



GOVERNOR'S OFFICE OF CONSUMER PROTECTION

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Current Pre-sale Methods

In a previous podcast, we discussed the pre-selling of new gym memberships in which gym owners opted to collect little or no funds during the pre-sale. While the notion of collecting little or no funds during pre-sales has become a popular marketing method, there are some issues that may arise that gym owners must be aware of. For example, we have observed that gyms that opt to collect little or no funds during the pre-sale typically draft consumers on the day of opening or on a specific date after opening. However, gym owners should be aware that if a gym does not provide all of the required documents during the pre-sale appointment, the gym must remain in a pre-sale status until all of the documents are provided to this office. If the date the gym scheduled to draft member accounts passes and OCP has not received the required documents, all funds collected on that date, must be deposited into the designated Escrow Account.

Always remember that until OCP receives all requested documents and the Administrator issues a written statement certifying that the gym is fully functional and operational, the gym must remain in a pre-sale status. This means that a gym's pre-sale does not end until after a gym receives the Administrator's written certification. Gym owners who do not provide all of the required documents at the pre-sale appointment must make every effort to ensure that all funds that are collected after that date are deposited into the designated Escrow Account. Gym owners must be aware that those facilities that fail to do so will be in violation of the pre-sale and will be subject to legal action under the Health Spa provisions of the Fair Business Practices Act. Please do not hesitate to contact us with questions on these matters.

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