

Town Sports International Accused of Unjustly Charging Members

 clubindustry.com/news/town-sports-accused-unjustly-charging-members-refusing-cancellations-during-

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The March 26 lawsuit against Town Sports International was brought as a class action on behalf of 250,000 club members that the plaintiff claims to represent.

Town Sports Accused of Unjustly Charging Members, Refusing Cancellations During Coronavirus Shutdown

A New York Sports Clubs member is suing the health club chain's parent company, Town Sports International (TSI), Jupiter, Florida, alleging that she is being unjustly charged membership dues and denied cancellation requests despite her club being closed due to the coronavirus pandemic.

Mary Namorato, a member of New York Sports Clubs' Grand Central Station location in Manhattan, New York, is seeking a jury trial and damages for herself and a class of approximately 250,000 club members she claims to represent, according to a complaint filed in New York federal court on March 26.

Namorato first visited the Grand Central Station club in January 2019 and agreed to a membership contract during a meeting with a sales representative. The sales rep allegedly told Namorato that she could easily cancel her \$69.99 per month fee at any time before asking her to sign an electronic pad. In the complaint, Namorato's lawyer claims

she was never told that her signature would later be superimposed onto other terms and agreements forms, none of which she was shown by the sales rep. The electronic pad also did not display contract terms, according to the complaint.

"Little do customers know, but TSI reportedly uses these electronic pads to 'capture' the customer's signature and then 'paste' it onto an electronic contract which has numerous terms the customer was never informed about, let alone ever agreed to," the complaint states.

On March 1, 2020, Namorato paid her usual monthly fee and continued to access her club until March 16 when it was indefinitely closed by TSI, citing coronavirus concerns, according to the complaint. She attempted to cancel her membership as early as March 17 but claims

TSI ignored her inquiries made via email and Facebook. She later submitted a complaint with the New York State Attorney General's office before filing a lawsuit in U.S. District Court for the Southern District of New York.

Namorato's lawyer argues that TSI's actions meet the definition of fraudulent consumer conduct per New York General Business Law as well as common law breach of contract.

The complaint states: "All [New York Sports Clubs] gyms are currently closed and non-operational. Nonetheless, TSI is outrageously continuing to charge members their monthly membership dues, which are paid for one purpose and one purpose only—to access [New York Sports Clubs] gyms. By contract and by law, TSI charges customers membership dues strictly in exchange for gym access, and despite not providing such gym access, it continues to charge customers' credit cards. ... TSI has engaged in further fraudulent consumer conduct by misrepresenting to customers that they could cancel their memberships at any time but then refusing to honor customer cancellation requests."

TSI did not immediately respond to Club Industry's request for comment on the matter.

In January 2019, Washington, D.C., Attorney General Karl A. Racine alleged that **TSI was misleading its Washington Sports Clubs consumers** about the terms of membership agreements, failing to educate them about cancellation policies and continuing to bill them even after they attempted to cancel their memberships.

Racine specifically referenced the electronic signing pads used at TSI clubs while making consumer protection law allegations against the company in **a January 8, 2019, media release**.

"It's clear that Washington Sports Club is still making money by deceiving consumers, and that is not acceptable," Racine said. "We are filing this lawsuit to protect District consumers and to warn businesses that if they profit by misleading or hiding information, we will hold them accountable for breaking the law."

TSI operates more than 180 clubs in the United States and is best known for its New York Sports Clubs, Boston Sports Clubs, Washington Sports Clubs and Philadelphia Sports Clubs brands. It also owns TMAPLE and Total Woman Gym and Spa. It **acquired Flywheel** in January.

The company is publicly traded (**NYSE: CLUB**) and recently reported a 5.3 percent increase in its 2019 revenue along with \$6.45 million in annual operating losses.

TSI ranked No. 7 on **Club Industry's Top 100 Health Clubs of 2019 list**, reporting \$443 million in 2018 revenue.

