



City of Cambridge

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IN CITY COUNCIL

March 27, 1989

COUNCILLOR DUEHAY

- WHEREAS: The Executive Director of the Cambridge Consumer Council testified before the Committee on Commerce and Labor of the Massachusetts Legislature in favor of further regulating health clubs, providing practices (see attached materials) engaged in by the Holiday Health Spa; and
- WHEREAS: Cambridge has experienced the sudden closing of several health clubs in recent years, causing harm to consumers, to wit, Sophisticated Lady, Women's World, and Gloria Stevens Figure Salon; now therefore be it
- ORDERED: That the City Manager be and hereby is requested to direct the Consumer Council to provide the City Council with a complete account of all these problems; with a copy of the consent agreements between the Commonwealth of Massachusetts and the Holiday Health Spa; with a full report of whether that consent agreement is being complied with; and with all material having to do with charges of racial discrimination against the Holiday Health Spa.



CAMBRIDGE CONSUMERS' COUNCIL

831 Massachusetts Ave. Cambridge, MA 02139

Tel. (617) 499-6150

City Of Cambridge

Paul J. Schlaver
Executive Director

H2003 AN ACT RELATIVE TO THE REGULATION OF HEALTH CLUBS

TESTIMONY GIVEN MARCH 8, 1989 BEFORE THE COMMERCE AND
LABOR COMMITTEE

PRESENTED BY : PAUL J. SCHLAVER, EXECUTIVE DIRECTOR
CAMBRIDGE CONSUMERS' COUNCIL

My name is Paul Schlaver. I am a resident of the City of Cambridge and Executive Director of the Cambridge Consumers' Council. This is a consumer protection agency funded by the City of Cambridge, the Attorney General's office and with a Title IIIB Grant received through the Somerville Cambridge Elder Services Corporation.

I am here today to advocate for the passage of H2003 because the consumer complaints regarding health clubs in the Cambridge area have reached epidemic proportions. The existing Health Club Law needs the amendments put forth in H2003 immediately.

Cambridge in recent years has experienced the sudden closing of two of the Women's World Spa outlets. Many of the victims are still awaiting some settlement money from that slow moving Bankruptcy case. Many of the women at the Memorial Drive Women's World location accepted a transferred membership to the new club called Sophisticated Lady that opened at the same site soon thereafter (in February of 1986). When it was time to renew their memberships at Sophisticated Lady the common concern about the durability of the club was alleviated by a hand written addition to each contract saying, "In the event the Spa closes a pro-rated refund will be given."

What the many women that enjoyed this convenient neighborhood health club did not know was the fact that the owner, with three other clubs in New York, did not post the \$25,000 bond required by the Health Club Statute now in place. In April of last year this club closed without notice to its members or employees.

My office has taken in three dozen complaints about this closing and I know there are dozens of other women in the community that have not even bothered to file a complaint because of the little hope of recovering from this second spa closing at

the same site. The case has been referred to the Attorney General's office for a possible class action recovery effort. If that bond had been posted I am sure all the consumer claims could have been met at this relatively small club.

The bonding requirements and enforcement measures proposed by H2003 will go a long way to address such a problem.

The health club issue that has really demonstrated to consumer protection agencies such as my office that significant changes are needed in the existing law is the Holiday Health Spa matter. It will be hard for me to convey in a few minutes the havoc this Maryland-based corporation has created in Cambridge (as well as in Peabody and Lowell). If the recent Consent Judgement signed by U.S. Health aka Holiday Spa and James Shannon's office is not properly adhered to, or if H2003 isn't passed, Revere and Worcester will soon have the same problems in their community. One or two Boston locations are next on Holiday's drawing board plan to place put 9 to 12 Spas in Massachusetts.

My small office, with two paid staff members and volunteers or work-study students, has taken in 138 complaints in the past fourteen month from angry, frustrated and sometimes very distraught consumers. We have fielded endless phone calls from others and spent countless hours trying to mediate these complaints and also assisting the Attorney General's investigative effort that led to the out of court settlement filed on January 19th.

We have fielded reports of outrageous sales tactics untried as yet by the worse used car dealers; credit harassment efforts (for payments to a club that was not yet open) that have triggered more fear and dismay than a pending IRS audit; and more false claims about the facilities in the club under construction than boasted about the products of tonic medicine salesmen in the Old West.

Holiday Spa can easily afford to post bonds and did so, and has liquid assets that would make our Governor envious, so probably will not close up overnight. Yet its flagrant lack of regard for the Consumer Protection Statute, Credit and Collection Laws, Advertising Regulations, and other State or Federal laws was a driving force behind the effort to improve the Health Club Law with the bill before you.

The pre-opening sales promotional effort that paraded Cher, Danny Ainge and others before us on the Television each night for the last two years with hype and half truths cannot be allowed to continue as the focus now moves to other communities. The promised pre-opening discounts and spectacular facilities led to the sale of approximately 5,000 memberships for the 20,000 square foot Cambridge Spa that finally opened 18 months after the first contract was signed in September of 1987!that meant over \$5,000,000 in pre-opening sales. The consumers that waited it

out are now finding the club to be crowded, much smaller than expected, no roof top running track and a swimming pool only three lanes wide not Olympic-size as promised. Fortunately over one thousand consumers won a refund opportunity with the Consent Judgment.

