

FRANCHISE DISCLOSURE DOCUMENT



Signal 88, LLC
a Delaware limited liability company
3880 S. 149th Street, Suite 102
Omaha, NE 68144
877-498-8494
myffeler@teamsignal.com
www.teamsignal.com

The franchise described in this disclosure document is for the establishment and operation of a security-services business that would include patrol and dedicated service under the service mark and trade name Signal. Specifically, franchisees will engage in the provision of onsite and off-site surveillance, executive security services, and security consulting services for contracting clients.

The total investment necessary to begin operation of a Signal franchise ranges from \$126,950 and \$5,093,300. This includes between \$120,000 to \$5,000,000 which must be paid to franchisor or its affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Reed L. Nyffeler at 3880 South 149th Street, Suite 102, Omaha, Nebraska 68144 and (877) 498-8494.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Date of Issuance: April 29, 2024, as amended November 1, 2024.

Brian Mossman:
Chief Operations Officer

Mr. Mossman is the Chief Operations Officer for Signal 88, LLC, a position he has held since October 1, 2020. Mr. Mossman served in various business development roles and was the Vice President of Business Development from January 1, 2018, to September 30, 2020. Before joining Signal 88, LLC he was the District Manager with GameStop from July 2007 to July 2016. During the time in which he held each of the positions described above, Mr. Mossman was located in Omaha, Nebraska. Mr. Mossman has been engaged in the security-services business and has been involved in franchising since July 25, 2016.

ITEM 3

LITIGATION

CURRENT ACTIONS

EYEY LLC, Northern Sky LLC, Washington Security Services, Inc., Masterson Holdings, Inc., Sean “Brad” Masterson (“Plaintiffs”) v. Signal 88 LLC, Reed Nyffeler, (“Defendants”) et. al., Case No. 24-2-17615-2 (Superior Court of the State of Washington for the County of King). EYEY LLC, Northern Sky LLC, and Washington Security Services, Inc. are former franchisees of ours. Sean “Brad” Masterson is the owner of EYEY LLC, Northern Sky LLC, and Washington Security Services, Inc. Upon information and belief, Masterson Holdings, Inc. is the parent company of EYEY LLC, Northern Sky LLC, and Washington Security Services, Inc. On August 6, 2024, Plaintiffs filed a Complaint, which was later amended on October 18, 2024, for Damages, Declaratory Relief, an Injunction, and Equitable Relief against Defendants and dozens of other defendants alleging that the Defendants violated the Washington Consumer Protection Act (RCW 19.86), breached the Franchise Agreements and Subcontractor Agreements, intentionally or negligently misrepresented information to the Defendants, aided and abetted one another, were unjustly enriched, breached their duty of good faith and fair dealing, criminal profiteering, leading organized crime, failed to register as a professional employer organization, and is operating through an alter ego. On October 28, 2024, Defendants filed a Motion to Dismiss the Amended Complaint as a result of the Defendants’ failure to (i) satisfy a condition precedent to litigation, and (ii) state a claim upon which relief could be granted. Defendants intend to defend this matter vigorously.

Liberty Mutual Fire Insurance Company v. Signal 88, LLC, Signal 88 Franchise Group, Inc., H&C Security, Inc., Gold Coast Signal 88 Security, SIG 88 OC, LLC, Signal 88 Security of Atlanta, GA, Inc., Case No. 8:22-cv-00295 (United States District Court for the District of Nebraska). On August 16, 2022, Liberty Mutual Fire Insurance Company (“Plaintiff”) brought this action against us, our predecessor, and four of our franchisees. The claims against us and our predecessor allege breach of contract and unjust enrichment and claim damages in excess of \$500,000 since we were named as additional insured under the policies and despite us having no obligation to make payments under the policies. We deny the allegations against us and intend to vigorously defend the action.

