Wm. Kelly Nash (4888)
kelly.nash@dentons.com
Justin T. Rich (18519)
justin.rich@dentons.com
DENTONS DURHAM JONES PINEGAR, P.C.
1557 W. Innovation Way, Ste 400
Lehi, Utah 84043
Telephone (801) 375-6600
Facsimile (801) 375-3865

Attorneys for Defendant BAM Franchising, Inc.

IN UTAH BUSINESS AND CHANCERY COURT

BAMF SALEM 1, LLC and Oregon limited liability company; CHRYSTAL LAW, an individual; BENJAMIN GORMAN, an individual Plaintiffs, vs. BAM FRANCHISING, INC., a Delaware Corporation, Defendant.	**VERIFIED MOTION TO STAY AND TO COMPEL MEDIATION AND THEN ARBITRATION** Case No. 260200029 Judge Rita Cornish

Defendant BAM Franchising, Inc. ("**BAM**"), through counsel and pursuant to Utah Code § 78B-11-108, respectfully submits this Motion to Stay and to Compel Mediation and Then Arbitration ("**Motion**").

RELIEF REQUESTED AND GROUNDS

Plaintiffs BAMF Salem 1, LLC ("**Salem LLC**"), Chrystal Law ("**Chrystal**") and Benjamin Gorman ("**Benjamin**") ("**Plaintiffs**") filed a Complaint in this action in an attempt to

enforce rights under and/or otherwise related to the 2/3/23 *Franchise Agreement* ("**FA**") referenced therein and attached thereto as Exhibit B. However, the FA's dispute resolution provisions expressly provide that any such disputes between the parties or related to the FA must be resolved, **first**, through "non-binding mediation" (FA, Section 17 (2)), and **second**, "if such mediation is not successful . . . by binding arbitration . . . [with] the AAA in Utah County, Utah" (*id.*, at 17 (3). Though expressly requested by BAM, Plaintiffs have refused to produce requested records relating to and to engage in a good faith mediation, much less proceed with the expressly required AAA Arbitration, electing to improperly adjudicate the contract dispute in this Court. Accordingly, BAM requests that the Court stay these judicial proceedings and compel the parties to first mediate in good faith, and if necessary thereafter, to engage in a binding arbitration with AAA.

BACKGROUND

1. BAM is the corporate franchisor of a national "Bricks & Minifigs" franchise system, which grants private franchises to independent and authorized operators of retail stores throughout the United States specializing in the purchase, sale and trade of LEGO® products, including new, used and collectible sets and minifigures in accordance with BAM's governing contracts, policies and procedures.

2. Chrystal was initially employed as a corporate store manager for Bricks & Minifigs. During her tenure, she expressed interest in becoming a <u>private</u> franchisee, as the owner (with her husband, Benjamin) of Salem LLC and individually, and in purchasing the Salem Oregon store that she had been managing as a corporate store prior thereto. BAM agreed to her proposed private franchisee affiliation and purchase transaction and within BAM's established franchise agreement structure pursuant to the terms of the 2/6/23 *Franchise*

Agreement between BAM and Salem LLC (*see* FA, attached as Exhibit B to Complaint) and a 2/2/23 *Business and Asset Purchase Agreement* ("**APA**") between BAM and Chrystal and Benjamin. (*See* APA, attached as Exhibit C to Complaint)

3. The APA confirmed a Closing Date of 2/2/23 in Section 4.1, directed that Utah law governed in Section 10.3 and required Chrystal and Benjamin to timely pay purchase price installments, royalties and other consideration, to obtain landlord consent to a lease assignment for Salem LLC, to coordinate account transfers, among other obligations for the purchase in Sections 2 and 3.

4. The FA similarly required Salem LLC to make certain payments, including an initial franchise fee and monthly royalty payments.

5. Despite the requirements contained in the APA and FA, Chrystal and Benjamin materially breached their obligations under both the APA and FA by, among other things, failing to make required APA payments and FA royalty payments. Chrystal's outstanding contractual obligations mounted, eventually exceeding an estimated $175,000.

6. Based upon the foregoing uncured breaches, BAM, *inter alia*, issued a written 11/14/24 notice and thereby terminated the FA, repossessed the Salem LLC store and assets, and assumed the lease, as expressly permitted under the FA and APA, including any and all fixtures, inventory and other assets, and credited an estimated $30,000 and the paltry value thereof as an offset to the unpaid estimated $175,000 debt.

