

# FRANCHISE DISCLOSURE DOCUMENT



AKT Franchise, LLC  
a Delaware limited liability company  
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[www.theakt.com](http://www.theakt.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 (a “Studio”).

The total investment necessary to begin operations of an AKT franchised business is \$332,500 to \$499,500. This includes \$82,500 to \$93,000 that must be paid to the franchisor or its affiliate(s).

The total investment necessary to operate multiple Studios under our form of area development agreement depends on the number of franchises we grant you the right to open. Your Development Fee will depend on the number of Franchised Businesses we grant you the right to open within the Development Area and is calculated as follows: (i) \$100,000 for the right to open two Franchised Businesses; (ii) \$45,000 per Franchised Business if you agree to open and operate between three and five Franchised Business; (iii) \$40,000 per Franchised Business if you agree to open and operate between six and nine Franchised Businesses; and (iv) \$35,000 per Franchised Business if you agree to open and operate 10 or more Franchised Businesses. The total investment necessary to enter into a development agreement for the right to develop three (3) Studios is \$407,500 to \$574,500 which includes (a) a development fee of \$135,000 that is paid to us or our affiliates prior to opening, and (b) the total estimated initial investment to begin operation of your initial Studio (\$272,500 to \$439,500).

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, 17877 Von Karman, Suite 100, Irvine, CA 92614, 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. 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](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.

**THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS:** April 30, 2019

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2019 Franchise Disclosure Document

## 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 in **Exhibit B** 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 AND DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN CALIFORNIA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT CALIFORNIA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE 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. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.
6. YOU MUST MAINTAIN MINIMUM SALES PERFORMANCE LEVELS. YOUR INABILITY TO MAINTAIN THESE LEVELS MAY RESULT IN LOSS OF TERRITORIAL RIGHTS, TERMINATION OF YOUR FRANCHISE, AND LOSS OF YOUR INVESTMENT.
7. 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.**

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