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IN THE UTAH BUSINESS AND CHANCERY COURT	
BAMF SALEM 1, LLC, an Oregon limited liability company; CHRYSTAL LAW, an individual; BENJAMIN GORMAN, an individual, **Plaintiffs**, v. BAM FRANCHISING, INC., an Oregon corporation, **Defendant**.	**COMPLAINT** Case No.: __________ Judge Rita Cornish

Plaintiffs BAMF Salem 1, LLC, Chrystal Law, and Benjamin Gorman complain as follows against Defendant BAM Franchising, Inc.:

I. INTRODUCTION

1. This action arises from the wrongful termination of a Bricks & Minifigs franchise in Salem, Oregon, and the franchisor's subsequent seizure of the franchisee's business assets and defamation of the franchise owners. (*See* Ex. D, Termination Letter.)

2. Plaintiffs Chrystal Law and Benjamin Gorman, through their company Plaintiff BAMF Salem 1, LLC, operated the Salem Bricks & Minifigs store under a Franchise Agreement ("Franchise Agreement") with Defendant BAM Franchising, Inc. ("BAM"). (*See* Exs. B, C, E, Franchise Agreement and Franchise Disclosure Document.)

3. In November 2024, BAM—without valid cause—abruptly terminated the franchise, changed the locks, and took control of the store and all its inventory. (*See* Ex. D, Termination Letter.)

4. The purported "defaults" BAM used as a pretext were problems of BAM's own making and had been cured or waived. BAM failed to transfer the store's bank account and property lease to Plaintiffs as required, directly causing the payment issues later cited as grounds for termination. Once Plaintiffs discovered these problems, they worked with BAM to cure them, and BAM accepted restructured payments for many months without complaint. (*See* Ex. C.)

5. BAM then refused to compensate Plaintiffs for the confiscated assets, effectively stealing merchandise and equipment worth over $100,000. Later, BAM's agents falsely told third parties that Ms. Law and Mr. Gorman had "taken" certain valuable inventory—a lie that damaged Plaintiffs' reputations.

6. BAM's conduct demonstrates willful bad faith and malice. During the takeover, a BAM representative threatened to "call the police" and warned Plaintiffs he would "make [their] lives shit" if they resisted. Such conduct justifies an award of punitive damages. BAM's own Director of Operations acknowledged on a recorded call that Plaintiffs had successfully operated the franchise: "you guys did a good [. . .] you guys did the work, kept the store open. You guys should pat yourself on the back for that."

7. Plaintiffs assert claims for (1) fraud in the inducement, (2) negligent misrepresentation, (3) breach of contract, (4) breach of the implied covenant of good faith and fair dealing, (5) conversion, (6) tortious interference with economic relations, (7) defamation, (8) injurious falsehood, (9) civil conspiracy, (10) violation of the Oregon Unlawful Trade Practices

Act, (11) unjust enrichment, and (12) declaratory judgment, seeking to recover their substantial losses, compensatory and punitive damages, attorneys' fees, and all other appropriate relief.

8. The parties' Franchise Agreement, executed February 3, 2023, contains a Dispute Resolution Clause requiring that disputes be first addressed in a face-to-face meeting in Orem, Utah, then (if unresolved) through mediation, and then by binding arbitration in Utah. This Complaint is filed consistent with that clause. But if the Dispute Resolution Clause purports to require mediation or binding arbitration, it is unenforceable as to Plaintiffs' claims, for multiple independent reasons. This includes that the arbitration clause was not the product of mutual assent, BAM materially breached the dispute resolution process, the Agreement's own carve-out provision exempts these claims, the clause is unconscionable, and that BAM is in default of its obligation to proceed with arbitration. (*See* Ex. B § 17.A(1)-(3).) (*See* also Ex. E at 5, 55.)

9. Notwithstanding the foregoing, Plaintiffs have substantially complied with the Dispute Resolution Clause's prerequisites. After pre-suit correspondence, Plaintiffs formally requested the contractually mandated face-to-face meeting. The parties conducted that meeting on February 5, 2026, via videoconference, which both parties had previously agreed, via correspondence between counsel on February 3, 2026, would satisfy the face-to-face meeting requirement. Plaintiffs thereafter proposed mediation in good faith, including providing proposed mediator lists and available dates, but BAM failed to cooperate in scheduling or completing mediation within a reasonable time. Plaintiffs have therefore satisfied or been excused from all conditions precedent to filing this action—both by their substantial compliance with the clause's procedural steps and, independently, because the clause is unenforceable for the reasons below.

10. This Complaint pleads claims under Utah law (as governing law per the Franchise Agreement) and Oregon law (for certain torts that occurred in Oregon). The amount in controversy

far exceeds jurisdictional minimums; Plaintiffs seek damages in the hundreds of thousands of dollars, plus punitive damages.

II. INAPPLICABILITY OF ARBITRATION CLAUSE

11. Although the Franchise Agreement contains an arbitration clause, that clause does not bar this Court from hearing Plaintiffs' claims for six independent reasons.

12. First, BAM waived its right to arbitrate by materially breaching the dispute resolution process itself. Section 17 of the Franchise Agreement establishes a mandatory three-step dispute resolution process: "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." Second, unresolved claims are submitted to "non-binding mediation through the American Arbitration Association." Third, if mediation fails, claims are submitted to "binding arbitration before and in accordance with the arbitration rules of AAA in Utah County, Utah." (*See* Ex. B § 17.A(1)-(3).)

13. BAM bypassed every step of this process. BAM never gave written notice proposing a face-to-face meeting. BAM never requested mediation. BAM never initiated arbitration. Instead, on November 14, 2024, BAM dispatched an agent to the Salem store who seized control of the business and changed the locks that same evening—without prior notice, without discussion, and without any attempt to follow the contractually mandated process. (*See* Ex. D.) Earlier that same day, BAM had met with Plaintiffs to discuss a "mutual separation" and gave no indication that it intended to seize the store hours later. BAM's conduct is not merely inconsistent with the right to arbitrate; it constitutes a material breach of the arbitration agreement itself. A party that repudiates and circumvents the contract dispute resolution mechanism cannot

later invoke that mechanism to its advantage. BAM knew of its obligations under Section 17 and chose to breach them. (*See* Ex. B § 17.A(1)-(3).)

14. Second, no valid agreement to arbitrate was formed. Whether an enforceable arbitration agreement exists is a threshold question for the court, not the arbitrator. The Franchise Agreement is a standardized adhesion contract drafted entirely by BAM and presented to Plaintiffs on a take-it-or-leave-it basis. The arbitration clause in Section 17 was not separately negotiated, separately signed, or separately disclosed as a waiver of Plaintiffs' right to a judicial forum; under these circumstances, the clause is procedurally and substantively unconscionable. Moreover, BAM's pervasive pre-contractual fraud—misrepresenting the franchise's financial performance, concealing known operational deficiencies, and inducing Plaintiffs to invest over $200,000 based on false premises—prevented Plaintiffs from making a knowing, voluntary, and informed decision to waive their right to a judicial forum and to accept arbitration in a distant state. An arbitration clause embedded in a standardized agreement is unenforceable absent genuine mutual assent to arbitrate specifically. Because no such knowing, voluntary assent to arbitrate existed here, no enforceable arbitration agreement was formed.

15. Third, Section 17.A(4) of the Franchise Agreement expressly exempts these claims from the mediation and arbitration requirement. Section 17.A(4) provides that the Agreement "… does not obligate [the parties] to mediate or arbitrate claims or issues relating primarily to" several enumerated categories, including "intentional interruption by Franchisee or Franchisor of business operations with the exception of the provisions of Section 14 relating to Breaches, Defaults or Termination." Grammatically, Section 17.A(4) lists five categories of claims exempt from arbitration: items (i) through (iv) (trademark validity, possession of property, prejudgment remedies, and injunctive relief), followed by a fifth, unnumbered category—"intentional

interruption by Franchisee or Franchisor of business operations." The qualifying phrase "with the exception of the provisions of Section 14 relating to Breaches, Defaults or Termination" narrows this fifth exemption by carving back into arbitration only those disputes that genuinely arise under Section 14—that is, terminations carried out through Section 14's prescribed procedures for identified breaches and defaults. Where, as here, a franchisor bypasses those procedures entirely—manufacturing the very defaults it cites, waiving them through months of accepted restructured payments, and then executing an extrajudicial seizure without notice or opportunity to cure—the resulting disruption is not a "provision[] of Section 14" but an intentional interruption of business operations, which is precisely the conduct the exemption covers.