The Bill before you is a good attempt to really knock the wind out of such pre-opening sales tactics by tightly regulating the handling of opening date projections and by providing for cancellation opportunities when the practice is abused. Frankly, though I would advocate an additional change to H2003, namely a 60 day ceiling on any pre-opening sales promotions, period! I would welcome H2003 as it is if further revision would weaken it's chances or delay it's passage, but must pitch for this sixty day limit rather than just add the requirement that an opening date must be declared specifically even if it is a year away.

To give you some sense of how frustrated and angry consumers have been about this Holiday Spa situation through the actual words of a sampling of 20 the 138 complaints filed in my office, I have attached copies of the written statements presented to me by individual consumers who filed complaints. I have recently called the consumers to personally obtain their permission to present these statements today to you.

I would also like to inform you that as of yesterday, March 7th, 760 written complaints have been filed through the Attorney General's Consumer Protection Network over the past twelve months about ~~the~~ Holiday Spas! Over 1000 phone calls were logged in on the A.G. Hotline in a six day period following the publicity about the January 19th Consent Judgment! These are record breaking statistics.

I thank you for your time and attention.

January 29, 1989
5 Linnaean Street
Cambridge, MA 02138
(617)576-2026

Cambridge Consumer Council
57 Inman Street
Cambridge, MA 02139

Dear Advocate:

I am sending this letter of complaint to inform you of Holiday Health Spa's false and misleading advertisement practices, their strong arm collection tactics, and also to inquire about the steps I can take to terminate my contractual agreement with Holiday Health Spa.

I read with glee the recent report in the Boston Globe about the Attorney General's lawsuit against Holiday. And I fully expect to participate in petitioning for a cash refund of over \$568.00 with interest. Had I known they were going to stall, lie and continually fall short of their promises, I would have invested that money elsewhere.

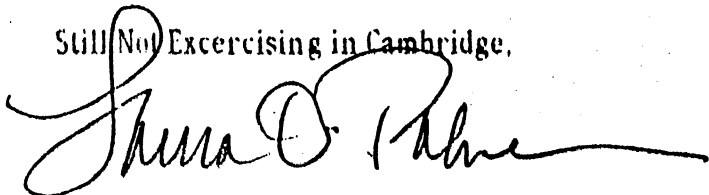
My contractual nightmare with Holiday began on November 2, 1987. At that point I gave them a deposit of \$50.00, and began making monthly payments of \$37.00 as of December 1, 1987. It was not long before the credit company (Great American Financial Management Corporation) began harrassing me for the monthly payments despite the fact that I continued to pay regularly (although a couple of my payments were made a few days after their due date, meaning I also had to pay a late charge). The harrassment continued until they said they were either turning my files over to a collection agency, or demanding payment in full, at which time they pressured me into allowing them to charge the cost of the membership on my VISA card.

Needless to say, their strongarm tactics were not appreciated, nor could I afford them. That was the reason I opted for the monthly payment plan initially. At that point I was truly disgusted with my membership, (which entitled me to nothing but financial headaches) but due to limited resources, I was not able to invest in another health club membership, as all my money and credit was tied up in this pipedream/nightmare.

I know I am not alone, as this would not have received the attention it has. I want to thank the Cambridge Consumer's Council for your role in amending this unpleasant situation.

Per my conversation with your office, I anxiously await a letter from the Attorney General regarding my right to a refund--and you can be assured that I will aggressively file for it.

Still Not Exercising in Cambridge.



Laura O. Palmer

Consumer Complaint
Gabrielle Greene
July 19, 1988

My sister and I both signed up to join the Holiday Fitness Spa on October 31, 1987. At the time, our salesman, Joe, subjected us to a very hard sell. Among other things, he said that only if we signed up on the spot would we be eligible for a \$50 discount, and that rates would be increasing substantially over the next several weeks. This latter statement, of course, turned out to be false, since their rates have only increased by 4% since last October. We both felt very pressured. He also pressed us to finance the membership, and only told us what the total interest charges would be after we specifically asked him about them.

He told us a number of other things about the facilities that we have both since come to disbelieve- he told us that the swimming pool would be Olympic sized, and showed us pictures and video footage of equipment and facilities, which since seeing the size of the planned facilities, I don't think would be able to fit in the Porter Square complex.

My biggest complaint however, is with the way he misrepresented the completion date of the facility, and the way they handled our subsequent inquiries. When we first signed up he said that the project would definitely be completed by Spring, probably the month of April. This was important to us, particularly for my sister who would be moving out of the area in June of 1989 (she attends Harvard college). My sister checked back in January, and they told her that the date had been moved to the fall, probably September. When I called, several weeks later, they told me October. We were quite angry, so I called City Hall and then the complex's real estate developer to get a more accurate completion date. The real estate developer said that the earliest completion date was November or December. I then called Holiday Spa back and they finally admitted that the club would not be completed until late fall- December was their projected date. I was very angry then, and explained to them our situation- my sister and I had originally expected to be able to use the facilities for at least 18 months and at this point it seemed she would only be able to use the club for 5 or 6 months before graduating. I spoke with the manager, who was quite nasty, and said there was nothing he could do, we should call their head office. I tried calling the number he gave me several times, and got a complete run around. I am an attorney, and at that point, I gave serious consideration to bringing legal action. I discussed this with my sister, and we decided that we would just cut our losses.

