



STATE OF GEORGIA
GOVERNOR'S OFFICE OF CONSUMER PROTECTION

2 MARTIN LUTHER KING, JR. DRIVE, SE, SUITE 356
ATLANTA, GEORGIA 30334-4600

Nathan Deal
GOVERNOR

404-656-3790
www.consumer.ga.gov

John Sours
ADMINISTRATOR

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Unlawful Business Models

We have been informed by a number of gym franchisees that their business model is not designed to utilize membership contracts. Consequently, these gym owners have indicated that they do not use contracts and have raised strong objections to using membership contracts or agreements. We understand that a number of these organizations offer a form of "Pay as you go" daily or monthly service to consumers, and do not require members to complete a membership agreement. However, every gym owner must be aware that O.C.G.A. section 10-1-393.2 clearly states that,

(b) A written contract shall be employed which shall constitute the entire agreement between the parties, a fully completed copy of which shall be furnished to the consumer at the time of its execution and which shall show the date of the transaction and the name and address of the seller; provided, however, that no contract shall be valid which has a term in excess of 36 months. Contracts may be renewable at the end of each 36 month period of time at the option of both parties to the contract.

This means that every establishment that is open for business in this State and provides, as one of its primary purposes, services or facilities which are purported to assist patrons to improve their physical condition or appearance through change in weight, weight control, treatment, dieting, or exercise, is required by State law to utilize a written membership contract, document or agreement regardless of the length of the term of the document. What this also means is that Georgia law does not allow a gym owner to operate in this State without utilizing a written membership agreement or contract. Regardless of an organization's business model, there are no exceptions in the law that would exempt a health spa/gym from filing a contract or agreement with this office and OCP will not provide exemptions to any organization.

Please be advised that the Administrator of the Governor's Office of Consumer Protection is authorized by law to take action against health spas/gyms operating contrary to the health spa provisions of the Fair Business Practices Act, which may include imposition of penalties up to \$2,000.00 per violation.

Gyms that continue to operate without an approved membership contract or agreement will be deemed to be in violation of State law and will be subject to swift and immediate legal action by this Office. Please contact us if there are any questions on this matter.

- For concise Health Spa compliance updates and information, please follow us on twitter at www.twitter.com/GOCA2.