

FRANCHISE DISCLOSURE DOCUMENT

Pada Food Franchise, LLC
A California Limited Liability Company
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Received
LA Mailroom

APR 18 2016

Department of
Business Oversight



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 is \$78,100 to \$101,350. This includes \$60,000 that must be paid to the franchisor and its affiliates when your franchised outlet opens for business.

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 Ms. Diana Cha at 2491 East Orangethorpe Avenue, Fullerton, California 92831; 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 your entire contract carefully. Show your contract and this disclosure document to an advisor, such as 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 **March 30, 2016.**

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 DECEMBER 31, 2014 (WHICH IS -\$1,774).

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

THE FRANCHISEE IS SUBJECT TO LIQUIDATED DAMAGES EQUAL TO THE AMOUNT OF THE ROYALTY PAID DURING THE 3 YEARS BEFORE THE DATE THE FRANCHISE AGREEMENT WAS TERMINATED.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document 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 franchise is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California

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