7. Given Salem LLC's failure to make payments under the FA and APA, BAM's termination of the franchise was carried out pursuant to and consistent with Section 14.A of the FA, which provides that Salem LLC is in "material breach and deemed to be in default of this Agreement, and this Agreement will automatically terminate without notice, at [BAM's]

discretion," if, among other things, Salem LLC "fail[s] to make payments, when due, of any amounts due to [BAM] or [its] Affiliates under this Agreement or any other agreement with [BAM] or [its] Affiliates."

8. The FA further provides a procedure for "Dispute Avoidance and Resolution," which, in case of a dispute, requires the parties to first meet face-to-face, which they did, then engage in mediation, and then, if mediation is unsuccessful, pursue any claims as part of an AAA arbitration in Utah County.

17. **DISPUTE AVOIDANCE AND RESOLUTION.**

A. Mediation and Mandatory Binding Arbitration, Waiver of Right to Trial by Jury, Etc.

All claims, disputes, suits, actions, controversies, proceedings, or otherwise, of every kind (hereinafter "claim" or "claims") arising between or involving the Franchisor and the Franchisee except as expressly provided below, will be resolved as described in this Section. This resolution process will apply to all such claims whether arising out of or relating to this or any other agreement or document, any alleged breach of duty (including the offer and/or sale of any franchise, any action for rescission or other action to set aside such sale or any other agreement), and on whatever theory or basis in fact. The resolution process will be as follows:

(1) First, the claim(s) will be discussed in a face-to-face meeting between the parties with individuals who are authorized to make binding commitments on their behalf. This meeting will be held at Franchisor's then-current headquarters and within thirty (30) days after written notice is given proposing such a meeting. Either party may require the other to participate in the International Franchise Association's Ombudsman (or similar) program prior to, or in conjunction with, any mediation, and all meetings to be held at Franchisor's then-current headquarters.

(2) Second, if, in the opinion of either party, the meeting has not successfully resolved any of the claims at issue, they will be submitted to non-binding mediation through the American Arbitration Association ("AAA").

(3) Third, if such mediation is not successful in resolving the dispute, claims will be submitted to and finally resolved by binding arbitration before and in accordance with the arbitration rules of AAA in Utah County, Utah. In each case, the parties to any mediation/arbitration will execute appropriate confidentiality agreements, excepting only such public disclosures and filings as required by law.

(4) Franchisor and Franchisee agree that this Agreement does not obligate them to mediate or arbitrate claims or issues relating primarily to (i) the validity of the Marks, or any trademarks, service marks or other Intellectual Property licensed to Franchisee, (ii) Franchisor's rights to obtain possession of any real and personal property (including any action in unlawful detainer, ejectment or otherwise) (iii) Franchisor's or Franchisee's rights to obtain a writ of attachment and/or other pre-judgment remedies and/or (iv) Franchisor's rights to receive and enforce a temporary restraining order, preliminary injunction, permanent injunction or other equitable relief (including, but not limited to, Franchisor's rights to equitable relief with respect to Franchisee's unlawful use of any of the Marks and/or other Intellectual Property and Franchisee's breach of the confidentiality and/or non-compete provisions of this Agreement), intentional interruption by Franchisee or Franchisor of business operations with the exception of the provisions of Section 14 relating to Breaches, Defaults or Termination, and the exercise of any such rights and remedies will not be deemed a waiver of the rights to require or use mediation and/or arbitration.

9. Notably, Schedule 3 to the FA contains a "Guaranty", which was signed by both Chrystal and Benjamin, in which they both agree to be "personally bound by each and every condition and term contained in the Franchise Agreement as though each of the Guarantors had signed a franchise agreement containing the identical terms and conditions of the Franchise Agreement."