16. Section 14.A permits immediate termination upon specifically enumerated events, including criminal acts, insolvency, unauthorized transfer, abandonment, and failure to make payments. But BAM cannot invoke the payment-default ground here: the payment failures BAM cited were the direct result of BAM's own prior material breaches—its failure to transfer the bank account and assign the lease as required by the Business Purchase Agreement ("BPA") (See Ex. C, §§ 1.1, 2.2)—which prevented Plaintiffs from making the very payments BAM later cited as grounds for termination. Moreover, BAM waived any payment defaults by accepting restructured payments for months without objection, and by retracting its prior breach claims in writing. A party that causes the default and then waives it cannot later resurrect it as grounds for termination. That is especially true when the contract requires affording the other side notice and an opportunity to cure.

17. Independently, Section 14.B requires written notice of default and a cure period—30 days for most defaults, or 10 days for payment-related defaults under Section 14.B(viii)—before BAM may terminate. BAM's conduct satisfied neither provision. Although BAM's

termination letter purported to invoke Section 14.A based on payment defaults, BAM had no right to do so: the defaults were of BAM's own making, had been cured through restructured payments BAM accepted, and had been expressly retracted by BAM in writing. BAM's extrajudicial seizure of the store, executed without following Section 14's procedures, is precisely the kind of "intentional interruption" of business operations that Section 17.A(4) exempts from arbitration. (*See* Ex. B § 17.A(4)).

18. Fourth, BAM is in default of its obligation to proceed with arbitration. A party that seeks to enforce an arbitration clause must not itself be in default of proceeding with arbitration. BAM has never initiated arbitration, never demanded arbitration, and never taken any step to invoke the contract dispute resolution process. Instead, BAM bypassed the entire process, seized Plaintiffs' business assets, and then attempted to negotiate from a position of extrajudicial leverage. A party that prevents arbitration from moving forward forfeits its right to insist on arbitration as the exclusive forum. BAM's total failure to initiate or participate in any step of the Section 17 process constitutes such a default.

19. Fifth, BAM's conduct constitutes a total repudiation of the Franchise Agreement. BAM's post-termination position that Plaintiffs "didn't own the store," combined with its seizure of all assets without following any contractual procedure, its refusal to provide the contractually mandated inventory or fair-market-value appraisal under Section 15.E (*See* Ex. B), and its demand that Plaintiffs surrender all claims in exchange for waiver of BAM's own manufactured debts, constitutes a repudiation of the Franchise Agreement in its entirety. A party that has repudiated its obligations under a contract cannot selectively invoke only the provisions that benefit it, including the arbitration clause.

20. Sixth, the arbitration clause is unconscionable and therefore unenforceable under generally applicable Utah contract law. The clause is procedurally unconscionable because the Franchise Agreement is a standardized adhesion contract drafted entirely by BAM with no opportunity for Plaintiffs to negotiate any terms, including the dispute resolution provisions. BAM held vastly superior bargaining power as a national franchisor dealing with individual franchisees investing their personal savings. The clause is also substantively unconscionable because it requires Plaintiffs—Oregon residents who operated a franchise in Salem, Oregon—to resolve all disputes in Utah County, Utah, at BAM's doorstep, imposing prohibitive travel and litigation costs on Plaintiffs while imposing no comparable burden on BAM. (*See* Ex. E.)

21. Section 17.A(5) also requires Plaintiffs to "knowingly waive all rights to trial by a court or jury." (*See* Ex. B.) The combined effect of these provisions is to insulate BAM from meaningful accountability by making it financially impracticable for a small-business franchisee to pursue claims. Unconscionability directed at the arbitration clause itself is a contract defense that is for the court to decide.

III. JURISDICTION AND VENUE

22. This Court has jurisdiction over this action because the claims alleged here seek monetary relief exceeding $300,000 and fall within the specified claims, causes of action, and damage remedies that may be sought in this Court under Utah law.

23. Venue is proper under Utah Code Ann. § 78A-5a-105(2): "Any requirement in the Utah Code to file or bring an action in a specific district or county does not apply to an action brought in the Business and Chancery Court."

IV. Parties

24. Plaintiff BAMF Salem 1, LLC ("BAMF Salem") is an Oregon limited liability company that, at relevant times, owned and operated the Bricks & Minifigs franchise store in Salem, Oregon.

25. Plaintiffs Chrystal Law and Benjamin Gorman are individuals and the managing members of BAMF Salem. Ms. Law and Mr. Gorman personally guaranteed or undertook obligations under the franchise and have suffered personal harm, including reputational damage, due to BAM's conduct. They are referred to collectively with BAMF Salem as "Plaintiffs."

26. Defendant BAM Franchising, Inc. ("BAM" or "Defendant") is an Oregon corporation and the franchisor of "Bricks & Minifigs" toy resale stores. (*See* Ex. E.) BAM's principal place of business is in Orem, Utah, and it transacts franchise business in multiple states, including Oregon. (*See* Ex. E.) According to the Utah Department of Commerce, Division of Corporations and Commercial Code, BAM's Utah foreign-corporation registration (Entity No. 11984597-0143) was administratively dissolved on January 26, 2022, for failure to renew, and it has not been reinstated. BAM nonetheless continues to transact franchise business directed at Utah residents. At all relevant times, BAM acted through its officers, employees, and agents, including President Ammon McNeff and others involved in managing the Salem/Keizer franchise relationship. (*See* Ex. E.)

27. Defendant conducts business in, maintains headquarters in, owns property in, and transacts its affairs in Utah and is subject to the Court's statewide jurisdiction. (*See* Ex. E.)

V. General allegations

A. The Salem Bricks & Minifigs franchise

28. In February 2023, Ms. Law and Mr. Gorman, through BAMF Salem 1, LLC, purchased the Bricks & Minifigs franchise store in Salem, Oregon, from BAM. BAM had actively solicited this purchase: Ms. Law was employed as the General Manager of the Salem store, and BAM approached her about buying the franchise based on her successful management of the location. The total purchase price under the Business Purchase Agreement ("BPA") was $65,000, allocated approximately as follows: inventory at cost ($41,807), fixtures and furniture ($13,185), a $5,000 franchise transfer fee, and the balance to goodwill and intangibles. Of the purchase price, $20,000 was paid at closing in cash and the remaining $45,000 was evidenced by a promissory note at 2.5% interest, with monthly payments of $986.13 beginning March 15, 2023. (*See* Ex. C, §§ 1.1, 2.1-3).

29. As part of the sale, BAM was obligated to transfer essential operating elements to the new owners, including the store's business bank account and the property lease for the store premises. (*See* Ex. C, §§ 1.1, 2.2.)

30. The Franchise Agreement, with an effective date of February 3, 2023, governed the parties' rights and duties. (*See* Ex. B.)

31. BAM induced Plaintiffs' purchase of the Salem franchise through representations made in its 2023 Franchise Disclosure Document ("FDD") and during the sales process. These included Item 19 financial performance figures representing average franchise revenue of $508,002.62 annually, claims that Bricks & Minifigs stores were authorized LEGO resellers, and representations that the Salem franchise was a fully operational "turnkey" business that would provide Plaintiffs with complete operational control from day one. Plaintiffs reviewed the FDD and relied on these representations in deciding to enter into the Franchise Agreement, pay $65,000 for the franchise, and relocate to Salem, Oregon. (*See* Ex. E.)

B. BAM's failure to transfer the bank account and lease

32. Shortly after the sale closed, BAM failed to fulfill its obligations to properly transfer the store's bank account and assign the store lease to Plaintiffs' LLC. These were not minor administrative oversights—they were fundamental obligations without which the franchisee could not operate the business. Without control of the bank account, Plaintiffs could not make the automated payments required under the Franchise Agreement. Without the lease in their name, Plaintiffs had no direct relationship with the landlord and no ability to ensure rent was paid. BAM's failure to complete these transfers was the first material breach of the Franchise Agreement and the proximate cause of every subsequent "default" BAM later cited as grounds for termination.

33. BAM did not return the bank's documentation needed to change account ownership, causing the account to be frozen without Plaintiffs' knowledge. As a result, automated payments for franchise royalties and for the remaining purchase price were not withdrawn as scheduled.

34. Similarly, because BAM never assigned the store's lease to BAMF Salem 1, LLC, the landlord's notices of bounced ACH rent payments went to BAM as the tenant of record—not to Plaintiffs. BAM did not promptly inform Plaintiffs of these issues, effectively concealing the problem until it had compounded. Plaintiffs thus could not pay rent through no fault of their own: the lease was not in their name, the bank account was frozen, and the party responsible for both failures—BAM—kept Plaintiffs in the dark. BAM's own Director of Operations later confirmed this failure on a recorded call, admitting that "the lease is technically in our name still."

35. Once the problems came to light, Plaintiffs worked with BAM to rectify the defaults. BAM finally completed the bank transfer, the account was reactivated, and the parties agreed to a restructured payment schedule for the missed royalties and purchase installments.

