

NYSC Hit With Class-Action Lawsuit Over Membership Fees During Shutdown

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New York City's businesses are scrambling to adjust to the new realities dictated by the [coronavirus pandemic](#), but one prominent gym franchise is drawing ire for failing to suspend or credit membership fees during its shutdown.

[New York Sports Club](#), owned by Town Sports International Holdings, was hit by a class-action lawsuit Thursday on the grounds that the gym is "defrauding and stealing from customers."

All gyms in New York were ordered closed on [March 16th by Governor Andrew Cuomo](#) as part of the city's effort to curb the spread of the COVID-19 virus. Members of NYSC's 53 locations in New York City have reported that they're still being charged their membership fees, with a \$15 per-month fee to suspend accounts or a \$40 cancellation fee.

"This conduct is the height of corporate greed, lack of empathy and putting profits before people," said the lawsuit filed in federal court in Manhattan Thursday.

Considering the extreme health crisis and these trying times, the help we need is you freezing our accounts and refunding us. Any plans to do so?

— amanda gonin (@amgonin) [March 24, 2020](#)

With an average membership fee of \$50 for its 605,000 members, "TSI is stealing \$30,250,000 per month from customers," the lawsuit claims. "Despite these pleas and cries for help, TSI has failed to provide customers any substantive response to these requests – leaving customers effectively “dangling in the wind” to try to figure out how to protect themselves from being further charged for services not being provided. Of course, TSI likely prefers it this way as it makes it excessively difficult to cancel one’s membership, if possible at all."

The plaintiff in the lawsuit, Mary Namorato, [told the Daily News](#) her membership is \$70 a month. "They have completely ignored any and all attempts to reach them," she said to the Daily News. "They act as if we're dead to them."

A message left with Town Sports International Holdings was not immediately returned.

NYSC member Adam Weiss said he tried to reach his branch in Greenpoint to cancel his membership after the city shutdown but got no response to his emails or letter.

"I have a feeling I won't be hearing back from them, but we'll see," Weiss said in an email.

"This is such stupid and avoidable corporate drama. I foresee a spike in memberships at the Planet Fitness down the street when this health crisis is over."

Another member Heather Jones also tried to find out what would happen to her NYSC membership to no avail: "Every other gym in the NY area has frozen memberships for free, and even offered free online classes, while NYSC has ignored calls, emails, and social media," she said in an email. "They have a well-known difficult cancellation policy and continue to charge customers unlawfully. I want to cancel my membership because I'm going to need every dollar I have to survive the next few months, and shouldn't have to explain that to NYSC in a long opaque procedure, while still being charged."

Jones added, "Price gouging customers to freeze their memberships in a state of disaster is criminal when people are in such a dire time."

Thursday evening, Weiss said CEO Patrick Welsh emailed members a note, stating: "Rest assured, once we're up and functionally running our clubs we will handle all of your concerns, including credits to your memberships, and personal training sessions."

In their yearly filing with the Securities and Exchange Commission on March 20th, Town Sports said they laid off all their "non-executive employees" in New York immediately after the order to close, and the company is expecting to "experience a material loss of customers, revenue and market share as a result of the suspension of our operations. We expect to experience a significant increase in membership terminations during this time, and we may be unable to recover these customers."

The Town Sports filing said the company was not optimistic about re-opening its gyms: "We cannot predict with certainty when we may be permitted to re-open our locations and we may face significant obstacles to re-opening our clubs. Our need to hire, train and retain new staff may delay re-opening of our temporarily closed locations and inhibit profitability. The suspension of operations mandated in response to COVID-19 and the consequent loss of revenue and cash flow during this period may make it difficult for us to obtain capital necessary to fund the re-opening and maintenance of our clubs."

Town Sports is one of the largest gym companies in America with 183 locations including Washington, Boston and Philadelphia Sports Clubs and Lucille Roberts gyms — in January the company announced a \$25 million deal to acquire Flywheel's cycling studios.