10. Consistent with Section 17 of the FA, on 1/2/26, Plaintiffs' counsel sent a Formal Dispute Notice and Demand for Face-to-Face Meeting ("**Demand**"). (*See* Demand, attached as **Exhibit 1**) In the Demand, Plaintiffs accused BAM of the very breaches of the FA now asserted in their Complaint. Then, citing Section 17.A of the FA, Plaintiffs expressly invoked the dispute resolution provisions contained therein and demanded a "Face-to-Face-Meeting." Consistent with Section 17.A(1), Plaintiffs stated that such a face-to-face meeting was "mandate[d]" by the FA "as the first step of the dispute resolution process." Further, Plaintiffs threatened that, should the dispute not be resolved through the face-to-face meeting, they would "proceed with the next steps – mediation, and if necessary, binding arbitration – as provided in the Franchise Agreement." Plaintiffs clearly thereby admitted and sought enforcement of the subject dispute resolution provisions of the FA and the parties thereafter held the face-to-face meeting requested by Plaintiffs.

11. Notwithstanding their prior express acknowledgment of the FA's procedure for dispute resolution and actions in attending the face-to-face meeting, and the successive requirement that claims next be mediated, and then pursued through arbitration, rather than in court, on 3/27/26, Plaintiffs filed this case in the Utah Business and Chancery Court.

12. The parties have not attempted a mediation of the claims and BAM has still not received the requested records to be exchanged prior thereto.

13. Plaintiffs' Complaint asserts twelve causes of action, each of which involves a dispute "arising between or involving the Franchisor and the Franchisee," and which directly arises out of or relates to the FA.

ARGUMENT

I. STANDARD FOR COMPELLING ARBITRATION

Under Utah's Uniform Arbitration Act ("**UAA**"), arbitration must be compelled when (1) there is an "enforceable agreement to arbitrate" and (2) the claims at issue are "subject to arbitration." *Willow Creek Assocs. of Grantsville LLC v. Hy Barr Inc*., 2021 UT App 116, ¶¶ 35-36, 501 P.3d 1179. Guiding these determinations is Utah's "strong public policy in favor of arbitration." *Id*. ¶ 33 (quoting *Chandler v. Blue Cross Blue Shield of Utah*, 833 P.2d 356, 358 (Utah 1992)). "Indeed, 'it is the policy of the law in Utah to interpret contracts in favor of arbitration, in keeping with [Utah's] policy of encouraging extrajudicial resolution of disputes when the parties have agreed not to litigate.'" *HITORQ LLC v. TCC Veterinary Servs. Inc*., 2020 UT App 123, ¶ 27, 473 P.3d 1177, aff'd, 2021 UT 69 (quoting *Central Fla. Invs., Inc. v. Parkwest Assocs.*, 2002 UT 3, ¶ 16, 40 P.3d 599). Thus, in determining whether an agreement to arbitrate exists and governs the claims at issue, Utah courts "encourage arbitration by liberal interpretation of the arbitration provisions themselves." *Willow Creek*, 2021 UT App 116, ¶ 36 (quoting *Cade v. Zions First Nat'l Bank*, 956 P.2d 1073, 1077 (Utah Ct. App. 1998)). "If there is any question whether the parties agreed to resolve their disputes through arbitration or litigation," the question should be resolved in favor of arbitration. *See Cent. Fla. Invs*., 2002 UT 3, ¶ 16; *see also First Am. Title Ins. Co. v. Barron*, 2023 UT App 109, ¶ 29, 540 P.3d 623

(presumption in favor of arbitration required resolving any doubts in favor of determining that First American and its employee were third-party beneficiaries of PSA and could compel arbitration of all claims).

II. PLAINTIFFS MUST MEDIATE AND THEN ARBITRATE THEIR CLAIMS PURSUANT TO THE FRANCHISE AGREEMENT

The FA expressly mandates that claims "arising between or involving the Franchisor and the Franchisee" are to first be submitted to non-binding mediation through the AAA. If a good faith mediation is unsuccessful, claims must then be submitted to and finally resolved by binding arbitration with the AAA. Though requested, mediation has not occurred, and, even if it had, Plaintiffs' claims should have been filed with AAA, rather than with this Court, as bargained for and agreed by the parties. Notably, though Plaintiffs raise a number of meritless arguments regarding the alleged "inapplicability" of the FA's dispute resolution procedure, which are addressed below, Plaintiffs do not argue that the claims in the Complaint do not arise between the parties bound by the dispute resolution provisions or that the claims do not arise out of or relate to the FA.

