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beard papa's
fresh'n natural cream puffs®

MUGINOHO INTERNATIONAL, INC.
A New York Corporation
5829 Green Valley Circle, Suite 200
Culver City, CA 90230
310-642-6542
www.beardpapas.com



We offer two types of franchises: Beard Papa's Sweets Café franchises for the operation of dessert cafés selling a limited menu including our proprietary Beard Papa's Fresh'N Natural® cream puffs and other proprietary dessert, sweets, and beverage items as well as nonproprietary beverages we designate ("Cafés") and smaller Beard Papa's Sweets Express with 500 or fewer feet of floor space that sell our proprietary Beard Papa's Fresh'N Natural® cream puffs and a limited number of beverage items we designate and may also sell a small number of other desserts or sweets we designate ("Shops"). Both Cafés and Shops use Muginoho International, Inc.'s proprietary business operating methods and its trade and service marks.

Your estimated total investment to develop and begin operation of a Café franchise is \$150,020 to \$254,920. Your estimated total investment to develop and begin operation of a Shop franchise is \$72,400 to \$142,100. These estimates include \$81,020 to \$94,420 for a Café franchise or \$41,300 to \$49,000 for a Shop franchise that must be paid to Muginoho International, Inc.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **NOTE, HOWEVER, THAT NO GOVERNMENTAL AGENCY HAS VERIFIED THE INFORMATION CONTAINED IN THIS DOCUMENT.**

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

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

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

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STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. **REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.**

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

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

Please consider the following **RISK FACTORS** before you buy this franchise:

- 1. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA GOVERNS THE AGREEMENT. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS THE LAW IN YOUR STATE. YOU MAY WANT TO COMPARE THESE LAWS. IN ADDITION, LOCAL LAW MAY APPLY IN YOUR STATE, AS INDICATED IN THE STATE-SPECIFIC AMENDMENTS (EXHIBIT N).**
- 2. THE FRANCHISE AGREEMENT REQUIRES YOU TO CONSENT TO JURISDICTION IN CALIFORNIA IN ANY LITIGATION. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO DEFEND A LAWSUIT IN CALIFORNIA THAN IN YOUR HOME STATE.**
- 3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

Effective Date: See the next page for state effective dates.

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