Signal 88, LLC v. Royalty 92, Jonathan Pierro, and Ron Manning, Case No. 8:23-cv-00497-BCB-MDN (United States District Court for the District of Nebraska). On September 25, 2023, we filed an action against Royalty 92, Jonathan Pierro, and Ron Manning seeking (i) a declaratory judgment that the Franchise Agreement was properly terminated, (ii) a declaratory judgment holding that Royalty 92 is jointly and severally liable for any amounts owed by Jonathan Pierro and Ron Manning to us, (iii) damages for lost accrued and future royalties, (iv) damages for the past due principal and interest owed under the Loan Agreement, and (v) unjust enrichment. On April 12, 2024, Defendant filed its Amended Answer and three counterclaims against us for fraudulent misrepresentation, breach of the Nebraska Franchise Practices Act, and breach of the Nebraska Consumer Protection Act. We deny the allegations against us and intend to

Exhibit F also lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Agreement during our most recently completed fiscal year or who has not communicated with us within ten weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Signal. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific franchisee organizations associated with the franchise system being offered.

ITEM 21

FINANCIAL STATEMENTS

The audited financial statements for Signal 88, LLC, for the years ending December 31, 2021, through December 31, 2023, are attached hereto as Exhibit G. Our unaudited financial statements as of September 30, 2024, are attached hereto as Exhibit G. Our fiscal year end is December 31st.

ITEM 22

CONTRACTS

The following agreements are attached to this disclosure document in the pages immediately following:

Exhibit D	Franchise Agreement, including: <ul style="list-style-type: none">-Guaranty (Exhibit B to Franchise Agreement)-Security Agreement (Exhibit E to Franchise Agreement)-Subcontract Agreement (Exhibit F to Franchise Agreement)-Confidentiality and Non-Competition Agreement (Exhibit G to Franchise Agreement)-Assignment of Telephone Number and Service (Exhibit H to Franchise Agreement)-Assignment of Domain Name and E-Mail Address (Exhibit I to Franchise Agreement)-SBA Addendum (Exhibit J to Franchise Agreement)-State Addenda (Exhibit K to Franchise Agreement)
Exhibit E-1	Financing Agreement (Franchise Fees)
Exhibit E-2	Financing Agreement (Operations Line of Credit)
Exhibit H	Franchisee Questionnaire
Exhibit I	Release

5. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
6. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
7. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
8. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

9. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

10. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

10.11. No statement questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESS HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Signal 88, LLC
Balance Sheet
As of September 30, 2024

	<u>2024-09-30</u>
	Actual
Current Assets	
Cash and Cash Equivalents	(268,709)
Accounts Receivable	30,796,471
Inventories	1,702,693
Prepaid Expenses	846,693
Other Current Assets	<u>1,268,962</u>
Total Current Assets	<u>34,346,110</u>
Property and Equipment	
Property and Equipment	6,798,241
Accumulated Depreciation	<u>(946,759)</u>
Net Property and Equipment	<u>5,851,482</u>
Other Assets	
Intangible Assets, Net	21,790
Note Receivable, Less Current Portion, Net	71,294,336
Operating Lease Right-of-Use Asset	2,383,903
Related Party Receivables	<u>47,741,245</u>
Total Other Assets	<u>121,441,274</u>
TOTAL ASSETS...	<u><u>161,638,866</u></u>
Current Liabilities	
Accounts Payable & Accrued Liabilities	15,407,511
Current Portion of Deferred Revenue - Franchise Fees	13,553,369
Bank Revolving Line of Credit	18,291,556
Current Portion of Operating Lease Liability	335,262
Current Portion of Long-Term Debt	1,155,978
Income Taxes Payable	<u>432,156</u>
Total Current Liabilities	<u>49,175,832</u>
Long-Term Liabilities	
Deferred Revenue - Franchise Fees, Less Current Portion	33,473,485
Operating Lease Liability, Less Current Portion	2,067,751
Incentive Plan Payable	1,367,547
Long-Term Debt, Less Current Portion and Debt Issuance	46,255,419
Total Long-Term Liabilities	<u>83,164,202</u>
TOTAL LIABILITIES...	<u><u>132,340,034</u></u>
Member's Equity	
Retained Earnings	23,611,897
Currency Translation Adjustment	(210,159)
Net Income (Loss)	<u>5,897,094</u>
Total Member's Equity	<u>29,298,832</u>
TOTAL LIABILITIES & EQUITY	<u><u>161,638,866</u></u>

