowledges that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any System franchisee based upon the peculiarities of the particular site or circumstance, density of population, business potential, population of trade area, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such franchisee's business. Franchisee shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation hereunder.

E. In consideration of Franchisor's agreement not to grant another franchise in the Designated Area, except with respect to Non-Traditional Sites, Franchisee shall at all times use its best efforts to promote and increase the sales and service of Menu Items and to effect the widest and best possible distribution throughout the Designated Area, soliciting and servicing all potential customers for WAHOO'S FISH TACO food products and services. Failure of Franchisee to devote its best efforts to adequately represent its WAHOO'S FISH TACO Franchised Restaurant in its Designated Area through its sales and service efforts shall be deemed just cause for termination.

II. <u>TERM AND RENEWAL</u>

A. This Agreement shall be effective and binding for an initial term of ten (10) years commencing on the Effective Date. Franchisee must secure a lease for the Premises of at least ten (10) years including lease renewal periods unless otherwise approved by Franchisor in writing.

B. Franchisee shall have the right to renew this franchise for up to four (4) additional successive terms of five (5) years each, provided, that all of the conditions hereinafter set forth have been fulfilled in connection with each additional term:

1. Franchisee has, during the entire term of this Agreement, complied with all its provisions;

2. At the time of giving notice of renewal to Franchisor, Franchisee is not in default under any terms of this Agreement nor has Franchisee, at any time during the term of this Agreement, been in material default under any provisions of this Agreement;

3. Franchisee maintains possession of the Franchised Restaurant and, before the expiration of the then-current term, has brought the Franchised Restaurant into full compliance with the specifications and standards then applicable for new or renewing WAHOO'S FISH TACO Franchised Restaurants and presents evidence satisfactory to Franchisor that it has the right to remain in possession of the Premises for the duration of any renewal term; or, in the event Franchisee is unable to maintain possession of the Premises or if, in the judgment of Franchisor, the Premises should be relocated, Franchisee secures substitute premises approved by Franchisor and has furnished, stocked and equipped such premises to bring the Franchised Restaurant at its substituted premises into full compliance with the then-current specifications and standards before the expiration date of this Agreement;

4. Franchisee has given notice of renewal to Franchisor as provided hereinafter;

5. Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor and has timely met these obligations throughout the term of this Agreement;

6. Upon renewal, Franchisee has executed Franchisor's then-current form of the Franchise Agreement (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise), which Franchise Agreement shall supersede this Agreement, and the terms of which may differ from the terms of this Agreement including, without limitation, a different percentage Royalty Fee (as defined in Paragraph X.A) and advertising contribution; provided, however, Franchisee shall not be required to pay the then-current initial Franchise Fee;

7. Franchisee has complied with Franchisor's then-current qualifications and training requirements; and

8. Franchisee has executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its respective officers, directors, agents, shareholders and employees.

9. Franchisee has paid to Franchisor a "Renewal Fee" in the amount of FIVE THOUSAND DOLLARS ($5,000.00).

C. If Franchisee desires to renew this franchise before the expiration of this Agreement, Franchisee shall give Franchisor written notice of its desire to renew at least six (6) months, but not more than twelve (12) months, prior to the expiration of the then-current term of this Agreement. Within sixty (60) days after its receipt of such timely notice, Franchisor shall furnish Franchisee with written notice of (i) reasons which could cause Franchisor not to grant a renewal to Franchisee including, but not limited to, any deficiencies which require correction and a schedule for correction thereof by Franchisee; and (ii) Franchisor's then-current requirements relating to the image, appearance, decoration, furnishing, equipping and stocking of WAHOO'S FISH TACO Franchised Restaurants and a schedule for effecting upgrades or modifications in order to bring the Franchised Restaurant in compliance therewith, as a condition of renewal. Renewal of the franchise shall be conditioned upon Franchisee's compliance with such requirements and continued compliance with all the terms and conditions of this Agreement up to the date of termination of the initial term.

III. <u>RESTAURANT LOCATION</u>

A. Franchisee shall operate the Franchised Restaurant only at the location specified in Paragraph I hereof. If the lease for the site of the Franchised Restaurant expires or terminates without fault of Franchisee or if the site is destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor shall grant permission for relocation of the Franchised Restaurant at a location and site acceptable to Franchisor. Any such relocation shall be at Franchisee's sole expense and Franchisor shall have the right to charge Franchisee a relocation fee plus costs, to compensate for any and all reasonable costs incurred by Franchisor in providing such relocation services.

B. Franchisee will be solely responsible for purchasing or leasing a suitable site for the Franchised Restaurant. If the franchise location is not designated above, Franchisor shall use reasonable efforts to help analyze Franchisee's market area, to help determine site feasibility, and to assist in the designation of the franchise location. Prior to the acquisition by lease or purchase of any site for the Premises, Franchisee shall submit a description of the proposed site to Franchisor, together with a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the proposed site. Franchisor shall thereafter approve or disapprove such proposed site in the exercise of its sole discretion and so advise Franchisee in writing within fifteen (15) business days after receiving Franchisee's written proposal. Any site for the Premises must comply with Franchisor's requirements as set forth in the Manual, including requirements for strict brand compliance and minimum size and seating.

C. After receiving Franchisor's written approval of the location of the Franchised Restaurant as provided in Paragraph III.B hereof, Franchisee shall, subject to the prior approval of the lease terms by Franchisor, execute a lease for the site. Franchisor's approval of the lease shall be conditioned upon inclusion in the lease of terms acceptable to Franchisor and, at Franchisor's option, the lease shall contain such provisions including, but not limited to:

1. A provision reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest upon termination or expiration of the franchise grant;

2. A provision which requires the lessor concurrently to provide Franchisor with a copy of any written notice of deficiency or default under the lease sent to Franchisee and which grants to Franchisor, in its sole discretion, the right (but not obligation) to cure any deficiency or default under the lease within fifteen (15) business days after the expiration of the period in which Franchisee had to cure any such default should Franchisee fail to do so;

3. A provision which evidences the right of Franchisee to display the Marks in accordance with the specifications required by the Manual, subject only to the provisions of applicable law;

4. A provision that the Premises be used for the operation of a Franchised Restaurant; and

5. A provision allowing the construction of leasehold improvements in conjunction with requirements of this Agreement and the Manual.

Franchisor's review of the lease is limited to terms and conditions it deems significant to Franchisor, and Franchisor's approval of the lease will not be construed as an endorsement or approval of any of the financial or legal terms and conditions contained within the lease or their favorability to Franchisee.

D. In the event no acceptable site is found and approved by the parties within sixty (60) days from the date of this Agreement, upon written notice from either party, this Agreement shall be terminated and, provided that Franchisee has exercised its best efforts and good faith in locating a suitable site, Franchise Fees received by Franchisor shall be returned to Franchisee, less Franchisor's expenses incurred in providing assistance to Franchisee not to exceed NINE THOUSAND DOLLARS ($9,000.00). Upon return of said amount, Franchisor shall be fully and forever released from any claims or causes of action Franchisee may have under or pursuant to this Agreement and any right, title or interest of Franchisee in the Marks and any such rights shall automatically revert to Franchisor.

E. Franchisee shall within six (6) months after obtaining possession of the site for the Franchised Restaurant: (i) cause to be prepared and submit for approval by Franchisor a site survey and any modifications to Franchisor's basic architectural plans and specifications (not for construction) for the development of a WAHOO'S FISH TACO Franchised Restaurant (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating) at the site leased or purchased therefor, provided that Franchisee may modify Franchisor's basic plans and specifications only to the extent required to comply with all applicable ordinances, building codes and permit requirements and with prior notification to and approval by Franchisor; (ii) obtain all required zoning changes, building, utility, health, sanitation and sign permits and licenses and any other required permits and licenses; (iii) purchase or lease equipment, fixtures, furniture and signs as provided herein; (iv) complete the construction and/or remodeling, equipment, fixtures, furniture and sign installation and decorating of the Franchised Restaurant in full and strict compliance with plans and specifications therefor approved by Franchisor and all applicable ordinances, building codes and permit requirements; (v) obtain all customary contractors' statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; and (vi) otherwise complete development of and have the Franchised Restaurant ready to open and commence the conduct of its business in accordance with Paragraph XII hereof.

F. Except with respect to damage caused by fire, catastrophe or other casualty (for which the monetary limitations referenced herein shall not be applicable), Franchisee may be required to make capital expenditures not to exceed TWENTY-FIVE THOUSAND DOLLARS ($25,000.00) to remodel, modernize and redecorate the Franchised Restaurant and its Premises during the initial term or any renewal term of the Agreement. All remodeling, modernization or redecoration of the Premises or the Franchised Restaurant must be done in accordance with the standards and specifications as prescribed by Franchisor from time to time and with the prior written approval of Franchisor. All replacements must conform to Franchisor's then-current quality standards and specifications and must be approved by Franchisor in writing. Franchisee acknowledges that maintenance of the Premises of the Franchised Restaurant and modifying or replacing equipment may exceed this amount, and maintenance costs and equipment costs may not be credited to remodeling, modernization or redecoration expenditures. This additional investment will not be required during the first year of the term, and will be required during the last year of the term only as a condition of the renewal. Franchisee may avoid making the additional investment, if required in the last year, by giving notice of nonrenewal.

IV. TRAINING AND ASSISTANCE

A. Prior to Franchisee's commencement of operations, Franchisor shall make an initial training program available to Franchisee. The initial training program shall consist of approximately 8 to 10 weeks of training. Training shall commence approximately three months prior to site completion. Franchisee and Franchisee's general manager are required to attend and successfully complete such program. Upon successful completion of the training program and six (6) months of operation in compliance with such training, Franchisee or Franchisee's general manager will be designed as a Certified Manager. Training shall be conducted at Franchisor's headquarters in Santa Ana, California, or at such other place as Franchisor shall designate. Said training program shall include both classroom training and on-the-job training at a WAHOO'S FISH TACO Franchised Restaurant and shall cover material aspects of the operation of a WAHOO'S FISH TACO Franchised Restaurant including financial controls; general bookkeeping procedures; food preparation, service and operational techniques; familiarization with recipes and cooking procedures; marketing and advertising techniques; sanitation and maintenance procedures; deployment of labor; maintenance of quality standards; and an understanding of the Manual. All expenses incurred by Franchisee and its employees in attending such program including, without limitation, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. For Franchised Restaurants which operate a full bar, Franchisor will provide an additional 80 to 100 hours of bar training, including 12 to 48 hours of on-site support, for which Franchisee will be charged an additional training fee of Five Thousand Dollars ($5,000.00).

B. Franchisor shall furnish to Franchisee, at the Premises and at Franchisor's expense, up to three (3) representatives for the purpose of facilitating the opening of the Franchised Restaurant. Such representatives shall provide approximately 160 to 240 hours of additional training at Franchisee's Franchised Restaurant around the commencement of operations of the Franchised Restaurant. During this period, such representatives shall also assist Franchisee in establishing and standardizing procedures and techniques essential to the operation of a WAHOO'S FISH TACO Franchised Restaurant and shall assist in training personnel. In the event Franchisor determines Franchisee is not prepared for the opening of the Franchised Restaurant due to non-compliance with the requirements for opening set forth in the Manual or if Franchisor determines that Franchisee requires additional training and/or assistance to open the Franchised Restaurant, the training will either be delayed until such time as Franchisee demonstrates readiness to open, or Franchisor will send additional representatives to the Premises, and Franchisee will bear the cost of the increased travel, room and board expenses of Franchisor in travelling to the Premises on multiple occasions or sending additional representatives. Should Franchisee request additional assistance from Franchisor in order to facilitate the opening of the Franchised Restaurant and should Franchisor, in its discretion, deem it necessary, feasible and appropriate to comply with the request, Franchisee shall reimburse Franchisor for the expense of Franchisor providing such additional assistance, which may include Franchisor's then-current training fees and all costs for travel, room and board, as set forth in the Manual which may be amended from time to time.

Notwithstanding the foregoing Paragraphs IV.A and IV.B, if Franchisee has previously completed the training program in connection with a prior Franchised Restaurant, then in lieu of the initial training program and the additional training described this paragraph, Franchisor will provide one (1) week of refresher training which will include any new methods or programs not previously covered and any additional training requested by Franchisee will be at Franchisee's cost.

C. At any time during the training program, if Franchisor determines, in its sole discretion, that Franchisee is unable to satisfactorily complete any phase of the training program, Franchisor shall have the right to: (i) require Franchisee to attend additional training to demonstrate its ability to operate the Franchised Restaurant to Franchisor's satisfaction, at Franchisee's expense; (ii) require Franchisee or a new approved designee to complete the training program subject to Franchisor's then-current training requirements; or (iii) terminate this Agreement immediately upon written notice to Franchisee. If Franchisor elects to terminate this Agreement, Franchisee will pay Franchisor for all training costs and expenses incurred prior to the date of termination, at the rates set forth in the Manual, not to exceed FIFTEEN THOUSAND DOLLARS ($15,000.00). If Franchisee has paid Franchise Fees in excess of the amount of such training costs and expenses, Franchisor shall return to Franchisee the Franchise Fees paid to Franchisor minus such costs and expenses, and Franchisor shall be fully and forever released from any claims or causes of action Franchisee may have under or pursuant to this Agreement, and any right, title or interest of Franchisee in the Marks and any such rights shall automatically revert to Franchisor.

D. Franchisor from time to time may provide and, if it does, may require that previously-trained and experienced franchisees, their managers and/or employees attend and successfully complete refresher training programs or seminars to be conducted at such location as may be designated by Franchisor. Attendance at such refresher training programs or seminars shall be at Franchisee's sole expense; provided, however, that attendance shall not be required at more than one (1) such program in any calendar year and shall not collectively exceed three (3) business days in duration during any calendar year. All expenses incurred by Franchisee and its employees in attending such program including, without limitation, travel costs, room and board expenses and employee's salaries, shall be the sole responsibility of Franchisee.

E. At all times during the term of this Agreement, Franchisee shall have a Certified Manager or a manager training to become a Certified Manager. If Franchisee designates new or additional managers after the initial training program, Franchisor shall provide training to such managers at Franchisor's standard rates published in the Manual. Franchisee shall be required to successfully complete the training program provided at Franchisor's headquarters or such other location designated by Franchisor. Franchisee shall bear all costs incurred by Franchisee's employees attending such training program.

F. Franchisee understands, agrees, and acknowledges that Franchisor may at any one time be assisting with the opening of several franchise restaurants and the training of several prospective or existing franchisees, and that should Franchisee fail to meet or properly respond to any time deadline or notice requirement, whether contained herein or otherwise reasonably requested by Franchisor, Franchisee's scheduled training and/or other Franchisor assistance may, in Franchisor's discretion, be delayed so as not to interfere with Franchisor's existing scheduled training and assistance to be provided to other prospective or existing franchisees. In such event, Franchisor shall use reasonable efforts to train, or provide the required assistance to Franchisee as soon as possible after Franchisee has properly met any required time deadline or given proper notice as provided herein or otherwise.

G. Any training Company provides to any of Franchisee's employees will be limited to training or guiding the employee regarding the delivery of approved goods and services to customers in a manner that reflects the customer service standards of the System. Franchisee is, and will remain the sole employer of anyone Franchisee employs during all training programs and Franchisee is solely responsible for all employment decisions and actions related to Franchisee's employees. Franchisee must ensure that any employee Franchisee hires receives adequate training.

V. PROPRIETARY MARKS

A. Franchisee acknowledges that Affiliate is the owner of all right, title and interest, together with all the goodwill, of the Marks. Franchisee further acknowledges that Franchisee's right to use the Marks is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by Franchisor from time to time during the term of the franchise. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Affiliate and Franchisor in and to the Marks. Franchisee acknowledges that all usage of the Marks by Franchisee and any goodwill established by Franchisee's use of the Marks shall inure to the exclusive benefit of Franchisor and that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of the Marks. All provisions of this Agreement applicable to the Marks apply to any and all additional trademarks, service marks and commercial symbols authorized for use by and licensed to Franchisee by Franchisor after the date of this Agreement.

B. Franchisee shall not use any Mark or portion of any Mark as part of a corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols or in any modified form. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law.

C. Franchisee shall promptly notify Franchisor of any claim, demand or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any imitation thereof. Franchisee shall also notify Franchisor of any action, claim or demand against Franchisee relating to the Marks within ten (10) days after Franchisee receives notice of said action, claim or demand. Upon receipt of timely notice of an action, claim or demand against Franchisee relating to the Marks, Franchisor shall have the right, but not the duty, to defend any such action. Franchisor shall have the right to contest or bring action against any third party regarding the third party's use of any of the Marks and shall exercise such right in Franchisor's sole discretion. In any defense or prosecution of any litigation relating to the Marks or components of the System undertaken by Franchisor, Franchisee shall cooperate with Franchisor and execute any and all documents and take all actions as may be desirable or necessary, in the opinion of Franchisor's counsel, to carry out such defense or prosecution. Both parties shall make every effort consistent with the foregoing to protect, maintain and promote the Marks as identifying the System exclusively.

D. If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor to modify or discontinue use of any Mark, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's direction to modify or discontinue use of any Mark, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols within a reasonable time after notice to Franchisee by Franchisor. Franchisor shall have no liability or obligation whatsoever with respect to Franchisor's modification or discontinuance of any Mark.

E. In order to preserve the validity and integrity of the Marks and copyrighted material licensed herein and to ensure that Franchisee is properly employing the same in the operation of its Franchised Restaurant, Franchisor or its agents shall have the right of entry and inspection of Franchisee's Premises and operating procedures at all reasonable times without advance notice. Franchisor shall have the right to observe the manner in which Franchisee is rendering its WAHOO'S FISH TACO services and conducting its operations, to confer with Franchisee's employees and customers and to select Menu Items, the Trade Secret Food Products, ingredients, food and non-food products, beverages and other items, products and supplies for test of content and evaluation purposes to make certain that the Menu Items, the Trade Secret Food Products, ingredients, food and non-food products, beverages and other items, products, materials and supplies are satisfactory and meet the quality control provisions and performance standards established by Franchisor.

F. Franchisee shall not establish a website on the Internet using any domain name containing the words "WAHOO'S FISH TACO". Franchisor retains the sole right to advertise on the Internet and create a website using the "WAHOO'S FISH TACO" domain name. Franchisee acknowledges that Franchisor and/or Affiliate is the owner of all right, title and interest in and to such domain name(s) as Franchisor shall designate in the Manual. Franchisor retains the right to pre-approve Franchisee's use of linking and framing between Franchisee's web pages and all other websites. If requested by Franchisor, Franchisee shall, within five (5) days, dismantle any frames and links between Franchisee's web pages and any other websites, as requested by Franchisor.

VI. CONFIDENTIAL OPERATIONS MANUAL

A. Franchisor shall loan to Franchisee, during the term of the franchise, one (1) copy of the Manual containing mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by Franchisor for WAHOO'S FISH TACO Franchised Restaurants and information relative to other obligations of Franchisee hereunder. Franchisor shall have the right to add to and otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor for WAHOO'S FISH TACO Franchised Restaurants, provided that no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement. Any required specifications, standards, and/or operating procedures exist to protect Franchisor's interests in the Marks and in the System and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those day-to-day operational matters that are reserved to Franchisee.

B. The Manual shall at all times remain the sole property of Franchisor and shall promptly be returned upon the expiration or other termination of this Agreement. At no time shall Franchisee or its employees make copies or reproductions of all or part of the Manual.

C. The Manual contains proprietary information of Franchisor and shall be kept confidential by Franchisee both during the term of the franchise and subsequent to the expiration and/or termination of the franchise. Franchisee shall at all times ensure that its copy of the Manual be available at the Premises in a current and up-to-date manner. At all times that the Manual is not in use by authorized personnel, Franchisee shall maintain the Manual in a locked receptacle at the Premises and shall only grant authorized personnel, as defined in the Manual, access to the key or lock combination of such receptacle. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's home office shall be controlling.

VII. CONFIDENTIAL INFORMATION

A. Franchisee acknowledges that its entire knowledge of the operation of a WAHOO'S FISH TACO Franchised Restaurant including, without limitation, the method of preparation of Menu Items, Trade Secret Food Products, other food products and other specifications, product formulae, standards and operating procedures of a WAHOO'S FISH TACO Franchised Restaurant is derived from information disclosed to Franchisee by Franchisor and that such information is proprietary, confidential and the Trade Secret of Franchisor. In addition, any improvements developed by Franchisee or customer lists and databases obtained by Franchisee pursuant to Franchisee's operation of the Franchised Restaurant shall constitute proprietary information of Franchisor. "Trade Secrets" refers to the whole or any portion of know-how, knowledge, methods, recipes, formulae, specifications, processes, procedures and/or improvements regarding the WAHOO'S FISH TACO Franchised Restaurant, the System and any information that is valuable and secret in the sense that it is not generally known to competitors of Franchisor. Franchisee shall maintain the absolute confidentiality of all such information during and after the term of the franchise and Franchisee shall not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor.

B. Franchisee shall divulge such confidential information only to the extent and only to such of its employees as must have access to it in order to operate the Franchised Restaurant, or as otherwise required by a valid court order. Any and all information, knowledge and know-how including, without limitation, drawings, materials, equipment, techniques, restaurant systems, product formulae, recipes and other data which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate lawfully came to its attention prior to disclosure thereof by Franchisor; or which, at the time of disclosure by Franchisor to Franchisee, had lawfully become a part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, lawfully becomes a part of the public domain, through publication or communication by others.

C. Due to the special and unique nature of the confidential information, Marks and Manual of Franchisor, Franchisee hereby acknowledges that Franchisor shall be entitled to immediate equitable remedies including, but not limited to, restraining orders and injunctive relief in order to safeguard such proprietary, confidential, unique and special information of Franchisor and that money damages alone would be an insufficient remedy with which to compensate Franchisor for any breach of the terms of Paragraphs V, VI, VII and XV of this Agreement.

D. Franchisee and Franchisor acknowledge and agree, as follows:

1. Franchisor may authorize Franchisee to use certain copyrighted or copyrightable works ("Copyrighted Works");

2. The Copyrighted Works are the valuable property of Franchisor, its parent, subsidiaries or affiliates; and

3. Franchisee's rights to use the Copyrighted Works are granted to Franchisee solely on the condition that Franchisee complies with the terms of this Paragraph VII.

E. Franchisee acknowledges and agrees that Franchisor owns or is the licensee of the owner of the Copyrighted Works and Franchisor may further create, acquire or obtain licenses for certain copyrights in various works of authorship used in connection with the operation of WAHOO'S FISH TACO Franchised Restaurants including, but not limited to, all categories of works eligible for protection under the United States copyright law, all of which shall be deemed to be Copyrighted Works under this Agreement. Such Copyrighted Works include, but are not limited to, the Manual, advertisements, promotional materials, posters and signs and may include all or part of the Marks, Software, trade dress and other portions of the System. Franchisor intends that all works of authorship related to the System which are created in the future shall be owned by it or its affiliates.

F. If Franchisee develops any new methods, recipes, formulae, specifications, processes, procedures, programs, projects, works of art or other materials in the course of operating its WAHOO'S FISH TACO Franchised Restaurant which Franchisor approves for the use and/or sale in the Franchised Restaurant, such method, recipe, formulae, specification, process, procedure, program, project, work of art or other material ("Work") shall be a work made for hire and shall automatically become the property of Franchisor as though Franchisor had developed the Work itself. To the extent any such Work may not, by operation of law or otherwise, be a work made for hire, Franchisee hereby assigns to Franchisor the ownership of and all rights and copyrights in and to such Work, and the right to secure renewals of any such copyrights. Franchisee further agrees upon request to execute such specific assignments or instruments and take any action necessary to enable Franchisor to secure all rights in such Work.

VIII. MODIFICATION OF THE SYSTEM

Franchisee acknowledges that from time-to-time hereafter, Franchisor may change or modify the System presently identified by the Marks including, without limitation, the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new Menu Items, recipes, products, equipment or techniques and such modifications shall be communicated to Franchisee through the Manual. Franchisee shall accept, use and display, for the purpose of this Agreement, any such changes in the System, as if they were part of this Agreement at the time of execution hereof. Franchisee shall make such expenditures as are reasonably required by such changes or modifications in the System. Franchisee shall not change, modify or alter the System in any way.

IX. ADVERTISING

Recognizing the value of advertising and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and the public image of WAHOO'S FISH TACO Franchised Restaurants, Franchisee agrees to the following provisions relating to advertising approvals and expenditures. The total monthly advertising-related expenditures required pursuant to Paragraphs IX.C, IX.D and IX.E below shall not exceed two percent (2%) of Franchisee's Net Sales.

A. Franchisee shall submit to Franchisor or its designated agency, for its prior approval, all promotional materials and advertising to be used by Franchisee including, but not limited to, newspapers, radio and television advertising, online advertising and social networking (if permitted by Franchisor), specialty and novelty items, signs, containers and boxes. In the event written disapproval of said advertising and promotional material is not given by Franchisor to Franchisee within ten (10) business days from the date such material is received by Franchisor, said materials shall be deemed approved. Failure by Franchisee to conform with the provisions herein and subsequent non-action by Franchisor to require Franchisee to cure or remedy this failure and default shall not be deemed a waiver of future or additional failures and defaults of any other provision of this Agreement. The submission of advertising to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee sells its products or services.

B. Franchisee shall spend SIX THOUSAND DOLLARS ($6,000.00) within the first thirty (30) days of operation of the Franchised Restaurant on newspaper, direct mail advertising or promotional items through other media ("Grand Opening Advertising"). Such Grand Opening Advertising shall be conducted in accordance with the Manual. Franchisor shall establish guidelines for Grand Opening Advertising and shall provide such guidelines to Franchisee prior to or during the initial training program.

C. Franchisee shall contribute an amount of up to one percent (1%) of the Net Sales (as defined in Paragraph X.A.2 of this Agreement) derived from the Franchised Restaurant to the WAHOO'S FISH TACO Advertising and Development Fund ("Advertising Fund"), in the event the Advertising Fund is established by Franchisor. Franchisee's required payments to the Advertising Fund, if any, shall be made at the same time and in the same manner as, and in addition to, the Royalty Fee provided in Paragraph X.A herein. Such payment shall be credited against any sums that Franchisee is required to spend on local advertising and promotion as required by Paragraph IX.D. In the event established, the Advertising Fund shall be maintained and administered by Franchisor or its designee, as follows:

1. Franchisor shall direct all advertising programs with sole discretion over the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Advertising Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of the System and that Franchisor and its designee undertake no obligation in administering the Advertising Fund to make expenditures for Franchisee which are equivalent or proportionate to its contribution, or to ensure that any particular franchisee benefits directly pro rata from the placement of advertising.