The final injustice occurred about a month ago. My sister was home in New Jersey for several weeks and attempted to use the local Holiday Spa. They refused to let her use the club, because she had the wrong type of membership for transfer privileges. We were both shocked, because it was an important feature for us and the fact that Holiday was part of a national chain with clubs all over the country had been a strong selling point.

At this point, I doubt we could enjoy our membership no matter what happened. Our entire experience with the Holiday Health Spas has been one of high pressure and misrepresentation about the club. It's an entirely unethical organization, and doing alot of harm to many consumers.

Tomoko Harada
8 George St., Apt. 3
Cambridge, MA 02140
February 29, 1988

Holiday
300 East Joppa Rd., 7th floor
Towson, MD 21204

Attn: Consumer Affairs

Dear Consumer Affairs Officer:

I was recruited as a Silver Member of Holiday Spas at your Cambridge, MA (Porter Square) office on December 10, 1987. I request in this letter the discontinuation of my membership and the return of all my payments made to you thus far (\$118.86), because I believe that your organization uses unfair and deceptive tactics to market membership.

I first approached Holiday in Cambridge, because I had "won" two weeks of free "work-out" at the facility. There was no indication in the award letter that the facility at which I won the work-out was not yet built.

Your sales representative stated that there is a significant discount advantage if one joins substantially ahead of the time that a Holiday facility is completed. I have found out that there is actually no such advantage.

In terms of the payment plan, I requested that I send my own payments. Your sales representative told me that Holiday only accepted payment in the form of Holiday's direct withdrawal from my checking account. Yet in a letter of congratulations on membership, it is stated that direct payment from my checking account was my choice.

Finally, though this means of payment had been established, representatives from Holiday called me several times after the meeting in attempts to have me pay the price of full membership by credit card.

A copy of this letter has been sent to the Cambridge Consumer's Council and Attorney General.

Please contact me on this matter as soon as possible. I request that you do not use my business number as a means of contact.

Yours truly,

Tomoko Harada

Tomoko Harada

cc: Cambridge Consumer's Council
Attorney General's Office

864-9081

2 Gorham St.
Cambridge, MA 02138
July 22, 1988

Paul Schlaver

Cambridge Consumers' Council
57 Inman St.
Cambridge, MA 02138

RE:

Holiday Fitness
Center

Dear Mr. Schlaver:

In December of 1987, I purchased two memberships at the future Cambridge Holiday Fitness Center, one in my name & one for my 14-year-old daughter Rebecca (in her name). I paid for these ^{in full} in March & April, 1988, by Mastercard. The total for both was \$1220.

During the past several months I have become aware, through various newspaper & newsletter articles, of the negative reputation the Holiday Fitness organization has developed, through rudeness, dishonesty, & misrepresentation. The latest item that has come to my attention (this is the most distressing item and is the reason for this letter) is that teenagers' memberships are restricted in several ways (only to be used during certain hours; must be

accompanied or supervised by an adult, etc.). We were not told any of this when purchasing our memberships. In fact, the main reason we chose The Holiday Fitness Center over other health clubs was that it was the only club that offered memberships to teenagers with no restrictions (as far as we knew). My daughter was hoping to come and go on her own schedule, independent of me, and also to get physical education credits at high school for some of her fitness activities at The Holiday. Her membership is virtually useless if it comes with the above-mentioned restrictions. And, if this is true, then I have absolutely no wish to maintain my membership in an organization as dishonest and misrepresenting as The Holiday.

I am writing you with the hope that your office will be able to help us to cancel both our memberships and to have our full membership fees refunded (\$1220.) Please let me know if you need more information, and what the next steps in the process are.

Thank you! Sincerely, Phyllis Kornfeld

Mr. Paul Schalver
Cambridge Consumers Council
57 Inman Street
Cambridge, MA 02139

Dear Mr. Schalver,

In June of 1988, I entered the Holiday Health Spa Information facility to inquire as to what the fitness center would offer. At that time, I was met by fitness councilor Michele Mann. She explained that Holiday had been in business for quite some time and had a terrific reputation. She also stated that the Cambridge facility would be opening in early October of 1988 and would offer an olympic size swimming pool, biorythmics, various life cycle machines, aerobics and much more. She asked me what my goals were and I explained that I wanted to quit smoking and work out in order to prevent weight gain. She told me that Holiday had a special one time offer and that if I did not join then and there, I would no longer be eligible for it. Prior to that, I told her I wanted to go home and think about it and she applied more pressure stating the membership will cost me more money and I would not receive the special introductory offer.

At that time I joined feeling as though I was receiving a special deal. I bought the gold membership which entitled me to sell the membership if I ever wanted to. She told me it was a good idea because it would be worth a great sum of money. Much to my dismay the membership is worth nothing considering the reputation Holiday has built for itself in Massachusetts. Shortly after I joined, I read in the Lowell Sun that the Lowell facility was getting many complaints regarding opening dates and a misrepresentation of facts. I immediately called Michele and expressed concern. She assured me the Cambridge facility would open when promised and there was nothing to worry about.

