

## FRANCHISE DISCLOSURE DOCUMENT

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DEPT OF CORPORATIONS  
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RICE KING II, INC.  
a California corporation  
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San Diego, CA 92111  
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RICE KING II, INC. (the "Company") offers franchises for the operation of a business which offers quality Japanese and Chinese fast food and related items under the Rice King trademark. The Company also offers R.K. Cafe franchises featuring American cafeteria-style foods exclusively on United States armed forces bases under the R.K. Cafe trademark. A Rice King franchisee and an R.K. Cafe franchisee each sign separate Franchise Agreements. The R.K. Cafe franchisee must operate the R.K. Cafe store contiguous to the Rice King outlet. The following is a sample of the primary business trademark that the franchisee will use in its business:



The total investment necessary to begin operation of Rice King and/or R.K. Cafe ("Outlet") franchise is between \$174,000 and \$382,000. This includes the initial single location franchise fee of \$13,000 for a single location of either Rice King and/or R.K. Cafe ("Outlet"), with certain exceptions for Rice King and R.K. Cafe Outlets on United States armed forces bases.

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 about 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](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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**TABLE OF CONTENTS**

<b><u>Item</u></b>	<b><u>Page</u></b>
1. The Franchisor, Its Predecessors And Any Affiliates .....	1
2. Business Experience .....	2
3. Litigation.....	2
4. Bankruptcy.....	2
5. Initial Fees.....	2
6. Other Fees .....	3
7. Estimated Initial Investment .....	5
8. Restrictions On Sources Of Products And Services.....	8
9. Franchisees Obligations .....	9
10. Financing.....	11
11. Franchisor’s Assistance, Advertising, Computer Systems, and Training .....	12
12. Territory .....	15
13. Trademarks .....	15
14. Patents, Copyrights And Proprietary Information.....	16
15. Obligation To Participate In The Actual Operation Of The Franchised Business .....	16
16. Restrictions On What The Franchisee May Sell .....	17
17. Renewal, Termination, Transfer And Dispute Resolution .....	18
18. Public Figures .....	20
19. Financial Performance Representations .....	20
20. Outlets and Franchisee Information .....	20
21. Financial Statements .....	23
22. Contracts .....	23
23. Receipt .....	24

**Exhibits:**

Exhibit A	-	Financial Statements for 2009, 2008 and 2007
Exhibit B	-	Franchise Agreement
Exhibit C	-	Confidentiality and Nondisclosure Agreement
Exhibit D	-	Personal Guaranty
Exhibit E	-	Form of Security Agreement
Exhibit F	-	Form of Assignment and Assumption Agreement
Exhibit G	-	State Administrators
Exhibit H	-	Operations Manual Table of Contents
Exhibit I	-	California Appendix
Exhibit J	-	List of Franchisees
Exhibit K	-	Sub-License Agreement
Exhibit <del>L</del>	-	Request for Proposal

**Item 1: The Franchisor, and any Parents, Predecessors, and Affiliates.**

To simplify the language in this Franchise Disclosure Document the Franchisor "Rice King" means Rice King II, Inc., the franchisor for both Rice King and R.K. Cafe. "You" means the person who buys the franchise. If you are a corporation, partnership or other entity, you include the owners of the entity.

The name of the franchisor is Rice King II, Inc., a California corporation ("Rice King"), and its principal place of business is at 8369 Vickers Street, Suite 205, San Diego, CA 92111. Rice King is a wholly owned subsidiary of Rice King Foods, Inc ("Rice King Foods") and Rice King Foods granted to Rice King the rights to use the service marks and method of operating restaurants. Rice King and Rice King Foods are owned by Mr. Pil Kwan Yoon. Rice King has no other affiliates or parents.

There are no predecessors of Rice King during the 10-year period immediately before the close of the franchisor's most recent fiscal year.

Rice King does business under the names "Rice King" and "R.K. Cafe."

The franchisor's agent for service of process is Phil Kwan Yoon, an individual, and his principal business address is 8369 Vickers Street, Suite 205, San Diego, CA 92111.

Rice King is a California corporation. Rice King was incorporated in the State of California on September 24, 1986.

The following information about the franchisor's business and the franchises offered:

- (i) Rice King also operates businesses of the type being franchised as listed in Item 20 Table 4.
- (ii) The franchisor's other business activities. Rice King may, itself or through parent, subsidiary or affiliated companies, supply certain equipment, inventory, office supplies and other materials for lease or purchase by you and may lease or sublease real property to some franchisees.
- (iii) If you operate your Rice King or RK Cafe restaurant on a United States Armed Forces base, you are also agreeing to comply with terms and conditions of the United States Arms Forces as set forth in Rice King's agreement with the Navy Exchange Service Command entitled "Request For Proposal" ("RFP") and Sub-License Agreement (the "Sub-License"), and you must comply with the requirements of the RFP and Sub-License including for customer complaints, health examinations, employees, menus, sources of food products and supplies, signs and forms, operations, sanitation, financial reporting, plans and specifications of the facility, insurance, indemnities and all other matters. We will assign certain of our rights under the RFP to you and you will be responsible for operating your Rice King outlet on the armed forces base in accordance with both the Franchise Agreement, Sub-License and the applicable provisions of the RFP. We will guarantee your performances of the obligations under the current form of RFP to the Navy Exchange Service Command, in our discretion, unless otherwise agreed to pursuant to the RFP and Sub-License. Rice King offers franchises for the operation of independently owned and operated businesses which feature quality Japanese and Chinese fast food and related items for on and off premises consumption under the Rice King trademark. R.K. Cafes offer American-style cafeteria food under the R.K. Cafe trademark and must be acquired with a Rice King franchise.
- (iv) The general market for the product or service the franchises will offer will be the Japanese and Chinese fast food markets, as well as the American cafeteria style food markets. The markets are well established and very competitive. You will have to compete for these markets with a large number of other competing businesses offering the same or similar services on a local, regional and national basis. Many of your competitors have greater financial, personnel and marketing resources, and greater brand name recognition than Rice King. Neither Rice King Foods nor Rice King has offered franchises in other lines of business.
- (v) Rice Kings and R.K. Cafe restaurants are subject to regulation by federal agencies and to licensing and regulation by state and local health, sanitation, building, zoning, safety, fire and other departments relating to the development and operation of restaurants and retail establishments. These regulations include matters relating to

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