2. The monies may be used to meet any and all costs of maintaining, administering, directing, producing and preparing promotions and advertising including, without limitation, the cost of conducting public relations activities, advertising and producing promotional brochures and other marketing materials to franchisees in the System. All sums paid by Franchisee to the Advertising Fund shall be maintained in a separate account from the other monies of Franchisor and shall not be used to solicit franchises or to defray any of Franchisor's general operating expenses, except for such reasonable administrative costs and overhead, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Advertising Fund and advertising programs including, without limitation, conducting market research, preparing marketing and advertising materials and collecting and accounting for assessments for the Advertising Fund.

3. It is anticipated that all contributions to the Advertising Fund shall be expended for advertising and promotional purposes during Franchisor's fiscal year within which contributions are made. If, however, excess amounts remain in the Advertising Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of any current interest or other earnings of the Advertising Fund, next out of any accumulated earnings and finally from principal.

4. Although Franchisor intends the Advertising Fund to be of perpetual duration, Franchisor maintains the right to terminate the Advertising Fund. The Advertising Fund shall not be terminated, however, until all monies in the Advertising Fund have been expended for advertising and promotional purposes.

5. An accounting of the operation of the Advertising Fund shall be prepared annually and shall be made available to Franchisee upon request. Franchisor reserves the right, at its option, to require that such

annual accounting include an audit of the operation of the Advertising Fund prepared by an independent certified public accountant selected by Franchisor and prepared at the expense of the Advertising Fund.

6. For each WAHOO'S FISH TACO restaurant offering products and services similar to the Franchised Restaurant, owned by Franchisor or any Related Entity, such entity shall make contributions to the Advertising Fund equivalent to the contributions required of Franchised Restaurants within the System.

D. Each calendar month, Franchisee shall spend at least an amount equal to two percent (2%) of Franchisee's Net Sales for such calendar month on local advertising and promotion. Such local advertising and promotion expense shall be exclusive of any labor costs for any person employed by Franchisee and shall not include the expense of disposable menus. To the extent Franchisee conducts local advertising and promotion by bartering and/or giving away food items or merchandise promoting WAHOO'S FISH TACO or the franchised restaurant, only Franchisee's costs for such food items or merchandise shall count towards satisfying the required two percent (2%) local advertising and promotion expense. Such expenditures shall be made directly by Franchisee, subject to approval and direction by Franchisor or Franchisor's designated advertising agency. Within thirty (30) days of the end of each calendar month, Franchisee shall furnish to Franchisor, in a manner approved by Franchisor, an accurate accounting of Franchisee's expenditures on local advertising and promotion for the preceding calendar month just ended. Franchisor shall provide guidelines for local advertising and any deviation from such guidelines requires the prior approval of Franchisor.

E. From time to time, Franchisor may designate a local, regional or national Advertising Coverage Area in which Franchisee's restaurant and at least one (1) other WAHOO'S FISH TACO restaurant is located for purposes of developing a cooperative local, regional or national advertising or promotional program. Franchisee agrees to participate in and contribute its share to such cooperative advertising and promotional programs in Franchisee's Advertising Coverage Area, provided that the total monthly required advertising-related expenditures pursuant to Paragraphs IX.C, IX.D and IX.E shall not exceed two percent (2%) of Franchisee's Net Sales. The cost of the program shall be allocated among locations in such area and each Franchisee's share shall be in proportion to its sales during the preceding twelve (12) month period, or portion of said period. Up to fifty percent (50%) of Franchisee's required expenditures for local advertising and promotional programs, less any amounts contributed to the Advertising Fund, may be used for cooperative advertising programs and shall be credited against the local advertising and promotional expenditure required by Paragraph IX.D. "Advertising Coverage Area" shall be defined as the area covered by the particular advertising medium (television, radio or other medium) as recognized in the industry. Franchisor may establish regional advertising councils to administer the cooperative advertising program which shall be comprised of franchisees in the Advertising Coverage Area and WAHOO'S FISH TACO restaurants owned by Franchisor or any Related Entity of Franchisor. At the time a program is submitted, Franchisor shall submit a list to Franchisee of all operating WAHOO'S FISH TACO restaurants within the Advertising Coverage Area.

F. Franchisee shall not advertise or use in advertising or any other form of promotion, the copyrighted materials, trademarks, service marks or commercial symbols of Franchisor without the appropriate © or ® registration marks or the designation ™ or ℠ where applicable. Such registered marks and designations shall be used in conjunction with "WAHOO'S FISH TACO", the WAHOO'S FISH TACO logo, the Manual and any other copyright materials, trademark, service mark, or commercial symbols as may be developed.

G. <u>SOCIAL MEDIA</u>. Franchisor has the right to establish, maintain, modify or discontinue all internet activities pertaining to the System, including through the use of a page or profile on a social media website such as Facebook, LinkedIn, Instagram, Twitter, TikTok or Snapchat. Franchisee may have an online presence, through social media pages approved by Franchisor. If Franchisee wishes to create a social media page or profile for its Store, then it must first obtain Franchisor's prior written consent (which Franchisor may withhold in its business judgment). If Franchisor approves Franchisee's request to create a social media page or profile, then Franchisee acknowledges and understands that any content posted to any such approved page or profile must strictly comply with Franchisor's System standards and social media policy as set forth in its Operations Manual. To ensure brand uniformity Franchisee must comply with the standards Franchisor develop[s] for the System, in the manner Franchisor direct[s] in the Operations Manual or otherwise, with regard to Franchisor's authorization to use, and use of, blogs, common social networks (including "Facebook"), professional networks (including "LinkedIn"), live blogging tools (including "Twitter"), virtual worlds, file, audio and video sharing sites and other similar social networking media or tools (collectively, “Social Media”) that in any way references the Marks or involves the System or your Business. Franchisee agrees to immediately remove any content that Franchisor, in its business judgment, deems to be in violation of Franchisor’s System standards or social media policy. Franchisee also agrees, upon Franchisor’s request, to provide Franchisor with the login id and passwords for each social media page and profile that Franchisee creates to promote its Franchised Business. Franchisee furthers agree that Franchisor shall have the right to use such login credentials to remove any content that Franchisor requested that Franchisee delete but which Franchisee failed to remove.

X. ROYALTY FEE

A. Franchisee shall pay to Franchisor, without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a weekly fee equal to five percent (5%) of the Net Sales derived from the Franchised Restaurant (the "Royalty Fee"). The Royalty Fee shall be paid weekly, in the manner specified below, or as otherwise prescribed in the Manual.

1. Each week, Franchisee shall submit to Franchisor, on a form approved by Franchisor, a correct statement, signed by Franchisee, of Franchisee's Net Sales for the preceding week just ended. Such Net Sales statement shall separately designate that portion of Franchisee's Net Sales attributable to any and all catering activities. Each weekly statement of Net Sales shall be accompanied by the Royalty Fee payment based on the Net Sales reported in the statement so submitted. Franchisee shall make available to Franchisor all original books and records that Franchisor may deem necessary to ascertain Franchisee's Net Sales for reasonable inspection at reasonable times. Franchisor reserves the right to collect Royalty Fees more frequently upon thirty (30) days prior written notice to Franchisee. If Franchisee fails to report Net Sales for any reporting period(s), for each such period, Franchisor is authorized to debit Franchisee's account in an amount equal to one hundred twenty percent (120%) of the Royalty Fee paid during the last reported period. Once Franchisor receives the actual Net Sales report(s), any overpayments will be credited, without interest, against future Royalty Fees, and any underpayments shall be paid immediately by Franchisee. If at any time Franchisor determines that Franchisee has under-reported Net Sales or underpaid any Royalty Fees, then Franchisor will be authorized to initiate immediately a debit to Franchisee's account in the appropriate amount, plus applicable interest. The foregoing rights provided to Franchisor are in addition to any other rights and remedies Franchisor has under this Agreement or the Manual and Franchisor's exercise of the foregoing rights shall not be deemed a waiver of any such additional rights and remedies.

2. The term "Net Sales," as used herein and throughout this Agreement, shall mean and include the total of all revenues and income ("Total Revenues") from the sale of all Menu Items, Trade Secret Food Products, other food products, beverages and other related merchandise, products and services to customers of Franchisee, or any other source, whether or not sold or performed at or from the WAHOO'S FISH TACO Franchised Restaurant and whether received in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received therefore) or otherwise. There shall be deducted from Total Revenues for purposes of said computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if such taxes are separately stated when the customer is charged and if such taxes are paid to the appropriate taxing authority. There shall be further deducted from Total Revenues the amount of any documented refunds, chargebacks, credits and allowances given in good faith to customers by Franchisee. All barter and/or exchange transactions pursuant to which Franchisee furnishes services and/or products in exchange for goods or services to be provided to Franchisee by a vendor, supplier or customer shall, for the purpose of determining Net Sales, be valued at the full retail value of the goods and/or services so provided to Franchisee.

B. All Royalty Fees, advertising contributions, amounts due for purchases by Franchisee from Franchisor, and other amounts which Franchisee owes to Franchisor, shall bear interest after due date at one and one-half percent (1.5%) per month. Franchisee acknowledges that this Paragraph X.B shall not constitute agreement by Franchisor to accept such payments after same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of, the Franchised Restaurant. Further, Franchisee acknowledges that its failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in Paragraph XVI hereof.

C. Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, advertising contributions, purchases from Franchisor, interest or any other indebtedness.

D. All Royalty Fees, advertising contributions, amounts due for purchases by Franchisee from Franchisor and other amounts which Franchisee owes to Franchisor shall be paid through an Automated Clearinghouse (ACH) payment method or such other payment method for weekly automatic debits or otherwise as may be described in the Manual. Immediately following the Effective Date, Franchisee shall set up the payment method and Franchisor may have access to such account for the purpose of receiving payment for Royalty Fees, advertising contributions, amounts due for purchases by Franchisee from Franchisor and any other amounts which Franchisee owes to Franchisor. On or before 11:30 a.m. (PST) of the first day after each weekly close, Franchisee shall send a report of Net Sales to Franchisor via facsimile transmission. On or before 4:30 p.m. (PST) of the first day after each weekly close, Franchisee shall make payments sufficient to cover amounts owed to Franchisor for Royalty Fees, advertising contributions and other monies owed to Franchisor. Deposits for all other amounts owed to Franchisor shall be in accordance with the procedures set forth in the Manual.

XI. ACCOUNTING, RECORDS AND REQUIRED WORKING CAPITAL

A. During the term of this Agreement, Franchisee shall maintain and preserve, for the time period specified in the Manual, full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain for a period of three (3) years thereafter all books and records related to the Franchised Restaurant including, without limitation, sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts and disbursement journals and general ledgers.

B. Franchisee shall supply to Franchisor on or before the thirtieth day following the close of each calendar quarter and/or the established accounting period (e.g. thirteen (13) period accounting), in a form approved by Franchisor, a balance sheet as of the end of the last preceding quarter and a profit and loss statement for such quarter and Franchisee's fiscal year-to-date. Additionally, Franchisee shall, at its expense, submit to Franchisor within ninety (90) days of the end of each fiscal year during the term of this Agreement, a profit and loss statement for such fiscal year and a balance sheet as of the last day of such fiscal year, prepared on an accrual basis including all adjustments necessary for fair presentation of the financial statements. Such financial statements will be certified to be true and correct by Franchisee. Franchisor reserves the right to require audited or reviewed financial statements and/or compilation reports prepared by a certified public accountant at Franchisee's expense.

C. Franchisee shall submit to Franchisor such other periodic reports, forms and records as specified, in the manner and at the time specified in the Manual or as Franchisor shall otherwise require in writing from time to time. In the event that Franchisee fails to submit any required reports or submits reports containing errors, Franchisor shall have, in addition to any other rights granted in this Agreement or the Manual, the right to (i) obtain and/or correct such reports and charge Franchisee for all expenses incurred by Franchisor in connection therewith, including without limitation the costs of any outside service providers engaged by Franchisor for such purpose, or (ii) require that Franchisee engage an outside service provider designated or approved by Franchisor in order to obtain and/or correct such reports at Franchisee's sole expense.

Franchisee shall record all sales and related activities on computer-based point-of-sale cash registers which are fully compatible with any program or system which Franchisor, in its discretion, may now or in the future employ. Franchisee must procure a computer system, including royalty calculation software, virtual private network (VPN) software, anti-virus software and all other software and hardware necessary to secure Franchisee's network, meeting the specifications and standards prescribed by Franchisor. All Net Sales and sales information shall be recorded on such equipment. Franchisor shall have full access to all of Franchisee's data, system and related information by means of direct access in the form desired by Franchisor, including in-person or by remote access via telephone or other network connection. Franchisee shall immediately upon request of Franchisor, supply Franchisor with the server, IP, or other network connection information (including passwords or passcodes) necessary for Franchisor to remotely access Franchisee's sales and related sales activities. Franchisee is solely responsible for protecting the Franchised Restaurant from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures or attacks. Neither Company nor any Affiliate will have any liability and/or obligation (and neither Franchisee and any affiliate (if any) of Franchisee, will make any claims) about any failures, errors or any other occurrences relating to any computer or system hardware or software without an express written warranty from Company, even if recommended or specified by Company. Franchisee must comply with all regulations and laws relating to privacy and data protection and must comply with any data protection or privacy policies Company may establish from time to time. Franchisee must notify Company immediately of any suspected data breach at or in connection with the Franchised Restaurant.

D. Franchisor or its designated agents shall have the right at all reasonable times and without advance notice to examine and copy, or request copies, at its expense, the business records, bookkeeping and accounting records, sales and income tax records and tax returns of Franchisee and each of its owners. Franchisor shall also have the right, at any time, to have an independent audit made of the books and records of Franchisee at Franchisor's expense. Franchisee shall fully cooperate with such inspection. If an inspection should reveal that any payments due to Franchisor have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the maximum rate permitted by law. If an inspection discloses an understatement in any report of two percent (2%) or more, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses (and interest on such costs and expenses) we incur in connection with the inspection (including, without limitation, accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

E. Franchisee acknowledges that nothing contained herein constitutes Franchisor's agreement to accept any payments after same are due or a commitment by Franchisor to extend credit to or otherwise finance Franchisee's operation of the Franchised Restaurant. Further, Franchisee acknowledges that its failure to pay all amounts when due shall constitute a material default of and grounds for termination of this Agreement.

F. At all times, Franchisee shall maintain a balance of working capital in its bank account(s) of not less than the greater of One Hundred Thousand Dollars ($100,000.00) or the amount necessary to cover thirty (30) days' expenses of the Franchised Restaurant, as determined in good faith based on the average expenses for prior months. Upon request by Franchisor, Franchisee shall submit monthly balance sheets verifying sufficient working capital amounts. Franchisor or its designated agents shall have the right at all reasonable times to examine, at its expense, the books, records and accounts of Franchisee in order to ensure Franchisee maintains the required amount of working capital. If Franchisee's working capital amount falls below the required amount, Franchisee must resolve such deficiency within thirty (30) days.

XII. STANDARDS OF QUALITY AND PERFORMANCE

A. Franchisee shall comply with all requirements set forth in this Agreement, the Manual and other written policies supplied to Franchisee by Franchisor. Mandatory specifications, standards, operating procedures and rules prescribed from time to time by Franchisor in the Manual or otherwise communicated to Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth herein and shall be reasonably and uniformly applied to all franchisees. All references herein to this Agreement shall include all such mandatory specifications, standards and operating procedures and rules. Franchisee shall comply with the entire System including, but not limited to, the requirements of this Paragraph XII. Franchisor may from time to time establish fixed, minimum or maximum prices to be charged for food and other products offered for sale by the Franchised Restaurant that, in Franchisor's judgment, constitute good business practice. Such pricing specifications shall be based on the experience of Franchisor and its franchisees in operating Franchised Restaurants and an analysis of the costs of such products and prices charged for competitive products. Except as otherwise provided in writing by Franchisor, Franchisee shall be obligated to strictly abide by pricing specifications established by Franchisor with respect to any fixed, minimum or maximum prices for food and other products offered for sale by the Franchised Restaurant. If Franchisee wishes to deviate from the pricing specifications established by Franchisor, Franchisee shall first submit its proposed changes to Franchisor for Franchisor's review. Franchisor shall notify Franchisee within thirty (30) days of its approval or disapproval of the proposed change and shall reserve the right to revoke any approval at a later time and require that Franchisee strictly adhere to the established pricing specifications. Until such time as Franchisor establishes pricing specifications, Franchisee shall have the right to determine the prices to be charged by the

Franchised Restaurant, provided, that Franchisee shall notify Franchisor in writing upon determining such prices and shall further notify Franchisor in writing at least thirty (30) days prior to making any changes to such determined prices.

B. Franchisee shall commence operation of the Franchised Restaurant not later than eight (8) months after the Effective Date, or as otherwise required or approved in writing by Franchisor. Prior to such opening, Franchisee shall have procured all necessary licenses, permits and approvals and complied with all pre-opening standards and specifications prescribed by Franchisor. If Franchisee, for any reason, fails to commence operation as herein provided, unless Franchisee is precluded from doing so by force majeure, as defined herein, such failure shall be considered a default and Franchisor may terminate this Agreement as herein provided.

C. Franchisee shall maintain the condition and appearance of the Premises in strict compliance with Franchisor's quality controls and standards. Franchisee shall effect such reasonable maintenance of the Franchised Restaurant as is from time to time required to maintain or improve the appearance and efficient operation of the Franchised Restaurant including, but not limited to, replacement of worn out or obsolete fixtures and signs, repair of the exterior and interior of the Premises and purchasing and installation of new or modified equipment. If at any time in Franchisor's judgment the general state of repair or the appearance of the Premises or its equipment, fixtures, signs or decor does not meet Franchisor's quality control and standards therefore, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within thirty (30) days after receipt of such notice, and thereafter continue, a bona fide program to complete any required maintenance, Franchisor shall have the right, in addition to all other remedies, to enter upon the Premises and effect such repairs, painting, maintenance or replacements of equipment, fixtures or signs on behalf of Franchisee and Franchisee shall pay the entire costs thereof on demand. Franchisee's obligation to initiate and continue any required maintenance shall be suspended during any period in which such maintenance is impractical due to force majeure. Any such maintenance or replacement under this Paragraph XII.C shall be in addition to any requirement to remodel, modernize or redecorate costs in Paragraph III.F.

D. Franchisee shall make no material alterations to the Premises nor shall Franchisee make material replacements of or alterations to the equipment, fixtures or signs of the Franchised Restaurant without the prior written approval by Franchisor.

E. The location of the Franchised Restaurant approved by Franchisor in accordance with Paragraph III hereof shall be used solely for the purpose of conducting a WAHOO'S FISH TACO Franchised Restaurant.

F. Franchisor or its affiliate has developed Trade Secret Food Products and will continue to further develop and own proprietary recipes. In order to protect its Trade Secrets and to monitor the manufacture, packaging, processing and sale of Trade Secret Food Products, at such time as the Trade Secret Food Products are introduced into the System, if ever, Franchisor or its affiliate may (i) manufacture, supply and sell Trade Secret Food Products to franchisees of Franchisor; and/or (ii) disclose the formulae for and methods and preparation of the Trade Secret Food Products to a limited number of suppliers who shall be authorized by Franchisor or its affiliates to manufacture Trade Secret Food Products to Franchisor's precise specifications and sell Trade Secret Food Products to franchisees of Franchisor. Franchisee acknowledges that Franchisee shall be required to purchase and use Trade Secret Food Products from Franchisor or a limited number of suppliers so authorized by Franchisor.

G. Franchisee shall offer for sale and sell at the Franchised Restaurant all types of Menu Items and other categories of food and beverage products that Franchisor from time to time authorizes and introduces and shall not offer for sale or sell at the Franchised Restaurant or the Premises, any other category of products or use such Premises for any purpose other than the operation of a Franchised Restaurant in full compliance with this Agreement. Franchisee may only offer catering services in the manner and subject to any and all restrictions prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall not be permitted to offer for sale or sell any Menu Items offsite (i.e., at any location other than the Premises, including without limitation any seasonal venues such as stadiums, fairs, resorts, etc.) without the express written consent of Franchisor, which consent may be withheld in Franchisor’s absolute discretion.

H. In order to ensure that all Menu Items produced by Franchisee meet Franchisor's high standards of taste, texture, appearance and freshness, and in order to protect Franchisor's goodwill and Marks, all Trade Secret Food Products, Menu Items and other food products shall be prepared only by properly trained personnel strictly in accordance with Franchisor's recipes, cooking techniques and processes as designated by Franchisor in the Manual, and shall be sold only at retail to customers in conformity with Franchisor's marketing plan and concept. Franchisee acknowledges that such recipes, cooking techniques and processes are integral to the System and failure to adhere to such recipes, cooking techniques and processes (including the handling and storage of both ingredients and fully prepared Menu Items) shall be detrimental to the System and Marks.

I. From time to time, Franchisor shall provide to Franchisee a list of approved manufacturers, suppliers and distributors ("Approved Suppliers List") and approved inventory, products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the Franchised Restaurant ("Approved Supplies List"). Such list shall specify the manufacturer, brand name, supplier and distributor and the inventory, products, fixtures, furniture, equipment, signs, stationery, supplies and services which Franchisor has approved to be carried or used in the System. Franchisor may revise the Approved Suppliers List and Approved Supplies List from time to time, in its sole discretion, and such lists shall be submitted to Franchisee as Franchisor deems advisable. If Franchisee proposes to offer for sale at the Franchised Restaurant any brand of product, or to use in the operation of the Franchised Restaurant any brand of food ingredient or other material or supply which is not then approved by Franchisor as meeting its minimum specifications and quality standards, or to purchase any product from a supplier that is not then designated by Franchisor as an approved supplier, Franchisee shall first notify Franchisor and shall, upon request by Franchisor, submit samples and such other information as Franchisor requires for examination and/or testing or to otherwise determine whether such product, material or supply or such proposed supplier, meets its specifications and quality standards. A charge not to exceed the reasonable cost of the inspection and evaluation, and the actual cost of the test shall be paid by Franchisee or the supplier. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any supplier of an approved item and to revoke its approval of any item which fails to continue to meet any of Franchisor's criteria. Franchisor reserves the right, in its sole discretion, to approve any and all supplies, suppliers, brand name products and other products and services, whether currently approved by Franchisor or submitted to Franchisor by Franchisee for approval, authorized for use by or sale from Franchised Restaurant.

J. All inventory, products, materials and other items and supplies used in the operation of the Franchised Restaurant which are not specifically required to be purchased in accordance with Franchisor's Approved Supplies List and Approved Suppliers List shall conform to the specifications and quality standards established by Franchisor from time to time.

K. Franchisee shall secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Restaurant and shall operate the Franchised Restaurant in full compliance with all applicable laws, ordinances and regulations including, without limitation, all government regulations relating to occupational hazards and health, dispensing of food products, dispensing of beer and wine or alcoholic beverages (if applicable), consumer protection, trade regulation, workers' compensation, unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales, use and property taxes. If Franchisee fails any health department inspection which results in the closure of the Franchised Restaurant, Franchisee shall submit a written plan of corrective action to Franchisor and shall comply with any health department orders.

L. Franchisee shall refrain from any merchandising, advertising or promotional practice which is unethical or may be injurious to the business of Franchisor and/or other Franchised Restaurants or to the goodwill associated with the Marks.

M. In the operation of the Franchised Restaurant, Franchisee shall use only displays, trays, napkins, boxes, bags, wrapping paper, labels, forms and other paper and plastic products imprinted with the Marks and colors as prescribed from time to time by Franchisor and shall purchase such items only from such third parties licensed by Franchisor to duplicate the Mark on such items.

N. Franchisee acknowledges that the Franchised Restaurant shall at all times maintain an inventory of ingredients, food and beverage products and other products, materials and supplies that shall permit operation of the Franchised Restaurant at maximum capacity.

O. Franchisee shall be responsible for the operation of the Franchised Restaurant. The Franchised Restaurant shall at all times be under the direct, on-premises supervision of Franchisee and Franchisee shall devote its full time and attention to managing and supervising all administrative and operational activities of the Franchised Restaurant, both in terms of managing development obligations and store operations. If Franchisor allows Franchisee not to assume these responsibilities full time, which Franchisor may withhold in its sole discretion, Franchisee must employ and retain an individual who shall be vested with the authority and responsibility for the day-to-day operations of the Franchised Restaurant (the "Certified Manager"). The Certified Manager shall, during the entire period he or she serves as such, meet the following qualifications: (a) actively supervise and manage the Franchised Restaurant on a full time basis and devote his or her full time and best efforts solely to operation of the Franchised Restaurant and to no other business activities; (b) meet Franchisor's educational, experience, and other reasonable criteria for such position, as set forth in the Manual or otherwise in writing by Franchisor; (c) be an individual acceptable to Franchisor; and (d) successfully complete the initial training program to Franchisor's satisfaction. If Franchisee is a business entity, Franchisee must also designate a Certified Manager acceptable to Franchisor who will be principally responsible for communicating with Franchisor about the operational and other ongoing matters concerning the Franchised Restaurant. In the event Franchisee operates more than one (1) franchise, Franchisee shall divide at least a forty (40) hour work week among all the WAHOO'S FISH TACO Franchised Restaurants it operates, and employ at least one (1) Certified Manager for each Franchised Restaurant. Franchisee acknowledges that it shall remain obligated to supervise the operations of the Franchised Restaurant as agreed upon by Franchisee and Franchisor. Franchisee shall keep Franchisor informed at all times of the identity of any employee(s) acting as manager(s) of the Franchised Restaurant. If Franchisee selects a substitute or additional manager, Franchisee shall be required to make sure such manager becomes a Certified Manager by successfully completing the initial training and a six-month qualification period. If the Franchisee's manager fails to complete the initial training and qualification period, Franchisee must designate a new manager to become a Certified Manager. Franchisor shall make training available, as is reasonable and necessary, for all managers designated by Franchisee. Franchisor shall provide such training at the then-current published rates. In no event shall Franchisor be under any obligation to provide individual training to Franchisee's managers. Franchisee shall, at all times, faithfully, honestly and diligently perform its obligations hereunder and shall not engage in any business or other activities that shall conflict with its obligations hereunder.