36. Plaintiffs dutifully made the restructured payments, and BAM accepted them for many months without complaint or notice of any continuing default. Indeed, BAM itself acknowledged in writing that it had retracted its prior breach claims against Plaintiffs, further confirming that any earlier defaults had been resolved to BAM's satisfaction. By late 2024, the Salem franchise was operating compliantly; any earlier technical defaults had been cured or waived by mutual agreement—and were precipitated by BAM's contract breaches in the first place.

37. To the extent Defendant contends that Plaintiffs' acceptance of restructured payment terms constituted ratification of the Franchise Agreement or waiver of fraud claims, Plaintiffs did not discover the full extent of BAM's pre-contractual fraud—including the complete absence of any LEGO authorization—until approximately mid-2025, well after the payment restructuring. Ratification requires full knowledge of the fraud; the restructured payments addressed operational defaults only, not undiscovered pre-contractual misrepresentations.

C. BAM's wrongful termination and seizure of the store

38. In early November 2024, Ms. Law informed BAM that she and Mr. Gorman were considering relocating abroad and inquired generally about the process to sell or have BAM repurchase the franchise. This was a preliminary inquiry; no formal notice of sale or termination was given. Plaintiffs never gave notice of any intention to terminate.

39. In a recorded phone call on the evening of November 14, 2024, BAM's Director of Operations, Kai McAllister, confirmed that the termination was precipitated by Ms. Law's inquiry. McAllister stated: "Crystal did reach out to us and talk about you guys, uh, moving out of the country and wanted to know like what would need to happen before that? And so what we did is we sat down on our end and we looked at the [. . .] relationship that we have with you guys and

where all the outstanding balances and everything." When Mr. Gorman observed that "the precipitating event for this was we reached out and said we're considering moving [. . .] and that got this whole ball rolling," McAllister initially denied it, but Mr. Gorman responded: "Pretty sure that's what you just said."

40. At the time of termination, the Salem franchise was operating with multiple employees. Payroll records from the morning after the seizure show three employees—Caledonia Fry, Franke LeBlanc, and Mckenzie Stamper—had worked a combined 43 hours and 12 minutes during the week of November 4 through 10, 2024, with total payroll costs of $611.42, including taxes. The franchise was a going concern with payroll obligations when BAM terminated it.

41. In response to Ms. Law's inquiry, BAM scheduled a meeting for Thursday morning, November 14, 2024. During that recorded meeting, BAM's representatives discussed what they characterized as a "mutual separation" in which the store would revert to corporate, and said that an individual connected to the Eugene, Oregon franchise location would come to inspect the store. BAM said nothing during this meeting about its intent to immediately terminate the franchise or seize the store. Instead, BAM used the meeting to lull Plaintiffs into cooperation while simultaneously preparing the ambush-style takeover that occurred that same evening.

42. BAM's response was unexpectedly aggressive. On November 14, 2024, a BAM-appointed representative arrived at the Salem store unannounced after business hours. (*See* Ex. D.) He claimed the franchise was being terminated immediately and demanded the store keys.

43. That representative was Kai McAllister, BAM's Director of Operations. Ring security camera footage from the store's "Register" camera shows McAllister inside the store at 7:12 PM on November 14, 2024, going through items at the counter. The camera system continued

to detect persons in the store through at least 8:34 PM, establishing that the seizure operation lasted at minimum 82 minutes.

44. The BAM representative threatened to call the police if Plaintiffs did not comply.

45. He threatened that if they attempted to resist or fight back, he would "make [their] lives shit." When Mr. Gorman asked McAllister whether BAM's approach "sound[ed] like grace," McAllister responded: "It sounds like a threat and I can [. . .] acknowledge you feeling that because in a way it is."

46. Faced with this ultimatum and explicit threats, Plaintiffs felt they had no choice but to yield the keys under duress.

47. When Mr. Gorman asked whether McAllister had authority to negotiate the termination terms, McAllister responded: "I don't have the authority to make changes to that contract, and no one with authority to make changes to that contract would make changes to that contract." BAM thus presented Plaintiffs with a non-negotiable take-it-or-leave-it ultimatum backed by explicit threats.

48. That same evening, BAM changed the locks and took possession of the store, including all inventory, fixtures, equipment, cash on hand, and business records.

49. The next day, November 15, 2024, Ms. Law was required to surrender additional keys and the store safe combination to BAM's representative. Ring doorbell video captured Ms. Law identifying each key—the mailbox key, the back storeroom key, and the safe key—and providing the safe combination. This occurred after BAM had already changed the locks the night before, underscoring that Plaintiffs had no meaningful choice in the matter.

50. The formal "Notice of Immediate Termination" was not delivered until several hours after BAM's agent was already physically present at the store demanding the keys. BAM

acted first and papered it later. The agent arrived and began the takeover without any written notice having been provided. Ms. Law refused to hand over the keys until she received written documentation, and only after she insisted did BAM's counsel finally email the termination letter that evening—alleging material breaches by BAMF Salem 1, LLC and invoking Section 14.A of the Franchise Agreement to terminate without opportunity to cure. (*See* Ex. D; *see also* Ex. B, § 14.A.) The chronology demonstrates that the termination was a fait accompli before the formal notice existed. Indeed, while BAM's agent was physically inside the store and Plaintiffs were frantically photographing inventory to document what was being taken, Ms. Law stated on video: "And I still haven't. You might want to let them know to send me that e-mail"—confirming the termination notice had not yet been sent even as the seizure was underway.

51. The alleged breaches listed in the termination letter were failure to timely pay royalties (approximately $25,000), rent (approximately $23,000), and the remaining franchise purchase balance (approximately $48,000). (*See* Ex. D.) These were the very payment issues that BAM knew resulted from its own failure to transfer the bank account and lease—issues that had already been addressed through the restructured payment arrangements BAM had accepted.

52. Simultaneously with the physical takeover, BAM revoked Plaintiffs' access to all electronic business systems, including the franchise's email accounts, Slack communications platform, inventory-tracking spreadsheets maintained in Google Sheets, bookkeeping and accounting software, and all other operational platforms. This wholesale revocation destroyed Plaintiffs' ability to access, preserve, or document their own business records—records that BAM has since selectively cited in correspondence to support its version of events while refusing to provide complete copies to Plaintiffs. BAM's selective preservation and production of electronically stored information, combined with its revocation of Plaintiffs' access to those same

records, has deprived Plaintiffs of the ability to verify BAM's post-termination claims or to access records necessary to support their own. Plaintiffs reserve all rights to seek appropriate remedies based on BAM's handling of electronically stored information.

53. BAM's termination letter also included a proposed "Termination Agreement" containing unconscionable terms. Among other provisions, BAM demanded that Ms. Law agree never to identify herself as a former Bricks & Minifigs franchise owner (*See* Ex. D; see also Ex. B, § 15.C(i)), a restriction that would effectively create a multi-year gap in her professional and employment history. Plaintiffs refused to sign this agreement, because of its content and the coercive circumstances in which BAM presented it to Plaintiffs.

54. On information and belief, BAM sold or transferred the Salem franchise to new operators within days of the termination—possibly within 24 hours. Witnesses can attest that the new operators were conducting sales from the Salem store using Plaintiffs' inventory the very next day after BAM's seizure. The new operators are connected to another Bricks & Minifigs franchise location in Eugene, Oregon. Despite this rapid transfer, BAM never provided Plaintiffs with an inventory or accounting of the assets it seized, as required by the termination letter's own terms and the Franchise Agreement. The new operators have since permanently closed the Salem store and, on information and belief, have left the state of Oregon.

55. Further evidencing collusion, the Salem Bricks & Minifigs website was configured so that its "Shop Now" button redirected customers to the Eugene franchise location's online sales platform, funneling the Salem store's customer base and goodwill to the connected operators.

56. BAM also failed to cancel or return the promissory note executed by Plaintiffs as part of the original franchise purchase. Despite seizing all franchise assets in purported satisfaction of amounts owed, BAM has never provided any confirmation that the note has been satisfied,

cancelled, or discharged—leaving Plaintiffs exposed to the possibility that BAM may attempt to collect on the note in addition to retaining the assets.

D. BAM's refusal to compensate Plaintiffs

57. In the termination letter, BAM demanded that Plaintiffs adhere to post-termination obligations and offered to waive the approximately $97,000 in claimed amounts if Plaintiffs agreed to surrender all assets and release any claims against BAM (*See* Ex. D). This "offer" amounted to demanding Plaintiffs walk away with nothing.

58. Section 15.E of the Franchise Agreement granted BAM an option, exercisable within 10 days of termination, to initiate a fair market value appraisal process and purchase the franchisee's assets (*See* Ex. B, § 15.E). In its termination letter of November 14, 2024 (*See* Ex. D), BAM made a written election to exercise that option in full, expressly stating that "BAM will be exercising all of its post-termination rights under Section 15 of the Franchise Agreement, including Appraisal Notice to determine Fair Market Value of the Assets, purchasing the assets of the Franchise, and taking over operations." (*See* Ex. B, § 15.E.)

