

DON M. DRYSDALEATTORNEY AT LAW
650 TOWN CENTER DRIVE
SUITE 1400

COSTA MESA CALIFORNIA 92626-7020

CERTIFIED SPECIALIST
FRANCHISE AND DISTRIBUTION LAW
THE STATE BAR OF CALIFORNIA
BOARD OF LEGAL SPECIALIZATIONTEL (714) 955-4540
FAX (949) 856-3245
E-MAIL dmd@franchiselaw.us.com

August 30, 2013

VIA OVERNIGHT COURIER

RECEIVED LOS ANGELES OFFICE

SEP 04 2013

Christopher Myers, Esq
Division of Law and Policy
California Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344*pbj #490306*

Dear Mr Myers

On behalf of our client, **Pada Food Franchise, LLC** ("PFF"), is doing business as "Pada Sushi" and "Pada Food" (**File No. 993-6908**) and in response to your comments regarding PFF's pending franchise registration in California, please consider the following

1 In response to your first comment, we modified the State Cover Page Risk Factors of the franchise disclosure document ("FDD") accordingly

2 In response to your second comment, we modified the Cover Page of the FDD accordingly

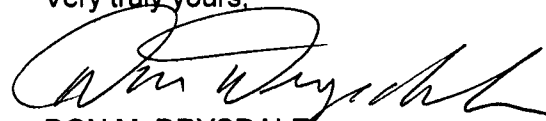
3 In response to your third comment, we have been told by our client that there are 34 (not 39) Pada Sushi kiosks being operated under license agreements with PFF's parent entity Gauge Consulting, Inc. ("GCI"). It is our view that these license agreements would be considered franchises under California law Accordingly, we enclose (i) proposed Notice of Violation ("NOV") from GCI (ii) application of GCI for approval of the NOV and (iii) check payable to the Department of Business Oversight in the amount of \$675 respecting the NOV We also modified Item 1 and Item 20 of the FDD accordingly

4 In response to your fourth comment, we modified Item 10 of the FDD accordingly

5 In response to your fifth comment, PFF elects to defer payment of the franchise fee until it fulfills its pre-opening obligations to each California franchisee We modified Items 5 and 7 of PFF's FDD and Section 3.1 of the Franchise Agreement accordingly

Enclosed are (i) PFF's pre-effective amendment one to its pending franchise registration application, (ii) copies of revised pages of the FDD, Franchise Agreement and exhibits, marked to show changes and (iii) clean copies of the components of the FDD that were changed Please review these enclosures at your earliest convenience and notify us of any comments, when the registration is granted or of any questions that you may have

Very truly yours,


DON M DRYSDALE

Enclosures

cc Ms Hyun Jung ("Diana") Cha

FRANCHISE DISCLOSURE DOCUMENT

Pada Food Franchise, LLC
A California Limited Liability Company
2691 Richter Avenue, Suite 129
Irvine, California 92606
(714) 780-3655

MARKED TO SHOW CHANGES

RECEIVED LOS ANGELES OFFICE
SEP. 04 2013

E-mail: darren.mccrea@padasushi.com
URL: www.padasushi.com

As a Pada Sushi franchisee you will operate a retail kiosk outlet within a designated host supermarket or other large store, providing freshly prepared sushi, sashimi and other Asian products to retail customers. The total investment necessary to begin operation of a Pada Sushi outlet ranges from \$78,100 to \$101,350. This includes \$60,000 that must be paid to the franchisor and its affiliates.

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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mr. Darren McRae at 2691 Richter Avenue, Suite 129, Irvine, California 92606-3108, telephone (714) 780-3655.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's homepage 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.

The issuance date is ~~July 18~~ **August 30, 2013**

CA

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with the 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 E 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

WE ARE A DEVELOPMENT STAGE COMPANY AND HAVE NOT YET BEGUN TO GENERATE REVENUE. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$78,100 TO \$101,350. THIS AMOUNT EXCEEDS THE FRANCHISOR'S NEGATIVE STOCKHOLDERS EQUITY AS OF APRIL 30, 2013 (WHICH IS -\$5,000).

THE FRANCHISOR MAY CANCEL THE FRANCHISE AGREEMENT IF A SITE IS NOT AGREED UPON WITHIN 90 DAYS OF YOUR SIGNING THE FRANCHISE AGREEMENT

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Effective Date See the next page for state effective dates

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/pada-sushi>