Recognizing the FA's requirement to arbitrate disputes, Plaintiffs spend a large portion of the Complaint attempting to avoid or somehow get ahead of this issue, raising six arguments for why the FA's clear dispute resolution procedures should be disregarded in favor of proceeding in district court. Each fails.

First, Plaintiffs argue that BAM waived its right to arbitrate by "breaching the dispute resolution process itself." (Complaint, ¶ 12) Plaintiffs argue that because BAM terminated the franchise without first following the dispute resolution procedures set forth in Section 17 of the FA, it effectively waived the right to arbitrate. This argument ignores the plain language of the FA, which states that, upon the occurrence of certain events, including, as is the case here, failure

to make payments under the FA and APA, the FA "automatically terminate[s] without notice." (*See* FA, Section 14.A, Exh. B to Complaint) In other words, termination is an event that occurred automatically, and it is certainly not a "claim," "dispute," "suit," "action," "controversy," or "proceeding," that would require adherence to the dispute resolution process. (*See* FA, Section 17.A) Plaintiffs misread the FA as requiring a full mediation and arbitration prior to any party exercising any right under the FA. This, of course, is an unreasonable reading.

Moreover, waiver of any right must be deliberate and evidence definiteness and certainty under Utah law. *See Soter's, Inc. v. Deseret Federal Sav. & Loan Ass'n*, 857 P.2d 935, 939—940 (Waiver is the "intentional relinquishment of a known right," and must be "distinctly made" and "clearly intended."). Waiver of the right to arbitrate typically only occurs if "(1) the party seeking arbitration substantially participates in litigation, to a point inconsistent with the intent to arbitrate, and (2) this participation results in prejudice to the opposing party." *Cent. Fla. Invs., Inc. v. Parkwest Assocs*., 2002 UT 3, ¶ 22, 40 P.3d 599. There is a "strong presumption *against* waiver of the right to arbitrate," and accordingly, the party seeking to avoid arbitration must demonstrate that the other party's "waiver of the right to arbitrate [was] intentional." *Id.* at ¶ 24 (emphasis added). Here, following the parties' FA mandated face-to-face meeting, BAM's only participation in the litigation is this Motion seeking to compel arbitration. By exercising its contractual right to terminate the FA upon Plaintiffs' non-payment of amounts due, BAM certainly did not demonstrate an intent to waive any rights thereunder (rather to enforce such), and it certainly did not waive the right to arbitrate in favor of litigation. It is hard to reconcile the Plaintiffs' demand for a face-to-face meeting with their newly devised argument of waiver. The absurdity of Plaintiffs' argument is clearly underscored by the Plaintiffs' Demand, which invoked the dispute resolution procedures of the FA and occasioned the face-to-face meeting and

acknowledged "next steps – mediation, and if necessary, binding arbitration – as provided in the Franchise Agreement". (*See* Demand, *supra)* Notably, the Demand was sent *after* the occurrence of the events which Plaintiffs now conveniently argue operated as a waiver of its right to arbitrate.

Second, Plaintiffs argue that they can avoid arbitration by summarily alleging that the FA is an unenforceable and unconscionable "standardized adhesion contract", or that they were somehow fraudulently induced into the FA. Plaintiffs provide no evidence supporting such respecting the FA, and courts regularly enforce arbitration provisions, even in adhesion contracts. *See, e.g.*, *Livingston v. Finco Holdings Corp.*, 2022 UT App 71, 513 P.3d 94 (affirming enforcement of an agreement to arbitrate in consumer loan agreement with arbitration rider for purchase of a vehicle); *see also Christensen v. Desert Rock Cap., Inc.*, No. 2:24-CV-00808-RJS-CMR, 2025 WL 1135598, at *3 (D. Utah Apr. 17, 2025) (enforcing an agreement to arbitrate in a standard loan agreement). Were it otherwise, the vast majority of arbitration agreements would be unenforceable and the state's policy favoring arbitration would be undermined.