P. Franchisee is solely responsible for the day to day operation of the Franchised Restaurant, the employment decisions and management of the Franchised Restaurant, employees, if any, for the terms of their employment and for ensuring their compliance with any training or other employment related requirements established by Company from time to time in Company's business judgment, including, those related to soliciting, hiring, firing, training, disciplining, scheduling, establishing compensation, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether or not Franchisee has received guidance or advice from Company on these subjects.

Q. Franchisee shall not install or maintain on the Premises, any newspaper racks, video games, juke boxes, gaming machines, gum machines, games, rides, vending machines or other similar devices without the written approval of Franchisor.

R. If directed by Franchisor, Franchisee shall participate actively in a WAHOO'S FISH TACO Regional Advisory Council ("Council") and participate in all Council programs for Franchisee's particular Council, approved by Franchisor. The purposes of the Council(s) include, but are not limited to, exchanging ideas and problem-solving methods, advising Franchisor on expenditures for regional advertising, providing back-up support and coordinating franchisee efforts. Franchisee shall pay all assessments levied by the Council, on a prorated basis, and Franchisor has the right to enforce this obligation. Although Franchisee shall pay such Council assessments, such assessments shall in no way diminish Franchisee's rights and the benefit of the bargain under this Agreement. Such Council(s) may be formed by Franchisor at such time that more than one (1) franchisee conducts a Franchised Restaurant in any given region, the boundaries of such region to be determined in the sole and unfettered discretion of Franchisor.

S. Franchisor may, in the future, develop and custom design Software for conducting accounting, inventory control, point-of-sale functions and related activities. This Software is proprietary to and the confidential information of Franchisor. At such time as Franchisor introduces the Software into the System (if ever), Franchisor has determined that it shall not be able to alter the Software and System to accommodate each and every franchisee of the System; therefore, Franchisee shall implement and utilize the Software in the operation of the Franchised Restaurant and comply with all specifications and standards prescribed by Franchisor regarding the Software, as provided from time to time in the Manual. This unique Software may be implemented into the System at Franchisor's discretion. Franchisor shall be responsible for maintaining ongoing service and support regarding the Software, Franchisor shall lease such Software to Franchisee at the then-current rates published in the Manual.

T. Franchisor has developed certain Trademarked Products consisting of certain private label novelty items and other products bearing the Marks. Franchisee shall carry and maintain a representative inventory of such Trademarked Products as required by the Manual. Franchisee shall allocate sufficient display space in the Premises to the Trademarked Products for the Franchised Restaurant as described in the Manual. Franchisee shall, throughout the term of this Agreement, purchase Trademarked Products for the Franchised Restaurant from Franchisor or other designated sources which manufacture the Trademarked Products to Franchisor's precise specifications. Franchisee shall promote, offer and sell through the Franchised Restaurant all merchandise including the Trademarked Products and all other food and other services prescribed by Franchisor as part of the System.

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

V. Franchisee shall not engage in, and shall not permit its employees to engage in, any form of online social networking (e.g., Facebook, MySpace, Twitter, others) using any of the Marks or otherwise referring to the Franchised Restaurant without Franchisor's prior written consent. Franchisee shall take all commercially reasonable steps to ensure that its employees refrain from using the Marks or otherwise referring to the Franchised Restaurant in connection with any online social networking.

W. Franchisee shall enroll and participate in Franchisor's gift card program and shall set up and maintain all necessary accounts in connection therewith, all in accordance with the Manual. Furthermore, Franchisee shall not establish a gift card program independent from that of Franchisor.

X. Franchisee shall participate in all promotional and marketing programs established by Franchisor and shall update its menus and promotional materials as mandated by Franchisor from time to time.

Y. Franchisee shall further participate in and adopt any additional programs which may be established and designated by Franchisor from time to time, including online ordering and coupon programs, smartphone, tablet and/or other mobile device applications, rewards programs, and other similar programs for the benefit of the System, and shall comply with Franchisor's rules and regulations established from time to time in connection therewith. Franchisee shall redeem and accept all rewards and coupons issued by any programs designated by Franchisor, including any rewards or coupons issued by mobile, tablet and other mobile device applications.

Z. If Franchisee receives a mystery shopper score which is not at least eighty percent (80%) of the average score for all Franchised Restaurants (e.g., if the average score is 200, and Franchisee receives a score of less than 160) on two (2) or more consecutive occasions or on three (3) or more occasions in any 12-month period, Franchise shall submit a written plan of corrective action to Franchisor. Continued failure to receive scores that are at least eighty percent (80%) of the average score will constitute grounds for termination of this Agreement by Franchisor.

XIII. FRANCHISOR'S OPERATIONS ASSISTANCE

A. Franchisor may from time to time advise or offer guidance to Franchisee relative to prices for the food and other products offered for sale by the Franchised Restaurant that, in Franchisor's judgment, constitute good business practice. Such guidance shall be based on the experience of Franchisor and its franchisees in operating Franchised Restaurants and an analysis of the costs of such products and prices charged for competitive products. Franchisee shall be obligated to accept any such advice or guidance as provided in Paragraph XII.A above.

B. Upon commencement of operation of the Franchised Restaurant and during the term of this Agreement, Franchisor shall provide to Franchisee the following:

1. A comprehensive list of established sources of equipment, foods, supplies and containers necessary for the operation of the Franchised Restaurant and provide specifications for such products;

2. Coordination of product distribution for local, regional and national suppliers;

3. Regulation of quality standards and products in conformance throughout the network of Franchised Restaurants;

4. Coordination of advertising materials and strategies;

5. Negotiation of group rates for purchases of products and materials as Franchisor deems necessary and appropriate; and

6. Ongoing training and support as defined in Paragraph IV of this Agreement.

C. Franchisor shall furnish Franchisee with such assistance in connection with the operation of the Franchised Restaurant as is reasonably determined to be necessary by Franchisor from time to time. Operations assistance may consist of advice and guidance with respect to:

1. Proper utilization of procedures by the Franchised Restaurant regarding the service and sale of all Menu Items, other food and beverage items and related items and materials as approved by Franchisor;

2. Additional products and services authorized for sale from WAHOO'S FISH TACO Franchised Restaurants;

3. Purchase of ingredients and other food and beverage items, materials and supplies;

4. The institution of proper administrative, bookkeeping, accounting, inventory control, supervisory and general operating procedures for the effective operation of the Franchised Restaurant;

5. Advertising and promotional programs; and

6. Ongoing research and development of new procedures and techniques, new products and materials and other enhancements to the System.

D. Franchisor may make periodic visits to the Franchised Restaurant for the purposes of consultation, assistance and guidance of Franchisee in all aspects of the operation and management of the Franchised Restaurant. Franchisor or Franchisor's representatives who visit the Franchised Restaurant may prepare, for the benefit of both Franchisor and Franchisee, written reports with respect to such visits, outlining any suggested changes or improvements in the operations of the Franchised Restaurant and detailing any defaults in such operations which become evident as a result of any such visit. A copy of each such written report shall be provided to both Franchisor and Franchisee. Franchisor shall advise Franchisee of problems arising out of the operation of the Franchised Restaurant as disclosed by reports submitted to Franchisor by Franchisee or by inspections conducted by Franchisor of the Franchised Restaurant.

E. All of the specifications, Approved Suppliers Lists, Approved Supplies Lists, training and operations manuals to be provided by Franchisor to Franchisee pursuant to this Agreement shall be delivered at the conclusion of training.

XIV. INSURANCE

A. Franchisee shall procure, at its expense, and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting Franchisee and Franchisor, and their officers, directors and employees against any loss, liability, injury, death, property damage or expense whatsoever arising or occurring upon or in connection with the Franchised Restaurant, as Franchisor may reasonably require for its own and Franchisee's protection. Franchisor and Affiliate shall be named as additional insureds in such policy or policies.

B. Such policy or policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an A.M. Best rating of A-VIII in accordance with standards and specifications set forth in the Manual.

C. Such policy or policies shall include, at a minimum (except as different coverages and policy limits may reasonably be specified for all franchisees from time to time by Franchisor in the Manual or otherwise in writing), the following:

1. Special Form with replacement cost coverage insurance on the Franchised Restaurant and all fixtures, equipment, supplies, products and other property used in the operation of the Franchised Restaurant (which coverage may include flood and/or earthquake coverage where applicable) for full repair and replacement value without any applicable co-insurance clause, except that an appropriate deductible clause shall be permitted.

2. Workers' compensation and employer's liability insurance with a limit of One Million Dollars ($1,000,000.00), as well as such other insurance as may be required by statute or rule of the state or county in which the Franchised Restaurant is located and operated.

3. Comprehensive general liability insurance including a per premises aggregate with the following coverages: broad form contractual liability, personal and advertising injury; products/completed operation; and liquor law liability (if applicable) insuring Franchisor and Franchisee against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged bodily injuries or property damage resulting from, occurring in the course of, on or about or otherwise relating to the Franchised Restaurant including General Aggregate coverage in the following limits:

Coverage	Minimum Limits of Coverage
General Aggregate	$2,000,000.00
Products/Completed Operations Aggregate	$1,000,000.00
Personal and Advertising Injury	$1,000,000.00
Each Occurrence	$1,000,000.00
Liquor Law Liability (if applicable)	$1,000,000.00
Fire Damage (any one fire)	$300,000.00
Medical Expense (any one person)	$5,000.00

The amounts required herein may be modified from time to time by Franchisor to reflect inflation or future experience with claims.

4. Business interruption insurance for actual losses sustained.

5. Automobile liability insurance, including owned, hired and non-owned vehicle coverage, with a combined single limit of at least One Million Dollars ($1,000,000.00).

6. Such insurance and types of coverage as may be required by the terms of any lease for the Franchised Restaurant, or as may be required from time to time by Franchisor.

7. Umbrella coverage with a One Million Dollar ($1,000,000.00) limit per occurrence.

8. Food borne illness policy that covers risks not covered under your standard business insurance.

D. The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by Franchisor. Within ninety (90) days of the signing of this Agreement, but in no event later than the date on which Franchisee acquires an interest in the real property from which it shall operate the Franchised Restaurant, a Certificate of Insurance showing compliance with the foregoing requirements, proof of endorsement and other evidence of compliance with these requirements at all times shall be furnished by Franchisee to Franchisor for approval. Such certificate shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums. Maintenance of such insurance and the performance by Franchisee of the obligations under this Paragraph XIV shall not relieve Franchisee of liability under the indemnity provision set forth in this Agreement. Minimum limits as required above may be modified from time to time, as conditions require, by written notice to Franchisee. The insurance policies described above are minimum insurance requirements and Franchisee may purchase and maintain additional insurance policies or insurance policies with greater coverage limits.

E. Should Franchisee for any reason not procure and maintain such insurance coverage as required by this Agreement, Franchisor shall have the right and authority (without, however, any obligation to do so) to immediately procure such insurance coverage and to charge same to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

XV. COVENANTS

A. Unless otherwise specified, the term "Franchisee" as used in this Paragraph XV shall include, collectively and individually, Franchisee as defined in Paragraph XXXII. Franchisee specifically acknowledges and agrees that prior to becoming a franchisee of Franchisor, Franchisee had no experience, information or knowledge whatsoever about a fast-casual restaurant that serves tacos, burritos, appetizers, desserts and related food items and beverages or a Wahoo’s Fish Taco Restaurant and that Franchisee’s knowledge of the confidential information described in Paragraph VII was obtained solely from Franchisor, following Franchisee’s training by Franchisor and Franchisee’s subsequent operation of the Franchised Restaurant under this Agreement. In addition, Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, confidential information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor’s efforts and that are reasonable under the circumstances to maintain their secrecy.

B. Franchisee covenants that during the term of this Agreement, except as otherwise provided herein or otherwise approved in writing by Franchisor, Franchisee (if Franchisee is an individual), a shareholder of a beneficial interest of ten percent (10%) or more of the securities of Franchisee (if Franchisee is a corporation), a member, manager or governor owning ten percent (10%) or more of the membership interests of Franchisee (if Franchisee is a limited liability company), a general partner of Franchisee (if Franchisee is a partnership) or Franchisee's full-time manager shall devote full-time energy and best efforts to the management and operation of the Franchised Restaurant.

C. Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, it shall not, either directly or indirectly, for itself, or through, on behalf of or in conjunction with any person, persons, partnership, corporation, limited liability company or other entity:

1. Divert or attempt to divert any business or customer of the Franchised 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 or the System.

2. Employ or seek to employ any person who is at that time employed by Franchisor, or by any other franchisee of Franchisor, or otherwise, directly or indirectly, induce or seek to induce such person to leave his or her employment thereat.

3. Own, maintain, engage in or have any interest in any business (including any business operated by Franchisee prior to entry into this Agreement) specializing in whole or in part, in dispensing, promoting or selling prepared food products or any other business which sells or offers to sell prepared food products or services, the same as or similar to those sold in the System.

D. Franchisee specifically acknowledges that, pursuant to this Agreement, it shall receive valuable training and confidential information including, without limitation, information regarding the promotional, operational, sales and marketing methods and techniques of Franchisor and the System. Accordingly, Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, for a period of one (1) year after the Transfer, expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for himself or through, on behalf of or in conjunction with any person, persons, partnership, limited liability company, corporation or other entity, own, maintain, engage in, consult with or have any interest in any restaurant business or prepared food business engaged primarily in the preparation and sale of food products or services, the same as or similar to the type sold in the System:

1. Within the Metropolitan Statistical Area ("MSA"), as that term is defined by the United States Census Bureau in which the Franchised Restaurant is located; or

2. Within a radius of ten (10) miles of the Franchised Restaurant; or

3. Within a radius of ten (10) miles of the location of any other business using the System, whether franchised or owned by Franchisor.

E. Franchisee shall not divulge to any person, partnership, corporation or any other entity, any information, Trade Secrets, ingredients, recipes, cooking techniques and processes, used in the Trade Secret Food Products, Menu Items and other food and beverage products used in the System or any information stated in the Manual.

F. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Paragraph XV is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee shall be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Paragraph XV.

G. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Paragraphs XV.C and XV.D in this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Paragraph XXVII hereof.

H. Franchisor shall have the right to require all of Franchisee's officers, directors, shareholders, general partners, limited partners, personnel performing managerial or supervisory functions and all personnel receiving training from Franchisor, to execute similar covenants in a form satisfactory to Franchisor.

I. If Franchisee or any of its owners and affiliates, and the respective offers, directors, managers and affiliates of each of them, and the spouse and family members of each of the foregoing who are individuals

("Restricted Person") shall commit any violation of Paragraph XV.D during the one (1) year period following the Transfer, expiration or termination of this Agreement or the cessation of the Restricted Person's relationship with Franchisee, in addition to all other remedies available to Franchisor, Franchisee or the Restricted Person shall pay Franchisor, throughout the one (1) year period, ten percent (10%) of the revenue (a "Post Termination Fee") derived by Franchisee from the sale of all products and services and all other income of every kind and nature ("Post Termination Gross Revenue") of the restaurant business or prepared food business engaged primarily in the preparation and sale of food products or services, the same as or similar to the type sold in the System. Franchisee shall account for and pay the ten percent (10%) of the Post Termination Gross Revenue to Franchisor on the 10th day of each month on the Post Termination Gross Revenue of the competitive business during the previous month. Franchisor shall have the right to audit the books and records of the competitive business to confirm Franchisee's compliance with this Paragraph XV.I, upon prior notice to Franchisee.

J. Paragraphs XV.C and XV.D shall not apply to ownership by Franchisee or an owner of a less than five percent (5%) beneficial interest in the outstanding Equity securities of any competitive business registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

K. Franchisor and Franchisee acknowledge and agree that it would be impossible and impracticable to determine the precise amount of damages and expenses Franchisor will incur if Franchisee or any Restricted Person shall commit any violation of Paragraph XV.D during the one (1) year period following Transfer, expiration or termination of this Agreement or the cessation of the Restricted Person's relationship with Franchisee, due to the complications inherent in determining the revenue lost by Franchisor because of the uncertainty regarding the number of months left to complete the then-current term, the uncertainty regarding the Royalty Fees that would have been payable by the Franchised Restaurant during the remainder of the then-current term, and/or the damages caused by Franchisee to Franchisor and the System upon the occurrence of the circumstances described in Paragraph XV.D. Franchisor and Franchisee further acknowledge and agree that the Post Termination Fees are a reasonable, good faith estimate of those damages.

L. Franchisee hereby acknowledges that all telephone and facsimile numbers, email addresses, domain names and Internet addresses used in the operation of the Franchised Restaurant constitute assets of the Franchised Restaurant and, upon termination or expiration of this Agreement, Franchisee shall assign to Franchisor or its designee, all Franchisee's right, title and interest in and to Franchisee's telephone and facsimile numbers and electronic mail addresses, domain names and Internet addresses, and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone and facsimile numbers and electronic mail addresses, and domain names and any regular, classified or other telephone directory listing associated with the Marks and authorize a transfer of same to or at the direction of Franchisor.

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

A. If Franchisee is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure such breach within a reasonable time after written notice thereof is delivered to Franchisor, Franchisee may terminate this Agreement. Such termination shall be effective thirty (30) days after delivery to Franchisor of written notice that such breach has not been cured and Franchisee elects to terminate this Agreement. A termination of this Agreement by Franchisee for any reason other than breach of this Agreement by Franchisor and Franchisor's failure to cure such breach within a reasonable time after receipt of written notice thereof shall be deemed a termination by Franchisee without cause.

B. This Agreement shall terminate automatically upon delivery of written notice of termination to Franchisee, unless otherwise indicated by Franchisor, if Franchisee or its owner(s), member(s), shareholder(s), officer(s), director(s) or manager(s):

1. Fails to satisfactorily complete the training program as provided in Paragraph IV of this Agreement; franchise;

2. Has made any material misrepresentation or omission in its application for the Franchised Restaurant;

3. Is convicted of or pleads no contest, where such plea is applicable, to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisee or the Franchised Restaurant;

4. Makes any unauthorized use, disclosure or duplication of any portion of the Manual or duplicates or discloses or makes any unauthorized use of any Trade Secret or confidential information provided to Franchisee by Franchisor;

5. Abandons, fails or refuses to actively operate the Franchised Restaurant for two (2) business days in any twelve (12) month period, unless the Franchised Restaurant has been closed for a purpose approved by Franchisor or due to force majeure, or fails to relocate to approved premises within an approved period of time following expiration or termination of the lease for the Premises;

6. Surrenders or transfers control of the operation of the Franchised Restaurant, makes an unauthorized direct or indirect assignment of the franchise or an ownership interest in Franchisee or fails or refuses to assign the franchise or the interest in Franchisee of a deceased or disabled controlling owner thereof, as herein required;

7. Submits to Franchisor on two (2) or more separate occasions at any time during the term of the franchise, any reports or other data, information or supporting records which understate by more than three percent (3%) the Net Sales for any period of, or periods aggregating, three (3) or more weeks and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

8. If Franchisee shall be adjudicated a bankrupt, becomes insolvent, commits any affirmative act of insolvency or files any action or petition of insolvency, or if a receiver (permanent or temporary) of its property or any part thereof is appointed by a court of competent authority, or if it makes a general assignment for the benefit of its creditors, or if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersedeas bond is filed), or if execution is levied against Franchisee's business or property, or if suit to foreclose any lien or mortgage against its Premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days, or is not in the process of being dismissed; provided, however, that Franchisor reserves the right to be named as trustee or receiver in any voluntary petition for bankruptcy or insolvency filed by Franchisee;

9. Materially misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to materially impair the goodwill associated with any of the Marks;

10. Materially misuses or makes an unauthorized use of the Software (if developed);

11. Fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit when due reports or other information or supporting records, to pay when due the Royalty Fees, advertising contributions, amounts due for purchases from Franchisor or other payments due to Franchisor, or otherwise fails to comply with this Agreement, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

12. Continues to violate any health, safety or sanitation law, ordinance or regulation, fails any health department inspection which results in a permanent or temporary closure of the Franchised Restaurant, or operates the Franchised Restaurant in a manner that presents a health or safety hazard to its customers or the public; or

13. Fails to maintain the required amount of working capital as provided by Paragraph XI.G and does not cure such deficiency within thirty (30) days of written notice from Franchisor or fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to maintain the required amount of working capital.

C. This Agreement shall terminate upon the election of Franchisor without further notice to Franchisee if Franchisee:

1. Fails or refuses to make payments of any amounts due Franchisor for Royalty Fees, advertising contributions, purchases from Franchisor or any other amounts due to Franchisor, and does not correct such failure or refusal within ten (10) business days after written notice of such failure is delivered to Franchisee;

2. Fails or refuses to comply with any other provision of this Agreement, or any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise in writing, and does not correct such failure within thirty (30) days (or provide proof acceptable to Franchisor that it has made all reasonable efforts to correct such failure and shall continue to make all reasonable efforts to cure until a cure is effected, if such failure cannot reasonably be corrected within thirty [30] days) after written notice of such failure to comply is delivered to Franchisee.

D. To the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, nonrenewal or the like, other than in accordance with applicable law, such provisions shall, to the extent such are not in accordance with applicable law, not be effective and Franchisor shall comply with applicable law in connection with each of these matters.

E. In addition to Franchisor's right to terminate this Agreement and not in lieu of such right or any other rights against Franchisee, Franchisor, in the event that Franchisee shall not have cured a default under this Agreement within the twenty (20) business days after receipt of a written notice to cure from Franchisor, may, at its option, enter upon the Premises and exercise complete authority with respect to the operation of the Franchised Restaurant until such time as Franchisor determines that the default of Franchisee has been cured and that there is compliance with the requirements of this Agreement. Franchisee specifically acknowledges that a designated representative of Franchisor may take over, control and operate the Franchised Restaurant, and that Franchisee shall pay Franchisor the then-current Royalty Fee, as published in the Manual, plus all travel expenses, room and board and other expenses reasonably incurred by such representative, so long as it shall be required by the representative to enforce compliance herewith. Franchisee further acknowledges that if, as herein provided, Franchisor temporarily operates for Franchisee the Franchised Restaurant, Franchisee shall indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, respecting any and all acts and omissions which Franchisor may perform, or fail to perform as regards the interests of Franchisee or third parties.

F. Any default by Franchisee under the terms and conditions of this Agreement or any other agreement between Franchisor, or its affiliates, and Franchisee, or its owners or affiliates, shall be deemed to be a default of each and every agreement. Furthermore, in the event of termination, for any cause, of this Agreement or any other agreement between the parties, Franchisor may, at its option, terminate any or all of the agreements.

XVII. RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OR TERMINATION

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

A. Franchisee shall immediately cease to operate the Franchised Restaurant under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

B. Upon demand by Franchisor, Franchisee shall assign Franchisee's interest in any lease then in effect for the Premises to Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

C. Franchisee shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any confidential methods, procedures and techniques associated with the System, the Marks, any distinctive forms, slogans, signs, symbols, logos or devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms and any other articles which display the Marks associated with the System.

D. Franchisee shall take such action as may be necessary to cancel or assign to Franchisor or Franchisor's designee, at Franchisor's option, any assumed name rights or equivalent registration filed with state, city or county authorities which contains the name "WAHOO'S FISH TACO" or any Mark. Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

E. Franchisee shall, in the event it continues to operate or subsequently begins to operate any other business (subject to the covenants contained in Paragraph XV), not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Marks and shall not utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor so as to constitute unfair competition. Franchisee shall make such modifications or alterations to the Premises (including, without limitation, the changing of the telephone and facsimile numbers) immediately upon termination or expiration of this Agreement, as may be necessary to prevent any association between Franchisor or the System and any business thereon subsequently operated by Franchisee or others, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose including, without limitation, removal of all distinctive physical and structural features identifying the System. In the event Franchisee fails or refuses to comply with the requirements of this Paragraph XVII, Franchisor shall have the right to enter upon the Premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at the expense of Franchisee, which expense Franchisee shall pay upon demand.

F. Each party shall promptly pay all sums owing to the other party. In the event of termination for any default of Franchisee, Franchisee agrees to pay Franchisor as fair and reasonable liquidated damages an amount equal to the lesser of (i) two (2) times the amount of Royalty Fees payable to Franchisor for the immediately preceding twelve (12) months (or if the Franchised Restaurant has been operating for less than twelve (12) months, the average monthly Royalty Fees payable over the actual operating period multiplied by twelve (12)), and (ii) the number of months remaining until the expiration of then-current term times the average monthly Royalty Fees payable to Franchisor for the immediately preceding twelve (12) months. Franchisee and Franchisor agree that the actual damages that Franchisor would suffer for the loss of prospective fees and other amounts payable to Franchisor under this Agreement would be difficult if not impossible to ascertain and that the above calculation of liquidated damages represents a **reasonable** estimation of Franchisor's actual damages. Payment of the liquidated damages will not in any way limit any other remedy Franchisor may have at law or in equity resulting from Franchisee's failure to perform its obligations under this Agreement.

G. Franchisee shall pay Franchisor all damages, costs and expenses, including attorneys' fees, incurred by Franchisor to enforce the terms of this Agreement, including any subsequent termination or expiration of the franchise herein granted in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement, including, but not limited to, Paragraph XVII or Paragraph XIV.

H. Franchisee shall immediately turn over to Franchisor all manuals, including the Manual, customer lists and databases, records, files, instructions, brochures, agreements and any and all materials provided by Franchisor to Franchisee relating to the operation of the Franchised Restaurant (all of which are acknowledged to be Franchisor's property). Under no circumstances shall Franchisee retain any copies of the Manual upon expiration or termination of this Agreement.

I. Franchisor shall have the right, title and interest to any sign, sign faces or other items bearing the Marks and any graphics, memorabilia, stickers, wraps, banners or novelty items supplied by Franchisor. Franchisee hereby agrees to provide Franchisor access to the Premises to take possession of any such signs or items, or, upon Franchisor's election, Franchisee agrees to destroy such signs or items.

J. Upon the expiration of this Agreement or the termination of this Agreement for any default by Franchisee, Franchisor shall have the option, but no obligation, to be exercised by written notice to Franchisee within thirty (30) days after the expiration date or termination date, to purchase the assets of the Franchised Restaurant that Franchisor elects to purchase (collectively, the “Business Assets”). The purchase price for the Business Assets (the “Purchase Price”) shall be the "Fair Market Value" of the Business Assets as determined under this Paragraph XVII.J.