59. Once BAM made that written election, it was bound by the appraisal and purchase procedure it had invoked. BAM then materially breached its elected obligation: it never delivered an Appraisal Notice, never initiated the fair market value determination process, never made an offer to purchase Plaintiffs' assets— while simultaneously retaining physical possession of all assets and transferring them to new operators without any accounting.

60. In addition, and independently, because BAM held a security interest in Plaintiffs' inventory and equipment under the Security Agreement executed at closing, BAM's remedy upon default was governed exclusively by UCC Article 9, which required commercially reasonable disposition, reasonable advance notice, and an accounting for any surplus. Utah Code Ann. § 70A-

9a-610; § 70A-9a-611; § 70A-9a-615. BAM conducted no commercially reasonable sale, gave no notice, and provided no accounting—entitling Plaintiffs to statutory damages under Utah Code Ann. § 70A-9a-625.

61. BAM also failed to initiate the fair market value appraisal process it expressly elected to pursue in its termination letter, including never delivering the promised Appraisal Notice required under Section 15.E within 10 days of termination. (*See* Ex. B, § 15.E.)

62. No appraisal, inventory, or accounting of seized assets has ever been provided—now over a year after the termination.

63. The value of the converted property—inventory and equipment alone—is substantial, but when combined with the goodwill and going-concern value of the business, Plaintiffs lost a franchise worth hundreds of thousands of dollars.

64. Plaintiffs documented the scope of the seizure in real time. On the evening of November 14, 2024, Plaintiffs took approximately 220 photographs and 11 videos cataloging every category of inventory in the store as it was being seized. This documentation shows sealed and certified-used LEGO sets across all major themes (Star Wars, Creator, Technic, Ninjago, Disney, Harry Potter, City, and others); individual LEGO minifigures displayed in glass cases with individual price tags; LEGO accessories including storage heads, keychains, pencils, and lunch sets; bulk loose LEGO bricks sorted by color in bins; non-LEGO merchandise; customer layaway items; and the third-party consignment collection. Sets bore "CERTIFIED USED SET" verification stickers with signatures confirming completeness. Price tags visible in the photographs range from $5.00 to $149.99 per individual item. High-value retired sets documented include LEGO Star Wars #10240 (Red Five X-Wing Starfighter), #10236 (Ewok Village), #4501 (vintage Star Wars set), and #75350 (Clone Commander Cody), among dozens of others.

E. The consigned LEGO collection

65. At the time of the takeover, the Salem store held certain high-value LEGO sets that were not owned by BAMF Salem 1, LLC. These sets—consisting primarily of retired, sealed Star Wars sets that are among the rarest and most valuable LEGO products in existence—belonged to a third-party collector, Bryan Mansell, who had consigned them to the store for sale (*See* Ex. A) under a written consignment agreement. The collection comprised over 780 sets and 1,200 minifigures (*See* Ex. A), with an original aggregate value of around $250,000. Before the takeover, roughly half of the collection had been sold and the proceeds paid to Mr. Mansell, leaving consigned inventory in the store at the time of BAM's seizure worth approximately $100,000 to $125,000. The collection owner subsequently prepared handwritten inventory lists documenting each consignment set by LEGO item number, organized by month of consignment, and verified the inventory with a signed attestation reading "Verified" above his signature, "Bryan R. Mansell," confirming the specific sets that had been placed at the Salem store on consignment.

66. BAM's agents seized these consigned items along with the store's other inventory, despite having no ownership interest in them whatsoever. (*See* Ex. A). BAM's agent Kai McAllister stated clearly, in a recorded communication on the night of the takeover, that BAM's corporate office was assuming responsibility for the consignment agreement—an admission that BAM knowingly took custody of property it knew belonged to a third party and accepted the obligations attendant to that custody. The day after the takeover, Ms. Law tried to address the outstanding consignment obligations with BAM's representative.

67. In a recorded conversation, Ms. Law stated that the consignment collection owner "has not been paid his percentage yet" and that "if I don't have my tickets, I won't know how much I need to pay." BAM's representative dismissed her concern, stating: "Crystal ultimately

those are that's a business thing and not necessarily you as Brandon will take and be taking on the business, he takes on all that kind of … liability." BAM thus knowingly disregarded the third-party consignment obligations. Ms. Law had placed identification tags and stickers on every consigned item to track it separately from the store's own inventory, and she maintained video documentation of the tagged items. After the takeover, the new operators systematically removed all of Ms. Law's identification tags from the consigned sets (*See* Ex. A)—conduct evidencing an intent to convert the collection and conceal its separate ownership.

68. In addition to the consignment collection, BAM seized customer layaway items that belonged to neither BAMF Salem 1, LLC nor BAM. Photographs taken during the takeover document LEGO Star Wars sets with handwritten sticky notes reading "Hold for Walker" and "layaway" with a price of "$450.00," as well as a retired LEGO Ewok Village set #10236 (valued at several hundred dollars) marked with a pink "layaway" note. These items were being held for specific customers who had paid deposits. BAM's seizure of customer layaway property further demonstrates the indiscriminate nature of the taking and BAM's willful disregard for third-party property rights.

69. Making matters worse, BAM's agents and the new franchise operators later told the collection's owner and others that Ms. Law had "taken" or "stolen" the consigned sets during the transition. This statement was demonstrably false—BAM had taken possession of those sets and has never asked Ms. Law for them, knowing she does not have them. A video recording captured one of the new operators stating that he had "just called corporate in Utah" and was told by BAM's principals to make these accusations against Ms. Law. The false statements were thus not the independent acts of rogue franchisees but were directed and coordinated by BAM's corporate

office. An independent third-party documentarian, Benj Snyder, was present at BAM's corporate office and is identified on video recordings that captured these events and statements.

70. This false accusation was calculated to shift blame from BAM to Plaintiffs and has exposed Plaintiffs to claims from the collection owner while damaging their relationship with him.

F. BAM's defamatory statements

71. BAM's false statement to the collection owner—accusing Ms. Law of taking property she did not take—constitutes defamation per se under applicable law, as it imputes theft and dishonesty in business.

72. On information and belief, BAM and its agents have made similar disparaging statements to others in the franchising community, to LEGO corporate, and to law enforcement. The new operators have publicly responded to online customer reviews by accusing Ms. Law of stealing inventory from the store, repeating these false accusations on Google reviews and social media platforms visible to the public. These statements have been ongoing and have contributed to a third-party collector pursuing a criminal complaint against Plaintiffs with the Keizer, Oregon police department and the local district attorney's office—a complaint premised entirely on BAM's false narrative that Ms. Law took the consigned sets.

73. These defamatory statements have caused Ms. Law and Mr. Gorman significant reputational harm, humiliation, and loss of standing in their business community.

74. McAllister also warned Plaintiffs against speaking publicly about BAM's conduct: "if you seek to go after us or if you seek to defame us like that, that's also not a pretty [. . .] be aware that there are legal consequences."

75. This statement was itself an attempt to intimidate Plaintiffs into silence regarding BAM's wrongful conduct and demonstrates BAM's consciousness of guilt.

G. Reports of similar BAM conduct involving other Oregon franchisees

76. On information and belief, BAM's conduct toward Plaintiffs is not isolated. In written correspondence to LEGO's CEO, the consignment collection owner, Bryan Mansell,"a pattern up here in Oregon of seizing stores to steal assets (Keizer and Canby locations) as well as a recent event involving over $200,000 in LEGO product being stolen and resold in Springfield, Oregon." (*See* Ex. A). This pattern of similar conduct is relevant to BAM's scienter, intent, and motive, and supports Plaintiffs' claim for punitive damages by demonstrating that BAM's wrongful conduct toward Plaintiffs was not inadvertent but part of a systematic and willful business practice of seizing franchisees' assets without compensation.

H. Summary of BAM's wrongful conduct

77. Defendant BAM engineered a scheme to take back a profitable franchise without paying for it. BAM's fundamental failures in transferring the bank account and lease were not mere negligence—they were the mechanism by which BAM manufactured defaults it could later cite as grounds for termination. BAM retained control of the financial infrastructure of Plaintiffs' business, ensured that payment failures would occur, concealed the resulting problems from Plaintiffs, and then weaponized those failures to justify an immediate takeover. This pattern—create the breach, conceal the breach, then terminate for the breach—is the hallmark of a franchisor acting in calculated bad faith.

78. When Plaintiffs made a preliminary inquiry about a possible sale, BAM seized the opportunity to swoop in and oust Plaintiffs under false pretenses. BAM's own correspondence shows it never intended to pay anything for the business it seized, instead demanding that Plaintiffs pay BAM or walk away with nothing.