In October of 1988, I called the Cambridge facility and I was asked if I had already joined, I stated I had and they told me the fitness center would open in December of 1988. By the time December rolled around, I still was smoking and also paid to Holiday 5 months worth on my membership. I was told that my membership would be extened from the time loss to the original opening date and therefor I was losing nothing. I later found out that the said olympic sized swimming pool was not even a close replica. I have always been a swimmer and the intial idea of an olympic swimming pool excited me. At its present size, I will be lucky if I even get near it because of overcrowding.

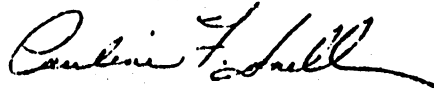
When I joined, I asked Holiday if I could use another facility till the Cambridge one was complete. I was told absolutely not because I did not buy the type of membership that could be used in other Holiday Spas.

In December, I again called Holiday and once again they told me the club would open in Feburary of 1989 and that I misunderstood preconstruction problems when I expressed concern.

At present, I have gotten in touch with the Attorney Generals office and have registered a complaint. Holiday Health misrepresented to me not only the time of opening but also the kinds of facilities that would be available to me. It has been 8 months since I joined, and I have received no benefits and have paid for the use of the facility. I personally work in a service environment, and under the circumstances, Holiday has not provided the service they promised and has reaped all the benefits. If I had known what I do today, I would have never joined Holiday and I would be involved in another fitness facility. They have left their members out in the cold with no alternatives. They have displayed poor business practice and have been extremely misleading in their intentions. When I first walked into Holiday they appeared to care, but since I've signed up they have gotten their money and I have received no information regarding their status.

In conclusion, I want a full refund on my membership. At this point, no compensation would be great enough to make up for what they have done to me.

Sincerely,



Pauline F. Janelle

1/17/89

AT THIS POINT IN TIME I believe I have made
6 payments @ 39.26 = 235.56 + 50.00 = \$285.56.



TUFTS UNIVERSITY

Community Health Program

January 30, 1989

Paul Schlaver
Cambridge Consumers Council
57 Inman Street
Cambridge, Ma. 02139

Dear Mr. Schlaver:

As we discussed in our telephone conversation, I would like to file a complaint against Holiday Health Spa in Cambridge. I joined in Dec. 1987 and was assured of several things that turned out to be false. They said that the club would open in the early fall, 1988. It is now almost February and they have not opened. Also, I was told that there would be a very large pool and an indoor track. I signed up for the "bronze" membership because I told the woman I was only interested in the pool and track. Now it turns out the pool is only three lanes and the track doesn't exist.

I am also angry at having been harassed by them after I paid in full. I got several very nasty phone calls threatening me with creditors when it turns out to be a company error.

I would appreciate it if you would keep me informed of any news on action against Holiday Spas. Thank you very much for your help.

Sincerely,

Janice Irvine, Ph.D.

81 Electric Avenue
Somerville, MA 02144
June 22, 1988

Attorney General's Office
c/o Paul Schlaver
Cambridge Consumer Council
Cambridge, MA

To Whom It May Concern:

Our introduction to Holiday Health Spas began through their television advertising campaign. They boasted a sixty percent discount for new members to the soon-to open Cambridge facility. This special pre-opening savings was running as a limited time offer as the ads said, "time is running out".

Because we were thinking about joining some kind of health club together at the time, and because of their flash and panache, these ads featuring notables such as Cher and Danny Ainge made us curious. Weeks passed and we were still thinking about it. But around the third week into January we noticed a raffle type box in the Somerville House of Pizza and we entered to win a two week membership to Holiday. A week or two passed and then we received a phone call announcing that we had won the membership. The caller said we should come to the Cambridge Center to pick up our free membership cards and some "additional information". Since we were told it would take just a few minutes, we made the appointment for January 29, 1988. When we arrived we were shown some pictures of another facility and then taken into a private office with representative Joe Gaspar only to find (after about an hour of sales pitches and talk of trim waist lines and Olympic size pools, fitness and longer life) the supposed two week prize was actually two free weeks off a two year membership!!!! To me (John) this was unacceptable but Erin really wanted to join some type of facility together and I said we would have to think it over, especially since I was late for another appointment. I wanted to take the contracts home to study but Mr. Gaspar said that would be impossible and if we returned with a decision to join the following day, the sixty percent savings would be unavailable to us.

Again, I had been told this meeting would take just a few minutes and by this time I was already fifteen minutes late for my other appointment. I explained to Mr. Gaspar that I hadn't the time to thoroughly read the document, and signing without reading was something I do not do. He said he was sorry but the contract had to be signed that night. This, again, was completely unacceptable to me but Erin wanted to consider the offer since the price seemed right given our financial situation, and the lure of state of the art equipment, room to swim, room to work out, and physical fitness was tempting to her. We again told Mr. Gaspar we did not have time on that night to scrutinize the contract, and, since he acted so knowledgeable and nice, we asked him for the bottom line on the cancellation question. He said we had up until three business days after the facility had opened to cancel, giving us the opportunity to see, use and decide whether it was right for us...whether we would be getting what we paid for. We presented him with several different scenarios since we would be newlyweds around the time the club would open (early fall) and we were (and are) uncertain what

the next two years might bring in the way of finances and location. Here is one such scenario:

We: Suppose the facility opens in October but we move in January. We will have used the club just three months but will have paid for ten. What then?