"Fair Market Value" means the price that a willing buyer would pay to a willing seller when neither is acting under compulsion and when both have reasonable knowledge of the relevant facts on the date the option is first exercisable (the "Exercise Date"). Franchisor and Franchisee shall use their best efforts to mutually agree upon the Fair Market Value. If they are unable to so agree within thirty (30) days after the Exercise Date, Franchisor and Franchisee shall each appoint, within forty (40) days of the Exercise Date, one (1) appraiser. The Fair Market Value shall be the average of the two (2) appraisers' determinations. Each party shall bear its own legal and other costs and shall split the appraisal fees equally. The Purchase Price as so determined shall be payable as Franchisor and Franchisee mutually agree. If they are unable to so agree within ten (10) days after final determination of the Purchase Price, fifty percent (50%) of the Purchase Price shall be payable in cash and the remaining fifty percent (50%) of the Purchase Price shall be paid in forty-eight (48) equal monthly payments and shall bear interest at a rate of the greater of the prime rate of interest, as published by the Western Edition of the Wall Street Journal, plus three percent (3%), OR ten percent (10%) per annum, but in no event in excess of the maximum rate permitted by applicable law. Payment of the portion of the Purchase Price not paid in cash shall be secured by a security interest in the Business Assets. Franchisee shall provide Franchisor with the information necessary to establish the purchase price, to sign and deliver to Franchisor a deed, bill of sale or an assignment of lease, transfer good and merchantable title to the assets purchased, free and clear of all liens and encumbrances with all sales and other transfer taxes paid by Franchisee and all licenses and permits of the Franchised Restaurants which may be assigned, and otherwise to cooperate with Franchisor in its taking title to and possession and delivery of the items Franchisor purchases. The purchase price shall be paid at the closing of the purchase, which shall take place no later than ninety (90) days after determination of the purchase price. Franchisor may exclude from the assets purchased, any equipment, signs, inventory, materials and supplies that are not necessary to the Franchised Restaurant's operation or that Franchisor has not approved as meeting System standards, and the purchase price shall reflect such exclusions. Additionally, Franchisor has the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts Franchisee or its owners owe to Franchisor. Franchisor or Franchisor's designee have the option (but no obligation) to assume any lease or sublease for the Premises. If Franchisor or its designee assumes any lease or sublease for the Premises, the assignee must assume all of Franchisee's obligations 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. Franchisee shall be solely responsible for any assignment fee or similar charge, or any increase or acceleration of rent under all leases or subleases in connection with an assignment to Franchisor or its designee.

K. Franchisee shall comply with the covenants contained in Paragraph XV of this Agreement.

XVIII. TRANSFERABILITY OF INTEREST

A. This Agreement and all rights hereunder can be assigned and transferred by Franchisor and, if so, shall be binding upon and inure to the benefit of Franchisor's successors and assigns; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall expressly assume and agree to perform Franchisor's obligations under this Agreement. Specifically, and without limitation to the foregoing, Franchisee expressly agrees that Franchisor may sell its assets, Marks or System outright to a third party; may make a public offering of securities; may engage in a private placement of some or all of its securities; may merge, acquire other corporations or entities or be acquired by another corporation or other entity; 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, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of use of the System, the loss of said Marks (or any variation thereof), and/or the loss of association with or identification of WAHOO'S FISH TACO, LLC as Franchisor hereunder. Nothing contained in this Agreement shall require Franchisor to remain in the business in the event that Franchisor exercises its rights hereunder to assign its rights in this Agreement. Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Franchised Restaurants operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities which Franchisee acknowledges may be proximate to the Franchised Restaurant.

B. This Agreement and all rights hereunder may be Transferred (as defined in Paragraph XVIII.B.1 below) by Franchisee and, if so, such Transfer shall be binding upon and inure to the benefit of Franchisee's successors and assigns, subject to the following conditions and requirements:

1. No Franchisee, partner of Franchisee (if Franchisee is a partnership) member of Franchisee (if Franchisee is a limited liability company) or shareholder of Franchisee (if Franchisee is a corporation) (such Franchisee, partner, member or shareholder collectively referred to herein as a "Transferring Franchisee"), without Franchisor's prior written consent, such consent to be withheld pursuant to the terms of Paragraph XVIII.B.2 below, whether voluntarily or involuntarily, by operation of law or otherwise shall sell, assign, transfer, convey, give away or encumber, or sell, assign, transfer, convey, give away or encumber Control (as defined below) of Franchisee (collectively "Transfer") to any Person (as defined below), all or any part of its interest in Franchisee, this Agreement, its interest in the franchise or the Franchised Restaurant granted hereby, or its interest in or ownership of any proprietorship, partnership, limited liability company, corporation or other organization which owns any interest in Franchisee, this Agreement, the franchise, or the Franchised Restaurant, nor offer, permit or suffer the same to be Transferred in any way to any Person. Franchisee may not, without the prior written consent of Franchisor, fractionalize any of the rights of Franchisee granted pursuant to this Agreement. The foregoing restriction on transferability also applies to any purported transfers through a shell, or through divorce or separation proceedings. For purposes of this Agreement, Franchisor may reasonably withhold its consent to any Transfer if Franchisee fails to meet any of the conditions upon transferability contained in Paragraph XVIII.B.2;

2. Provided that the conditions and requirements described in Paragraph XVIII.B.2.a below are first waived in writing by Franchisor or met to the full satisfaction of Franchisor, Franchisor shall not unreasonably withhold its consent to any Transfer by a Transferring Franchisee of less than Control of Franchisee, or any Transfer of less than Control of the rights of any Person in and to this Agreement, the franchise, and/or the Franchised Restaurant granted herein, when requested. For purposes of this Article XVIII, "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities or general partnership or managing member interests, by contract or otherwise. The definition is to be construed to apply equally to variations of the word "Control" including "Controlled," "Controlling" or "Controlled by." Without limiting the generality of the foregoing, a Person shall be deemed to Control any other Person in which it owns, directly or indirectly, a majority of the ownership interests. "Person" means any individual, corporation, partnership, joint venture, limited liability company, limited liability partnership, association, joint stock company, trust, unincorporated organization, or other organization, whether or not a legal entity, and any governmental authority. Franchisee, and any Person owning an interest in Franchisee, or this Agreement, whether an individual, partnership, limited liability company, corporation or other organization or entity, shall maintain adequate and accurate accounts, books and records of its business and the ownership interest of Franchisee. All of such accounts, books and records shall be kept at the principal executive office of Franchisee in the State of operation of the Franchised Restaurant, and Franchisor shall have the right, upon 24 hours' notice, to inspect such records for compliance with the conditions and restriction contained in this Agreement.

a. If the Transferring Franchisee desires to make a Transfer as described in Paragraph XVIII.B.2:

(1) such transferee Person shall be either an individual or a newly organized entity, and if an entity, its charter and/or organizational documents shall provide that its activities are confined exclusively to acting as a WAHOO'S FISH TACO franchisee as provided under this Agreement and owning an ownership interest in Franchisee;

(2) such Transfer shall not constitute nor result in a change in Control of Franchisee;

(3) such Transfer shall not cause a change to be made to the president and/or chief executive officer, sole manager, sole general partner, or Person otherwise holding the highest position of power in Franchisee;

(4) such transferee Person shall enter into a written assumption agreement (in a form satisfactory to Franchisor), in which the transferee Person assumes and agrees to be jointly and severally liable, as applicable, for all of the Transferring Franchisee's obligations hereunder;

(5) all owners, shareholders, members, or partners of such transferee Person who own ten percent (10%) or more of the equity interests in such transferee Person or each individual who becomes an owner of ten percent (10%) or more of Franchisee as a result of such Transfer, or through a series of Transfers, shall enter into a written agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing the full payment and performance of Franchisee's obligations under this Agreement;

(6) each stock certificate of a transferee corporation shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement;

(7) the formation, operation, management, or ownership documents of the Person, and the certificates of membership interests, partnership interests, or ownership interests (if any) shall be in writing and shall conspicuously state that all such formation, operation, management, or ownership documents, and all such membership, partnership or ownership interests are held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement;

(8) no new shares of common or preferred voting stock, membership interests, partnership interest, or other ownership interest (of whatever nature) in the transferee Person shall be issued to any person, partnership, trust, foundation, limited liability company, corporation or other organization without obtaining Franchisor's prior written consent and then only upon disclosure of the terms and conditions contained herein being made to the prospective new holders of the stock, membership, partnership, or other ownership interests; and

(9) all accrued monetary obligations of Franchisee to Franchisor, its subsidiaries or assignees, shall be satisfied prior to assignment or transfer, and Franchisee shall not be in default under the terms of this Agreement.

b. If the Transferring Franchisee desires to make a Transfer, other than a Transfer as is authorized under Paragraph XVIII.B.2.a of this Agreement, or if a Transfer if consummated alone or together with other related previous, simultaneous or proposed transfers, would constitute a Transfer of Control of Franchisee or any Person with which Franchisor has entered into this Agreement, or the rights of any such Person in and to this Agreement to someone other than an original signatory of this Agreement, Franchisor may withhold its consent to such Transfer for any reason or for no reason, as determined in Franchisor's sole and absolute discretion. Notwithstanding the foregoing, Franchisor may consent to such Transfer, provided that, in addition to the conditions and requirements described in Paragraphs XVIII.B.2.a.1-9 above, such Transfer and the Transferring Franchisee shall meet the following conditions:

(1) such Transfer shall be subject to Franchisor's right of first refusal as described in Paragraph XX;

(2) the proposed transferee(s) shall be of good moral character and reputation and shall have a good credit rating and competent business qualifications reasonably acceptable to Franchisor, and Franchisee shall provide Franchisor with such information as Franchisor may require to make the foregoing determinations concerning each such proposed transferee(s);

(3) the proposed transferee(s) or such other individual(s) shall be the actual manager of the franchise shall have successfully completed the training course then in effect for franchisees, or otherwise demonstrated to Franchisor's satisfaction, sufficient ability to operate the business being transferred;

(4) the proposed transferee(s), including all shareholders, officers, directors, members, managers, governors and partners of the transferee(s) shall jointly and severally execute any or all of the following, at Franchisor's sole discretion and as Franchisor shall direct:

(a) a Franchise Agreement and other standard ancillary agreements with Franchisor on the current standard forms being used by Franchisor, except that an additional Franchise Fee shall not be charged and the term and any extensions or renewals shall be as provided in this Agreement; and/or

(b) a written assignment from Franchisee in a form satisfactory to Franchisor, wherein such proposed transferee shall assume all of Franchisee's obligations hereunder;

(5) approval by Franchisor of any Transfer by a Transferring Franchisee of such Transferring Franchisee's rights in and to the franchise, and/or the Franchised Restaurant herein granted or any of Franchisee's rights under this Agreement shall in no way be deemed a release by Franchisor of such Transferring Franchisee's obligations pursuant to this Agreement, and consent by Franchisor to a Transfer of the franchise shall not constitute or be interpreted as consent for any future Transfer thereof;

(6) Franchisee, prior to the Transfer, shall execute a general release, in a form prescribed by Franchisor, of any and all existing claims against Franchisor, and its respective officers, directors, agents and employees, except such claims as are not permitted to be waived under applicable law; and

(7) Franchisee shall have fully paid and satisfied all of Franchisee's obligations to Franchisor, and the transferee or Franchisee shall have fully paid to Franchisor a non-refundable transfer fee equal to fifty percent (50%) of the then-current Franchise Fee charged by Franchisor for start-up franchises. The transfer fee shall be paid by Franchisee to Franchisor upon Franchisee's request for Franchisor's consent to the proposed Transfer. The transfer fee is used to cover expenses of Franchisor for the training, supervision, administrative costs, overhead, counsel fees, accounting and other Franchisor expenses in connection with the Transfer. This transfer fee does not apply to a Transfer under Paragraph XVIII.B.2.a of this Agreement.

(8) The sales price of the interest to be conveyed must not be so high, or the terms of the sale so onerous, that, in the judgment of Franchisor, the proposed transferee will be unlikely to meet the proposed transferee's financial and other obligations to Franchisor, third party suppliers and creditors following the closing. Franchisor shall have no liability to either Franchisee or the proposed transferee if Franchisor approves the Transfer and the proposed transferee thereafter experiences financial difficulties.

(9) If the proposed transferee is an entity, each owner and each owner's spouse of the proposed transferee shall jointly and severally guarantee the proposed transferee's performance of its obligations in the then-current Franchise Agreement under a Guarantee in the form of Exhibit C.

(10) Franchisee will remain subject to all obligations stated in this Agreement that expressly, or by implication due to their nature, survive the Transfer, termination or expiration of this Agreement, including, without limitation, the provisions prohibiting competition, non-interference and non-disclosure of confidential information.

(11) Franchisee must simultaneously transfer its rights to all contracts for which continuation is necessary for operation of the Franchised Restaurant to the proposed transferee and satisfy any separate conditions to obtain any third-party consents required for the transfer of Franchisee's rights to the proposed transferee. The proposed transferee must execute all other documents and agreements required by Franchisor to consummate the Transfer, and, at Franchisor's request, Franchisee, as transferor or assignor, shall execute a continuing guarantee in favor of Franchisor of the performance and payment by the proposed transferee, as transferee or assignee, of all obligations and debts to Franchisor and its Affiliate under the replacement Franchise Agreement. All required third party consents to the Assignment must be obtained.

3. No Transfer of Franchisee, any right in this Agreement, in the franchise, or in the Franchised Restaurant, shall relieve Franchisee or any Person participating in any Transfer, of the obligations of the covenants contained in Paragraph XV, except where expressly authorized by Franchisor in writing.

4. Franchisee must give Franchisor ninety (90) days written notice prior to any sale or assignment. The purpose of this Paragraph is to enable Franchisor to comply with any applicable state or federal franchise disclosure laws or rules. Franchisee shall indemnify and hold harmless Franchisor for Franchisee's failure to comply with this Paragraph XVIII.

5. Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Restaurant, or in any communication media, any form of advertising, or list with any business, real estate broker, agent or attorney any information relating to the sale of the Franchised Restaurant or the rights granted hereunder.

6. Any purported Transfer of any ownership of Franchisee, or of Franchisee's rights in and to this Agreement, the franchise, or the Franchised Restaurant not meeting the conditions and requirements set forth in Paragraph XVIII, shall be null and void and without effect, and shall constitute a material default hereunder.

XIX. DEATH OR INCAPACITY OF FRANCHISEE

A. In the event of the death or incapacity of an individual Franchisee, any partner of a Franchisee which is a partnership, any member of a limited liability company owning fifty percent (50%) or more membership interests of a Franchisee which is a limited liability company, any shareholder owning fifty percent (50%) or more of the capital stock of a Franchisee which is a corporation, or any Person, which, upon the death or incapacity of such Person, will result in a change in Control of Franchisee, the heirs, beneficiaries, devisees or legal representatives of said individual, partner, shareholder, or Person, shall, within ninety (90) days of such event:

1. If such parties so desire, apply to Franchisor for the right to continue to operate the franchise for the duration of the term of this Agreement and any renewals hereof, which right shall be granted upon the fulfillment of all of the conditions set forth in Paragraph XVIII.B.2.b of this Agreement (except that no transfer fee shall be required); or

2. Sell, assign, transfer or convey Franchisee's interest in compliance with the provisions of Paragraphs XVIII.B and XX of this Agreement; provided, however, in the event a proper and timely application for the right to continue to operate has been made and rejected, the ninety (90) days to sell, assign, transfer or convey shall be computed from the date of said rejection. For purposes of this Paragraph XIX, Franchisor's silence on an application made pursuant to Paragraph XIX.B through the ninety (90) days following the event of death or incapacity shall be deemed a rejection made on the last day of such period.

B. In the event of the death or incapacity of an individual Franchisee, or any partner, shareholder, or member of a Franchisee which is a partnership, corporation or limited liability company, where the aforesaid provisions of Paragraph XIX.A have not been fulfilled within the time provided, all rights granted to Franchisee under this Agreement shall, at the option of Franchisor, terminate forthwith and automatically revert to Franchisor, and all of the provisions set forth in Paragraph XVII shall apply.

C. For purposes of this Agreement, "incapacity" shall be defined as the inability of an individual Franchisee, or any partner, shareholder, or member of a Franchisee which is a partnership, corporation, or limited liability company, to operate or oversee the operation of the Franchised Restaurant on a regular basis by reason of any continuing physical, mental or emotional incapacity, chemical dependency or other limitation. Any dispute as to the existence of an incapacity as defined herein shall be resolved by majority decision of three (3) licensed medical physicians practicing in the MSA in which the Franchised Restaurant is located, with each party selecting one (1) medical physician and the two (2) medical physicians so designated selecting the third medical physician. The determination of the majority of the three (3) medical physicians shall be binding upon the parties and all costs of making said determination shall be borne by the party against whom it is made.

XX. RIGHT OF FIRST REFUSAL

In the event of a Transfer or proposed Transfer as described in Paragraph XVIII.B.2.b above, or in the event a bona fide third party offer is made to purchase the Franchised Restaurant, or Franchisee, its owners, or such other applicable party shall obtain and deliver a bona fide, executed written offer to purchase the same to Franchisor, which shall, for a period of thirty (30) business days from the date of delivery of such offer, have the right, exercisable by written notice to Franchisee or its owners, to purchase the Franchised Restaurant or such ownership for the price and on the terms and conditions contained in such offer to Franchisor, provided that Franchisor may substitute cash for any form of payment proposed in such offer. If Franchisor does not exercise this right of first refusal, the offer may be accepted by Franchisee or its owners, subject to the conditions and the prior written approval of Franchisor, as provided in Paragraph XVIII hereof, provided that if such offer is not so accepted within one hundred twenty (120) days of the date thereof, Franchisor shall again have the right of first refusal herein described. Should a transferee franchisee assume the rights and obligations under this Agreement, such transferee franchisee shall likewise be subject to Franchisor's right of first refusal under terms and conditions as set forth herein. This right of first refusal is a continuing right of first refusal. Franchisor's failure to exercise its right of first refusal shall not be deemed a waiver of future rights of first refusal.

XXI. OPERATION IN THE EVENT OF ABSENCE, INCAPACITY OR DEATH

In order to prevent any interruption of the Franchised Restaurant which would cause harm to the Franchised Restaurant and thereby depreciate the value thereof, Franchisee authorizes Franchisor to operate the Franchised Restaurant for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement, in the event that Franchisee is absent or incapacitated by reason of illness or death and is not, in the sole judgment of Franchisor, able to operate the Franchised Restaurant; provided, however, that Franchisor shall not be obligated to so operate the franchise. If Franchisor elects to assume operation of the Franchised Restaurant, Franchisor will have the right to charge a reasonable fee for its management services. All monies from the operation of the business during such period of operation by Franchisor shall be kept in a separate account and the expenses of the Franchised Restaurant, including reasonable compensation and expenses for Franchisor's representative, shall be charged to said account. Franchisee shall indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, from any and all claims arising from the operation of the Franchised Restaurant including, without limitation, the acts and omissions of Franchisor and its representative if, as herein provided, Franchisor temporarily operates the Franchised Restaurant for Franchisee.

XXII. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. This Agreement does not constitute Franchisee as an agent, legal representative, joint venturer, partner, employee or servant of Franchisor for any purpose whatsoever. Franchisee may not represent to third parties that it is an agent of Franchisor and it is understood between the parties hereto that Franchisee shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on behalf of Franchisor. Franchisor and Franchisee further agree that this Agreement does not create a fiduciary relationship between them.

B. Franchisee shall prominently display, by posting a sign within public view, and include in all printed material including business cards, stationary, fliers, circular ads, radio and television and internet advertising, a statement that clearly indicates that the Franchised Restaurant is independently owned and operated by Franchisee as a WAHOO'S FISH TACO Franchised Restaurant of Franchisor and not as an agent thereof.

C. Franchisee shall defend, at its own cost, and indemnify and hold harmless Franchisor, its shareholders, and its current and former affiliates and their respective past and present owners, officers, directors, agents, representatives, heirs, administrators, successors and assigns, from and against any and all loss, costs, expenses (including attorneys' fees), damages and liabilities, however caused, resulting directly or indirectly from or pertaining to the use, condition or construction, equipping, decorating, maintenance or operation of the Franchised Restaurant, including any injury or damages arising from Franchisee’s use of social media, and/or internet, for sales, delivery and promotions related to the operation of the Franchised Restaurant, or Franchisee’s or Franchisee’s employees’ actions or inactions, including the sale of any food products, service or merchandise sold from the

Franchised Restaurant. Such loss, claims, costs, expenses, damages and liabilities shall include, without limitation, those arising from latent or other defects in the Franchised Restaurant, whether or not discoverable by Franchisor, and those arising from the death or injury to any person or arising from damage to the property of Franchisee or Franchisor, their agents or employees, or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of Franchisor or any of its agents or employees, or resulted from any strict liability imposed on Franchisor or any of its agents or employees.

XXIII. NON-WAIVER

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

XXIV. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, delivered by messenger or delivery services, mailed by certified mail return receipt requested, or facsimile transmission, and shall be effective when received or confirmation of receipt is acknowledged to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

WAHOO'S FISH TACO, LLC
Attn: Renato "Mingo" Lee
1185 Warner Avenue
Tustin, California 92780
Telephone: (949) 222-0670

Courtesy Copy to: Tim Pickwell, Esq.
Pickwell Law Group
Hacienda Del Mar
12625 High Bluff Drive, Suite 108 B
San Diego, CA 92130
P: (858) 793-1094 / F: (858) 793-1096

Notices to Franchisee: ______________________________
____
____
Telephone:
Facsimile:

Billing Address ______________________________
(if different) ______________________________
____
Telephone:
Facsimile:

Courtesy Copy to: ______________________________
____
____
Telephone:
Facsimile:

Any notice by certified mail shall be deemed to have been given at the date and time of mailing.

XXV. COST OF ENFORCEMENT OR DEFENSE

If a claim for amounts owed by a party to another party is asserted in any legal proceeding before a court of competent jurisdiction, or if Franchisor or Franchisee is required to enforce this Agreement in a judicial proceeding, the prevailing party shall be entitled to reimbursement of its costs, including all accounting and attorneys' fees, in connection with such proceeding.

XXVI. APPROVALS

A. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. All approvals and consents shall be granted or withheld in the sole and absolute discretion of Franchisor, except as otherwise provided herein.

B. Franchisor makes no warranties or guarantees upon which Franchisee may rely and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

XXVII. ENTIRE AGREEMENT

This Agreement, any Exhibit attached hereto and the documents referred to herein, shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede all prior agreements. No other representation has induced Franchisee to execute this Agreement, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in this or in any related agreement, however, is intended to disclaim the representations made by Franchisor in the Uniform Franchise Disclosure Document furnished to Franchisee.

XXVIII. SIMILAR AGREEMENTS.

Franchisor makes no warranty or representation that anything contained in this Agreement may be construed as requiring that all Wahoo’s Fish Taco franchise agreements issued by Franchisor, during any time period, contain terms substantially similar to those contained in this Agreement. Further, Franchisee agrees and acknowledges that Franchisor may, in its reasonable business judgment, due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements granted to other Wahoo’s Fish Taco franchisees in a non-uniform manner, subject to those provisions of this Agreement that require Franchisor to act toward its franchisees on a reasonably non-discriminatory basis.

XXIX. SEVERABILITY AND CONSTRUCTION.

A. Each Paragraph, part, term and/or provision of this Agreement shall be considered severable and if, for any reason, any Paragraph, part, term and/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, sections, parts, terms and/or provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms and/or provisions shall be deemed not part of this Agreement.

B. 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 Franchisor or Franchisee and such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason of this Agreement.

C. Franchisee shall be bound by any promise or covenant imposing the maximum duty permitted by law which is contained within the terms of any provision hereof, as though it were separately stated 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 Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

D. 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. The singular usage includes the plural, where appropriate in the context, and the masculine and neuter usages include the other and the feminine.

E. This Agreement may be executed in multiple copies, and each copy so executed shall be deemed an original. Signatures transmitted electronically or by facsimile will be deemed original signatures. Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that the electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

F. The recitals set forth in this Agreement are specifically incorporated into the terms of this Agreement and hereby constitute a part thereof.

XXX. APPLICABLE LAW

A. **THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER TAKE EFFECT UPON ACCEPTANCE AND EXECUTION BY FRANCHISOR AND SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF CALIFORNIA, WHICH LAWS SHALL PREVAIL IN THE EVENT OF ANY CONFLICT OF LAW, EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15, U.S.C. SECTIONS 1051 ET SEQ.). IF ANY PROVISION OF THIS AGREEMENT WOULD NOT BE ENFORCEABLE UNDER THE LAWS OF CALIFORNIA, AND IF THE FRANCHISED RESTAURANT IS LOCATED OUTSIDE OF CALIFORNIA AND SUCH PROVISION WOULD BE ENFORCEABLE UNDER THE LAWS OF THE STATE IN WHICH THE FRANCHISED RESTAURANT IS LOCATED, THEN SUCH PROVISION SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THAT STATE. NOTHING IN THIS PARAGRAPH IS INTENDED BY THE PARTIES TO SUBJECT THIS AGREEMENT TO ANY FRANCHISE OR SIMILAR LAW, RULES, OR REGULATION OF THE STATE OF CALIFORNIA TO WHICH IT WOULD NOT OTHERWISE BE SUBJECT.**

B. **FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT IS ENTERED INTO IN ORANGE COUNTY, CALIFORNIA, AND THAT ANY ACTION SOUGHT TO BE BROUGHT BY EITHER PARTY, EXCEPT THOSE CLAIMS REQUIRED TO BE SUBMITTED TO MEDIATION/ARBITRATION SHALL BE BROUGHT IN THE APPROPRIATE STATE OR FEDERAL COURT WITH JURISDICTION OVER ORANGE COUNTY, CALIFORNIA, THE PARTIES DO HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION.**

C. **NO RIGHT OR REMEDY CONFERRED UPON OR RESERVED TO FRANCHISOR OR FRANCHISEE BY THIS AGREEMENT IS INTENDED TO BE, NOR SHALL BE DEEMED, EXCLUSIVE OF ANY OTHER RIGHT OR REMEDY HEREIN OR BY LAW OR EQUITY PROVIDED OR PERMITTED, BUT EACH SHALL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY.**

D. **NOTHING HEREIN CONTAINED SHALL BAR FRANCHISOR'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT THAT SHALL CAUSE IT LOSS OR DAMAGES, UNDER THE USUAL EQUITY RULES, INCLUDING THE APPLICABLE RULES FOR OBTAINING RESTRAINING ORDERS AND PRELIMINARY INJUNCTIONS.**

XXXI. DISPUTE RESOLUTION

A. Except as provided in Paragraphs XXX.B and XXX.C of this Agreement and except as precluded by applicable law, any controversy or claim between Franchisor and Franchisee arising out of or relating to this Agreement or any alleged default hereunder, including any issues pertaining to the arbitrability of such controversy or claim and any claim that this Agreement or any part hereof is invalid, illegal, or otherwise voidable or void, shall be submitted to binding arbitration conducted before and in accordance with the Commercial Rules of the American Arbitration Association ("AAA"), by one arbitrator selected by Franchisor and Franchisee in accordance with said rules. Judgment upon any award rendered may be entered in any court having jurisdiction thereof. Except to the extent prohibited by applicable law, (i) the proceedings shall be held in Orange County, California; (ii) all arbitration proceedings and claims shall be filed and prosecuted separately and individually in the name of Franchisee and Franchisor, and not in any representative capacity, and shall not be joined or consolidated, or otherwise filed concurrently in the same proceeding, with claims asserted by or against any other licensee, franchisee or area developer, and (iii) the arbitrator shall have no power or authority to grant punitive or exemplary damages as part of its award. The party initiating a claim or counterclaim in any arbitration proceedings shall pay all filing fees related thereto. In no event may the material provisions of this Agreement, or any ancillary agreement executed in connection with this Agreement, including, but not limited to the method of operation, authorized product line sold or monetary obligations specified in this Agreement, amendments to this Agreement or in the Manuals be waived, modified or changed by the arbitrator at any arbitration hearing. The substantive law applied in such arbitration shall be as provided in Paragraph XXIX.A of this Agreement. The arbitration and the parties' agreement to arbitrate shall be deemed to be self-executing, and if either party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against such party despite said failure to appear. The arbitral decision shall be binding and conclusive on the parties. A judgment confirming the award may be given by any California court having jurisdiction, or that court may vacate, modify, or correct the award in accordance with the prevailing provisions of the California statute governing arbitration. All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained herein shall be governed by the Federal Arbitration Act (9 U.S.C. § 1 et seq.), notwithstanding any provision of this Agreement specifying the state law under which this Agreement shall be governed and construed. The parties agree to be bound by the provisions of the limitations on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. The parties further agree that, in connection with any arbitration proceeding conducted hereunder, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed as described above shall be forever barred.