79. In executing this plan, BAM breached numerous provisions of the Franchise Agreement and violated basic duties of fair dealing. It also committed clear-cut torts: conversion of personal property and defamation of Plaintiffs' character.

80. The evidence shows BAM acted willfully, with malice and oppressive bad faith. Such conduct justifies an award of punitive damages in addition to full compensatory damages.

I. Plaintiffs' damages

81. Plaintiffs have suffered extensive damages as a result of Defendant's wrongful conduct. The categories of harm include: (a) lost franchise investment and business value—the Salem store was a going concern worth multiples of six figures, and BAM's own Franchise Disclosure Document states: "The total investment necessary to begin operation of a Bricks & Minifigs™ franchised business is $120,120 to $282,575" (*See* Ex. E, FDD); (b) converted inventory and equipment exceeding $100,000 in value, for which Plaintiffs received nothing; (c) exposure to liability for third-party consignment goods seized by BAM, the remaining value of which was approximately $100,000 to $125,000; (d) lost income and profits from the ongoing business; (e) out-of-pocket expenses including legal fees and international travel for dispute resolution; (f) severe reputational damage from BAM's false accusations of theft, which have resulted in criminal complaints being pursued against Plaintiffs and ongoing public defamation through online reviews and social media; (g) significant emotional distress from being forcibly removed from their business under threat; (h) loss of Ms. Law's subsequent employment opportunities due to the reputational harm and the effective erasure of her professional history as a franchise operator; and (i) the forced abandonment of Plaintiffs' international relocation plans, which were financially viable only with the franchise income that BAM destroyed. These damages will be further substantiated at trial.

VI. CLAIMS FOR RELIEF

FIRST CAUSE OF ACTION
Fraud in the Inducement

82. Plaintiffs incorporate all preceding paragraphs.

A. Pre-contractual representations of presently existing fact

83. Before Plaintiffs entered into the Franchise Agreement, BAM made the following material representations of presently existing fact—each concerning the state of the world as it existed at the time of contracting, not promises of future performance:

a. BAM's Present Intent. BAM represented that it was entering into the Franchise Agreement in good faith, with the present intention of maintaining a mutually beneficial franchise relationship. A false statement of present intent is a misrepresentation of a presently existing fact, not a mere promise of future performance. BAM's lack of intent to perform is evidenced by multiple facts known to BAM at the time of contracting: BAM's own FDD simultaneously disclaimed the very LEGO authorization that BAM was actively marketing to prospective franchisees including Plaintiffs—demonstrating that BAM knew its representations were false at the moment it made them. (*See* Ex. E.)

> BAM is the franchisor that franchises the right to open, operate, promote, arrange, and manage a retail store that buys and sells new and used LEGO® building bricks, minifigures and accessories to the general public under the name "Bricks and Minifigs®". Southington and Salem are the outlet stores 100% owned by BAM.

On information and belief, BAM had also engaged in a pattern of seizing Oregon franchise locations prior to Plaintiffs' purchase, as independently corroborated by third-party reports referenced in Exhibit A. These facts demonstrate that BAM did not intend to honor the franchise relationship when it induced Plaintiffs to sign.

b. Financial Performance. In BAM's 2023 Franchise Disclosure Document ("FDD"), Item 19 represented that the average annual revenue for Bricks & Minifigs franchise locations was $508,002.62, with a range from $182,359.52 to $986,179.05. (*See* Ex. E.) These financial performance representations were made to induce prospective franchisees, including Plaintiffs, to invest in the franchise system. Notably, the FDD's own Item 19 disclosure states that these figures "do not reflect any of the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross sales revenue to obtain your net income or profit." BAM's representatives did not disclose these material qualifications during the oral sales process, presenting the revenue figures without context as to their relationship to actual profitability.

c. LEGO Authorization. BAM's website and marketing materials prominently represented that Bricks & Minifigs stores are "authorized LEGO resellers." During the franchise recruitment and sales process in late 2022 and early 2023, BAM's representatives orally reinforced this representation. While Ms. Law was employed as the manager of the Salem store, BAM's Treasurer, Matthew McNeff, encouraged her to purchase the franchise. During in-person and telephone communications at the Salem store and via BAM's corporate Slack platform, McNeff and other BAM representatives told Plaintiffs that a core reason to purchase a Bricks & Minifigs franchise was that BAM had "a licensing agreement through LEGO" that allowed franchisees to use the official LEGO trademark—a representation that was material to Plaintiffs' decision to invest. These oral representations were consistent with and reinforced BAM's website marketing, which prominently described Bricks & Minifigs stores as "authorized LEGO resellers." This was a representation of a presently existing

third-party commercial relationship between BAM and The LEGO Group. This representation is false—LEGO has confirmed in writing that no such authorization or affiliation exists. BAM's own Franchise Disclosure Document likewise states that LEGO "does not sponsor, authorize, or endorse" the Bricks & Minifigs franchise. LEGO confirmed this directly: on February 28, 2025, in response to a complaint submitted directly to LEGO's CEO, a LEGO Customer Service Supervisor wrote to the complaint's author that "Bricks and Minifigs isn't affiliated with the LEGO Group in any ways, which means we aren't able to dictate their action nor have we any control over what they have or will do." That correspondence was then provided to Plaintiffs and is attached hereto as Exhibit A.

d. Nature of the Franchise Opportunity. BAM represented that the Salem franchise was a "turnkey" business that would provide Plaintiffs with complete operational control. The Business Purchase Agreement (Section 1.1) explicitly defined the "Assets" being sold to include "bank accounts, social media account(s) and the assignment of lease rights." Section 2.2 made the landlord's consent to the lease assignment a "condition precedent" to closing. The fraud is not that BAM failed to perform these contractual obligations—that is the breach of contract claim. The fraud is that BAM represented, before the contract existed, that the franchise was a fully operational business ready for immediate owner-operation, when BAM knew at the time of contracting that it routinely retained control of bank accounts and leases across its franchise system, rendering the "turnkey" representation false when made. (*See* Ex. C, §§ 1.1, 2.2.)

B. Falsity

84. Each of the foregoing representations was false. BAM did not intend to enter into a good-faith franchise relationship. BAM did not intend to relinquish operational control. BAM's marketing claim of LEGO authorization was contradicted by its own FDD (*See* Ex. E) and has now been definitively refuted by LEGO itself (*See* Ex. A). BAM did not deliver the "turnkey" operation it sold—it retained control of the bank account and lease, the two most critical operational elements.

C. Scienter

85. BAM knew these representations were false when it made them, or made them with reckless disregard for their truth.

86. BAM's knowledge of falsity is established by: (a) BAM's own FDD disclaimed the LEGO authorization that BAM simultaneously advertised on its website (*See* Ex. E.); (b) BAM systematically failed to transfer the bank account and lease and then used those failures as grounds for termination; (c) upon learning that Plaintiffs were considering relocating, BAM seized the franchise within days and immediately resold it to connected operators; (d) during the dispossession, BAM's agent Kai McAllister explicitly threatened to "make [Plaintiffs'] lives shit" if they resisted—revealing BAM's actual adversarial disposition toward its franchisees; and (e) in post-termination correspondence, BAM advanced the position that Plaintiffs "didn't own the store"—an argument that only makes sense if BAM never considered the franchise transfer to have been completed in good faith.

D. Intent to induce reliance

87. BAM made these representations for the purpose of inducing Plaintiffs to enter into the Franchise Agreement and to pay $65,000 for the franchise (*See* Ex. C, §§ 2.1, 3). BAM's

representatives orally reinforced the FDD financial performance representations (*See* Ex. E), the "authorized LEGO reseller" marketing, and the representations of good-faith intent during the franchise sales process in late 2022 and early 2023.

88. These representations were designed to persuade prospective franchisees that the Bricks & Minifigs system was a legitimate, profitable investment backed by a reputable franchisor.

89. BAM knew that Plaintiffs would not have agreed to purchase the franchise had they known that BAM did not intend to transfer operational control, did not have LEGO authorization, and did not intend to honor a good-faith franchise relationship.

E. Reasonable reliance

90. Plaintiffs reasonably relied on BAM's representations. Plaintiffs reviewed the FDD before signing the Franchise Agreement.

91. But the LEGO disclaimer in the FDD (*See* Ex. E) appeared as trademark attribution language in the disclosure document that was contradicted by BAM's simultaneous and more prominent marketing as an "authorized LEGO reseller" on its website and in oral representations.

92. BAM's principals orally represented during the franchise sales process that Bricks & Minifigs stores were authorized LEGO resellers, consistent with BAM's website marketing.

93. Plaintiffs reasonably credited these consistent oral and written representations over disclaimer language that was directly contradicted by BAM's own website marketing and the oral representations of BAM's principals.

