

**FRANCHISE DISCLOSURE DOCUMENT****JFE FRANCHISING, INC.,**

a Texas corporation

2021 Bingle Road

Houston, Texas 77055

(713) 463-7777

fdd@jfefood.com

<http://www.jfefoods.com>

JFE Franchising, Inc. ("JFE Franchising") grants franchises for its franchisees to operate sushi bars under the trade name "Snow Fox" as separate departments in supermarkets, grocery stores, and other facilities that are owned by third parties.

The total investment necessary to begin operation of a new JFE franchise is \$23,356 to \$211,675. This includes \$3,868 to \$101,805 that must be paid to the franchisor or affiliate. If you purchase an existing location, the total investment necessary to begin operation of a JFE franchise is \$28,808 to \$324,695, which includes \$12,868 to \$232,805 that must be paid to the franchisor or affiliate. If you are an existing franchisee and you are granted the right to prepare pre-packaged sushi products from your existing location to be sold on a self-service station satellite location, the total investment necessary to begin operation of a satellite location is \$5,068 to \$24,255. This includes \$18 to \$455 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all 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 to you. To discuss the availability of disclosures in different formats, contact JFE Franchising at 2021 Bingle Road, Houston, Texas 77055, phone number (713) 463-7777.

The terms of your contract will govern your franchise relationship. Do not 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, 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 A Consumer's Guide](#)," 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 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 REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND/OR ARBITRATION ONLY IN TEXAS. OUT-OF-STATE MEDIATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR ARBITRATE WITH US IN TEXAS THAN IN YOUR OWN STATE. LOCAL LAW MAY SUPERSEDE THIS REQUIREMENT IN YOUR STATE.
2. THE FRANCHISE AGREEMENT STATES THAT TEXAS LAW GOVERNS THE AGREEMENT, AND TEXAS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOUR LOCAL LAW MAY STILL APPLY. YOU MAY WANT TO COMPARE THESE LAWS AND SEEK ADVICE OF YOUR LAWYER.
3. OUR FRANCHISING BUSINESS HAS BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME (SINCE AUGUST 2013). THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN DECIDING WHETHER OR NOT TO MAKE THIS DECISION.
4. WE DECIDE WHETHER TO GRANT YOU A FRANCHISE BEFORE YOU SIGN THE FRANCHISE AGREEMENT AND PAY THE FRANCHISE FEE, BUT AFTER YOU PAY A TRAINING FEE OF \$500 PER PERSON AND COMPLETE TRAINING. EVEN IF YOU COMPLETE TRAINING, WE ARE NOT REQUIRED TO GRANT YOU A FRANCHISE. IF YOU DO NOT COMPLETE TRAINING TO OUR SATISFACTION, WE MAY DECLINE TO ENTER INTO A FRANCHISE AGREEMENT AT OUR SOLE DISCRETION. THERE IS NO REFUND OF THE TRAINING FEE IF WE DO NOT GRANT YOU A FRANCHISE.
5. IF YOU DO NOT PASS ANY REQUIRED CRIMINAL BACKGROUND CHECK AND/OR DRUG, TUBERCULOSIS OR OTHER CHEMICAL AND DISEASE TESTING WE MAY DECLINE TO ENTER INTO OR CANCEL ANY EXISTING FRANCHISE

AGREEMENT AT OUR SOLE DISCRETION. THERE IS NO REFUND OF ANY INITIAL FRANCHISE FEES OR OTHER FEES PAID IF WE CANCEL YOUR FRANCHISE AGREEMENT FOR THESE REASONS.

6. THE FRANCHISED BUSINESS WILL BE LOCATED IN SUPERMARKETS, GROCERY STORES, AND OTHER THIRD PARTY FACILITIES ("STORES") THAT ARE OWNED, LEASED, AND/OR OPERATED BY THIRD PARTIES ("STORE OWNERS"). THESE STORE OWNERS HAVE ENTERED INTO AGREEMENTS WITH US OR OUR AFFILIATE JFE, INC TO PROVIDE THE SUSHI PRODUCTS FOR SALE AT THE STORES. THE STORE OWNERS MAY TERMINATE THEIR AGREEMENT WITH US OR WITH JFE, INC AT ANY TIME, AND UPON SHORT NOTICE. TERMINATION OF THAT AGREEMENT MAY RESULT IN THE TERMINATION OF YOUR FRANCHISE OPERATIONS AND YOUR FRANCHISE AGREEMENT.
7. YOU WILL NOT HAVE CONTROL OVER THE OPERATING HOURS, OPERATIONS, CLOSURES, CUSTOMER TRAFFIC, ADVERTISING, OR OTHER ASPECTS OF THE STORES. THESE FACTORS WILL IMPACT YOUR FRANCHISED BUSINESS.
8. THE STORE OWNERS MAY OBJECT AT ANY TIME TO THE FRANCHISED BUSINESS OR MAY OBJECT TO YOU OPERATING AT THE STORES. THE STORE OWNERS MAY REQUIRE ADJUSTMENTS TO OPERATIONS FOR THE FRANCHISED BUSINESS OPERATIONS. THE STORE OWNERS MAY, FOR ANY REASON, CLOSE THE STORE IN WHICH YOUR FRANCHISED BUSINESS IS LOCATED. THESE ACTIONS BY THE STORE OWNERS MAY RESULT IN THE DISRUPTION, INTERRUPTION, RELOCATION, AND EVEN TERMINATION OF YOUR FRANCHISED BUSINESS.
9. YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM OUTLETS THAT WE OWN, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT WE CONTROL.
10. YOUR BUSINESS MAY BE NEGATIVELY AFFECTED BY CHANGES IN CONSUMER TASTES, DEMOGRAPHIC PATTERNS, CHANGING CHARACTER OF THE AREA WHERE YOUR SUSHI BAR IS LOCATED, INFLATION, WEATHER, COMPETITION, FOOD AND RAW MATERIALS COSTS, GOVERNMENT REGULATIONS LIKE HEALTH CODES, WAGE LEVELS, THE FINANCIAL CONDITION OF THE STORE OWNERS AND OTHER OPERATING COSTS.
11. YOUR SPOUSE MUST SIGN A DOCUMENT, SUCH AS A GUARANTEE, THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN IF YOUR SPOUSE DOES NOT OWN ANY PART OF THE FRANCHISED BUSINESS. IF YOU LIVE IN A COMMUNITY PROPERTY STATE, YOUR SPOUSE MAY BE LIABLE FOR YOUR FINANCIAL OBLIGATIONS EVEN IF HE OR SHE HAS A SIGN ANYTHING. IN EITHER CASE, BOTH YOU AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, INCLUDING YOUR HOUSE, COULD BE LOST IF YOUR FRANCHISE SALES.
12. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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