



B I S H A Y L A W O F F I C E S

May 3, 2019

Sent via Certified Mail

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6442 Coldwater Canyon Avenue, #211
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Oren Loni
Burgerim Group USA
16861 Ventura Blvd., Suite 303
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RE: Notice of Default & Termination Letter, Dated April 5, 2019

Dear Gentlemen:

Burgerim Florida, LLC (“BR Florida”) is in receipt of Mr. Davidovich’s above-referenced letter.

Mr. Davidovich’s letter correctly outlined the following:

- Mr. Davidovich’s client, Burgerim Group USA, Inc. (“Company”) and BR Florida entered into a Franchise Development Services Agreement (“Agreement”) dated March 1, 2017;
- BR Florida is required to pay Company \$2,900,000.00, the Agreement Premium, as consideration for Company entering into the Agreement;
- The entire Agreement Premium was due in full twenty-four months after the Effective Date of the Agreement, which was March 1, 2017, with the Agreement Premium due in full on or about March 1, 2019;
- \$300,000.00 was credited towards the Agreement Premium for completed sales of franchises that were completed from January 1, 2017 through March 14, 2017, leaving a balance owed for the Agreement Premium of \$2,600,000.00.

The remainder of Mr. Davidovich’s letter neglected to reflect the following facts.

First of all, before BR Florida agreed to work with Company, the number of licenses Company sold in the Territory were seventeen. In less than two years, BR Florida expanded that number to one hundred forty-six licenses sold in the Territory, meaning BR Florida sold one hundred twenty-nine licenses. Furthermore, the cost to purchase a Burgerim license is \$50,000.00. That equates to \$6,450,000 that Company collected in franchise fees based on BR Florida’s diligence and compliance with the Agreement. Thus, taking into consideration the terms of Paragraph 2 of the Agreement, BR Florida is owed \$1,050,000.00 solely for the sale of franchises in the Territory.

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Additionally, Company is in default of the Agreement for the following:

1. Company has failed to comply with Paragraph 2(d) by not providing any accounting;
2. Company has failed to comply with the following:
 - a. Paragraph 3(a)—BR Florida never received Company's 2016 Profit/Loss Statement and audited financial information;
 - b. Paragraph 3(b)—BR Florida never had full access to Company's accounting and financial reports for any and all information relating to all Burgerim stores located in the Territory;
 - c. Paragraph 3(c)—BR Florida never received leads lists;
 - d. Paragraph 3(e)—BR Florida never received marketing material, regulatory documentation, franchise documents, training manuals, Franchise processes and procedures;
 - e. Paragraph 3(f)(ii)—BR Florida never received \$10,000.00 for any franchises sold by Mark Bastorous outside of the Territory;
 - f. Paragraph 3(g)(i)(1)—BR Florida rarely received timely payments. Instead, Company made payments on the 10th or 15th of the month, and sometimes, were 2 months late.
 - g. Paragraph 3(g)(i)(2)—Company never paid for BR Florida principal's vehicle;
 - h. Paragraph 3(g)(i)(4)—Residential Rent for BR Florida's principal was not paid for 12 continuous months, resulting in an eviction of the principal;
 - i. Paragraph 4(a)—Company knowingly approved unqualified franchisees to pay off other cancelled franchises which ultimately led to several cancellations of franchises;
 - j. Paragraph 4(c)—Company never paid BR Florida any Royalties.

Furthermore, please note that Company interfered with BR Florida's operations by stealing eight of BR Florida's employees. Also, Company failed to provide any Franchisor support when it changed CEOs four times in two years, resulting in instability and lack of clarity in the direction of the Company. The menus were changed four times, which affected the brand and brand identity and ultimately, affected BR Florida's bottom line. Company provided no reasonable Franchisor operations to enable franchisees to succeed. And, sixty-two franchises were cancelled in the Territory because of the lack of Franchisor support, constant changes and Franchisor instability.

Therefore, based on all of Company's defaults outlined above, please accept this as notice based on Section 9(b)(i) of the Agreement that BR Florida will be terminating the Agreement unless the defaults are cured on or before June 3, 2019. At a minimum, \$1,050,000.00 is owed, plus outstanding travel and moving expenses. Additionally, Company will need to provide accounting and financial reports to BR Florida so BR Florida can determine what other amounts are due to BR Florida.

Please feel free to contact me if you would like to discuss this matter.

Very truly yours,



Marian Bishay, Attorney at Law

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