

FRANCHISE DISCLOSURE DOCUMENT



AKT Franchise, LLC
a Delaware limited liability company
3185 Pullman Street
Costa Mesa, CA 92626
(949) 404-3516
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www.aktdance.com

AKT Franchise, LLC (“we,” “us,” or “our”) offers for sale a franchise to establish and operate a fitness studio that offers and provides indoor AKT Classes/instruction and other related exercise classes under the “AKT” marks (“AKT Studio” or “Studio”).

The total investment necessary to begin operations of an AKT Studio franchise ranges from \$346,100 to \$487,000. This amount includes \$174,400 to \$240,000 that must be paid to the franchisor or its affiliate prior to opening.

The total investment necessary to operate multiple AKT Studios under our form of area development agreement depends on the number of franchises we grant you the right to open, which in all cases will be three (3) or more. The total investment necessary to enter into a development agreement for the right to develop three (3) AKT Studios is \$421,600 to \$562,500 which includes (a) a development fee of \$125,000 that is paid to us or our affiliates prior to opening, and (b) the total estimated initial investment to begin operation of your initial AKT Studio (as described above).

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the 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 payments 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 Melissa Chordock at AKT Franchise, LLC, 3185 Pullman Street, Costa Mesa, CA 92626, and at (949) 404-3516.

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 accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. Information about comparisons of franchisors is available. 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 home page at www.ftc.gov for additional information. There may also be laws on franchising in your state. Call your state agency listed on **Exhibit B** or visit your public library for other sources of information on franchising.

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS: July 3, 2018

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 THIS FRANCHISE WITH A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed on **Exhibit B** for information about the franchisor, or about franchising in your state. If you learn that anything in this disclosure document is untrue, contact the Federal Trade Commission and the state administrators listed on **Exhibit B**.

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 AND DEVELOPMENT AGREEMENT CONTAIN A MANDATORY BINDING ARBITRATION CLAUSE GOVERNING NEARLY ALL DISPUTES BETWEEN YOU AND US. THE BINDING ARBITRATION (AND ANY LITIGATION) AND ANY ARBITRATION APPEAL WILL TAKE PLACE IN THE COUNTY IN WHICH OUR THEN-CURRENT HEADQUARTERS IS LOCATED, CURRENTLY, COSTA MESA, CALIFORNIA, AND THAT MAY COST YOU MORE (AND BE LESS CONVENIENT) THAN IF THOSE PROCEEDINGS TOOK PLACE NEAR YOUR RESIDENCE OR BUSINESS. COSTS OF THE ARBITRATION AND ANY ARBITRATION APPEAL MAY BE GREATER THAN IN LITIGATION. YOU AND WE WILL GENERALLY BEAR EACH OF OUR OWN COSTS IN ANY DISPUTE, BUT THE ARBITRATOR CAN ASSESS COSTS (BUT NOT ATTORNEY'S FEES) AGAINST A LOSING PARTY.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT PROVIDE THAT THE LAWS OF THE STATE OF CALIFORNIA GOVERN THE AGREEMENTS AND THAT LAW MAY NOT PROVIDE YOU WITH THE SAME RIGHTS AND PROTECTIONS AS YOUR LOCAL LAW. YOU MAY WANT TO CONSULT AN ATTORNEY REGARDING COMPARISON OF THESE LAWS.
3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN IF YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS (PERHAPS INCLUDING YOUR HOUSE) AT RISK IF YOUR FRANCHISE FAILS.
4. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE WITH A LONGER OPERATIONAL HISTORY.
5. YOU MUST MEET A MINIMUM MONTHLY GROSS REVENUE QUOTA REQUIREMENT. YOUR INABILITY TO MEET THIS REQUIREMENT MAY RESULT IN LOSS OF ANY

TERRITORIAL RIGHTS YOU ARE GRANTED, TERMINATION OF YOUR FRANCHISE,
AND LOSS OF YOUR INVESTMENT.

6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should make sure to do your own investigation of the franchise.

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

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/akt>