He: Contract cancellation with full refund for unused months.

To each scenario he gave a similar reply. He made cancellation sound easy and refunds a breeze no matter what the circumstances.

WE were bedazzled and beguiled. He seemed friendly and trustworthy. We forgot the old adage, "If it sound to good to be true it probably is." We, regretfully, took him at his word and signed. Ours was the least expensive package offered--the bronze, costing each of us \$20.56 monthly for twenty-four months totalling \$493.44 plus a one hundred dollar initiation fee which was reduced to fifty dollars each in exchange for our "winnings" (the so called two week memberships). This brought our totals to \$543.44 each. Payments were to be made the first of each month (beginning 3/1/88) and each payment was to be accompanied by a coupon from books provided later. Mr. Gaspar said actual club opening would be September or possibly as late as October of 1988, so we would be prepaying membership dues from 3/1 until the actual opening and continue paying until our twenty-four months had expired (2/1/90). At this time Mr. Gaspar told us we could have our payments withdrawn from our accounts automatically. I told him "no thanks", we would pay with coupons. (Erin gave Mr. Gaspar a check fo \$100.00 to cover initiation fees for both of us) At no time did Mr. Gaspar explain that if we were not interested in this two year offer we could take the two free weeks at an already existing Holiday club. It wasn't until later that this information was passed on to us from another source.

Erin and I left and didn't think much more about Holiday. We received our coupon books around February 25. The envelopes are post marked in Baltimore 3/23. We had just moved into a new apartment the first of the year, and between getting settled, making wedding plans, and Erin's just having begun a new job the time slipped quickly by. Before we knew it we were halfway into March. Realizing we were late with the first payment, Erin wrote out a check for \$82.24 (two months payments for each of us) and mailed it along with appropriate March/April coupons the following morning (3/17). We left the next day for a ski weekend and upon returning Sunday night (3/20) found two ten day late notices postmarked Baltimore, 3/17/88. (Copies of notice attatched) Since their notice and our check were mailed the same day, we focused on the notice's last sentence and didn't worry much about it. Remember, this is the first notice sent about the first payment of a membership to an UNOPENED, UNCONSTRUCTED facility!!!!

At 5:05 p.m. the next Tuesday (3/22/88) Erin received a phone call at work from a Mr. Halsey, but she had already left for home. I arrived home around 5:15 to find a message on our answering machine from Mr. Halsey requesting that Erin call him immediately about an unidentified urgent matter. Erin arrived home around 5:40 and returned his call. She reached

(3)
a Mr. Friday (Halsey had gone home). Mr. Friday spoke to, or at, Erin regarding their option to demand payment of the membership in full and if she didn't comply they (Great American Financial) would 'ruin her credit'. According to a letter we had received February 29, Great American Financial was a "division of Holiday" that would be handling our accounts. Now Mr. Friday was telling Erin that they were a nationally connected company and that no matter where we were or what we did the label bad credit risk would hang over our heads. According to him, we would not be able to get a loan for anything.

Erin was shocked and upset. She informed Mr. Friday she had sent two months worth of payments the previous Thursday and that the check could be sitting on someone's desk in another department. Mr. Friday said none of that mattered. They had not received our check, and late was late. The wording of the late notice meant absolutely nothing, according to him. They were demanding full payment. Period. We questioned their rights to exercise such an option and he told us to read our contracts; it was all there and perfectly legal and we had signed. WE relayed to him what Joe Gaspar had led us to believe and he basically scoffed...that was inconsequential...and they wanted full payment NOW!!

By this time we were both furious with our treatment, the harassment, threats, and intimidation tactics and after a few choice words of discontent told Mr. Friday we were calling Gaspar in Cambridge to settle this and that we were going to cancel the contract, having no desire to deal with such people. Mr. Friday said it mattered not what Mr. Gaspar had to say. As far as he was concerned our membership was cancelled, but we were still obligated to pay in full. The account would be labelled delinquent and we credit risks in the morning. He hung up. We called back, asking who we could talk to, who was his superior, who had the power to reverse such a decision. He said, "no one." We questioned, "No one above you?" He said "Just the president" and that we could not get to him.

Next Erin called Joe Gaspar at the Holiday recruiting center in Cambridge and reiterated the scene. Mr. Gaspar told Erin they had had several problems with G.A.F. and that he would call Mr. Halsey and straighten everything out.

Feeling somewhat relieved and optimistic Erin called G.A.F. the next day from work to let them know Mr. Gaspar would be calling and to request they hold off any action until he had done so. This time she spoke to Mr. Friday, who also scoffed. He said Joe Gaspar was completely insignificant to G.A.F. There was no one at Holiday spas who could influence a G.A.F. decision. He said G.A.F. owned Holiday since Holiday had borrowed money for construction from them. The two were separate entities (although the letter 2/29 called G.A.F. a division of Holiday). He said the previous night's conversation had been taped implying it would be harmful to us. Although his sentences were scattered with "Miss'es, "Please's, and "Thank You's, his tone was unquestionably threatening, disdainful, and rude. He said if she didn't pay, they would ruin her credit. She reiterated the check had been mailed 3/17. He said the morning's mail had not included the check (although the canceled check was stamped by their bank on that very day- 3/23). The conversation ended with Mr. Halsey calling Erin a liar and slamming down the phone.