94. Plaintiffs did not fully discover the falsity of BAM's LEGO authorization claims until approximately mid-2025, when they gained a full understanding that BAM possessed no license, authorization, or legal right whatsoever to market itself or its franchisees as authorized LEGO resellers. (*See* Ex. A).

95. The FDD is a regulated disclosure document required by the FTC Franchise Rule (*See* Ex. E), and franchisees are entitled to rely on the substance of a franchisor's representations—a franchisor cannot immunize itself from fraud by including a standard trademark attribution footer in its disclosure document while simultaneously and more prominently marketing the very authorization it disclaims on its website, in oral sales presentations by its corporate officers, and through its Slack communications platform.

F. Inducement and distinct harm

96. The harm from BAM's fraud is fundamentally distinct from the harm from BAM's breach of contract. The fraud harm is that Plaintiffs were induced to enter the contract at all—had they known the truth, they never would have signed the Franchise Agreement or invested any funds. The contract harm is that after signing, BAM failed to perform specific contractual duties. The fraud damages include the entire purchase price and all reliance expenditures; the contract damages are the value of the performance BAM withheld.

G. Independence from contract—economic loss rule

97. This fraud claim is analytically distinct from Plaintiffs' breach of contract claims. The fraudulent representations and the contractual duties of performance are different acts directed at different subjects. The fraud is based on what BAM said before the contract existed: BAM represented that it presently intended to honor the franchise relationship (present state of mind); BAM published financial performance data in the FDD (*See* Ex. E) (historical revenue); BAM marketed itself as an "authorized LEGO reseller" (existing third-party relationship).

98. None of these representations is a contractual duty of performance. There is no term in the Franchise Agreement that says, "BAM shall intend to act in good faith," "BAM warrants

that franchise revenue will average $508,000," or "BAM warrants that it holds a LEGO licensing agreement."

99. Because the fraud claim is not a mere duplication of the breach of contract claim, the economic loss rule does not bar it.

100. Plaintiffs seek compensatory damages measured by the benefit of the bargain or out-of-pocket loss, rescission or reformation of the contract, punitive damages, and all other appropriate relief.

SECOND CAUSE OF ACTION
Negligent Misrepresentation

101. Plaintiffs incorporate all preceding paragraphs.

102. As a franchisor providing regulated FDD disclosures to a prospective franchisee and as a contracting party that volunteered information about the franchise opportunity, BAM owed Plaintiffs a duty of care in making representations about the franchise. A party who volunteers information in connection with a business transaction has a duty to speak the whole truth and not to create a false impression through selective or incomplete disclosure.

103. BAM breached this duty by making careless or negligent representations of material fact, including: (a) representing in the FDD that franchise locations generated average annual revenue of $508,002.62 without adequately disclosing the risks, costs, and operational barriers that would prevent Plaintiffs from realizing that revenue; (b) marketing Bricks & Minifigs stores as "authorized LEGO resellers" on its website and through oral representations by BAM's principals during the sales process, while its own FDD contained a trademark attribution disclaimer negating any LEGO authorization(*See* Ex. E), as confirmed by LEGO's own written denial of any affiliation (*See* Ex. A)—a disclosure structure that obscured rather than communicated the truth; (c) representing the franchise as a "turnkey" operation while failing to

disclose that BAM routinely retained control of critical operational infrastructure including bank accounts and leases; and (d) creating a misleading impression about the security and value of the franchise investment through selective partial disclosures that omitted material facts about BAM's actual practices and intentions.

104. Even if BAM did not act with the scienter required for intentional fraud, BAM was at minimum careless or negligent in ascertaining whether its representations were true before making them. BAM either knew or should have known that its LEGO authorization marketing was false, that its representation of a "turnkey" operation was misleading, and that its failure to disclose its practice of retaining operational control created a false impression.

105. Plaintiffs reasonably relied on BAM's negligent representations in deciding to enter into the Franchise Agreement and to invest $65,000 plus substantial additional funds and personal effort. BAM's principals orally reinforced the written and online marketing representations during the sales process, and Plaintiffs reasonably credited the consistent message from multiple sources. Plaintiffs did not discover the full extent of BAM's misrepresentations—particularly the complete absence of any LEGO authorization or licensing—until approximately mid-2025. As a direct and proximate result of their reliance, Plaintiffs have suffered damages including the loss of their entire franchise investment, the value of seized assets, lost profits, and other consequential damages.

106. This claim arises from BAM's independent duty of care in making representations—a duty imposed by law irrespective of any contract—and is not duplicative of Plaintiffs' breach of contract claims. The economic loss rule does not bar negligent misrepresentation claims based on an independent duty of care.

THIRD CAUSE OF ACTION
Breach of Contract

107. Plaintiffs incorporate all preceding paragraphs.

108. A valid Franchise Agreement was executed with an effective date of February 3, 2023, between BAM and BAMF Salem 1, LLC (*See* Ex. B), with Ms. Law and Mr. Gorman as the owners/operators (*See* Ex. C). Plaintiffs duly performed all contract conditions required of them, except to the extent performance was waived or excused by BAM's prior breaches.

109. Defendant BAM materially breached the Franchise Agreement and associated obligations in multiple ways, including:

a. Failure to Transfer Bank Account: BAM was obligated to turn over control of the Salem store's business bank account upon the sale (*See* Ex. C, § 1.1). BAM failed to do so, causing the account to be frozen and preventing royalty and note payments from being processed. This failure was the first material breach of the Franchise Agreement. A party that is itself in breach cannot terminate the other party for nonperformance caused by that very breach.

b. Failure to Assign Lease: BAM breached its obligation to assign the store premises to Plaintiffs' LLC (*See* Ex. C, §§ 1.1, 2.2). By retaining the lease in its own name, BAM ensured that rent payment rejection notices went to BAM rather than Plaintiffs, and BAM failed to inform Plaintiffs of these rejections. Plaintiffs could not pay rent through a bank account they could not access, for a lease they did not hold.

c. Improper Termination: BAM's termination on November 14, 2024 (*See* Ex. D) violated the contract's requirements. The alleged grounds were not valid—Plaintiffs were not in material default. Even if there had been a default, BAM failed to provide notice or opportunity to cure as required (*See* Ex. B, § 14.B).

d. Failure to Pay Fair Market Value: Section 15.E required BAM to offer fair market value for the franchise assets if it wished to take them (*See* Ex. B, § 15.E). BAM seized all assets without payment and failed to conduct the promised appraisal or purchase.

e. Failure to Initiate Appraisal and Provide Accounting: Having made a written election in its termination letter to exercise its option under Section 15.E—including initiating the Appraisal Notice process and purchasing franchise assets at fair market value (*See* Ex. B)—BAM then failed to deliver any Appraisal Notice, conduct any appraisal, or provide any accounting of seized assets. More than a year after termination, no inventory or accounting has ever been provided.

f. Revocation of Electronic Access and Destruction of Business Records: Upon termination, BAM revoked Plaintiffs' access to all electronic business systems—including email, Slack, inventory spreadsheets, and accounting software—destroying Plaintiffs' ability to access their own business records. BAM has since selectively cited Slack messages out of context while refusing to provide Plaintiffs with complete copies.

g. Failure to Cancel or Return Promissory Note: Despite seizing all franchise assets in purported satisfaction of amounts owed, BAM has never cancelled, returned, or discharged the promissory note (*See* Ex. C).

h. Failure to Terminate Former Employees: BAM was obligated to terminate certain employees of the prior franchise operation as part of the transition to Plaintiffs' ownership. BAM failed to do so, leaving Plaintiffs to manage personnel issues that were BAM's contractual responsibility.

i. Failure to Account for Gift Card Sales: BAM failed to account for gift card sales and the associated liabilities, leaving Plaintiffs exposed to redemption obligations without corresponding revenue.

j. Failure to Transfer Point-of-sale System: BAM failed to properly transfer the point-of-sale system to BAMF Salem 1, LLC, further impeding Plaintiffs' ability to independently operate the franchise as contemplated by the parties' agreements.

110. Resulting Damages: As a direct result of BAM's breaches, Plaintiffs have suffered substantial damages including loss of their entire franchise investment and business, loss of all franchise assets, exposure to liabilities from the consignment inventory owner, lost profits, and costs and attorneys' fees.

FOURTH CAUSE OF ACTION
Breach of the Implied Covenant of Good Faith and Fair Dealing

111. Plaintiffs incorporate all preceding paragraphs.

112. Every contract in Utah includes an implied covenant of good faith and fair dealing. This covenant is implied in law and cannot be altered or waived by either party. The implied covenant has separate theoretical underpinnings from the express contractual obligations and gives rise to independent recoveries. Plaintiffs plead this claim as a standalone cause of action, independent of and in addition to their breach of contract claim.