Moreover, Plaintiffs' conclusory allegation that the FA as a whole was unconscionable or fraudulently induced does not render the dispute resolution provisions therein unenforceable. Utah law is clear that such determinations are to be made by the arbitrator. *See* Utah Code § 78B-11-107 (While a court may decide whether an agreement to arbitrate "exists" or whether a controversy is subject to an agreement to arbitrate, the arbitrator "shall decide . . . whether a contract containing a valid agreement to arbitrate is enforceable."); *see also Buckeye Check Cashing, Inc. v. Cardegna*, 546 U.S. 440, 448, 126 S.Ct. 1204, 1210 ("[R]egardless of whether the challenge is brought in federal or state court, a challenge to the validity of the contract as a

whole, and not specifically to the arbitration clause, must go to the arbitrator."); *see also Prima Paint Corp. v. Flood & Conklin Mfg. Co*., 388 U.S. 395, 407 (1967) (Black, J. dissenting and describing the majority holding) ("The Court here holds that the United States Arbitration Act, 9 U.S.C. ss 1–14, as a matter of federal substantive law, compels a party to a contract containing a written arbitration provision to carry out his 'arbitration agreement' even though a court might, after a fair trial, hold the entire contract—including the arbitration agreement—void because of fraud in the inducement."); *Willow Creek Assocs. of Grantsville LLC v. Hy Barr Inc.*, 2021 UT App 116, ¶ 47, 501 P.3d 1179 (describing favorably *Prima Paint*'s holding that "an arbitration agreement that covered claims 'arising out of or relating to' a contract was 'easily broad enough to encompass' fraudulent inducement claims."); *Ormsbee Dev. Co. v. Grace*, 668 F.2d 1140, 1146 (10th Cir. 1982) (emphasis added) ("Once it has been established that the parties had entered into a binding agreement to arbitrate, the entire controversy, including the validity (and essence) of the disputed contract must be referred to arbitration. Parties who agree to submit matters to arbitration are presumed to agree that everything, both as to law and fact, necessary to render an ultimate decision is included in the authority of the arbitrators."). Plaintiffs have not asserted—let alone provided evidence—that the dispute resolution provisions themselves were fraudulently induced. Whether the FA is unconscionable or fraudulently induced is a question solely for the arbitrator to decide. Plaintiffs cannot avoid the dispute resolution provisions in the FA by merely alleging that the contract as a whole is unenforceable. Otherwise, all such arbitration provisions would be rendered meaningless, as contractually agreed-upon arbitration could, in all cases, be avoided by merely alleging fraudulent inducement.

Third, in their most creative theory, Plaintiffs assert, conveniently, that the FA "expressly exempts" *all* of their claims from the mediation and arbitration requirements of Section 17.A.

This argument is both factually incorrect and rests on an unreasonable misreading of the FA. Section 14.A.(4) of the FA includes four enumerated categories of claims that are exempted from the mediation and arbitration requirements, each preceded by numerals (i) through (iv): (i) the validity of the Marks or other intellectual property, (ii) the franchisor's rights to obtain possession of real and personal property, (iii) either party's rights to obtain pre-judgment remedies, and (iv) the franchisor's rights to receive and enforce injunctive or equitable relief. (See FA, § 17.A(4), Exh. B to Complaint.)

Ignoring the whole of the FA, Plaintiffs seize upon the phrase "intentional interruption by Franchisee or Franchisor of business operations" that appears at the tail end of Section 17.A(4)(iv) and contend it constitutes a fifth, standalone exemption from arbitration. (Complaint, ¶ 15.) It does not. Read in context, the "intentional interruption" language is not set off by a separate numeral, is not preceded by a conjunction such as "or" or "and" that would signal an additional list item, and it is not separated from item (iv) by any punctuation that would indicate a new, independent category. Rather, the phrase follows directly from item (iv)'s parenthetical description of the types of equitable relief the franchisor may seek in court. The "intentional interruption" language is simply another illustrative instance of the kind of conduct for which a party may seek injunctive in court without first submitting to arbitration.