Erin was very distraught. Here we are about to be married, on the threshold of our future and some faceless man has just told her she will never have a house if she doesn't pay \$904.64 immediately. All the money she had saved was meant to pay for the wedding. She began to cry at work

and she called me.

Following Erin's phone call, I went to see Joe Gaspar personally. Upon arriving at the Cambridge facility around 11:00 a.m., I noticed the car parked next to mine contained one of the same raffle-type boxes Erin and I had first entered. I went into the building and asked to speak with Mr. Gaspar, who heard the discontent in my voice and asked me to step into his office for a private discussion. (There I noticed stacked on top of his desk between one and two hundred membership entry slips from the boxes.) I confronted Mr. Gaspar with the entire cancellation procedure he had described to us the first day we met, the day he wanted a sale. He denied making any cancellation guarantees, saying Holiday only offers cancellation up to three days after a contract is signed. I reminded him of the different scenarios we had presented and of the answers he had provided. He flatly denied them. At this point I asked what he could do to get G.A.F. off our backs since we had signed the contract in good faith based upon a now evidently naive trust of his word.

Mr. Gaspar called G.A.F. and after about 45 minutes of disconnections, being put off, and put on hold, he reached Mr. Halsey's supervisor, a Mr. Jonathan Greif. Initially, Greif seemed unwilling to do anything, treating Gaspar somewhat like a pest. They discussed the matter for around fifteen minutes. Only after Mr. Gaspar read virbatum the G.A.F. ten day late notice did Mr. Greif suggest an alternative to ruined credit. We could immediately pay \$100 more towards each account balance care of Mr. Greif and Mr. Bryant (supervisors). This would reinstate us into the coupon payments and remove our file from delinquent status. I left after once more confronting Mr. Gaspar with his misrepresentation. I left around 1:00p.m. ready to relay the information to Erin.

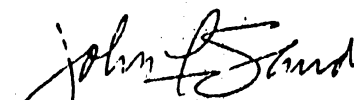
Although I had no intention of continuing with the Holiday membership, having no desire to give patronage to such discourteous, dishonest people, the scare tactics and innuendo had really gotten to Erin. Anxious to save our credit and our future, she sent the check for \$200.00 that afternoon, along with a letter to Mr. Greif. (Joe Gaspar had instructed what to write) She wanted our credit rating to remain unscathed while we investigated further, looking for a way out and reimbursement given the misrepresentation we had encountered and treatment endured. The legality and the ethics of Holiday tactics was certainly to be questioned.

While we investigated which legal steps should be taken, we began hearing tales of woe about Holiday from many different sources. First we noticed the limited time offer ads we had first seen in December were still being run. We heard the opening date had been pushed back to January, not "early fall" at all. We learned the "Olympic size pool" we had seen a misleading photo of was only three lanes wide. One girl who cancelled her contract within three days of signing had difficulty getting G.A.F. to stop withdrawing money from her account; they continued for months. Some friends of ours, curious about Holiday after hearing our saga, entered the free membership "drawing" at some suburban subshop. Every one of them received notices through the mail that they had one the membership. (They had not submitted phone numbers.) While commuting to work one morning we heard a man call WBCN to complain about the North Shore club's overcrowding and harassment of guests. These things have added to our desire to separate our selves from such a disreputable company.

So now we bring our case to you. We just want to have the contact nullified and our money (\$382.24) returned to us. After all, only disservices have been rendered.


Erin S. Powers

Sincerely,


John F. Sands

1
Thurs. Jan 19, 1989

PAUL SCHLAVEN
CONSUMER COUNCIL

Dear Mr. Schlaven,

Would you please help me get my
money back from Holiday Fitness Center of
Porter Square.

Back in 1987, after listening to
many advertisements, I signed a contract
to get a membership in the SPA.

The contract was signed on
Dec 17, 1987. The amount

2.

of the membership was \$350. I made
a down payment of \$185. I was
informed that the SPA would open
in the Spring of 1988. In January
of 1988, I made an additional
payment of \$55. A total of \$240.
Before I made another payment,
however, I found out that the SPA
would not open in the Spring of
1988 and nobody knew when it
would open. For this

reason, I asked to cancel my contract and to get back my \$240 I already paid.

However, I never received my money back. Instead, I keep getting harassing letters from collection agencies in Maryland saying that I owe them \$110. (plus charges).

Also, I get telephone calls saying I will lose my credit rating if I don't pay up.

4

Please, can you help me get
my \$240 back as I want
nothing to do with this company
anymore. They did not open
their doors in the Spring of 1988
as promised, and they are still not
open. I would appreciate your
help in getting my money back and
stopping them from harassing me.
Thanks.