113. The implied covenant prohibits a party from intentionally or purposefully doing anything that will destroy or injure the other party's right to receive the fruits of the contract. BAM violated this covenant through a systematic course of bad-faith conduct designed to deprive Plaintiffs of the benefits of the Franchise Agreement.

114. BAM's bad-faith conduct includes: (a) setting Plaintiffs up to fail by not transferring essential accounts (*See* Ex. C, §§ 1.1, 2.2), then citing those failures as grounds for

termination; (b) sudden termination without notice or discussion after indicating willingness to discuss a sale; (c) dispatching an agent to seize the store before even sending the termination letter (*See* Ex. D); (d) coercive settlement tactics offering to waive debts only if Plaintiffs forfeited all assets and claims (*See* Ex. D); (e) threats and dishonest dealings, including threatening police involvement and promising to "make [their] lives shit"; (f) revoking all electronic access to business records and then selectively citing cherry-picked Slack messages out of context; (g) immediately transferring the franchise to connected operators without providing the contractually required inventory or fair-market-value offer; (h) directing those new operators to make false statements blaming Plaintiffs for the loss of consigned inventory; and (i) advancing the legally untenable position that Plaintiffs "didn't own the store"—an argument premised on BAM's own failure to complete the transfer of operational control.

115. BAM's breach of the implied covenant is an independent contractual wrong.

116. Plaintiffs do not seek tort remedies or punitive damages under this claim; the implied covenant claim seeks contract damages for the destruction of benefits that the express terms of the Franchise Agreement entitled Plaintiffs to receive but that BAM's bad-faith conduct prevented Plaintiffs from realizing.

117. The implied covenant protects Plaintiffs' reasonable expectations in receiving the benefits of the Franchise Agreement—expectations that BAM deliberately and systematically frustrated. Plaintiffs seek all losses attributable to BAM's bad faith actions, including consequential damages.

FIFTH CAUSE OF ACTION
Conversion

118. Plaintiffs incorporate all preceding paragraphs.

119. Before November 14, 2024, BAMF Salem 1, LLC and/or Ms. Law and Mr. Gorman personally owned personal property comprising the Salem store's business assets, including all inventory of LEGO products and merchandise, store fixtures and furniture, computer systems, cash on hand, and store equipment.

120. Plaintiffs also had lawful possession and physical custody of certain high-value LEGO sets on consignment from a third-party collector, Bryan Mansell, under a written consignment arrangement.

121. As consignees and bailees of the consigned goods, Plaintiffs held a possessory interest in that property and a right to immediate possession sufficient to maintain a conversion claim. BAM's seizure of the consigned goods has directly exposed Plaintiffs to threatened legal action by Mansell for the loss of his collection, compounding Plaintiffs' damages.

122. On November 14, 2024, and thereafter, Defendant BAM, acting through its agents, intentionally took dominion and control over all this property (*See* Ex. D). BAM physically secured the property by changing locks, denied Plaintiffs access, and has retained it continuously, refusing to return it or compensate Plaintiffs for it.

123. Even if BAM had a contractual right to terminate the franchise, it had no right to seize ownership of the franchisee's personal property without paying for it. As a secured creditor under the Security Agreement, BAM's remedies upon default were limited to commercially reasonable disposition under UCC Article 9—not unilateral confiscation without notice, valuation, or accounting.

124. As to the consignment goods owned by Mr. Mansell, in which BAM had no security interest whatsoever, BAM's seizure constitutes conversion.

125. As to Plaintiffs' own inventory and equipment, even if BAM's security interest entitled it to repossess collateral upon default, BAM was required to dispose of the collateral in a commercially reasonable manner under Utah Code Ann. § 70A-9a-610, provide reasonable notice under § 70A-9a-611, and account for any surplus under § 70A-9a-615.

126. BAM did none of these things—it seized all property without notice, provided no accounting, conducted no commercially reasonable sale, and remitted no surplus.

127. BAM conducted no commercially reasonable sale, gave no notice, and provided no accounting—giving rise to a claim for statutory damages under Utah Code Ann. § 70A-9a-625.

128. The value of all property seized exceeds $100,000 for inventory and equipment alone. Additionally, the consigned collection worth approximately $100,000 to $125,000 was converted from Plaintiffs' possession. Plaintiffs seek restitution, consequential damages, prejudgment interest, and punitive damages.

SIXTH CAUSE OF ACTION

Tortious Interference with Economic Relations

129. Plaintiffs incorporate all preceding paragraphs.

130. Plaintiffs had a business relationship with a local collector who entrusted valuable LEGO sets to the Salem store on consignment (*See* Ex. A). BAM was aware of this relationship. After BAM took control, BAM wrongfully interfered by taking possession of the collector's sets (*See* Ex. A) and then falsely telling the collector that Ms. Law had removed or taken those sets. BAM's interference was intentional and improper, damaging Plaintiffs' relationship with the collector and exposing them to legal risk.

131. BAM also interfered with Plaintiffs' prospective economic relations with the Salem store's established customer base. Over nearly two years of operation, Plaintiffs had developed ongoing commercial relationships with repeat customers, including collectors, families, and

community members who regularly patronized the store. BAM's wrongful termination and immediate transfer of the franchise to new operators connected to the Eugene, Oregon location destroyed these prospective economic relationships. BAM then configured the Salem store's website to redirect customers to the Eugene franchise's online sales platform—affirmatively diverting the customer base and goodwill that Plaintiffs had built to BAM's preferred operators. BAM's improper means included the wrongful termination itself, the seizure of all business assets and records, the revocation of Plaintiffs' access to customer communications platforms, and the defamatory statements that destroyed Plaintiffs' reputation in the community they had served.

132. Plaintiffs seek recovery of these losses and punitive damages for BAM's intentional and malicious interference.

SEVENTH CAUSE OF ACTION
Defamation (Libel/Slander)

133. Plaintiffs incorporate all preceding paragraphs.

134. In the aftermath of the franchise termination, BAM's agents and the new franchise operators published false statements of fact about Plaintiffs Chrystal Law and Benjamin Gorman to multiple third parties on multiple occasions.

135. These statements were directed at and known to refer to Ms. Law and Mr. Gorman.

136. The new franchise operator, Brandon, told members of the local business community that Mr. Gorman "stole all the inventory from the store"; BAM's counsel communicated to a YouTube media program that "the previous manager"—a description that could only refer to Ms. Law and Mr. Gorman, as the only prior operators of the Salem store—was responsible for missing consignment property.

137. BAM told the consignment collection owner, Bryan Mansell, that Mr. Gorman and Ms. Law had taken his property, exposing both Plaintiffs to potential third-party claims.

138. The specific false statements include: (a) telling Mansell, on or about November 2024, that Ms. Law "took the sets" and "stole all theinventory"; (b) stating on video that BAM's corporate office in Utah directed these accusations; (c) publicly responding to Google reviews and social media posts by accusing Ms. Law of stealing inventory; and (d) communicating BAM's false narrative to law enforcement in Keizer, Oregon.

139. These statements were false. BAM itself seized the sets and has never asked Ms. Law for them. The clear implication is that Ms. Law engaged in theft or dishonesty, which constitutes defamation per se as it imputes criminal conduct and impugns her integrity in business.

140. BAM knew these statements were false or acted with reckless disregard for the truth. Plaintiffs seek general damages, punitive damages, a retraction, and injunctive relief.

EIGHTH CAUSE OF ACTION
Injurious Falsehood and Trade Libel

141. Plaintiffs incorporate all preceding paragraphs.

142. Distinct from the personal defamation claims above, Plaintiffs assert claims for injurious falsehood and trade libel to protect their business and property interests. BAM and its agents published false statements disparaging Plaintiffs' business, their management of the Salem store, and the integrity of their handling of consigned inventory.

143. BAM and its agents falsely stated that Plaintiffs stole inventory from the store, mismanaged the business, and that the store was taken from them because of their mismanagement and theft. These statements were published to third parties including the consignment collection owner, customers through online reviews and social media, other franchise owners, and law enforcement.

144. These statements were false and were made with actual knowledge of falsity. BAM directed its new operators to make these accusations, as evidenced by video recording.

145. The statements have caused concrete economic damages including: loss of the consignment business relationship, exposure to criminal complaints and civil claims from third parties, loss of the franchise's customer goodwill (which was diverted to the Eugene franchise), loss of employment opportunities for Ms. Law, and the costs of defending against false accusations.

146. This claim is asserted under both Utah and Oregon law, as the false statements were made and published in both jurisdictions.

NINTH CAUSE OF ACTION
Civil Conspiracy

147. Plaintiffs incorporate all preceding paragraphs.

148. Defendant BAM conspired with one or more other persons—including the operators of the Eugene, Oregon Bricks & Minifigs franchise (including an individual known as "Brandon")—to commit the unlawful acts described above, including conversion, defamation, and injurious falsehood.