Plaintiffs' strained interpretation also renders the Section 14 exception meaningless, if not nonsensical. The qualifying clause—"with the exception of the provisions of Section 14 relating to Breaches, Defaults or Termination"—makes perfect sense as a limitation on when a party may seek injunctive relief in court for an intentional interruption of business operations: a party may go directly to court for an injunction to stop another party from intentionally disrupting the franchise's business, but it may not invoke that judicial remedy to challenge or

circumvent the termination procedures set forth in Section 14. In other words, routine disputes about whether a termination was properly carried out under Section 14 must still proceed through the mediation and arbitration process; they cannot be repackaged as claims for injunctive relief to avoid arbitration. Plaintiffs turn this structure on its head. Under their reading, any termination that does not strictly comply with every procedural requirement of Section 14 is, by definition, an "intentional interruption of business operations" exempt from arbitration. (Complaint, ¶¶ 16–17.) That is precisely backward. If anything, disputes involving allegations of bad-faith or improper termination are the disputes most in need of the structured resolution process the parties agreed to in Section 17. Plaintiffs' reading would effectively allow any franchisee (or franchisor) to escape arbitration simply by alleging that the other side's termination was procedurally defective—an allegation that could be made in virtually every termination dispute—thereby swallowing the arbitration clause whole.

Moreover, all of Plaintiffs' claims, whether styled as breach of contract, conversion, fraud or otherwise, arise from the same nucleus of facts: BAM's termination of the FA and BAM's rightful post-termination disposition of franchise assets pursuant to binding security agreements. These are quintessential "provisions of Section 14 relating to Breaches, Defaults or Termination." Even under Plaintiffs' own strained reading of Section 17.A(4), the Section 14 exception would carve these claims back into arbitration. Plaintiffs cannot escape this result merely by alleging that BAM's termination was wrongful; the question of whether BAM properly exercised its rights under Section 14 is itself a dispute "relating to" Section 14 and is therefore subject to arbitration under the very provision Plaintiffs invoke. Utah's strong policy favoring arbitration and settled rules of construction require the Court to resolve any ambiguity

in the scope of the arbitration clause in favor of arbitrability. *See Cent. Fla. Invs., Inc. v. Parkwest Assocs*., 2002 UT 3, ¶ 16, 40 P.3d 599.

Fourth, Plaintiffs argue that BAM cannot invoke the dispute resolution provisions because BAM "is in default of its obligations to proceed with arbitration," and "has never initiated arbitration, never demanded arbitration, and never taken any step to invoke the contract dispute resolution process." (Complaint, ¶ 18) BAM has no affirmative obligation to demand or initiate an arbitration against Plaintiffs. BAM has never initiated *any* claims against Plaintiffs. Moreover, Plaintiffs' argument that BAM had to initiate a mediation and arbitration to terminate the FA is plainly contradicted by the language of Section 14.A.

Fifth, Plaintiffs argue that BAM cannot invoke the FA's dispute resolution provisions because BAM has effectively "repudiate[ed]" the FA through its "post-termination position that Plaintiffs 'didn't own the store'" and BAM's lawful seizure of the secured assets. This defies logic. Plaintiffs have introduced no evidence indicating that BAM repudiated the FA. Rather, BAM exercised its right under Section 14.A to terminate the FA. But regardless of the positions taken by BAM following the termination of the FA, the fact remains that Plaintiffs are bringing claims under and related to the FA. Those claims are subject to the dispute resolution process set forth in the FA. Moreover, BAM's actions allegedly "repudiating" the FA all took place prior to Plaintiffs' Demand, expressly recognizing the applicability of the dispute resolution procedure set forth in Section 17 of the FA.

Sixth, Plaintiffs re-assert the same argument previously addressed regarding the alleged unconscionability of the FA. As previously stated, no facts or evidence have been presented indicating that the FA or the dispute resolution provisions therein are substantively or procedurally unconscionable. Moreover, courts routinely enforce such provisions, consistent

with Utah's policy favoring arbitration, including in adhesion contracts, and, regardless, the question of unconscionability should be decided by the arbitrator.

CONCLUSION

Based on the foregoing provisions, and pursuant to Utah Code § 78B-11-108, BAM requests that the Court find the parties' FA contains a binding and enforceable arbitration provision, stay further proceeding herein, and compel the parties to timely mediate and, if necessary, arbitrate this dispute pursuant to Utah Code § 78B-11-108 and the governing FA.

DATED this 27th day of May, 2026

DENTONS DURHAM JONES PINEGAR P.C.

/s/ Wm. Kelly Nash
Wm. Kelly Nash
Justin T. Rich
Attorneys for Defendant

VERIFICATION

The undersigned states that I have read the foregoing assertions and believe them to be true and accurate to the best of my knowledge and belief.