JOSEPH CARDOSI
37 MONTGOMERY ST
CAMBRIDGE, MA.
02140

Joseph Cardosi

59 Sacramento St, Camb. MA
March 13, 1988

Re: Family Membership, Manduca/Giesenkirchen

President
Holiday
300 East Jappa Rd.
7th floor
Towson, MD 21204

Dear sir:

Due to the unfair and deceptive practices conducted by your sales team, I request termination of my membership at the Cambridge Holiday Spa and a full refund of all monies paid by me.

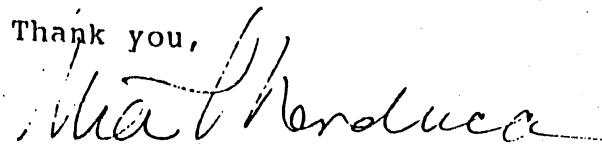
To summarize the enclosed letters and give an update - I give you the following three main complaints:

1. I was told I could re-write my contract at any time - this has been denied me.
2. Membership possibilities were purposely withheld. (I found out about the additional plans through friends whom I had referred to Holiday.)
3. I was told that the only way I could pay was (a) charge or (b) direct bank withdrawal. Why then did I just receive Coupon Books?

Holiday purposely hide and obscured information that would have been valuable to me, the consumer, in order to make an informed decision. After finding out much of the missing information, I fought for months to have my membership changed and was treated with hostility, contempt and disrespect.

No longer do I request a reformation of my contract. I simply request a cancellation of my membership.

Thank you,


Mia Manduca

I am informing you that I do not want to receive phone calls or unnecessary literature at either my home or work place.

CC: Paul Schlaver

3/4/88

Robert Dilouto
Manager
Holiday Spas
1840 Massachusetts Ave
Cambridge, Ma 02140

Dear Robert:

I am requesting the termination of the enclosed Contract and a full refund of one hundred and fifty dollars (\$150.00).

I am 18 years old and I believe your company executed unreasonable pressure to join the spa. The company's unfair, deceptive practices and threats are possibly in violation of the Massachusetts Consumer's Law.

Please do not call my home or place of business regarding this matter. Any reply should go through the Cambridge Consumers Council, 57 Innman Street, Cambridge, Ma 02139

Richard C. Budd

C.C. Office of the Attorney General
Cambridge Consumers' Council

In November, my son received a phone call at home stating that he had won a two week membership to the Holiday Spa and he should set up an appointment to come in and pick up his pass. Since he did not immediately set up an appointment, he continued to receive calls both at home and at work.

On December 1, he received a call in work and was told to come over to pick up his pass from John Spencer. When Richie arrived at the office, he was told John was aware he was there and would be with him shortly. John came out and proceeded to tell Richie about the facilities, membership and payment plan. Richie said I am here for the free pass. Oh, instead of that why don't you just sign up, said John. Richie was told that by signing up right then and there, he would receive 63% off the regular price because the facility was not yet available (it would be ready by the summer of 1988 or the fall of 1988 at the latest). Richie was to get an additional 20% off for working in the area. The two free weeks that he had won were also being deducted from the total price. BUT, to receive all this, he had to sign the contract and put fifty dollars down immediately. Richie signed and paid the fifty dollars. Upon leaving the office, John said, I just realized you are under 21, so I need another one hundred dollars from you now. Richie did not have it so he came home to get it. We live about 10 to 15 minutes away from the spa's office. As Richie was walking out the door, the phone rang and it was John Spencer asking for Richie, I said, he was not in and John said he is suppose to be back at the office with the remainder of the money. Hold it, I said, he is on his way back. Right then and there I was leery of the spa.

On February 11, 1988, Mr. King called Richie at work and demanded the balance to be paid in full because the 1st payment was late. Mr King informed Richie that if he didn't pay the balance, he would have someone down there after him. I called Mr. King back to explain the check should be in his possession along with the 2nd payment and a late charge. To say the least, he was extremely abusive to me and said he didn't care where the check was that I had better send the balance forthwith. His insolence was extreme so I asked to speak to his supervisor. He said his superior was not in and he did not know when he was expected. I informed him I did not want my son associated with his establishment and he told me it was to late. I told him I was going to put a stop payment on the check. He did not care as it would not help. I was still going to pay. I left work and went straight to the Holiday Spa office where the treatment I received was no better. A person by the name of Robert Deloreto said I must go to his office or he would not speak with me. We were in the lobby and he was sitting at a desk there. I went to his

office and explained the treatment I received from Mr. King and asked Robert if he would phone Mr. King to confirm what I said and also to rectify the situation. Robert said Mr. King was not his real name but he thought he knew the person I was speaking of. In any case, the answer was NO he would not call. The contract was binding and it was to be paid in full. I left the spa and immediately went to the bank to stop payment on the check.

On Tuesday, March 1 at 6:48 p.m. Mr. Sheridan called. Richie was not home so he proceeded to tell me that Richie and I would be sorry if we did not pay up. I told him I did not like to be threatened. I said I was going to speak to my attorney about his behavior. His reply was lady, I don't believe you have an attorney. I said I was also going to contact Phyllis Eliasberg, Danny Aigne and Danny's agent about the situation. He didn't care, he said to express mail the money immediately and he hung up on me.