149. The co-conspirators include the operators of the Eugene, Oregon Bricks & Minifigs franchise, who are independent franchisees operating under their own separate franchise agreement with BAM—not BAM employees—and who took over operation of the Salem store, BAM's agent Kai McAllister who directed the physical takeover and made threats, and BAM's corporate principals who directed the new operators to make false statements.

150. Video evidence confirms that the new operators stated they were acting on direct instructions from BAM's corporate office in Utah.

151. On information and belief, BAM coordinated with the Eugene franchise operators prior to November 14, 2024, to arrange the immediate transfer of the Salem store. The existence of this pre-existing agreement is evidenced by the fact that the Eugene-connected operators were

conducting business in the Salem store within 24 hours of the termination, the Salem store's website was configured to redirect customers to the Eugene franchise's online sales platform (requiring access to Salem's web infrastructure and cooperation between BAM and the Eugene operators), and the new operators stated on video that they were acting on direct instructions from BAM's corporate office in Utah.

152. These coordinated acts were part of a common plan to wrongfully wrest control of the Salem franchise from Plaintiffs and to shield BAM from liability by discrediting Plaintiffs through directed false accusations. All concerted actors are jointly and severally liable. Plaintiffs seek all damages flowing from the conspiracy, including punitive damages.

TENTH CAUSE OF ACTION
Violation of Oregon Unlawful Trade Practices Act (Or. Rev. Stat. § 646.608)

153. Plaintiffs incorporate all preceding paragraphs.

154. BAM's conduct constitutes unlawful trade practices under Oregon's Unlawful Trade Practices Act, Or. Rev. Stat. § 646.605 to 646.652, which provides a private right of action under Or. Rev. Stat. § 646.638 for any person who suffers an ascertainable loss of money or property because of another's willful use of a method, act, or practice declared unlawful by Or. Rev. Stat. § 646.608.

155. BAM engaged in the following unlawful practices in connection with the sale and operation of the Salem franchise in Oregon: (a) representing that the franchise had sponsorship, approval, characteristics, or qualities that it did not have, including representing "authorized LEGO reseller" status on its website and marketing materials when no such authorization existed, as confirmed by LEGO itself (*See* Ex. A) and as disclosed in BAM's own FDD (*See* Ex. E)—demonstrating that BAM knowingly published false marketing while simultaneously disclosing the truth in a separate regulatory document (Or. Rev. Stat. § 646.608(1)(e)); (b) causing a

likelihood of confusion or misunderstanding as to the sponsorship, approval, or certification of the franchise (Or. Rev. Stat. § 646.608(1)(b)); (c) causing a likelihood of confusion as to BAM's affiliation, connection, or association with LEGO (Or. Rev. Stat. § 646.608(1)(c)).

156. Plaintiffs have suffered ascertainable losses of money and property as a direct result of BAM's willful unlawful practices, including the loss of their entire franchise investment, seized assets, and consequential damages.

157. Plaintiffs did not discover the full extent of BAM's deceptive practices—including the complete absence of any LEGO authorization or licensing—until approximately mid-2025, and this action is timely filed within the applicable limitations period.

158. Plaintiffs seek actual damages or $200 statutory minimum (whichever is greater), punitive damages, reasonable attorneys' fees as provided by Or. Rev. Stat. § 646.638(3), and equitable relief.

ELEVENTH CAUSE OF ACTION
Unjust Enrichment

159. Plaintiffs incorporate all preceding paragraphs.

160. In the alternative to Plaintiffs' contract claims, and to the extent any contract is found unenforceable or void, Plaintiffs assert a claim for unjust enrichment.

161. BAM has been unjustly enriched at Plaintiffs' expense. Plaintiffs conferred substantial benefits on BAM, including: (a) payment of $65,000 for the franchise (with $20,000 in cash and a $45,000 promissory note) (*See* Ex. C, §§ 2.1, 3); (b) payment of ongoing royalties, fees, and purchase installments; (c) investment of personal labor, effort, and additional capital in building and operating the Salem franchise over approximately 18 months; and (d) building customer goodwill and a going-concern business that BAM seized and immediately resold.

162. BAM has retained these benefits without paying Plaintiffs any compensation. BAM seized the entire franchise—inventory, equipment, fixtures, customer goodwill, and business records (*See* Ex. D)—and immediately transferred it to new connected operators, profiting from the resale of assets that Plaintiffs had purchased and developed.

163. Under the circumstances, it would be unjust and inequitable for BAM to retain these benefits without payment.

164. Plaintiffs seek restitution in the amount of the benefits conferred, or the value of the property and business seized, plus prejudgment interest.

TWELFTH CAUSE OF ACTION
Declaratory Judgment

165. Plaintiffs incorporate all preceding paragraphs.

166. An actual controversy exists between Plaintiffs and Defendant regarding the parties' respective rights and obligations under the Franchise Agreement and related documents.

167. Plaintiffs seek a judicial declaration resolving the following disputed issues:

a. That BAM's termination of the Franchise Agreement on November 14, 2024 was wrongful and without legal effect; (*See* Ex. D.)

b. That the promissory note executed by Plaintiffs in connection with the franchise purchase has been satisfied (*See* Ex. C), discharged, or is otherwise unenforceable, given that BAM seized all franchise assets (*See* Ex. D) in purported satisfaction of amounts owed;

c. That Plaintiffs have no continuing post-termination obligations under the Franchise Agreement (*See* Ex. B, § 15; Ex. D) or the proposed Termination Agreement, which Plaintiffs never signed;

d. That the arbitration clause in the Franchise Agreement (*See* Ex. B, § 17.A) is inapplicable to these claims for the reasons set forth in this Complaint;

e. That Plaintiffs did not steal, misappropriate, or wrongfully remove any inventory, consigned goods, or other property from the Salem store (*See* Ex. D; see also Ex. B, § 15.E); and

f. That BAM is obligated to provide Plaintiffs with a complete accounting of all assets seized from the Salem store and all proceeds derived from the subsequent sale or disposition of those assets.

168. A declaratory judgment is necessary and appropriate to resolve these controversies, to protect Plaintiffs from ongoing exposure to false accusations and potential claims, and to establish the parties' rights going forward.

VII. PRAYER FOR RELIEF

Plaintiffs Chrystal Law, Benjamin Gorman, and BAMF Salem 1, LLC pray for judgment in their favor and against Defendant BAM Franchising, Inc. as follows:

A. **Compensatory Damages:** An award of compensatory damages in an amount to fully compensate Plaintiffs for their losses, including, but not limited to, the value of the franchise business and assets taken, lost profits and income, amounts Plaintiffs paid or are liable to third parties due to Defendant's conduct, loss of employment opportunities, costs of forced relocation, and damage to Plaintiffs' business and personal reputations. Plaintiffs currently estimate these damages to be not less than $500,000, exclusive of emotional distress and reputational harm.

B. **Punitive Damages:** An award of punitive and exemplary damages in an amount sufficient to punish Defendant for its willful, malicious, and reckless conduct and to deter similar conduct in the future, to the maximum extent allowed by law.

C. **Attorneys' Fees and Costs:** An award of reasonable attorneys' fees and costs incurred in bringing this action, as allowed by contract or statute.

D. **Pre- and Post-Judgment Interest:** An award of interest on all damages, from the date of loss to the date of judgment, and then at the legal rate until paid.

E. **Injunctive/Declaratory Relief:** Appropriate injunctive and declaratory relief as warranted, including, but not limited to, a declaration that BAM's termination was wrongful (*See* Ex. D); a declaration that the promissory note has been satisfied or discharged (*See* Ex. C; Ex. D); a declaration that Plaintiffs have no continuing post-termination obligations (*See* Ex. B, § 15; Ex. D); a declaration that Plaintiffs did not steal or misappropriate any property; an order requiring BAM to provide a complete accounting of all assets seized and all proceeds from their disposition (*See* Ex. D; see also Ex. B, § 15.E); and an injunction requiring BAM to refrain from further disparaging Plaintiffs.

F. **Statutory Damages and Remedies:** All damages and remedies available under the Oregon Unlawful Trade Practices Act (Or. Rev. Stat. § 646.607 et seq., *id*. at § 646.638) and any other applicable statute, including statutory damages and attorneys' fees. See *id.* at § 646.638(3)).

G. **Other Relief:** Any such other and further relief as the Court deems just and proper under the circumstances.

DATED March 27, 2026.

Respectfully submitted,

SPENCERWILLSON, PLLC

/s/ Sarah Elizabeth Spencer
Sarah Elizabeth Spencer
Attorney for Plaintiffs

Plaintiffs' address:
Contact through counsel.