B. The arbitration provision in Paragraph XXX.A of this Agreement shall not apply to (i) any action for injunctive or other provisional relief, including, but not limited to, enforcement of liens, security agreements, or attachments, which a party deems to be necessary or appropriate to compel the other party to comply with its obligations under this Agreement, or (ii) any action Franchisor deems to be necessary or appropriate to protect the Marks and Trade Secrets of Franchisor. Any claim or dispute involving or contesting the validity of any of the Marks shall not be subject to arbitration.

C. Nothing in this Article XXX shall prejudice the right of any party to obtain provisional relief or other equitable remedies from a court of competence jurisdiction as shall otherwise be available under applicable law.

D. Notwithstanding anything to the contrary in Paragraph XXX.A, before either party may initiate any arbitration proceeding as described above (other than suits described in Paragraph XXX.C), Franchisor and Franchisee pledge to attempt first to resolve any dispute pursuant to mediation conducted in accordance with the Commercial Mediation Rules of the AAA unless Franchisor and Franchisee agree on alternative rules and a mediator within fifteen (15) days after either party first gives notice of mediation. Mediation shall be conducted in Orange County, California, and shall be conducted and completed within forty-five (45) days following the date either party first gives notice of mediation unless otherwise agreed to in writing by Franchisor and Franchisee. If the parties fail to complete mediation within the forty-five (45) day period, either Franchisor or Franchisee may initiate an arbitration proceeding in accordance with Paragraph XXX.A. The fees and expenses of the mediator shall be shared equally by Franchisor and Franchisee. The mediator shall be disqualified as a witness, expert or counsel for any party with respect to the dispute and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under California and other applicable laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and Franchisor and Franchisee shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation. Notwithstanding anything to the contrary set forth in this Agreement, any party that fails to reasonably cooperate in scheduling and completing a mediation within forty-five (45) days after giving or receiving notice thereof shall be precluded from recovering costs, expenses, and/or prevailing party attorneys' fees in any subsequent legal proceeding.

E. **No Recourse Against Nonparty Affiliates.** All claims, obligations, liabilities, or causes of action (whether in contract or in tort, in law or in equity, or granted by statute) that may be based upon, in respect of, arise under, out or by reason of, be connected with, or relate in any manner to this Agreement, or the negotiation, execution, or performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to this Agreement, but not including separate undertakings such as guarantees of performance, personal guaranties, or corporate guarantees), may be made only against (and are those solely of) the entities that are expressly identified as parties in the preamble to this Agreement ("Contracting Parties"). No person who is not a Contracting Party, including without limitation any director, officer, employee, incorporator, member, partner, manager, stockholder, affiliate, agent, attorney, or representative of, and any financial advisor or lender to, any of the foregoing ("Nonparty Affiliates"), shall have any liability (whether in contract or in tort, in law or in equity, or granted by statute) for any claims, causes of action, obligations, or liabilities arising under, out of, in connection with, or related in any manner to this Agreement or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach; and, to the maximum extent permitted by law, each Contracting Party hereby waives and releases all such liabilities, claims, causes of action, and obligations against any such Nonparty Affiliates, unless such liabilities, claims, causes of action, and obligations arise from deliberately fraudulent acts. Without limiting the foregoing, to the maximum extent permitted by law, (a) each Contracting Party hereby waives and releases any and all rights, claims, demands or causes of action that may otherwise be available at law or in equity, or granted by statute, to avoid or disregard the entity form of a Contracting Party or otherwise impose liability of a Contracting Party on any Nonparty Affiliate, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise; and (b) each Contracting Party disclaims any reliance upon any Nonparty Affiliates with to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement. Nothing herein is intended to prevent a Contracting Party from pursuing any distinct legal rights it may have against a Nonparty Affiliate which arise from a separate document, such as a guaranty of performance, personal guaranty, corporate guaranty or similar agreement. Notwithstanding any other provision of this Agreement which limits the right of prospective Third-Party Beneficiaries, any Nonparty Affiliate may rely on this provision and enforce it against any Contracting Party or other person or entity.

XXXII. FORCE MAJEURE

Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, that party shall not be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control, where such cause is beyond the reasonable control of such party, and in any event said time period for the performance of the obligation hereunder shall be extended for the amount of time of the delay. This clause shall not apply or result in an extension of the term of this Agreement.

XXXIII. "FRANCHISEE" DEFINED AND GUARANTEE

As used in this Agreement, the term "Franchisee" shall include all Persons who succeed to the interest of the original Franchisee by permitted transfer or operation of law and shall be deemed to include the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement and all partners of the entity that executes this Agreement (in the event said entity is a partnership), all shareholders, officers and directors of the entity that executes this Agreement (in the event said entity is a corporation) and all members of the entity that executes this Agreement (in the event said entity is a limited liability company). In exchange for Franchisor's foregoing franchise grant to Franchisee, each person holding an ownership interest in the Franchisee entity must deliver the signed Guarantee and Assumption of Obligations attached hereto as Exhibit C and made a part hereof concurrently herewith, or if the ownership interest is acquired after the date hereof, within ten (10) days after obtaining the interest as an owner.

XXXIV. CAVEAT

The success of the business venture contemplated to be undertaken by Franchisee by virtue of this Agreement is speculative and depends, to a large extent, upon the ability of Franchisee as an independent businessperson and its active participation in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the business venture contemplated hereby.

XXXV. ACKNOWLEDGMENTS

A. Franchisee has been advised to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby, and the prospects for that business. Franchisee has either consulted with such advisors or has deliberately declined to do so.

B. Franchisee hereby consents and agrees that any disputes arising between Franchisor and Franchisee be submitted to mediation, then arbitration as provided in Article XXX of this Agreement.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in multiple copies the day and year first above written.

WAHOO'S FISH TACO, LLC

By:________________________________
Renato "Mingo" Lee

Title: Authorized Signatory

FRANCHISEE:

By:________________________________

Title:______________________________

By:________________________________

Title:______________________________

SHAREHOLDER(S)/PARTNER(S)/MEMBER(S)
OF FRANCHISEE

____
Name:_________________________________

____
Name:_________________________________

____
Name:_________________________________

EXHIBIT A TO THE FRANCHISE AGREEMENT

ENTITY INFORMATION DISCLOSURE

Franchisee represents and warrants that the following information is accurate and complete in all material respects:

(1) Franchisee is a (check as applicable):
[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify): ____________________________

State of incorporation/organization: ____________________

(2) Franchisee shall provide to Franchisor concurrently with the execution of this Agreement true and accurate copies of its charter documents including Articles of Incorporation/Organization, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution of this Agreement and any amendments to the foregoing (the "**Entity Documents**").

(3) Franchisee promptly shall provide all additional information that Franchisor may from time-to-time request concerning all persons who may have any, direct or indirect, financial interest in Franchisee.

(4) The name and address of each Owner is:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

(5) Franchisee hereby designates the individual named below as Franchisee's executive manager/officer ("Certified Manager") who shall at all times have all requisite authority to act on behalf of Franchisee, and Franchisor shall have the right to rely on any decision made or action taken by the Certified Manager as binding upon Franchisee. Franchisee agrees that such designation shall remain in effect until ten (10) days after Franchisor has received written notice from Franchisee of a substitute Certified Manager. Franchisee further agrees to take all corporate or other entity action consistent with this designation.

Certified Manager: ____.

(6) The address where Franchisee's financial records and Entity Documents are maintained is: ____.

IN WITNESS WHEREOF, the Parties have executed this Exhibit A on the Effective Date.

FRANCHISOR:

WAHOO'S FISH TACO, LLC

By:______________________________________
Renato "Mingo" Lee

FRANCHISEE:

____
A ____

By: ____

Name: _______________________________________

Title: ____

EXHIBIT B TO THE FRANCHISE AGREEMENT

MAP OF DESIGNATED AREA

WAHOO'S FISH TACO, LLC:

____

____

Date: _________________________

FRANCHISEE:

By:
____

Title:
____

Date:
____

EXHIBIT C TO THE FRANCHISE AGREEMENT

GUARANTEE AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTEE AND ASSUMPTION OF OBLIGATIONS is made and given this ____ day of _____________, 20___ by the undersigned.

In consideration of and as an inducement to the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by WAHOO'S FISH TACO, LLC ("Franchisor"), each of the undersigned hereby personally and unconditionally (1) guarantees to Franchisor, its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that ____ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) shall be personally bound by and personally liable for the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities including, without limitation, the provisions of Paragraph XV. Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right he/she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which he/she may be entitled.

Each of the undersigned consents and agrees that: (1) his/her direct and immediate liability under this Guarantee shall be joint and several; (2) he/she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guarantee, which shall be continuing and irrevocable during the term of the Agreement.

This Guarantee shall be interpreted and construed under the laws of California. In the event of any conflict of law, the law of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Guarantee would not be enforceable under the laws of California, and if the Franchised Restaurant is located outside of California and such provision would be enforceable under the laws of the state in which the Franchised Restaurant is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this paragraph is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of the state of California to which it would not otherwise be subject. Venue for purposes of any legal proceedings brought in connection with or arising out of this Guarantee shall be conclusively presumed to be in the State of California, County of Orange.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee and Assumption of Obligations on the same day and year as the Agreement was executed.

GUARANTOR(S) Name:	Signature:	PERCENTAGE OF OWNERSHIP
______________________________	______________________________	____________ %
______________________________	______________________________	____________ %
______________________________	______________________________	____________ %
______________________________	______________________________	____________ %
______________________________	______________________________	____________ %
______________________________	______________________________	____________ %

WAHOO'S FISH TACO, LLC

FINANCIAL STATEMENTS

EXHIBIT C TO THE DISCLOSURE DOCUMENT

Financial Statements and Independent Auditors' Report

WAHOO'S FISH TACO, LLC
(A California Limited Liability Company)

As of and For the Years Ended December 31, 2022 and 2021

WAHOO'S FISH TACO, LLC
(A California Limited Liability Company)

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R.M. WHITE & ASSOCIATES
Business Consulting, Tax Preparation, Accounting, and Investment Planning
23 Corporate Plaza Drive. • Suite 150 • Newport Beach, California 92705 • (949) 474-7012 • Fax (949) 474-9877

INDEPENDENT AUDITOR'S REPORT

To the Members of
Wahoo's Fish Taco, LLC.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Wahoo's Fish Taco, LLC (a California Limited Liability Company), which comprise the balance sheets as of December 31, 2022 and 2021 and the related statements of income and members' 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 Wahoo's Fish Taco, LLC. as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wahoo's Fish Taco, 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.

Management's Responsibility 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 Wahoo's Fish Taco, LLC.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but it 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risk 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 Wahoo's Fish Taco, LLC.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimate made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wahoo's Fish Taco, 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.

R. M. White & Associates

Newport Beach, California
February 2, 2023

WAHOOS FISH TACO, LLC
(A CALIFORNIA LIMITED LIABILITY COMPANY)
BALANCE SHEETS
December 31, 2022 and 2021

ASSETS	**2022**	**2021**
CURRENT ASSETS		
Cash	$ 2,662,724	$ 2,688,319
Accounts receivable	112,428	52,684
Prepaid expenses	4,259	4,193
TOTAL CURRENT ASSETS	2,779,411	2,745,196
	$ 2,779,411	$ 2,745,196
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Deferred revenue - current portion	$ 800	$ 800
Accrued expenses	51,547	34,302
TOTAL CURRENT LIABILITIES	52,347	35,102
LONG-TERM LIABILITIES		
Deferred revenue, less current portion	5,200	6,000
Customer deposits	162,500	162,500
	167,700	168,500
TOTAL LIABILITIES	220,047	203,602
MEMBERS' EQUITY	2,559,364	2,541,594
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 2,779,411	$ 2,745,196

The accompanying notes are an integral part to the financial statements.

WAHOOS FISH TACO, LLC
(A CALIFORNIA LIMITED LIABILITY COMPANY)
STATEMENTS OF INCOME
Years Ended December 31, 2022 and 2022

	2022		2021	
	Amount	Percentage of Net Revenue	Amount	Percentage of Net Revenue
ROYALTY AND FRANCHISE REVENUE	$ 1,017,644	100.0%	$ 739,570	100.0%
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	467,954	46.0%	346,738	46.9%
INCOME (LOSS) BEFORE INCOME TAXES	549,690	54.0%	392,832	53.1%
PROVISION FOR INCOME TAXES	3,300	0.3%	(1,800)	-0.2%
NET INCOME (LOSS)	$ 546,390	53.7%	$ 394,632	53.4%

The accompanying notes are an integral part to the financial statements.

WAHOOS FISH TACO, LLC
(A CALIFORNIA LIMITED LIABILITY COMPANY)
STATEMENTS OF MEMBERS' EQUITY
Years Ended December 31, 2022 and 2021

MEMBERS' EQUITY AS OF DECEMBER 31, 2020	$	2,171,782
Distributions to members		(24,820)
Net income		394,632
MEMBERS' EQUITY AS OF DECEMBER 31, 2021		2,541,594
Distributions to members		(380,820)
Stock redemption		(147,800)
Net income (loss)		546,390
MEMBERS' EQUITY AS OF DECEMBER 31, 2022	$	2,559,364

The accompanying notes are an integral part to the financial statements.

WAHOOS FISH TACO, LLC
(A CALIFORNIA LIMITED LIABILITY COMPANY)
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	2021	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 546,390	$ 394,632
Adjustments to reconcile net income to net cash provided by Operating activities		
(Increase) decrease in:		
Accounts receivable	(59,744)	(33,390)
Prepaid expenses	(66)	(2,099)
Increase (decrease) in:		
Accrued expenses	17,245	23,101
Deferred revenue	(800)	3,200
NET CASH PROVIDED BY OPERATING ACTIVITIES	503,025	385,444
CASH FLOWS FROM FINANCING ACTIVITIES		
Stock redemption	(147,800)	
Distributions to members	(380,820)	(24,820)
NET CASH PROVIDED BY FINANCING ACTIVITIES	(528,620)	(24,820)
NET INCREASE (DECREASE) IN CASH	(25,595)	360,624
CASH AT BEGINNING OF PERIOD	2,688,319	2,327,695
CASH AT END OF PERIOD	$ 2,662,724	$ 2,688,319
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid for taxes	$ 3,300	$ 1,800

The accompanying notes are an integral part to the financial statements.

NOTE - A SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Nature of Business

Wahoo's Fish Taco, LLC (the "Company") is a California limited liability company (LLC) organized to franchise restaurants for the Wahoo's Fish Taco chain of restaurants. The members are not bound by, or personally liable for, the expenses, liabilities or obligations of the Company, except to the extent of their net contributions. The LLC will continue until December 31, 2097, unless terminated sooner by the members invoking the provisions of the Operating Agreement.

Concentration of Credit Risks

The Company franchises restaurants for customers primarily in the west and southwest states of the United States of America. During the years ended December 31, 2022 and 2021 one customer accounted for 20% and 22% of the revenue in each year respectively, and one customer accounted for 58% and 24% of accounts receivable as of December 31, 2022 and 2021, respectively. The customer has multiple units that have been combined and treated as one. However, the Franchise Agreement maintains language to take over franchise stores failing to pay the required fees.

New Accounting Standards Implemented

ASU 2014-09, Revenue from Contracts with Customers (Topic 606) - In May 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-09, and subsequently amended this update by issuing additional ASU’s that provide clarification and further guidance around areas identified as potential implementation issues. These updates provide a comprehensive new revenue recognition model that requires a company to recognize revenues to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. These updates also require additional disclosure about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. These updates are effective for annual fiscal years beginning after December 15, 2019, which required us to adopt these provisions in the first quarter of fiscal 2020. Refer to Revenue Recognition policy below.

ASU 2016-15, Classification of Certain Cash Receipts and Cash Payments (Topic 230) - In August 2016, the FASB issued ASU 2016-15, this update provides clarification regarding how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. This update is effective for annual and interim periods for fiscal years beginning after December 15, 2018, which required us to adopt these provisions in the first quarter of fiscal 2019. The update was applied on a retrospective basis. The adoption of this guidance did not have an impact on the Consolidated Financial Statements or debt covenants.

NOTE - A SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Cash

The Company maintains cash balances at one financial institution primarily located in California. Interest bearing accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. Balances in non-interest-bearing accounts are fully insured.

The Company has cash balances in interest bearing accounts that exceed this insurance limit based on actual bank balances. The Company has not experienced any losses in such accounts. Management believes that the Company is not exposed to any significant credit risk with respect to its cash.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Effective fiscal 2019, we adopted FASB Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606"), from the previous guidance ASC Topic 605, Revenue Recognition and ASC Subtopic 952-605, Franchisors - Revenue Recognition (together, "Legacy GAAP"). Our transition to ASC 606 represents a change in accounting principle. The Financial Statements for fiscal 2020 reflect the application of ASC 606 guidance using the modified retrospective transition method, while the Financial Statements for prior periods were prepared under Legacy GAAP. Revenues are presented in Royalty and franchise revenue captions in the Income Statement. Refer below for our revenue accounting policies, Royalty and Franchise Revenues for deferred revenues and new standard transition disclosures.

Royalty and Franchise Revenues

Royalties – Continuing royalties are earned based on a percentage of the sales generated by each individual franchisee. The provisions of ASC 606 did not impact the recognition of these royalties, as the performance obligation related to franchise sales is considered complete upon the sale of food, beverages and alcohol. Royalty revenues attributable to franchise restaurants will continue to be recognized in the same period the sales are generated at the franchise restaurants.

WAHOO'S FISH TACO, LLC
(A California Limited Liability Company)
Notes to Financial Statements
December 31, 2022 and 2021

NOTE - A SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

For the years ended December 31, 2022 and 2021, the Company had royalty revenues of $1,016,844 and $717,535, respectively.

Franchise Revenue – In accordance with FASB rules and ASC 606, initial franchise fees are amortized and recognized as revenue over the life of the franchise agreement or when distinct goods or services that have been separately identified in the franchise agreement, and paid, have been substantially performed. Such services may include training personnel and providing outlined specifications of standards and procedures for operations a new facility. For the years ended December 31, 2022 and 2021, the Company had franchise revenues of $800 and $21,800, respectively.

Accounts Receivable

Receivables consist of amounts due from franchisees for initial and continuing fees.

The Company maintains an allowance for doubtful accounts, when necessary, primarily for estimated losses resulting from the inability of its franchisees to make payments on amounts due. Accounts deemed uncollectible would be charged against the allowance. As of December 31, 2022, and 2021, the Company reserved $0 and $0, respectively, for certain account balances.

The Company advanced money to a franchisee. The franchisee will repay the advance with a portion of each of their royalty fee payments, reducing the receivable balance. The balances as of December 31, 2021 and 2020 were $0 and $0, respectively, and are included within accounts receivable on the accompanying balance sheet. The entire balance of $8,708 outstanding in 2020 was determined to be uncollectible at December 31, 2021 and was written off as bad debt.

Income Taxes

The Company itself is not subject to federal income taxes. Each member is responsible for the federal tax liability, if any, related to its proportionate share of the member's taxable income or loss. However, the Company is subject to California state franchise tax of $800 per year, plus an LLC fee based on annual gross receipts of $2,500 for 2022 and 2021, respectively.

The Company accounts for uncertain tax positions in accordance with Accounting Standards Codification Topic 740, Income Taxes ("ASC 740"). Based on its evaluation under ASC 740, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements, nor has the entity been assessed interest or penalties by any major tax jurisdictions. The Company's evaluation was performed for the tax period ended December 31, 2022 which remains open to examination by taxing authorities, as well as the 2021 through 2019 for federal and 2018 for the state.

NOTE - A SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Franchise Activity

For the year ended December 31, 2022, there were no franchise store opened and two were closed. As of December 31, 2022, the number of franchised outlets in operation was 26.

For the year ended December 31, 2021, there was one franchise store opened and two were closed. As of December 31, 2021, the number of franchised outlets in operation was 28.

Subsequent Events

Management has evaluated subsequent events through February 2, 2023, the date on which the financial statements were available to be issued and found that there are no material events warranting disclosure.

NOTE B - RELATED PARTY TRANSACTIONS

For the years ended December 31, 2022 and 2021, royalty income associated with related parties under common ownership were $178,882 and $167,617, respectively. As of December 31, 2022 and 2021, the Company had a receivable due from these related parties in the amount of $65,316 and $12,177, respectively. These receivables were collected within 30 days of the year end.

Upon individual franchise locations opening, the Company pays fees to another related party under common ownership for training. These fees are paid according to each Franchise Agreement and range from $12,500 to $21,000. Training fees paid for the year ended December 31, 2022 and 2021 were $0 and $21,000 respectively.

The Company also pays a per-store administration fee, a monthly fee and a 1% royalty on royalty income to a related party. Total fees and royalties paid to the related party for the years ending December 31, 2022 and 2021 were $397,075 and $314,590, respectively. Administrative fees were reduced through the end of April 2021 due to COVID-19.

NOTE C – IMPACT OF COVID-19

The COVID-19 virus caused unprecedented damage to the financial wellbeing of restaurants in 2020 and 2021. Our Company and franchisees were profoundly impacted. To assist our franchisees during this trying period, we placed a moratorium on royalty fees beginning in April of 2020 and extended through April of 2021. Franchisees only started to recover in sales volume during the second half of 2021 which reduced royalties further. Consequently, we believe the impact on our revenues ranged between $271,000 to $473,000 for 2020 and 2021.

NOTE D - COMMITMENTS AND CONTINGENCIES

The Company has entered into various Area Development Agreements with unrelated parties to open new restaurants over five-to-seven-year periods. These parties are at various stages of development. According to the agreements, the Company will provide a training program as well as outline specifications of standards and procedures for operations of the new facilities. As of December 31, 2022 and 2021, the Company had customer deposits of $162,500 and $162,500, respectively.

The Company is involved in legal proceedings from time to time in the normal course of operations. The Company believes that the outcome of such proceedings will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

Financial Statements and Independent Auditors' Report

WAHOO'S FISH TACO, LLC
(A California Limited Liability Company)

As of and For the Years Ended December 31, 2020 and 2019

WAHOO'S FISH TACO, LLC
(A California Limited Liability Company)

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R.M. WHITE & ASSOCIATES
Business Consulting, Tax Preparation, Accounting, and Investment Planning
1920 E. Warner Ave. • Suite H • Santa Ana, California 92705 • (949) 474-7012 • Fax (949) 474-9877

cpa

INDEPENDENT AUDITOR'S REPORT

To the Members of
Wahoo's Fish Taco, LLC.

We have audited the accompanying financial statements of Wahoo's Fish Taco, LLC (a California Limited Liability Company), which comprise the balance sheets as of December 31, 2020 and 2019 and the related statements of income and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wahoo's Fish Taco, 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.

RM White & Associates

R.M. White & Associates

Newport Beach, California
February 15, 2021

WAHOOS FISH TACO, LLC
(A CALIFORNIA LIMITED LIABILITY COMPANY)
BALANCE SHEETS
December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 2,327,695	$ 2,114,739
Accounts receivable	19,294	97,906
Loan receivable	-	350,000
Prepaid expenses	2,094	2,286
TOTAL CURRENT ASSETS	2,349,083	2,564,931
	$ 2,349,083	$ 2,564,931
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Deferred revenue - current portion	$ 400	$ -
Accrued expenses	11,201	43,251
TOTAL CURRENT LIABILITIES	11,601	43,251
LONG-TERM LIABILITIES		
Deferred revenue, less current portion	3,200	-
Customer deposits	162,500	187,500
	165,700	187,500
TOTAL LIABILITIES	177,301	230,751
MEMBERS' EQUITY	2,171,782	2,334,180
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 2,349,083	$ 2,564,931

The accompanying notes are an integral part to the financial statements

WAHOOS FISH TACO, LLC
(A CALIFORNIA LIMITED LIABILITY COMPANY)
STATEMENTS OF INCOME
Years Ended December 31, 2020 and 2019

	2020		2019	
	Amount	Percentage of Net Revenue	Amount	Percentage of Net Revenue
ROYALTY AND FRANCHISE REVENUE	$ 285,135	100.0%	$ 1,141,019	100.0%
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	430,682	151.0%	494,098	43.3%
INCOME FROM OPERATIONS	(145,547)	-51%	646,921	56.7%
OTHER INCOME (EXPENSE)				
Interest income	14,769	5.2%	28,652	2.5%
INCOME (LOSS) BEFORE INCOME TAXES	(130,778)	-45.9%	675,573	59.2%
PROVISION FOR INCOME TAXES	6,800	2.4%	6,800	0.6%
NET INCOME (LOSS)	$ (137,578)	-48.3%	$ 668,773	58.6%

The accompanying notes are an integral part to the financial statements.

