

SEP 29 2014

Dept of Business Oversight

**FRANCHISE DISCLOSURE DOCUMENT**

**South Bay Soup Corporation**  
a California corporation  
Attention **JAZEN TEA®**  
1420 Fulton Avenue, Building B  
Sacramento, CA 95825  
Telephone (916) 978-1263  
Fax (916) 484-3837  
[www.jazentea.com](http://www.jazentea.com)

**Franchise Business** We offer "Stand-Alone Jazen Tea® Shop Franchises" for the right to sell a variety of flavorful fruit and tea drinks made from brewed high quality tea leaves and fresh fruit, smoothies and snacks in an attractive retail environment identified by the distinctive branding elements of the "Jazen Tea® System." We also offer "Co-Branding Franchises" to qualified "Phở Hoa® Restaurant Franchisees" granting the right to sell, in addition to "Phở Hoa® Menu Items," a selection of "Core Jazen Tea® Menu Items" and to incorporate the distinctive branding elements of the Jazen Tea® System as part of your Phở Hoa® Restaurant operations.

**Initial Fees**

**Stand-Alone Jazen Tea® Shop Franchises** The total investment necessary to begin operation of a Stand-Alone Jazen Tea® Shop ranges from \$123,500 - \$232,850, including the Initial Fees that must be paid to us or our affiliates before you open the Stand-Alone Jazen Tea® Shop.

**Co-Branded Phở Hoa® Restaurant Franchises** The total initial investment to begin operation of a Co-Branded Phở Hoa® Restaurant ranges from \$39,430 - \$59,680, which includes the Initial Fees that must be paid to us or our affiliates under the Co-Branding Addendum before you may begin selling Core Jazen Tea® Menu Items. This range covers the incremental expenses over and above the estimated initial investment to begin operation of a Phở Hoa® Restaurant. We disclose the initial investment to begin operation of a Phở Hoa® Restaurant in a separate Disclosure Document. If you have already signed a Phở Hoa® Restaurant Franchise Agreement, you will have previously received a copy of the Phở Hoa® Disclosure Document. You must consult the Phở Hoa® Disclosure Document for information about the estimated initial investment to begin operation of a Phở Hoa® Restaurant.

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 (or such date as required by applicable state law - see State Addenda) 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.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of the disclosure document in another format, contact Quoc Phan, Vice-President of Franchising, South Bay Soup Corporation, Attention JAZEN TEA®,

Jazen Tea®  
Franchise Disclosure Document (FDD)  
DWT 23756624v16 0088995 000024

1420 Fulton Avenue, Building B, Sacramento, CA 95825 Telephone (916) 779-8812, Fax (916) 484-3837, contact@jazentea.com

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://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 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

**THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISPUTES (WITH LIMITED EXCEPTIONS) BE RESOLVED FIRST BY NON-BINDING MEDIATION, AND IF THAT PROCESS DOES NOT RESULT IN RESOLUTION, BY COURT PROCEEDING. MEDIATION MUST OCCUR AT OUR HEADQUARTERS. ALL LITIGATION MUST OCCUR IN THE STATE OR FEDERAL COURTS CLOSEST TO OUR HEADQUARTERS, EXCEPT IF WE BRING THE ACTION IN YOUR HOME STATE OR IF LOCAL LAW REQUIRES THAT THE ACTION BE BROUGHT IN YOUR HOME STATE. AT THIS TIME, OUR HEADQUARTERS ARE IN SACRAMENTO, CALIFORNIA, BUT WE MAY CHANGE THE LOCATION OF OUR HEADQUARTERS AT ANY TIME**

**THE FRANCHISE AGREEMENT PROVIDES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT WITH ONE EXCEPTION. THE EXCEPTION CONCERNS COVENANTS IN THE AGREEMENT FORBIDDING YOU FROM ENGAGING IN COMPETING ACTIVITIES. CALIFORNIA LAW GOVERNS THE INTERPRETATION AND ENFORCEMENT OF THESE COVENANTS UNLESS THE PROVISION WOULD BE UNENFORCEABLE UNDER CALIFORNIA LAW, IN WHICH CASE YOUR LOCAL LAW WILL APPLY IF YOU RESIDE OR YOUR FRANCHISE IS LOCATED IN ANOTHER STATE. CALIFORNIA LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS**

**THERE ARE FINANCIAL AND LEGAL RISKS TO MOST BUSINESS EFFORTS, INCLUDING THIS FRANCHISE. TAKE YOUR TIME TO DECIDE. YOU MAY FIND IT USEFUL TO REVIEW THIS FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT AND EXHIBITS WITH YOUR OWN ACCOUNTING, FINANCIAL AND LEGAL ADVISORS**

**THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE**

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