/s/ Ammon McNeff
Ammon McNeff, representative of BAM Franchising, Inc.
**Verification signature electronically affixed with permission*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on May 27, 2026, she caused a true and correct copy of the foregoing to be delivered to the following via electronic filing:

Sarah Spencer
Attorney for Plaintiffs

/s/ Caryn Holden

EXHIBIT 1

EXHIBIT 1

SpencerWillson, PLLC
COMPLEX LITIGATION AND APPEALS

http://www.Spencer-Willson.com

Sarah Elizabeth Spencer
Co-Founder & Managing Attorney

Sarah@SpencerWillsonPLLC.com
Main: 801-346-8120
Direct: 801-346-8086

January 2, 2026

VIA EMAIL AND CERTIFIED MAIL

Phillip C. Kuck
Attorney
Dentons Durham Jones Pinegar
phillip.kuck@dentons.com
111 S Main St, Suite 2400
Salt Lake City, UT 84111

Legal counsel to:

Mr. Ammon McNeff, CEO
BAM Franchising, Inc.
897 S. Orem Blvd.
Orem, UT 84058

Re: BAMF Salem 1, LLC - Formal Dispute Notice and Demand for Face-to-Face Meeting

Dear Mr. Kuck:

I represent Chrystal Law and Benjamin Gorman, the principals of BAMF Salem 1, LLC, in connection with the dispute arising from the Bricks & Minifigs franchise in Salem, Oregon. We write to formally invoke the dispute resolution provisions of the Franchise Agreement and to notify BAM that my clients assert significant legal claims arising from BAM's wrongful termination of their franchise and seizure of their business. My clients intend to pursue all available remedies if this matter cannot be resolved amicably.

BAM's Breaches Caused the Dispute

In February 2023, Ms. Law and Mr. Gorman purchased the Salem franchise from BAM for $85,000, investing $40,000 upfront. As part of the transaction, BAM was contractually obligated to transfer the store's JP Morgan Chase bank account and assign the property lease to BAMF Salem 1, LLC. BAM failed to fulfill either obligation.

BAM's failure to transfer the bank account caused the account to be frozen, resulting in failed automatic withdrawals of royalties and purchase-installment payments. BAM's failure to assign the lease meant rent payments were rejected because the landlord's records did not reflect BAMF Salem 1, LLC as tenant. *BAM did not promptly inform my clients of these problems*, even though BAM was the party receiving the notices.

Once the issues became known, my clients immediately worked with BAM to resolve them. BAM finally completed the bank account transfer. The parties agreed to a restructured payment plan to address the arrearages, and BAM accepted payments under that plan for months without complaint or notice of default. By November 2024, the Salem franchise was operating in full compliance, with steadily increasing sales.

The Wrongful Termination and Seizure

On November 14, 2024, BAM staged an ambush-style takeover of the Salem store. A BAM representative arrived unannounced after closing, demanded the keys, and explicitly threatened to call police if Ms. Law did not comply. The representative further threatened that if my clients resisted or tried to fight back, BAM would "*make [their] lives*" miserable. Faced with these threats, my clients felt compelled to surrender the keys.

BAM changed the locks that same night and took possession of all inventory, equipment, fixtures, and records. Within an hour, BAM's counsel emailed a termination letter citing the very payment issues *that BAM itself had caused* and that had been resolved through the restructured payment plan. BAM never provided any notice of default or opportunity to cure.

Conversion of Assets

BAM took all the Salem store's assets without compensation. If BAM's termination had been valid, Section 15.E of the Franchise Agreement provided BAM an *option to purchase* the business assets at fair market value within ten days. BAM did not follow this procedure. Instead, BAM simply confiscated everything.

The converted assets include inventory and equipment valued at over $100,000. The store also held approximately $200,000 in third-party consignment items - valuable LEGO sets owned by a collector who had entrusted them to my clients' store. BAM had *no right whatsoever* to take these consignment items.

Defamation and Reputational Harm

To compound the injury, a BAM representative falsely told the consignment owner that Ms. Law "took" the consignment sets during the transition. This statement is demonstrably false - BAM seized those items; my clients never took them. Accusing someone of theft or dishonesty in business is *defamation per se*. My clients are prepared to pursue significant damages for these malicious falsehoods.