WAHOOS FISH TACO, LLC
(A CALIFORNIA LIMITED LIABILITY COMPANY)
STATEMENTS OF MEMBERS' EQUITY
Years Ended December 31, 2020 and 2019

MEMBERS' EQUITY AS OF DECEMBER 31, 2018	$ 2,954,227
Distributions to members	(1,288,820)
Net income	668,773
MEMBERS' EQUITY AS OF DECEMBER 31, 2019	2,334,180
Distributions to members	(24,820)
Net income (loss)	(137,578)
MEMBERS' EQUITY AS OF DECEMBER 31, 2020	$ 2,171,782

The accompanying notes are an integral part to the financial statements.

WAHOOS FISH TACO, LLC
(A CALIFORNIA LIMITED LIABILITY COMPANY)
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ (137,578)	$ 668,773
Adjustments to reconcile net income to net cash provided by Operating activities		
(Increase) decrease in:		
Accounts receivable	78,612	(5,349)
Prepaid expenses	192	6,023
Increase (decrease) in:		
Accrued expenses	(32,050)	3,488
Deferred revenue	3,600	-
Customer deposits	(25,000)	20,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	(112,224)	692,935
CASH FLOWS FROM INVESTING ACTIVITIES		
(Borrowing) repayment on related party note receivable	350,000	(50,000)
NET CASH (USED) BY INVESTING ACTIVITIES	350,000	(50,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions to members	(24,820)	(1,288,820)
NET CASH PROVIDED BY FINANCING ACTIVITIES	(24,820)	(1,288,820)
NET INCREASE (DECREASE) IN CASH	212,956	(645,885)
CASH AT BEGINNING OF PERIOD	2,114,739	2,760,624
CASH AT END OF PERIOD	$ 2,327,695	$ 2,114,739
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid for taxes	$ 6,800	$ 6,800

The accompanying notes are an integral part to the financial statements.

NOTE - A SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Nature of Business

Wahoo's Fish Taco, LLC (the "Company") is a California limited liability company (LLC) organized to franchise restaurants for the Wahoo's Fish Taco chain of restaurants. The members are not bound by, or personally liable for, the expenses, liabilities or obligations of the Company, except to the extent of their net contributions. The LLC will continue until December 31, 2097, unless terminated sooner by the members invoking the provisions of the Operating Agreement.

Concentration of Credit Risks

The Company franchises restaurants for customers primarily in the west and southwest states of the United States of America. During the years ended December 31, 2020 and 2019 one customer accounted for 22% and 20% of the revenue in each year respectively, and one customer accounted for 53% and 33% of accounts receivable as of December 31, 2020 and 2019, respectively. The customer has multiple units that have been combined and treated as one. However, the Franchise Agreement maintains language to take over franchise stores failing to pay the required fees.

New Accounting Standards Implemented

ASU 2014-09, Revenue from Contracts with Customers (Topic 606) - In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, and subsequently amended this update by issuing additional ASU's that provide clarification and further guidance around areas identified as potential implementation issues. These updates provide a comprehensive new revenue recognition model that requires a company to recognize revenues to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. These updates also require additional disclosure about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. These updates are effective for annual fiscal years beginning after December 15, 2018, which required us to adopt these provisions in the first quarter of fiscal 2019. Refer to Revenue Recognition policy below.

ASU 2016-15, Classification of Certain Cash Receipts and Cash Payments (Topic 230) - In August 2016, the FASB issued ASU 2016-15, this update provides clarification regarding how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. This update is effective for annual and interim periods for fiscal years beginning after December 15, 2018, which required us to adopt these provisions in the first quarter of fiscal 2019. The update was applied on a retrospective basis. The adoption of this guidance did not have an impact on the Consolidated Financial Statements or debt covenants.

NOTE - A SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Cash

The Company maintains cash balances at one financial institution primarily located in California. Interest bearing accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. Balances in non-interest-bearing accounts are fully insured.

The Company has cash balances in interest bearing accounts that exceed this insurance limit based on actual bank balances. The Company has not experienced any losses in such accounts. Management believes that the Company is not exposed to any significant credit risk with respect to its cash.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Effective fiscal 2019, we adopted FASB Accounting Standards Codification (“ASC”) Topic 606, Revenue from Contracts with Customers (“ASC 606”), from the previous guidance ASC Topic 605, Revenue Recognition and ASC Subtopic 952-605, Franchisors - Revenue Recognition (together, “Legacy GAAP”). Our transition to ASC 606 represents a change in accounting principle. The Financial Statements for fiscal 2019 reflect the application of ASC 606 guidance using the modified retrospective transition method, while the Financial Statements for prior periods were prepared under Legacy GAAP. Revenues are presented in Royalty and franchise revenue captions in the Income Statement. Refer below for our revenue accounting policies, Royalty and Franchise Revenues for deferred revenues and new standard transition disclosures.

Royalty and Franchise Revenues

Royalties – Continuing royalties are earned based on a percentage of the sales generated by each individual franchisee. The provisions of ASC 606 did not impact the recognition of these royalties, as the performance obligation related to franchise sales is considered complete upon the sale of food, beverages and alcohol. Royalty revenues attributable to franchise restaurants will continue to be recognized in the same period the sales are generated at the franchise restaurants.

NOTE - A SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

For the years ended December 31, 2020 and 2019, the Company had royalty revenues of $263,735 and $1,136,019, respectively. (See Note C.)

Franchise Revenue – In accordance with FASB rules and ASC 606, initial franchise fees are amortized and recognized as revenue over the life of the franchise agreement or when distinct goods or services that have been separately identified in the franchise agreement, and paid, have been substantially performed. Such services may include training personnel and providing outlined specifications of standards and procedures for operations a new facility. For the years ended December 31, 2020 and 2019, the Company had franchise revenues of $21,400 and $5,000, respectively.

Accounts Receivable

Receivables consist of amounts due from franchisees for initial and continuing fees.

The Company maintains an allowance for doubtful accounts, when necessary, primarily for estimated losses resulting from the inability of its franchisees to make payments on amounts due. Accounts deemed uncollectible would be charged against the allowance. As of December 31, 2020, and 2019, the Company reserved $0 and $0, respectively, for certain account balances.

The Company advanced money to a franchisee. The franchisee will repay the advance with a portion of each of their royalty fee payments, reducing the receivable balance. The balances as of December 31, 2020 and 2019 were $8,708 and $5,164, respectively, and are included within accounts receivable on the accompanying balance sheet. The entire balance is expected to be repaid within twelve months.

Income Taxes

The Company itself is not subject to federal income taxes. Each member is responsible for the federal tax liability, if any, related to its proportionate share of the member's taxable income or loss. However, the Company is subject to California state franchise tax of $800 per year, plus an LLC fee based on annual gross receipts of $6,000 each year.

The Company accounts for uncertain tax positions in accordance with Accounting Standards Codification Topic 740, Income Taxes ("ASC 740"). Based on its evaluation under ASC 740, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements, nor has the entity been assessed interest or penalties by any major tax jurisdictions. The Company's evaluation was performed for the tax period ended December 31, 2020 which remains open to examination by taxing authorities, as well as the 2019 through 2015 tax periods.

NOTE B - RELATED PARTY TRANSACTIONS (Continued)

The Company also pays a per-store administration fee, a monthly fee and a 1% royalty on royalty income to a related party. Total fees and royalties paid to the related party for the years ending December 31, 2020 and 2019 were $370,295 and $415,276, respectively. (See Note A.)

NOTE C – IMPACT OF COVID-19

The COVID-19 virus caused unprecedented damage to the financial wellbeing of restaurants in 2020. Our Company and franchisees were profoundly impacted. To assist our franchisees during this trying period, we placed a moratorium on royalty fees beginning in April of 2020 and extended throughout the balance of 2020. Consequently, we believe the impact on our revenues ranged between $830,000 to $860,000. In 2021, we are evaluating when we will restart royalty assessment however, as of February 2021, we are continuing to abate the royalty assessment.

NOTE D - COMMITMENTS AND CONTINGENCIES

The Company has entered into various Area Development Agreements with unrelated parties to open new restaurants over five to seven year periods. These parties are at various stages of development. According to the agreements, the Company will provide a training program as well as outline specifications of standards and procedures for operations of the new facilities. As of December 31, 2020, and 2019, the Company had customer deposits of $162,500 and $187,500, respectively.

Management believes that there is no pending or threatening litigation involving the Company that will have a material impact to its financial condition or to the results of operations.

WAHOO'S FISH TACO, LLC

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Wahoo’s Fish Taco

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WAHOO'S FISH TACO, LLC

AREA DEVELOPMENT AGREEMENT

EXHIBIT E TO THE DISCLOSURE DOCUMENT

WAHOO'S FISH TACO, LLC

AREA DEVELOPMENT AGREEMENT

EXHIBIT E TO THE FRANCHISE DISCLOSURE DOCUMENT

<u>THIS CONTRACT IS SUBJECT TO MEDIATION/ARBITRATION</u>

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WAHOO'S FISH TACO, LLC

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement ("this Agreement") made this ___ day of ____________, 20___ (the "Effective Date"), by and between WAHOO'S FISH TACO, LLC, a California limited liability company, having its principal place of business at 1185 Warner Avenue, Tustin, California 92780 ("Franchisor"), and

____

____

("Developer").

RECITALS:

WHEREAS, Franchisor and its affiliate, over a period of time and as the result of the expenditure of time, expertise, effort and money, (i) have developed and own a unique system, identified by the Mark "WAHOO'S FISH TACO", relating to, (i) the establishment, development and operation of restaurants which serve freshly cooked fish tacos, a variety of additional tacos and burritos, charbroiled fish and chicken, steak and pork sandwiches, salads, ahi rice, black and cajun white beans, appetizers, desserts and related food items and beverages, and, at some locations, beer and wine all prepared in accordance with specified recipes and/or procedures ("Menu Items"), and offering seating for on-premises consumption and carry-out services; (ii) have developed a proprietary line of seasonings, spices and other food products ("Trade Secret Food Products"); (iii) have developed certain presentation, packaging and marketing standards and techniques for all Trade Secret Food Products; (iv) have developed certain private label hats, T-shirts, caps, coffee mugs and other novelty items bearing the Marks ("Trademarked Products"); and (v) have developed certain presentation, packaging and marketing standards and techniques for all Menu Items, Trade Secret Food Products and Trademarked Products (items (i)-(v) above, collectively the "System"); and

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior layout, design and color scheme; exclusively designed signage, decorations, furnishings and materials; special recipes, formulae, menus and food and beverage designations; the WAHOO'S FISH TACO Confidential Operations Manual ("Manual"); the Trade Secret Food Products; the Proprietary Software Package ("Software") (if developed); food and beverage storage, preparation and service procedures and techniques; operating procedures for sanitation and maintenance; and methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales promotion and advertising, all of which may be changed, improved and further developed by Franchisor from time to time; and

WHEREAS, Franchisor's affiliate, Lamkone Restaurants, Inc., is the owner of the right, title and interest together with all the goodwill connected thereto in and to the trade names, service marks and trademarks "WAHOO'S FISH TACO", "WAHOO'S FISH TACO, plus the design", associated logos, commercial symbols and such other trade names, service marks and trademarks as are now designated (and may hereinafter be designated by Franchisor in writing) as part of the System ("Marks[s] ") and has licensed the rights in the Marks to Franchisor with the right to sublicense to Franchisor's Developers; and

WHEREAS, Franchisor shall continue to develop, use and control such Marks for the benefit and use of itself and its Developers in order to identify for the public the source of services marketed thereunder and to represent the System's high standards of quality for service and appearance; and

WHEREAS, Franchisor grants to qualified persons the right to own and operate a WAHOO'S FISH TACO restaurant ("Franchised Restaurant") providing services authorized and approved by Franchisor in utilizing the System and Marks; and

WHEREAS, Developer desires to operate a WAHOO'S FISH TACO Franchised Restaurant(s) under the System and using the Marks, has applied for a franchise and such application has been approved by Franchisor in reliance upon all of the representations made therein; and

WHEREAS, Developer represents and warrants to Franchisor, as an inducement to Franchisor's execution of this Agreement, that the information set forth in the Entity Information Disclosure attached to this Agreement as Exhibit "A" is true, accurate and complete in all material respects on the Effective Date and that Developer shall provide Franchisor with all additional information Franchisor may request with respect to the owners and the ownership of Developer. In addition, Developer shall notify Franchisor within ten (10) days of any change in the information set forth in the Entity Information Disclosure and shall provide Franchisor with a revised Entity Information Disclosure certified by Developer to be true, correct and complete in all material respects. Franchisor grants Developer the rights in this Agreement in reliance upon each and all of the terms of the Entity Information Disclosure; and

WHEREAS, Developer understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and service and the necessity of operating the Franchised Restaurant in strict conformity with Franchisor's standards and specifications; and

WHEREAS, Franchisor expressly disclaims the making of and Developer acknowledges that it has not received nor relied upon any warranty or guarantee, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. Developer acknowledges that it has read this Agreement and Franchisor's Uniform Franchise Disclosure Document and that it has no knowledge of any representation by Franchisor or its officers, directors, shareholders, employees or agents that are contrary to the statements made in Franchisor's Uniform Franchise Disclosure Document or to the terms hereof.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other set forth in this Agreement, hereby agree as follows:

AGREEMENT:

I. GRANT

A. Franchisor hereby grants to Developer, pursuant to the terms and conditions of this Agreement, the right to establish and operate ______________ (____) WAHOO'S FISH TACO Franchised Restaurants ("Right") within the territory described in Exhibit "B" attached hereto and incorporated herein by this reference ("Designated Territory").

B. Developer shall be bound by the development schedule set forth in Exhibit "C". Time is of the essence of this Agreement. Each Franchised Restaurant shall be established and operated pursuant to a separate Franchise Agreement ("Franchise Agreement") to be entered into by Developer and Franchisor. Each Franchise Agreement shall be in the form of Franchisor's then-current form of Franchise Agreement.

C. Except as otherwise provided in this Agreement, Franchisor shall not establish, nor license anyone other than Developer the right to establish any Franchised Restaurant in the Designated Territory prior to the expiration of the development schedule ("Development Schedule") set forth in Exhibit "C". Notwithstanding the above, Franchisor and its affiliates have the right to (i) grant franchises or operate

Franchised Restaurants at all non-traditional sites, such as schools, universities, airports, amusement parks, hospitals, stadiums, arenas, convention centers and others ("Non-Traditional Sites") within or without the Designated Territory and to grant such other franchises or operate Franchised Restaurants outside of the Designated Territory as Franchisor, in its sole and exclusive discretion, deems appropriate, (ii) to offer and sell at wholesale or retail (other than through another Franchised Restaurant), including by means of the Internet or Internet web site, mail order catalogs, direct mail advertising or through any other distribution system, including supermarkets and other retail facilities to the general public, Wahoo's products and services, including the Trade Secret Food Products and Trademarked Products, which are or may in the future be, a part of the System, both within and/or outside of the Designated Territory; and to advertise and promote the System through any means, including the Internet, and (iii) to market products and services other than fish tacos, burritos, charbroiled fish and chicken and other products and services that currently are a part of the System under a format and trademarks and service marks distinct from the System, both within and outside of the Designated Territory.

D. This Agreement is not a Franchise Agreement, and Developer shall have no right to use in any manner the Marks by virtue hereof.

E. Developer shall have no right under this Agreement to license others to operate a Franchised Restaurant or use the System or the Marks.

II. DEVELOPMENT FEE AND FRANCHISE FEE

A. As consideration for the grant of the Right, Developer shall pay to Franchisor, on the Effective Date, a development fee ("Development Fee") in the amount of $__________________, which is comprised of FORTY THOUSAND DOLLARS ($40,000) for the first Franchised Restaurant(s) Developer agrees to develop and THIRTY THOUSAND DOLLARS ($30,000) for each subsequent Franchised Restaurant Developer agrees to develop in accordance with this Agreement. The Development Fee corresponds to each Franchised Restaurant Developer is to open pursuant to the Development Schedule and this Agreement.

B. Developer shall pay Franchisor the Development Fee for the first Franchised Restaurant to be developed under this Agreement on the Effective Date. The Development Fee for each additional Franchised Restaurant shall be payable as follows: FIFTEEN THOUSAND DOLLARS ($15,000) upon execution by Developer of this Agreement and FIFTEEN THOUSAND DOLLARS ($15,000) upon execution by Developer of each additional Franchise Agreement entered into under this Agreement for that Franchised Restaurant pursuant to Paragraph II.C below. Each Franchise Agreement entered into by Developer under this Agreement shall be in the form of Franchisor's then-current form of Franchise Agreement.

C. Developer shall submit a separate application for each WAHOO'S FISH TACO Franchised Restaurant to be established within the Designated Territory by Developer. Upon approval of the site of the Franchised Restaurant by Franchisor, a separate Franchise Agreement shall be executed for each Franchised Restaurant at which time payment of the Franchise Fee for such restaurant shall be paid. The terms and conditions of each Franchise Agreement shall control the establishment and operation of such WAHOO'S FISH TACO Franchised Restaurant.

III. DEVELOPMENT SCHEDULE AND MANNER OF EXERCISING OPTIONS

A. Developer shall be bound by and strictly follow the Development Schedule set forth in Exhibit "C". Time is of the essence. By the dates set forth under the Development Schedule ("Exercise Period(s)"), Developer shall exercise its Right to establish and operate each Franchised Restaurant by entering into Franchise Agreements with Franchisor pursuant to this Agreement for the number of Franchised Restaurants described under the Development Schedule. Developer shall at all times after the expiration of each of the Exercise Periods continuously maintain in operation pursuant to each Franchise Agreement at least the number of Franchised Restaurants set forth in the Development Schedule, provided, however, that such obligation does not apply to any Franchised Restaurant that is transferred in accordance with the provisions of the Franchise Agreement, or are closed due to force majeure.

B. Developer shall exercise the Right granted herein only as follows:

1. By giving Franchisor written notice of Developer's intention to exercise the Right at least thirty (30) days before the execution of the Franchise Agreement for the applicable Franchised Restaurant; and

2. By executing the then-current form of the Franchise Agreement for the applicable Franchised Restaurant and complying with its terms including, without limitation, the payment of the unpaid balance of the applicable Franchise Fee.

Franchisor shall execute the Franchise Agreement only if: (i) Developer is in compliance with all, and is not in default of any, requirements and obligations of this Agreement and all other agreements between Franchisor and Developer; and (ii) Developer is in compliance with all, and is not in default of any, of its respective obligations under any Franchise Agreement. In order to meet the Development Schedule, the Franchise Agreement must be executed by Developer and Franchisor within the applicable Exercise Period(s). Developer must comply with all of the terms and conditions of each Franchise Agreement.

IV. <u>TERM AND RIGHT OF FIRST REFUSAL</u>

A. Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Rights granted hereunder to Developer shall expire on the date of Franchisor's acceptance and execution of a Franchise Agreement for the last of the WAHOO'S FISH TACO Franchised Restaurants to be established pursuant to the Development Schedule.

B. If Franchisor proposes to grant the Right to another franchisee or developer to develop, own and operate additional WAHOO'S FISH TACO Franchised Restaurants within the Designated Territory after the expiration of this Agreement, except with respect to Non-Traditional sites, Franchisor shall notify Developer in writing of such proposal and Developer shall, for a period of thirty (30) days from the date of delivery of such notification, have the right, exercisable by written notice to Franchisor, to buy the rights to open and operate such additional WAHOO'S FISH TACO Franchised Restaurants under the same terms and conditions as proposed to the other franchisee or developer. If Developer exercises its right of first refusal pursuant to this Paragraph IV.B, Developer shall sign the then-current form of Franchise Agreement within thirty (30) days from the date of delivery of notification from Franchisor. The right of first refusal granted to Developer is personal to Developer and is not transferable and shall survive for a period of two (2) years following the successful completion of the unmodified Development Schedule. In the event Developer waives its right of first refusal contained in this Paragraph IV.B, on any occasion, Developer's right of first refusal contained in this Paragraph IV.B shall forever expire.

C. Developer's right of first refusal shall terminate upon failure of Developer to perform under the original Development Schedule, unless approved in writing by Franchisor.

V. DUTIES OF THE DEVELOPER

A. Developer shall perform the following obligations:

1. Developer shall comply with all terms and conditions set forth in this Agreement.

2. Developer shall comply with all of the terms and conditions of each Franchise Agreement including, without limitation, the operating requirements specified in each Franchise Agreement. However, Developer may not be required to attend an initial developer training course conducted at a Franchisor designated location in connection with the second or any subsequent Franchised Restaurant, provided Developer's general manager must attend and complete, to Franchisor's satisfaction, the initial training course.

3. Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Developer by Franchisor, and Developer shall disclose such information or materials only to such of its employees or agents who must have access to it in connection with their employment. Developer shall not at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

4. Developer shall comply with all requirements of federal, state and local laws, rules and regulations.

B. Developer shall not engage in any form of online social networking (e.g. Facebook, MySpace, Twitter, others) using any of the Marks or otherwise referring any Franchised Restaurant without Franchisor's prior written consent. Developer shall take all commercially reasonable steps to ensure that its employees refrain from using the Marks or otherwise referring to any Franchised Restaurant in connection with any online social networking.

VI. PROPRIETARY MARKS/CONFIDENTIALITY

A. Notwithstanding any provision to the contrary under this Agreement, it is understood and agreed that this Agreement does not grant the Developer any right to use the Marks or to use any of Franchisor's trade secret and/or confidential information, as defined below. Further, it is understood and agreed that this Agreement does not grant the Developer any right to any copyright or patent which the Franchisor now owns or may hereinafter own. Rights to the Marks, trade secrets (and/or confidential information), copyrights or patents are granted only under the Franchise Agreements to be executed by Franchisor and Developer.

B. Developer and its owners, officers and directors, if any, acknowledge that their entire knowledge of the operation of the Franchised Restaurant, including the knowledge or know-how regarding the marketing, packaging, inventory control, specifications and other standards and operating procedures of a WAHOO'S FISH TACO Franchised Restaurant, is derived from information disclosed to Developer by Franchisor and that certain of such information is proprietary, confidential and constitutes trade secrets of Franchisor. In addition, any improvements developed by Developer pursuant to Developer's operation of any Franchised Restaurant shall constitute proprietary information of Franchisor. "Trade secrets" refer to the whole or any portion of know-how, knowledge, methods, formulae, recipe, specifications, processes, procedures and/or improvements regarding the WAHOO'S FISH TACO Franchised Restaurant and the System that is valuable and secret in the sense that it is not generally known to competitors of Franchisor. Developer and its owners, officers and directors, if any, jointly and severally, agree that during and after the term of this Agreement for so long as any Franchisor treats any such information as its trade secret, they will maintain the absolute confidentiality of all trade secret information and will not disclose, sell or use any such information in any other business or in any manner not specifically authorized or approved in advance in writing by Franchisor.

C. Developer shall divulge such trade secret and confidential information only to the extent and only to such of its employees as must have access to it in order to perform obligations under this Agreement or a Franchise Agreement. Any and all information, knowledge and know-how of Franchisor including, without limitation, the Manual, specifications and standards concerning the operation of WAHOO'S FISH TACO Franchised Restaurants and other materials and information provided to Developer by Franchisor, shall be deemed confidential for purposes of this Agreement, except information which Developer can demonstrate lawfully came to its attention prior to disclosure thereof by Franchisor (other than under an obligation of confidentiality); or which, at the time of disclosure by Franchisor to Developer, had lawfully become a part of the public domain, through publication or communication by others; or which, after disclosure to Developer by Franchisor, lawfully becomes a part of the public domain, through publication or communication by others.

D. Due to the special and unique nature of the trade secrets, confidential information, proprietary marks and Manual of Franchisor, Developer and its owners, officers and directors, if any, hereby, jointly and severally, agree and acknowledge that Franchisor shall be entitled to immediate equitable remedies including, but not limited to, restraining orders and injunctive relief, in order to safeguard such trade secret, proprietary, confidential, unique and special information of Franchisor and that money damages alone would be an insufficient remedy with which to compensate Franchisor for any breach of the terms of this Paragraph VI. Furthermore, Developer agrees that all owners, directors, shareholders, partners and employees of Developer having access to the trade secrets, confidential and proprietary information of Franchisor and any owners, officers, directors or other employees designated by Franchisor shall be required to execute confidentiality agreements in a form acceptable to Franchisor.

E. Developer is granted access to certain confidential information and trade secrets pertaining to the System only pursuant to an individual Franchise Agreement executed between Developer and Franchisor, and the foregoing paragraphs are not intended, and shall not be interpreted, to grant or entitle Developer to receive any such confidential information or trade secrets pursuant to this Agreement.

VII. DEFAULT AND TERMINATION

A. The Rights and territorial exclusivity granted to Developer in this Agreement have been granted in reliance on Developer's representations and warranties, and strictly on the conditions set forth in this Agreement including, without limitation, the condition that Developer comply strictly with the Development Schedule.

B. Developer shall be deemed in default under this Agreement, and all Rights granted herein to Developer shall automatically terminate without notice: (i) if Developer shall be adjudicated bankrupt, becomes insolvent, commits any affirmative action of insolvency or files any action or petition of insolvency, or if a receiver (permanent or temporary) of its property or any part thereof is appointed by a court of competent authority, or if it makes a general assignment for the benefit of its creditors; (ii) if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersedeas bond is filed); (iii) if execution is levied against Developer's business or property; or (iv) if suit to foreclose any lien or mortgage against Developer's premises or equipment is instituted against Developer and not dismissed within thirty (30) days, or is not in the process of being dismissed; provided, however, that Franchisor reserves the right to be named as trustee or receiver in any voluntary petition for bankruptcy or insolvency filed by Developer.