Signal 88, LLC
Profit & Loss Statement
As of September 30, 2024

	Year To Date 2024-09-30
	Actual
Security Revenues	
Royalty Revenue	16,523,855
Service Fees	<u>5,057,333</u>
Total Royalty & Service Fees	21,581,188
Fleet Services and Other Revenue	<u>3,616,743</u>
Total Security Revenues	25,197,931
Cost of Service - Fleet Services and Other Revenue	<u>(3,006,230)</u>
Total Cost of Revenues	<u>(3,006,230)</u>
Gross Profit on Security Revenue	22,191,701
Territory Fee Revenue	<u>10,272,936</u>
Total Gross Margin	32,464,637
Operating Expenses	
Total Compensation	12,809,917
Total Selling, General, and Administrative	10,871,908
Depreciation and Amortization	<u>292,217</u>
Total Operating Expenses	<u>23,974,042</u>
Operating Income	8,490,595
Interest Income	(2,288,656)
Other Income	<u>(59,490)</u>
Total Other Income	(2,348,146)
Interest Expense	4,710,289
Loss on Sale of Property and Equipment	(4,350)
Loss on Franchise Disposition	(50,229)
Currency Exchange Rate Expense	(716)
Currency Gain/Loss	<u>26,255</u>
Total Total Other Expense	<u>4,681,249</u>
Pretax Income (Loss)	6,157,492
Provision for Income Taxes	<u>260,398</u>
Net Income (Loss)	<u><u>5,897,094</u></u>

STATE EFFECTIVE DATES

The following states require that the disclosure document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates.

STATE	EFFECTIVE DATE
California	Exempt
Florida	April 13, 2024
Hawaii	Effective <u>Pending Registration</u>
Illinois	Exempt
Indiana	Exempt
Maryland	May 7, 2024 <u>Pending Registration</u>
Michigan	June 19, 2024
Minnesota	Pending Registration
New York	Exempt
North Dakota	April 30, 2024 <u>Pending Registration</u>
Rhode Island	April 26, 2024 <u>Pending Registration</u>
South Dakota	April 29, 2024
Utah	February 6, 2024
Virginia	June 3, 2024 <u>Pending Registration</u>
Washington	May 10, 2024 <u>Pending Registration</u>
Wisconsin	April 29, 2024 <u>Pending Registration</u>

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the Agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Signal offers you a franchise, Signal must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise agreement or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or fourteen calendar days before the execution of the franchise agreement or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least ten business days before the execution of any binding franchise agreement or other agreement or the payment of any consideration, whichever occurs first.

If Signal does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and your State's regulatory agency listed on Exhibit A.

The franchisor is Signal 88, LLC located at 3880 South 149th Street, Suite 102, Omaha, NE 68244. Its telephone number is (877) 498-8494.

The franchise seller for this offering is (i) Reed Nyffeler, or (iv) _____, whose contact information is as follows: at 3880 South 149th Street, Suite 102, Omaha, NE 68144, (877) 498-8494.

Date of Issuance: April 29, 2024-, as amended November 1, 2024.

The name and address of the franchisor's registered agent to receive service of process is listed in Exhibit B.

I have received a disclosure document dated April 29, 2024, as amended November 1, 2024, that included the following Exhibits:

- Exhibit A - Table of State Franchise Authorities
- Exhibit B - Agents for Service of Process
- Exhibit C - State Addenda to Franchise Disclosure Document
- Exhibit D - Franchise Agreement, Exhibits, State Addenda, SBA Addendum
- Exhibit E-1 - Financing Agreement (Franchise Fees), Exhibits
- Exhibit E-2 - Financing Agreement (Operations Line of Credit), Exhibits
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[Signatures appear on next page]

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