My Clients' Claims

BAM's misconduct gives rise to the following causes of action, among others:

1. **Breach of Contract**: BAM breached its obligations to transfer the bank account and assign the lease and wrongfully terminated the Franchise Agreement without cause.

2. **Breach of the Implied Covenant of Good Faith and Fair Dealing**: BAM's surprise takeover, aggressive threats, and weaponization of defaults BAM itself caused violated the implied duty of good faith.
3. **Conversion**: BAM wrongfully took and continues to control the Salem store's inventory, equipment, fixtures, and third-party consignment items without compensation.
4. **Tortious Interference with Economic Relations**: BAM's false statements and actions interfered with my clients' business relationships and reputation.
5. **Defamation**: BAM's false accusations that my clients stole merchandise constitute defamation per se.
6. **Civil Conspiracy**: BAM and its agents acted in concert to wrongfully terminate the franchise and seize all assets.
7. **Fraud in the Inducement**: BAM made false representations that the Salem franchise was a "turnkey" operation and that BAM intended to maintain a good-faith relationship, when in fact BAM never intended to transfer complete operational control.
8. **Intentional Infliction of Emotional Distress**: BAM's ambush takeover, explicit threats, and false accusations of theft constituted extreme and outrageous conduct causing severe emotional distress. My clients possess audio recordings of portions of the November 14 confrontation documenting BAM's threatening conduct.

Damages

My clients' damages are extensive and include lost business value (lost profits); converted inventory and equipment (over $100,000); consignment liability exposure (approximately $200,000); lost profits; out-of-pocket costs including legal fees and international travel for dispute resolution; and reputational and emotional harm. Conservatively, the damages exceed $750,000 not including prejudgment interest, and before attorney fees and any multiplier for punitive damages, which are warranted given BAM's willful and oppressive conduct.

Demand for Face-to-Face Meeting

Despite the serious misconduct outlined above, my clients are willing to meet with BAM in good faith to attempt an amicable resolution. Section 17.A of the Franchise Agreement mandates an in-person meeting in Orem, Utah as the first step of the dispute resolution process. This letter serves as formal notice of dispute and a request to schedule the face-to-face meeting.

Ms. Law and Mr. Gorman will be in Utah and available the week of January 19, 2026 for this meeting (as well as the following week, if necessary). Please confirm a date, time, and location in Orem during that week.

The meeting should address BAM's compensation of my clients for the financial losses they have suffered. A reasonable resolution would include BAM paying my clients the fair market value of the Salem franchise as of November 2024, plus reimbursement for out-of-pocket costs and resolution of the consignment liability.

Reservation of Rights

By invoking the contract's dispute resolution clause, my clients are complying with their obligations, but nothing in this letter should be construed as a waiver of any rights or claims. All rights are expressly reserved. If this dispute is not resolved in the face-to-face meeting (or shortly thereafter), we will proceed with the next steps - mediation, and if necessary, binding arbitration - as provided in the Franchise Agreement.

My clients are fully prepared to vindicate their rights. They will seek full compensatory damages, consequential damages, and punitive damages as warranted, as well as recovery of their attorney's fees and costs.

Request for Confirmations

We request that BAM: (1) confirm a meeting date in Orem during the latter half of January 2026 for the required face-to-face meeting; (2) agree to preserve all evidence potentially relevant to this dispute (including emails, Slack messages, video footage, transaction records, and inventory lists pertaining to BAMF Salem 1, LLC and the Salem store); and (3) engage in good-faith discussions aimed at compensating my clients for their losses. We note that BAM's termination letter promised an inventory audit within 15 days, which BAM has never provided - we expect full compliance with discovery obligations. Due to preexisting commitments, during the week of January 19, I am available Monday, January 19, Wednesday, January 21, and Friday January 23, 2026.

My clients remain hopeful that this dispute can be concluded on reasonable terms. Yet they want to be clear: they are ready to litigate if BAM stonewalls or refuses to address the harm that has been done. The ball is now in BAM's court.

I await your prompt confirmation of the meeting arrangements. Meanwhile, should you or your counsel wish to discuss this letter, you may contact me directly.

Very truly yours,

SPENCERWILLSON, PLLC

Sarah Elizabeth Spencer

SES