C. If Developer (i) fails to exercise the Right to enter into Franchise Agreements with Franchisor pursuant to this Agreement for a Franchised Restaurant within any Exercise Period(s) as set forth in the Development Schedule; (ii) fails to comply with any other term and condition of this Agreement; (iii) makes or attempts to make a transfer or assignment in violation of this Agreement; or (iv) fails to comply with the terms and conditions of any individual Franchise Agreement with Franchisor, or of any other agreement to which Developer and Franchisor are parties, any such event shall constitute a default under this Agreement. Upon any such default, Franchisor, in its discretion, may do any one or more of the following:

1. Terminate this Agreement and all Rights granted hereunder to Developer effective immediately upon receipt by Developer of written notice from Franchisor without affording Developer any opportunity to cure the default;

2. Reduce the number of Franchised Restaurants, without any reduction of the Development Fee, which are subject to the Rights granted to Developer pursuant to this Agreement;

3. Terminate or reduce in any manner, in Franchisor's discretion, the territorial exclusivity granted Developer in Paragraph I hereof; or

4. Exercise any other rights and remedies which Franchisor may have.

D. Upon termination of this Agreement, the Right granted to Developer to establish Franchised Restaurants under this Agreement shall automatically be null and void. Developer shall have no Right to establish or operate any WAHOO'S FISH TACO Franchised Restaurant for which a Franchise Agreement has not been executed by Franchisor. Franchisor shall be entitled to establish, and to license others to establish, Franchised Restaurant which will operate in the Designated Territory except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Developer, or Developer's affiliates, and which has not been terminated. No default under this Agreement shall constitute a default under any Franchise Agreement between the parties hereto, except to the extent that any default under this Agreement constitutes a default under any Franchise Agreement in accordance with the terms of the Franchise Agreement. Notwithstanding the above, Developer must comply with the terms and conditions of each Franchise Agreement between the parties and such terms and conditions shall control in determining whether any default exists under such Franchise Agreement.

E. Developer shall pay Franchisor all damages, costs and expenses, including attorneys' fees, incurred by Franchisor to enforce the terms of this Agreement, including any fees incurred relating to the termination or expiration of this Agreement, and/or obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

F. No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or equity.

VIII. <u>TRANSFERABILITY</u>

A. This Agreement and all rights hereunder can be assigned and transferred by Franchisor and, if so, shall be binding upon and inure to the benefit of Franchisor's successors and assigns; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall expressly assume and agree to perform such obligations. Specifically, and without limitation to the foregoing, Developer expressly agrees that Franchisor may sell its assets, Marks or System outright to a third party; may make a public offering of securities; may engage in a private placement of some or all of its securities; may merge, acquire other corporations or entities or be acquired by another corporation or other entity; 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, Developer expressly and specifically waives any claims, demands or damages arising from or related to the loss of use of the System, loss of said Marks (or any variation thereof) and/or the loss of association with or identification of WAHOO'S FISH TACO, LLC as Franchisor hereunder. Nothing contained in this Agreement shall require Franchisor to remain in the business in the event that Franchisor exercises its rights hereunder to assign its rights in this Agreement. Developer specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. Developer agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Franchised Restaurants operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities which Developer acknowledges may be proximate to the Franchised Restaurants developed by Developer under this Agreement.

B. Should Developer at some time in the future desire to make either a public or a private offering of its securities, prior to such offering and sale, and prior to the public release of any statements, data or other information of any kind relating to the proposed offering of Developer's securities, Developer shall secure the written approval of Franchisor, which approval shall not be unreasonably withheld. Developer shall secure Franchisor's prior written approval of any and all press releases, news releases and any and all other publicity, the primary purpose of which is in the public interest in its offering. Only to the extent that written approval has been given by Franchisor may Developer proceed to file, publish, issue and release and make public any data, material or information regarding its securities offering or the Franchised Restaurant. It is specifically understood that any review by Franchisor is solely for its own information, and its approval shall not constitute any kind of authorization, acceptance, agreement, endorsement, approval or ratification of the same, either express or implied; and Developer shall make no oral or written notice of any kind whatsoever indicating or implying that Franchisor and/or related corporations or persons have any interest in or relationship whatsoever to the proposed offering other than acting as Franchisor. Developer agrees to indemnify and hold harmless Franchisor and its subsidiaries, and their owners, directors, officers, members, employees, successors and assigns, from all claims, demands, costs, fees, charges, liabilities or expenses (including attorneys' fees) of any kind whatsoever arising from Developer's offering or information published or communicated and any actions taken with regard thereto.

C. Developer understands and acknowledges that the Rights and duties set forth in this Agreement are personal to Developer and are granted in reliance upon the personal qualifications of Developer. Developer has represented and hereby represents to Franchisor that Developer is entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the Rights hereunder.

D. Except as provided below, neither Developer nor any partner, shareholder, member, employee or agent thereof (collectively a "Transferring Developer) shall, without Franchisor's prior written consent, such consent to be withheld pursuant to Paragraph XIII.D.2 below, whether voluntarily or involuntarily, directly or indirectly, by operation or otherwise, sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber (collectively "Transfer") to any Person (as defined below) all or any part of its interest in this Agreement, the Rights granted hereby, or its interests in or ownership of any proprietorship, partnership, corporation, limited liability company, or other organization which owns any interest in the Rights or in Developer, nor offer, permit or suffer the same to be Transferred in any way to any Person. The foregoing restriction on transferability also applies to any purported Transfers through a shell, or through divorce or separation proceedings. Any such proposed Transfer, including any Transfer by or to any trustee in bankruptcy, without Franchisor's prior written consent, shall be null, void, an without effect, and shall be a material default of this Agreement.

1. Subject to Paragraph XIII.D.1.b below, Franchisor shall not unreasonably withhold its consent to any Transfer by a Transferring Developer of less than Control of the Person with which Franchisor has entered into this Agreement, or less than Control of the rights of any such Person in and to this Agreement, or the Rights granted herein, when requested; provided, however, that the conditions and requirements described below are first met to the full satisfaction of Franchisor. For purposes of this Agreement, "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities or general partnership or managing member interests, by contract or otherwise. The definition is to be construed to apply equally to variations of the word "Control" including "Controlled," "Controlling" or "Controlled by." Without limiting the generality of the foregoing, a Person shall be deemed to Control any other Person in which it owns, directly or indirectly, a majority of the ownership interests. "Person" means any individual, corporation, partnership, joint venture, limited liability company, limited liability partnership, association, joint stock company, trust, unincorporated organization, or other organization, whether or not a legal entity, and any governmental authority.

a) If the Transferring Developer desires to make a Transfer as described in Paragraph XIII.D.1:

(1) such transferee Person shall be newly organized and its charter shall provide that its activities are confined exclusively to the development, establishment, and operation of a WAHOO'S FISH TACO Franchised Restaurant as provided in this Agreement;

(2) such Transferring Developer shall obtain and shall retain Control of such transferee Person;

(3) such Transferring Developer shall be and shall remain the president and/or chief executive officer, sole manager, sole general partner, or shall otherwise hold the highest position of power in such transferee Person;

(4) such transferee Person shall enter into a written assignment (in a form satisfactory to Franchisor), in which the transferee Person assumes all of the Transferring Developer's obligations hereunder;

(5) all owners, shareholders, members, or partners of such transferee Person shall enter into a written agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing the full payment and performance of the transferee Person's obligations under this Agreement;

(6) each stock certificate of a transferee corporation shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement;

(7) the formation, operation, management, or ownership documents of the Person, and the certificates of membership interests, partnership interests, or ownership interests (if any) shall be in writing and shall conspicuously state that all such formation, operation, management, or ownership documents, and all such membership, partnership or ownership interests are

held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement;

(8) no new shares of common or preferred voting stock, membership interests, partnership interest, or other ownership interest (of whatever nature) in the transferee Person shall be issued to any person, partnership, trust, foundation, limited liability company, corporation or other organization without obtaining Franchisor's prior written consent and then only upon disclosure of the terms and conditions contained herein being made to the prospective new holders of the stock, membership, partnership, or other ownership interests; and

(9) all accrued monetary obligations of Developer to Franchisor, its subsidiaries or assignees, shall be satisfied prior to assignment or transfer, and Developer shall not be in default under the terms of this Agreement.

b) If the Transferring Developer desires to make a Transfer, other than such Transfer as is authorized under Paragraph XIII.D.1.a of this Agreement, or if a Transfer if consummated alone or together with other related previous, simultaneous or proposed transfers, would have the effect of Transferring Control of the Person with which Franchisor has entered into this Agreement, or the rights of any such Person in and to this Agreement to someone other than an original signatory of this Agreement, Franchisor may withhold its consent to such Transfer for any reason or for no reason, as determined in Franchisor's sole and absolute discretion. Notwithstanding the foregoing, Franchisor may consent to such Transfer, provided that, in addition to the conditions and requirements described in Paragraphs XIII.D.1.a.1.-9 above, such Transfer and the Transferring Developer shall meet the following conditions:

(1) such Transfer shall be subject to Franchisor's right of first refusal as described in Paragraph XVIII.E.

(2) the proposed transferee(s) shall be of good moral character and reputation and shall have a good credit rating and competent business qualifications reasonably acceptable to Franchisor. Developer shall provide Franchisor with such information as Franchisor may require to make the foregoing determinations concerning each such proposed transferee(s).

(3) the proposed transferee(s) or such other individual(s) shall be the actual manager of the franchise shall have successfully completed and passed the training course then in effect for franchisees, or otherwise demonstrated to Franchisor's satisfaction, sufficient ability to operate the business being transferred.

(4) the proposed transferee(s), including all shareholders, officers, directors, members, managers, governors and partners of the transferee(s) shall jointly and severally execute any or all of the following, at Franchisor's sole discretion and as Franchisor shall direct:

(a) an Area Development Agreement and other standard ancillary agreements with Franchisor on the current standard forms being used by Franchisor, except that the term and any extensions or renewals shall be as provided in this Agreement; and/or

(b) a written assignment from Developer in a form satisfactory to Franchisor, wherein such proposed transferee shall assume all of Developer's obligations hereunder.

(5) approval by Franchisor of any transfer by a Transferring Developer of such Transferring Developer's rights in and to this Agreement, the Rights herein granted or any of Developer's rights under this Agreement shall in no way be deemed a release by Franchisor of such Transferring Developer's obligations pursuant to this Agreement. Consent by Franchisor to a transfer of such rights shall not constitute or be interpreted as consent for any future transfer thereof.

(6) Developer, prior to the transfer, shall execute a general release, in a form prescribed by Franchisor, of any and all existing claims against Franchisor, and its respective officers, directors, agents and employees, except such claims as are not permitted to be waived under applicable law.

(7) Developer shall have fully paid and satisfied all of Developer's obligations to Franchisor, and the transferee or Developer shall have fully paid to Franchisor a non-refundable transfer fee equal to fifty percent (50%) of the then-current Development Fee charged by Franchisor. The transfer fee shall be paid by Developer to Franchisor upon Developer's request for Franchisor's consent to the proposed Transfer. The transfer fee is used to cover expenses of Franchisor for the training, supervision, administrative costs, overhead, counsel fees, accounting and other Franchisor expenses in connection with the transfer. This transfer fee does not apply to a Transfer under Paragraph XIII.D.1.a of this Agreement.

(8) The sales price of the interest to be conveyed must not be so high, or the terms of the sale so onerous, that, in the judgment of Franchisor, the proposed transferee will be unlikely to meet the proposed transferee's financial and other obligations to Franchisor, third party suppliers and creditors following the closing. Franchisor shall have no liability to either Developer or the proposed transferee if Franchisor approves the Transfer and the proposed transferee thereafter experiences financial difficulties.

(9) If the proposed transferee is an entity, each owner and each owner's spouse of the proposed transferee shall jointly and severally guarantee the proposed transferee's performance of its obligations in the then-current Area Development Agreement under a Guarantee in the form of Exhibit "D".

(10) Developer will remain subject to all obligations stated in this Agreement that expressly, or by implication due to their nature, survive the Transfer, termination or expiration of this Agreement, including, without limitation, the provisions prohibiting competition, non-interference and non-disclosure of confidential information.

(11) The proposed transferee must execute all other documents and agreements required by Franchisor to consummate the Transfer, and, at Franchisor's request, Developer, as transferor or assignor, shall execute a continuing guarantee in favor of Franchisor of the performance and payment by the proposed transferee, as transferee or assignee, of all obligations and debts to Franchisor and its Affiliate under the replacement Area Development Agreement. All required third party consents to the Transfer must be obtained.

2. No Transfer any interest in this Agreement, or the Rights granted herein, shall relieve the Transferring Developer participating in any Transfer, of the obligations of the covenants contained in Paragraph IX except where expressly authorized by Franchisor in writing.

3. Developer must give Franchisor ninety (90) days written notice prior to any sale or assignment. The purpose of this Paragraph is to enable Franchisor to comply with any applicable state

or federal franchise disclosure laws or rules. Developer shall indemnify and hold harmless Franchisor for Developer's failure to comply with this Paragraph XIII.

4. Developer shall not, without prior written consent of Franchisor, place in, on or upon the location of a Franchised Restaurant, or in any communication media, any form of advertising, or list with any business, real estate broker, agent or attorney any information relating to the sale of a Franchised Restaurant, or any Transferring Developer, or the Rights granted hereunder.

5. Any purported Transfer of any ownership of Developer, or of Developer's rights in and to this Agreement, or the Rights granted herein, not meeting the conditions and requirements set forth in Paragraph XIII, shall be null, void and without effect, and shall constitute a material default hereunder.

E. If Developer or its owners shall at any time determine to sell the Rights under this Agreement or any of their respective ownership interests in Developer, or any of Developer's assets (except in the ordinary course of business), Developer or its owners shall obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and shall submit an exact copy of such offer to Franchisor, which shall, for a period of sixty (60) days from the date of delivery of such offer, have the right, exercisable by written notice to Developer or its owners, to purchase such Rights under this Agreement or such ownership interests for the price and on the terms and conditions contained in such offer, provided that Franchisor may substitute cash for any form of payment proposed in such offer and that Franchisor shall have not less than ninety (90) days to prepare for closing. If Franchisor does not exercise this right of first refusal, Developer or its owners, as applicable, may complete the sale of such interest in this Agreement or such ownership interest, subject to Franchisor's approval of the purchaser as provided in this Paragraph VIII, provided that, if such sale is not completed within ninety (90) days after delivery of such offer to Franchisor, Franchisor shall again have the right of first refusal provided herein.

F. Developer must promptly ("promptly" herein defined as within fifteen (15) days of receipt of an offer to buy) give Franchisor written notice whenever Developer or any of its owners have received an offer to buy Developer's or such owner's interest in this Agreement or any options pursuant to this Agreement. Developer must also give Franchisor written notice simultaneously with an offer to sell any interest in this Agreement or any options pursuant to this Agreement, made by, for or on behalf of Developer or any of its owners. The purpose of this Paragraph VIII.I is to enable Franchisor to comply with any applicable state or federal franchise disclosure laws or rules. Developer agrees to indemnify and hold harmless Franchisor for Developer's failure to comply with this Paragraph VIII.I.

IX. <u>COVENANTS</u>

A. Unless otherwise specified, the term "Developer" as used in this Paragraph IX shall include, collectively and individually, Developer as defined in Paragraph XIX.

B. Developer covenants that during the term of this Agreement and any renewals thereof, except as otherwise approved in writing by Franchisor, Developer (if Developer is an individual), a shareholder of a beneficial interest of ten percent (10%) or more of the securities of Developer (if Developer is a corporation), a general partner of Developer (if Developer is a partnership), a member or manager owning ten percent (10%) or more of the membership interests of Developer (if Developer is a limited liability company), or Developer's full-time manager approved by Franchisor shall devote full-time energy and best efforts to the management and operation of the Franchised Restaurant to be franchised in accordance with the Rights and terms granted pursuant to this Agreement.

C. Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, shall not, either directly or indirectly, for itself, or through, on behalf of or in conjunction with any person, persons, partnership, corporation or limited liability company:

1. Divert or attempt to divert any business or customers of any of the Franchised 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 any of Franchisor's Marks or the System.

2. Employ or seek to employ any person who is at that time employed by Franchisor or by any developer of Franchisor, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment.

3. Own, maintain, engage in, consult with or have any interest in any competitive business (including any business operated by Developer prior to entry into this Agreement) specializing, in whole or in part, in operating a restaurant or offering food products and related products and services, the same as or similar to those offered or provided in the System.

D. Developer specifically acknowledges that, pursuant to this Agreement, Developer will receive valuable training and confidential information including, without limitation, information regarding the promotional, operational, sales and marketing methods and techniques of Franchisor and the System. Accordingly, Developer covenants that, except as otherwise approved in writing by Franchisor, Developer shall not, for a period of one (1) year after the Transfer, expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for himself/herself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, engage in, consult with or have any interest in any Franchised Restaurant or retail restaurant engaged primarily in the sale of food products or related products, the same as or similar to those sold in the System.

1. Within the Metropolitan Statistical Area ("MSA"), as that term is defined by the United States Census Bureau, where Developer's Franchised Restaurant are located; or

2. Within a radius of ten (10) miles of the Designated Territory; or

3. Within a radius of ten (10) miles of the location of any other Franchised Restaurant using the System, whether franchised or owned and operated by Franchisor or any Related Entity.

E. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Paragraph IX is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Paragraph IX.

F. Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Paragraphs IX.C or IX.D of this Agreement, or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Paragraph XV hereof.

G. Franchisor shall have the right to require all of Developer's personnel performing managerial or supervisory functions and all personnel receiving special training from Franchisor to execute similar covenants in a form satisfactory to Franchisor.

H. In addition to the foregoing covenants, Developer shall be bound by and comply with the covenants contained in each Franchise Agreement executed by Franchisor and Developer.

X. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, delivered by messenger or delivery services, mailed by certified mail return receipt requested, or facsimile transmission, and shall be effective when received or confirmation of receipt is acknowledged to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:
WAHOO'S FISH TACO, LLC
Attn: Renato "Mingo" Lee
1185 Warner Avenue
Tustin, California 92780
Facsimile No.: (949) 222-0670

With Copy to:
Tim Pickwell, Esq.
Pickwell Law Group
Hacienda Del Mar
12625 High Bluff Drive, Suite 108 B
San Diego, CA 92130
P: (858) 793-1094 / F: (858) 793-1096

Notices to Developer:
____
____
____
Telephone No.: ___________________
Facsimile No.: ____________________

Any notice by certified mail shall be deemed to have been given at the date and time of mailing.

XI. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship, that nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. Each party to this Agreement is an independent contractor, and neither shall be responsible for the debts or other liabilities incurred by the other. The parties further agree that this Agreement does not create a fiduciary relationship between them.

B. Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Agreement. Developer agrees to take such actions as shall be necessary to that end.

C. Developer understands and agrees that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and that Franchisor assumes no liability for, nor shall Franchisor be deemed liable by reason of, any act or omission of Developer in Developer's conduct of any Franchised Restaurant, or any claim or judgment arising therefrom. Developer shall indemnify and hold Franchisor harmless against any and all such claims directly or indirectly from, as a result of or in connection with Developer's operations hereunder or under any Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

D. Developer acknowledges that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any developer based upon the peculiarities of the particular location or circumstance, business potential, population of trade area, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such Developer's business under any Franchise Agreement. Developer shall not be entitled to require Franchisor to disclose or grant to Developer a like or similar variation hereunder to that which may be accorded to any other developer.

XII. APPROVALS

A. Whenever this Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor therefor, and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing.

B. Franchisor makes no warranties or guarantees upon which Developer may rely and assumes no liability or obligation to Developer or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Developer in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

C. All approvals and consents shall be granted or withheld in the sole and absolute discretion of Franchisor, except as otherwise provided herein.

XIII. NON-WAIVER

No failure of Franchisor to exercise any power reserved to it in this Agreement or to insist upon compliance by Developer with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's rights to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default shall not affect or impair Franchisor's right in respect to any subsequent default of the same or of a different nature, nor shall any delay, forbearance or omission of Franchisor to exercise any power or right arising out of any breach or default by Developer of any of the terms, provisions or covenants of this Agreement, affect or impair Franchisor's rights, nor shall the same constitute a waiver by Franchisor of any rights hereunder or rights to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

XIV. SEVERABILITY AND CONSTRUCTION

A. Each provision of this Agreement shall be deemed severable from the others.

B. Nothing in this Agreement shall confer upon any person or legal entity other than Franchisor or Developer and such of their respective successors and assigns as may be contemplated by Paragraph VIII hereof, any rights or remedies under or by reason of this Agreement.

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

D. All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by Developer shall be deemed jointly and severally undertaken by all the parties hereto which execute this Agreement on behalf of Developer.

E. This Agreement may be executed in duplicate and each copy so executed shall be deemed an original. Signatures transmitted electronically or by facsimile will be deemed original signatures. Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that the electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

F. The recitals set forth in this Agreement are specifically incorporated into the terms of this Agreement and hereby constitute a part thereof.

XV. ENTIRE AGREEMENT

This Agreement constitutes the entire, full and complete agreement between Franchisor and Developer concerning the subject matter hereof, and supersedes all prior agreements. No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by themselves or their authorized officers or agents in writing. Nothing in this or in any related agreement, however, is intended to disclaim the representations made by Franchisor in the Uniform Franchise Disclosure Document furnished to Developer.

XVI. SUPERIORITY OF FRANCHISE AGREEMENT

For each WAHOO'S FISH TACO individual Franchised Restaurant developed in the Designated Territory, a separate Franchise Agreement shall be executed and any individual Franchise Fee as prescribed by Franchisor shall be paid to Franchisor. It is understood and agreed by Developer that any and all Franchise Agreements executed in connection with WAHOO'S FISH TACO individual Franchised Restaurant within the Designated Territory are independent of this Agreement. The continued existence of any such Franchise Agreement shall not depend on the continuing existence of this Agreement. If any conflict shall arise in connection with this Agreement and any Franchise Agreement executed within the Designated Territory, the latter shall have precedence and superiority over the former.

XVII. APPLICABLE LAW

A. THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER TAKE EFFECT UPON ACCEPTANCE AND EXECUTION BY FRANCHISOR AND SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF CALIFORNIA, WHICH LAWS SHALL PREVAIL IN THE EVENT OF ANY CONFLICT OF LAW, EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.). IF ANY PROVISION OF THIS AGREEMENT WOULD NOT BE ENFORCEABLE UNDER THE LAWS OF CALIFORNIA, AND IF THE FRANCHISED RESTAURANTS ARE LOCATED OUTSIDE OF CALIFORNIA AND SUCH PROVISION WOULD BE ENFORCEABLE UNDER THE

LAWS OF THE STATE IN WHICH THE FRANCHISED RESTAURANTS ARE LOCATED, THEN SUCH PROVISION SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THAT STATE. NOTHING IN THIS PARAGRAPH IS INTENDED BY THE PARTIES TO SUBJECT THIS AGREEMENT TO ANY FRANCHISE OR SIMILAR LAW, RULES, OR REGULATION OF THE STATE OF CALIFORNIA TO WHICH IT WOULD NOT OTHERWISE BE SUBJECT.

B. DEVELOPER ACKNOWLEDGES THAT THIS AGREEMENT IS ENTERED INTO IN ORANGE COUNTY, CALIFORNIA, AND THAT ANY ACTION SOUGHT TO BE BROUGHT BY EITHER PARTY, EXCEPT THOSE CLAIMS REQUIRED TO BE SUBMITTED TO MEDIATION/ARBITRATION SHALL BE BROUGHT IN THE APPROPRIATE STATE OR FEDERAL COURT WITH JURISDICTION OVER ORANGE COUNTY, CALIFORNIA, AND THE PARTIES DO HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION.

C. NO RIGHT OR REMEDY CONFERRED UPON OR RESERVED TO FRANCHISOR OR DEVELOPER 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.

D. NOTHING HEREIN CONTAINED SHALL BAR FRANCHISOR'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT THAT WILL CAUSE IT LOSS OR DAMAGES, UNDER THE USUAL EQUITY RULES, INCLUDING THE APPLICABLE RULES FOR OBTAINING RESTRAINING ORDERS AND PRELIMINARY INJUNCTIONS.

XVIII. DISPUTE RESOLUTION

A. Except as provided in Paragraphs XVIII.B and XVIII.C of this Agreement and except as precluded by applicable law, any controversy or claim between Franchisor and Developer arising out of or relating to this Agreement or any alleged default hereunder, including any issues pertaining to the arbitrability of such controversy or claim and any claim that this Agreement or any part hereof is invalid, illegal, or otherwise voidable or void, shall be submitted to binding arbitration conducted before and in accordance with the Commercial Rules of the American Arbitration Association (“AAA”), by one arbitrator selected by Franchisor and Developer in accordance with said rules. Judgment upon any award rendered may be entered in any court having jurisdiction thereof. Except to the extent prohibited by applicable law, (i) the proceedings shall be held in Orange County, California; (ii) all arbitration proceedings and claims shall be filed and prosecuted separately and individually in the name of Developer and Franchisor, and not in any representative capacity, and shall not be joined or consolidated, or otherwise filed concurrently in the same proceeding, with claims asserted by or against any other licensee, franchisee or area developer, and (iii) the arbitrator shall have no power or authority to grant punitive or exemplary damages as part of its award. The party initiating a claim or counterclaim in any arbitration proceedings shall pay all filing fees related thereto. In no event may the material provisions of this Agreement, or any ancillary agreement executed in connection with this Agreement, be waived, modified or changed by the arbitrator at any arbitration hearing. The substantive law applied in such arbitration shall be as provided in Paragraph XVII.A of this Agreement. The arbitration and the parties’ agreement to arbitrate shall be deemed to be self-executing, and if either party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against such party despite said failure to appear. The arbitral decision shall be binding and conclusive on the parties. A judgment confirming the award may be given by any California court having jurisdiction, or that court may vacate, modify, or correct the award in accordance with the prevailing provisions of the California statute governing arbitration. All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained herein shall be governed by the Federal Arbitration Act (9 U.S.C. § 1 et seq.), notwithstanding any provision of this Agreement specifying the state law under which this Agreement shall be governed and construed. The parties agree to be bound by the provisions of the limitations on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. The parties further agree that, in connection with any arbitration proceeding conducted hereunder, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed as described above shall be forever barred.

B. The arbitration provision in Paragraph XVIII.A of this Agreement shall not apply to (i) any action for injunctive or other provisional relief, including, but not limited to, enforcement of liens, security agreements, or attachments, which a party deems to be necessary or appropriate to compel the other party to comply with its obligations under this Agreement, or (ii) any action Franchisor deems to be necessary or appropriate to protect the Marks and trade secrets of Franchisor. Any claim or dispute involving or contesting the validity of any of the Marks shall not be subject to arbitration.

C. Nothing in this Article XVIII shall prejudice the right of any party to obtain provisional relief or other equitable remedies from a court of competence jurisdiction as shall otherwise be available under applicable law.

