

## FRANCHISE DISCLOSURE DOCUMENT

### **Paniq Franchising, Inc.**

A California corporation  
3393 Barham Boulevard  
Los Angeles, California 90068



Phone: 323-380-6271

Email: [franchise@paniqescaperoom.com](mailto:franchise@paniqescaperoom.com)

[www.paniqescaperoom.com](http://www.paniqescaperoom.com)

We are **Paniq Franchising, Inc.**, a California corporation. We offer franchises to qualified individuals to own and operate a Paniq Room franchise under the "**Paniq Room**" names, logos, and Service Marks. Our franchisees offer services and merchandise to the public related to themed escape games in which people are locked in a room with other participants and use elements of the room to solve a set of puzzles, find clues, and escape the room within a set time limit - and similar interactive game and team development systems. Each franchise location typically includes three to four different themes from which to select. This is called the "Method of Operation." A Co-Branded franchise is a Paniq Room franchise operated in connection with another compatible concept.

The Initial Franchise Fee ranges from **\$25,000** to **\$15,000** with discounts for conversion of existing escape rooms to the Paniq Room system. The total estimated initial investment necessary to begin operation of a Paniq Room franchise ranges from **\$200,000** to **\$350,000**. Refer to Items 5, 6 and 7 of this Disclosure Document for a full explanation regarding the Initial Franchise Fee, other Fees and the Total Investment.

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.**

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 Patrick Strausz at 3393 Barham Boulevard, Los Angeles, California 90068 or 323-380-6271. 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 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, 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.

Issuance Date: **June 5, 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 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 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 REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND LITIGATION ONLY IN CALIFORNIA. OUT-OF-STATE LITIGATION AND MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO SUE OR MEDIATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISOR IS A NEWLY FORMED BUSINESS ENTITY WITH LIMITED FINANCIAL RESOURCES, WHICH MAY NOT BE SUFFICIENT FOR THE FRANCHISOR TO FULFILL ITS PRE-OPENING OBLIGATIONS TO THE FRANCHISEE.
4. 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 be sure to do your own investigation of the franchise.

Please see the next page for this Disclosure Document's Effective Date.

## STATE EFFECTIVE DATES

This Franchise Disclosure Document is effective as of:

General FTC (for states not requiring registration) – **June 5, 2018**

States Requiring Registration (registration not approved if blank):

California June 4, 2018

Florida

Hawaii

Illinois October 17, 2017

Indiana

Kentucky

Maryland

Michigan

Minnesota

Nebraska

New York

North Dakota

Rhode Island

South Dakota

Texas

Utah

Virginia

Washington

Wisconsin

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