D. Notwithstanding anything to the contrary in Paragraph XVIII.A, before either party may initiate any arbitration proceeding as described above (other than suits described in Paragraph XVIII.C), Franchisor and Developer pledge to attempt first to resolve any dispute pursuant to mediation conducted in accordance with the Commercial Mediation Rules of the AAA unless Franchisor and Developer agree on alternative rules and a mediator within fifteen (15) days after either party first gives notice of mediation. Mediation shall be conducted in Orange County, California, and shall be conducted and completed within forty-five (45) days following the date either party first gives notice of mediation unless otherwise agreed to in writing by Franchisor and Developer. If the parties fail to complete mediation within the forty-five (45) day period, either Franchisor or Developer may initiate an arbitration proceeding in accordance with Paragraph XVIII.A. The fees and expenses of the mediator shall be shared equally by Franchisor and Developer. The mediator shall be disqualified as a witness, expert or counsel for any party with respect to the dispute and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under California and other applicable laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and Franchisor and Developer shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation. Notwithstanding anything to the contrary set forth in this Agreement, any party that fails to reasonably cooperate in scheduling and completing a mediation within forty-five (45) days after giving or receiving notice thereof shall be precluded from recovering costs, expenses, and/or prevailing party attorneys' fees in any subsequent legal proceeding.

XIX. "DEVELOPER" DEFINED AND GUARANTY

As used in this Agreement, the term "Developer" shall include all persons who succeed to the interest of the original Developer by permitted transfer or operation of law and shall be deemed to include not only the individual or entity defined as "Developer" in the introductory paragraph of this Agreement, but shall also include all partners of the entity that executes this Agreement (in the event said entity is a partnership), all shareholders, officers and directors of the entity that executes this Agreement (in the event said entity is a corporation) and all members of the entity that executes this Agreement (in the event said entity is a limited liability company). In exchange for Franchisor's foregoing grant of the Right to Developer, each person holding an ownership interest in the Developer entity must deliver the signed Guarantee and Assumption of Obligations attached hereto as Exhibit “D” and made a part hereof concurrently herewith, or if the ownership interest is acquired after the date hereof, within ten (10) days after obtaining the interest as an owner.

XX. CAVEAT

The success of the business venture contemplated to be undertaken by Developer by virtue of this Agreement is speculative and depends, to a large extent, upon the ability of Developer as an independent businessperson, and his/her active participation in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the business venture contemplated hereby.

XXI. ACKNOWLEDGMENTS

A. Developer has been advised to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby, and the prospects for that business. Developer has either consulted with such advisors or has deliberately declined to do so.

B. Developer hereby consents and agrees that any disputes arising between Franchisor and Developer be submitted to arbitration as provided in Paragraph XVIII.A of this Agreement.

(Signature page follows)

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

WAHOO'S FISH TACO, LLC

By:______________________________
Renato "Mingo" Lee
Its: Authorized Member

DEVELOPER

By:______________________________
Name:__________________________
Its:____________________________

By:______________________________
Name:__________________________
Its:____________________________

SHAREHOLDER(S)/PARTNER(S)/
MEMBER(S) OF DEVELOPER

____
Name:___________________________

____
Name:___________________________

____
Name:___________________________

EXHIBIT A TO THE AREA DEVELOPMENT AGREEMENT

ENTITY INFORMATION DISCLOSURE

Developer represents and warrants that the following information is accurate and complete in all material respects:

(1) Developer is a (check as applicable):

[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify): ____________________________

State of incorporation/organization: ____________________

(2) Developer shall provide to Franchisor concurrently with the execution of this Agreement true and accurate copies of its charter documents including Articles of Incorporation/Organization, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution of this Agreement and any amendments to the foregoing (the "**Entity Documents**").

(3) Developer promptly shall provide all additional information that Franchisor may from time to time request concerning all persons who may have any, direct or indirect, financial interest in Developer.

(4) The name and address of each Owner is:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

(5) Developer hereby designate the individual named below as Developer's executive manager/officer ("Certified Manager") who shall at all times have all requisite authority to act on behalf of Developer, and Franchisor shall have the right to rely on any decision made or action taken by the Certified Manager as binding upon Developer. Developer agrees that such designation shall remain in effect until ten (10) days after Franchisor has received written notice from Developer of a substitute Certified Manager. Certified Developer further agrees to take all corporate or other entity action consistent with this designation.

Certified Manager: ____.

(6) The address where Developer's financial records and Entity Documents are maintained is: ____.

IN WITNESS WHEREOF, the Parties have executed this Exhibit A on the Effective Date.

FRANCHISOR:

WAHOO'S FISH TACO, LLC

By:____
Renato "Mingo" Lee

DEVELOPER:

____
A ____

By: ____

Name: ____

Title: ____

<u>EXHIBIT B TO THE AREA DEVELOPMENT AGREEMENT</u>

DESCRIPTION OF TERRITORY

WAHOO'S FISH TACO, LLC:

By: ________________________________

Title: ________________________________

Date: ________________________________

DEVELOPER:

By:______________________________

Title: ____________________________

Date: ____________________________

EXHIBIT C TO THE AREA DEVELOPMENT AGREEMENT

DEVELOPMENT SCHEDULE

EXHIBIT D TO THE AREA DEVELOPMENT AGREEMENT

GUARANTEE AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTEE AND ASSUMPTION OF OBLIGATIONS is given this _____ day of ________, 20__, by the undersigned.

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement of even date herewith ("Agreement") by WAHOO'S FISH TACO, LLC ("Franchisor"), each of the undersigned hereby personally and unconditionally (1) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that __________ __________________________ ("Developer") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) shall personally be bound by, and personally liable for the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right he may have to require that an action be brought against Developer or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (1) his direct and immediate liability under this Guarantee shall be joint and several; (2) he shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Developer or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guarantee, which shall be continuing and irrevocable during the term of the Agreement.

This Guarantee shall be interpreted and construed under the laws of California. In the event of any conflict of law, the law of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Guarantee would not be enforceable under the laws of California, and if the Franchised Restaurants are located outside of California and such provision would be enforceable under the laws of the state in which the Franchised Restaurants are located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this paragraph is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of the state of California to which it would not otherwise be subject. Venue for purposes of any legal proceedings brought in connection with or arising out of this Guarantee shall be conclusively presumed to be in the State of California, County of Orange.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee and Assumption of Obligations on the same day and year as the Agreement was executed.

GUARANTOR(S) Name:	Signature:	PERCENTAGE OF OWNERSHIP
______________________________	______________________________	___________ %
______________________________	______________________________	___________ %
______________________________	______________________________	___________ %
______________________________	______________________________	___________ %
______________________________	______________________________	___________ %

WAHOO'S FISH TACO, LLC

CONFIDENTIALITY AGREEMENT

EXHIBIT F TO THE DISCLOSURE DOCUMENT

CONFIDENTIALITY/NONDISCLOSURE AGREEMENT

THIS CONFIDENTIALITY AGREEMENT ("Agreement") is entered into this ____ day of ______________________, 20___ by and between Wahoo's Fish Taco, LLC, a California limited liability ("Franchisor"), and ____________________________ ("Franchisee"). This Agreement is made with reference to the following facts:

R E C I T A L S

A. WHEREAS, Franchisor owns, or otherwise has lawful rights to certain Proprietary Information (as defined below) that it desires to keep confidential; and

B. WHEREAS, concurrently with the execution of this Agreement, Franchisee and Franchisor are entering into a Franchise Agreement, whereby Franchisee will receive a disclosure of Franchisor's Proprietary Information for the purpose of establishing, owning and operating a franchised restaurant; and

C. WHEREAS, in order to prevent Franchisee from causing harm to Franchisor or its affiliates by disclosing Franchisor's Proprietary Information to a third party, the parties wish to enter into this Agreement to protect Franchisor's Proprietary Information.

NOW THEREFORE, in exchange for the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree on behalf of themselves, their subsidiaries, affiliates, and employees, as follows:

A G R E E M E N T

1. Proprietary Information.

a. Scope of Proprietary Information. Franchisor owns, or otherwise has lawful rights to, certain tangible and intangible property, intellectual property, including registered trademarks and servicemarks, inventions, technology, know-how, recipes, cooking methods, trade secrets, business strategies, marketing, technical data and product materials, including but not limited to, files, records, documents, drawings, designs, models, market information, published and unpublished financial information, surveys, technology, methods of doing business, business plans, forecasts, tax information and returns, budgets, customer and vendor identities that have or could have commercial value or other utility in the business in which Franchisor or any related entity or subsidiary of Franchisor is engaged in or is contemplating, whether furnished before or after the date hereof, and regardless of the manner in which it was furnished (collectively the "Proprietary Information"). All such information furnished by Franchisor or its affiliates, representatives, directors, officers, employees, agents or controlling persons (collectively referred to herein as the "Representatives"), is referred to in this Agreement as Proprietary Information. All Proprietary Information is and shall be confidential.

b. Limitation. Proprietary Information does not include, the following:

i) Proprietary Information which is or becomes generally available to the public other than as a result of a disclosure by Franchisee or any of Franchisee's respective directors, employees, agents, advisors or controlling persons;

ii) Was available to Franchisee on a non-confidential basis prior to its disclosure by Franchisor; or

iii) Becomes available to Franchisee on a non-confidential basis from a person other than Franchisor or the Representative who is not otherwise bound by a confidentiality agreement with Franchisor or the Representative, or is not otherwise prohibited from transmitting the Proprietary Information to Franchisee. As used in this Agreement, the term "person" shall be broadly interpreted to include, without limitation, any organization, association, legal entity, partnership and individual.

2. Limited Use; No Disclosure. Unless otherwise agreed to in writing by Franchisor, Proprietary Information shall be used solely for internal evaluation and for uses pertaining to the furtherance of business relations between Franchisor and Franchisee, including Franchisee's establishment, operation and ownership of a franchised restaurant using the Proprietary Information, and shall not be revealed by or otherwise used for the benefit of Franchisee, its affiliates, representatives, directors, officers, employees, agents, controlling persons, or any other party. Proprietary Information shall be disclosed only to the employees of Franchisee who have a "need to know," and agree to be bound by this Agreement to the same extent as if they were signatories hereto, and Franchisee agrees to advise its employees and agents (if any) who might have access to the Proprietary Information of the confidential nature thereof. In the event Franchisee is requested, pursuant to or as required by, applicable law or regulation, or by legal process to disclose the Proprietary Information, or any part thereof, Franchisee shall provide Franchisor with immediate notice of such request(s) to enable Franchisor to seek a protective order, or other appropriate remedy. Franchisee shall furnish only that portion of the Proprietary Information which it is advised by opinion of counsel is legally required, and Franchisee shall use its best efforts to obtain reliable assurances that confidential treatment will be accorded the Proprietary Information.

3. No Proprietary Right. Nothing in this Agreement shall be deemed by implication, or otherwise, to convey to Franchisee any proprietary right or intellectual property rights, title, or interest in any information or other intellectual property rights of Franchisor. The disclosure of Proprietary Information shall not be construed as granting either a license under any patent, patent application, or any right of ownership in said Proprietary Information.

4. Return of Proprietary Information. Upon the written request of Franchisor and/or the termination of business dealings between the parties, Franchisee shall return to Franchisor or destroy all written materials containing Proprietary Information. Franchisee shall also deliver to Franchisor a written statement signed by Franchisee certifying that all materials have been returned or destroyed within five (5) business days of receipt of any such request and shall not keep any copies of Proprietary Information.

5. Non-Compete. Franchisee hereby agrees that for a term of not less than one (1) year after termination of the relationship between the parties Franchisee shall not directly or indirectly enter into or engage in any business or activity or provide any service to any business or individual that directly or indirectly competes with Franchisor.

6. Relationship of Franchisor and Franchisee. Nothing in this Agreement, except for matters specifically addressed herein, imposes upon either party any obligation to purchase any service or enter into any agreement with respect to any proposed business between the parties.

7. Invention Assignment. Franchisee agrees that all right, title, and interest in and to any ideas, inventions, improvements, modifications, know-how, trade secrets or other intellectual property related to the Proprietary Information which is developed by either Franchisor or Franchisee after the disclosure of the Proprietary Information pursuant to this Agreement is, will be, and will remain the sole and exclusive property of Franchisor. Franchisee shall cooperate to perfect and assign all rights thereto to Franchisor.

8. No Raid. Franchisee agrees that for a period of two (2) years from the date all business dealings between the parties are terminated, Franchisee shall not solicit for hire any of the employees or agents of Franchisor with whom Franchisee has had contact.

9. Equitable Relief. Without limiting any legal remedies, Franchisee acknowledges and agrees that in the event of a breach or a threatened breach of any portion of this Agreement, Franchisor's remedies at law may be limited, and therefore Franchisor shall be entitled to enforce any such provisions by temporary and/or permanent injunctive or mandatory relief obtained in any court, without the necessity of proving damages, posting bond or other security, and without prejudice or diminution of any other rights or remedies which may be available to it at law or in equity.

10. No Warranty. Franchisor makes no warranties, express or implied, with respect to the Proprietary Information and hereby expressly disclaims any and all implied warranties of merchantability and fitness for a particular purpose. In no event shall Franchisor be liable for any direct, indirect, special or consequential damages in connection with or arising out of the performance or use of any portion of confidential business information. Franchisor does not represent or warrant the accuracy of any information disclosed to Franchisee and Franchisee shall be solely responsible for all due diligence if any future agreements are signed by the parties or their affiliates. Any actions taken by Franchisee in response to the disclosure of Proprietary Information shall be solely at the risk of Franchisee.

11. Notices. All notices, requests, demands, and other communications required or permitted under this Agreement shall be in writing (including telex and telegraphic communications) and shall be (as elected by the person giving such notice) hand delivered by messenger or courier service, telecommunicated with confirming copy by mail, or mailed by United States mail (postage prepaid), registered or certified, return receipt requested, addressed as follows:

If to Franchisor: Wahoo' Fish Taco, LLC
Attn: Renato "Mingo" Lee
2855 Pullman Street,
Santa Ana, California 92705-5713
Phone: (949) 222-0670
Facsimile: (949) 222-0750

With Copy To:
Tim Pickwell
Pickwell Law Group
Hacienda Del Mar
12625 High Bluff Drive, Suite 108 B
San Diego, CA 92130
P: (858) 793-1094 / F: (858) 793-1096

If to Franchisee: ______________________
____
____
Phone: ________________
Facsimile: _____________

Either party may from time to time, by written notice to the other, designate a different address which shall be substituted for that specified above. If any notice or other document is sent by United States mail as provided above, the same shall be deemed fully delivered and received two (2) business days after mailing as provided above. If any notice or other document is sent by Federal Express or other responsible overnight courier as provided for above, the same shall be deemed fully delivered and received one (1) business day after delivery to Federal Express or such other responsible overnight courier as provided above.

12. General Provisions.

a. Time of the Essence. Time is of the essence of each and every term, condition, obligation and provision hereof. Any references in this Agreement to time for performance of obligations or elapsed time shall mean consecutive calendar days, months, or years, as applicable, unless otherwise explicitly indicated herein.

b. Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof. This Agreement supersedes any and all previous arrangements and agreements, written or oral, express or implied, if any, which may have been entered into by and between the parties hereto with respect to the subject matter of this Agreement.

c. Waiver. Either party's failure to enforce any provision of this Agreement shall not in any way be construed as a waiver of any such provision, or prevent the party thereafter from enforcing each and every other provision of this Agreement.

d. Severability. If any provision of this Agreement is held to be invalid, such invalidity shall not affect the validity or enforceability of any other provision of this agreement. To the extent that any provision of this Agreement is held to be invalid, such provision is to be construed and given applicability to fullest extent permitted under the law.

e. Applicable Laws. This Agreement shall be construed in accordance with, and be governed by, the laws of the State of California, which shall have exclusive jurisdiction of any and all disputes hereunder.

f. Attorneys' Fees. If any legal action is instituted under this Agreement, the prevailing party shall be entitled to recover all costs incurred therein or in any ancillary proceeding or on appeal, including reasonable attorney fees and expenses, in addition to any other relief granted.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

"Franchisee"

By:__________________________________
Name:_______________________________
Its:__________________________________

"Franchisor"

WAHOO'S FISH TACO, LLC
a California limited liability company

By:__________________________________
Name: Renato "Mingo" Lee
Its: Authorized Member

WAHOO'S FISH TACO, LLC

STATE ADDENDA

EXHIBIT G TO THE DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM

The Disclosure Document is amended as follows:

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

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

C. The Franchise Agreement and Area Development Agreement contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

D. The Franchise Agreement and Area Development Agreement contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

E. The Franchise Agreement and Area Development Agreement require mediation, then binding arbitration of certain disputes. The mediation/arbitration will occur in Orange County, California with the costs being borne by each party.

F. The Franchise Agreement and Area Development Agreement require application of the laws of California.

G. The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

H. California Corporations Code, Section 31125 requires Company to give you a disclosure document, approved by the Department of Business Financial Protection and Innovation before a solicitation of a proposed material modification of an existing franchise.

I. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATED TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

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

J. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY

THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

K. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF OUR WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

L. THE EARNINGS CLAIMS FIGURE(S) DOES (DO) NOT REFLECT THE COSTS OF SALES, OPERATING EXPENSES, OR OTHER COSTS OR EXPENSES THAT MUST BE DEDUCTED FROM THE GROSS REVENUE OR GROSS SALES FIGURES TO OBTAIN YOUR NET INCOME OR PROFIT. YOU SHOULD CONDUCT AN INDEPENDENT INVESTIGATION OF THE COSTS AND EXPENSES YOU WILL INCUR IN OPERATING YOUR FRANCHISE BUSINESS. FRANCHISEES OR FORMER FRANCHISEES, LISTED IN THE DISCLOSURE DOCUMENT, MAY BE ONE SOURCE OF THIS INFORMATION.

M. 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.

N. The highest interest rate allowed by law is 10% annually.

CALIFORNIA
ADDENDUM TO FRANCHISE AGREEMENT (if applicable: and AREA DEVELOPMENT AGREEMENT)

THIS ADDENDUM TO FRANCHISE AGREEMENT (if applicable: and AREA DEVELOPMENT AGREEMENT) (this "**Addendum**") dated _____________, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "**Franchise Agreement**") and (if applicable) Area Development Agreement (the "**Area Development Agreement**") dated _________________, by and between WAHOO'S FISH TACO, LLC, as franchisor ("**Franchisor**") and ___________________________, as franchisee ("**Franchisee**"). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

> No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

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

FRANCHISOR:	**FRANCHISEE**:
WAHOO'S FISH TACO, LLC A California limited liability company	____ ____ ____ A ____
By: ______________________________________	By: ______________________________________
Name: ____________________________________	Name: ____________________________________
Title: _____________________________________	Title: _____________________________________

HAWAII
ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

1. THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

4. Any provision that would release the Franchisor from liability otherwise imposed by Hawaii law is unenforceable.

5. Any provision that would grant the Franchisor the right to terminate, refuse to renew, or refuse to consent to the transfer of a franchise is unenforceable, except if the right granted by such provision requires that the Franchisor have good cause in order to exercise the right.

NEW YORK

ADDENDUM TO DISCLOSURE DOCUMENT

The franchisor has represented the following:

1) That no portion of the initial franchise fee has been allocated to the trademark or intellectual property;
2) That the initial franchise fee consists only of payments for initial training and site selection assistance, which is distinct from and not brand or trademark-related to the franchisor; and
3) That only the royalty fee is related to the trademark and intellectual property.

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NYS DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, FRANCHISE SECTION, 28 LIBERTY STREET, 21ST FLOOR,NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NEW YORK
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this "**Addendum**") dated _____________, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "**Franchise Agreement**") dated _________________, by and between WAHOO'S FISH TACO, LLC, as franchisor ("**Franchisor**") and __________________________, as franchisee ("**Franchisee**"). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

The parties to the attached Franchise Agreement hereby acknowledge and agree that:

1. Irrespective of any requirements for the franchisee to renew or extend the Franchise Agreement and any conditions that must be met for the franchisor to approve a transfer of the franchise, to the extent required by applicable law, all rights the franchisee enjoys and any causes of action arising in the franchisee's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

2. The franchisee may terminate the Franchise Agreement on any grounds available by law.

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

4. No choice of law or choice of forum provision in the Franchise Agreement should 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.

5. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail.

6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently without reference to this Addendum.

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

FRANCHISOR:	**FRANCHISEE**:
WAHOO'S FISH TACO, LLC A California limited liability company	___________________________ ___________________________ ___________________________ A _________________________
By: ______________________	By: ______________________
Name: ____________________	Name: ____________________
Title: _____________________	Title: _____________________

LIST OF FRANCHISEES

EXHIBIT H TO THE DISCLOSURE DOCUMENT

TAB 6
LIST OF CURRENT AND FORMER FRANCHISEES

LIST OF FRANCHISEES

(Current as of December 31, 2022)

LIST OF FRANCHISEES - DECEMBER 31, 2022 (please update)

Franchised Restaurants are operating at the following locations:

California:

Vida Boa, Inc.
3053 E. Campus Pointe Dr.
Fresno, CA 93710
Phone: (559) 322-1982

WFT Beach Food, Inc.
7891 Warner Ave.
Huntington Beach, CA 92647
Phone: (714) 847-0555

WFT at Fashion Island, LP*
401 Newport Center Drive #A10
Newport Beach, CA 92660
Phone: (949) 760-0290

WFT at Norco, LP*
1295 Hamner Avenue
Norco, CA 92860
Phone: (951) 270-0526

WFT at Norco, LP*
11561 Foothill Boulevard, Suite 101
Rancho Cucamonga, CA 91730
Phone: (949) 948-6949

Action Fuel, LP
29073 Overland Drive, Suite 111
Temecula, CA 92590
Phone: (951) 694-4444

* Lamkone owns a majority interest in these 3 franchised restaurants.

California -continued.:

Delaware North, Inc.
Los Angeles International Airport
600 World Way
Terminal 6, Space 637
Los Angeles, CA 90045

Delaware North Travel Hospitality Services, Inc.

Ontario Airport
2500 East Airport Drive, RM# 2215
Ontario, CA 91761
Phone; (900) 437-4392

Beach Foods II, LLC
10931 Los Alamitos
Los Alamitos, CA 90720
Phone: (562) 598-0080

Levy Premium Foodservice Limited Partnership
CRYPTO.COM
111 S. Figueroa Street
Los Angeles, CA 60611
Phone: (213) 742-7433

Colorado:

Baja in the Rockies, LLC
2790 Pearl Street
Boulder, Colorado 80301
Phone: (303 473-9072)

Baja in the Rockies, LLC
1233 South Colorado Boulevard
Denver, CO 80246
Phone: (720) 974-7470

Baja in the Rockies, LLC
8100 Northfield Avenue
Denver, CO 80238
Phone: (303) 574-0466

Baja in the Rockies, LLC
9617 E. County Line Road, #A
Englewood, Colorado 80112
Phone: (303) 662-8226

Baja in the Rockies, LLC
280 S. Union Boulevard
Lakewood, CO 80228
Phone: (303) 597-0095

Colorado – continued:

Baja in the Rockies, LLC
1087 S. Hover Road, Unit B
Longmont, CO 80501
Phone: (303) 776-5625

Baja in the Rockies, LLC
870 CPL Max Donahue Lane, #C
Highlands Ranch, CO 80129
Phone: (720) 344-6049

Nevada:

WFTLV01, LLC
7020 W. Sunset Rd
Las Vegas, NV 89113
Phone: (702) 399-1665

WFTLV02, LLC
1000 S. Rampart Rd.
Las Vegas, NV 89145
Phone: (702) 360-0244

WFTLV04, LLC
76 Horizon Ridge Parkway #C-101 A&B
Henderson, NV 89000
Phone: (702) 567-1033

WFTLV05, LLC
3891 W. Flamingo Road
Las Vegas, NV 89103
Phone: (702) 929-3300

WFTLV06, LLC
7930 W. Tropical Pkwy #110
Las Vegas, NV 89149
Phone: (702) 724-9801

WFTL08, LLC
10430 S Eastern Ave.
Henderson, NV 89052
Phone: (702) 463-4113

New Jersey:

Jersey Shore Restaurant & Associates, Inc.
Middletown Shopping Center
1157 Highway 35
Middletown, New Jersey 07748
Phone: (281) 424-8862

The following franchised locations commenced operations during 2022 and are included above:
None

The following franchised locations ceased operations as of December 31, 2022:
California:

Vida Boa, Inc.
7836 N. Palm
Fresno, CA 93710
Phone: (559) 449-8226

Tim Ryan
Honda Center
2695 E. Katella Ave.
Anaheim, CA 92803
(714) 704-2432

STATE EFFECTIVE DATES

EXHIBIT I TO THE DISCLOSURE DOCUMENT

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

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

State	Effective Date
California	pending
Hawaii	pending
New York	pending

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

RECEIPT

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

If WAHOO'S FISH TACO, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan and New York require that we give you this Disclosure Document at the earlier of 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If WAHOO'S FISH TACO, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit "A" above.

The name, principal business address and phone number of the franchise seller offering this franchise is: Renato "Mingo" Lee and Wing Lam, 1185 Warner Avenue, Tustin, California 92780, (949) 222-0670.

This Disclosure Document is issued: February 21, 2023.

I received a disclosure document dated February 21, 2023, that included the following Exhibits:

A. LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE
B. FRANCHISE AGREEMENT
C. FINANCIAL STATEMENTS
D. TABLE OF CONTENTS OF THE MANUALS
E. AREA DEVELOPMENT AGREEMENT
F. CONFIDENTIALITY AGREEMENT
G. STATE ADDENDA
H. LIST OF FRANCHISEES
I. STATE EFFECTIVE DATES

DATED: ______________________

SIGNED: ____, individually or as an officer, partner or __________________
_______________________________________ (a _________________ corporation)
(a ____ partnership)
(a ____ limited liability company)

NAME:____
ADDRESS:_______________________________________
____
PHONE:____

Please return this Receipt to:
WAHOO'S FISH TACO, LLC Attn: Renato "Mingo" Lee, 1185 Warner Avenue, Tustin, California 92780

RECEIPT

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

If WAHOO'S FISH TACO, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan and New York require that we give you this Disclosure Document at the earlier of 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If WAHOO'S FISH TACO, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit "A" above.

The name, principal business address and phone number of the franchise seller offering this franchise is: Renato "Mingo" Lee and Wing Lam 1185 Warner Avenue, Tustin, California 92780, (949) 222-0670.

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G. STATE ADDENDA
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I. STATE EFFECTIVE DATES

DATED: ______________________

SIGNED: ____, individually or as an officer, partner or member of _________
____ (a __________________ corporation)
(a ____ partnership)
(a ____ limited liability company)

NAME:____

Please retain this Receipt for your records.

ADDRESS:____
____
PHONE:____