Loraine Murray

Richard Leccacorvi
42 Kelly St.
HAVERHILL, MA
01832

January 19, 1989

To: The Cambridge Consumers Council
57 INMAN ST.
Cambridge, MA
02139

This letter is a formal complaint against the Holiday Fitness Spa. I joined the Spa on October 17, 1987. The salesperson assured me that the Spa would open in six months. It has been fifteen months since I signed the contract and the Spa has not opened yet.

I no longer want to be associated with them. I would like to terminate my contract and get a full refund for the payments I have made thus far.

Thank You,

Richard Leccacorvi

Alan Engelbart
3 Harvard St.
Arlington MA.
02174-6017
(617) 648-4936

Dear Mr Acquaviva:

On June 1, 1988 I bought a Holiday Spa Bronze membership for the Holiday Spa that is to open in Cambridge MA (Club #55). My membership number is 3027928-005. I paid \$50.00 that day and then paid the entire balance of \$475.00 shortly thereafter.

I bought the membership at that point for several reasons:

1 - Early sign up discount. I was told that it was 59% off the price of a membership for a club that was already open. I have found out from the opening at your Peabody Club that this is not the case. I was lead to believe that signing up early I would save alot of money. I am not saving the amount I was lead to believe I would.

2 - Club was to open in Fall 88. I am now told that the Club will not open until Feb. This is not acceptable.

3 - Running track. I was told that there would be a running track. I now find this is not the case.

4 - Women only aerobics. I want to do aerobics at my health club. Now I find out I cannot.

Any one of these reasons is enough reason enough for a Holiday membership not to work for me. Therefore I request that my membership be cancelled and I be refunded \$525.00 immediatley.

A copy of this letter has been forwarded to the Consumers Protection Division of the MA Attorney Generals' office.

Sincerely

Alan Engelbart

11/18/88

47 Regent Street
Cambridge, MA 02140
January 24, 1989
(611) 541-1630

Cambridge Consumer Council
57 Inman Street
Cambridge, MA

To whom it may concern:

On November 16, 1987 we went into the Holiday Info. Center just to see what they had to offer. Once inside we met with Donna Pelligrino. She gave us the tour and showed us the pictures of what the club would look like once it was open. She told us that the club would be open in about 6 months which would have been sometime in May, 1988. She also told us that there was going to be an olympic size swimming pool and an enclosed track up on the roof. After the great sales pitch we told her that it sounded great but we would have to think about it. We were told that if you joined right then we would only be required to put down a \$50.00 deposit and we would receive 63% off the membership. I told her that we didn't have the money with us and then she offered to drive us home and wait for the deposit. I then told her that we would go home and think about it and come back if we wanted to join and she told me that once we left the building that the offer would be void and we would have to pay a \$200.00 initial fee. Well after much pressure we agreed to join and to save the \$200.00 and the 63% off, my husband went home for the money while I stayed and filled out the paperwork.

We then received our payment coupons from Great American Financial. The first payment was due on December 20, 1987. I sent out one check with both account numbers on it and also sent both payment coupons. A few days later the first of our "Past Due" letters came. I called Great American Financial and told them the check was sent and I already had the check back. They looked into the matter and had applied both payments to one account. According to them it was their error and it would not happen again. The next month the same thing. This time they were going to report us to the Credit Bureau as a "Bad Debt" (please see the enclosed letter). Then they began calling my husband at work which did not go over to well with his boss. After several calls, at my expense, this matter was resolved and from then on two separate checks were mailed every month. As of today, I was advised by the Cambridge Consumer Council not to make any more payments.

It has been well over a year now and the club is still not open, therefore, this letter is being sent requesting a refund be made in full.

Thank you for all your assistance on this matter, and we will be looking forward to hear the out come. Thanks again.

Very truly yours,

Anne Marie Bresnahan

James A. Bresnahan

Anne Marie Bresnahan and
James A. Bresnahan

STATE BRIEFLY THE FACTS OF YOUR COMPLAINT AND INCLUDE: NAMES, DATES, PLACES.
(please print or type - use black pen or black ribbon only)

I purchased a "bronze" membership to the health club on January 5, 1988 and was told that the club would be opening in September 1988. I was under the impression that the reduced membership fees would only be available through December 1988 but as I was very busy and then out of town at the end of the month I was unable to visit the club. However, when I returned I was told that I could still buy a reduced fee membership but that that offer would be ending shortly. I felt very pressured by this sales pitch (which turned out to be untrue) and by Ms. Jenson's insistence that I listen to her sales rap about the more expensive memberships even though I told her repeatedly that I was interested only in the bronze. At this point she told me that she "had" to give me the whole rap. She also told me that the club wouldn't accept monthly payments from me when I objected to monthly payments automatically being taken from my bank account.

Aside from the above sales tactics my major complaint about this club is that five months after the projected opening time the club has still not opened. The major club facility that I was interested in was the swimming pool and I declined to join other pools on the premise that Holoday would be opening at its scheduled time. When I purchased my membership Ms. Jenson told me that the pool was "Olympic" sized and that it would not be overcrowded even at the busiest times. I now discover that it has only three swimming lanes and that thousands of memberships have been sold. The pool is not open in early mornings and therefore the evenings is the only time I can swim which is probably true for most members.

Because of these misrepresentations I am stopping payment on my membership and I request a full refund of my membership fees to date, a sum total of \$373.82.

CONFIDENTIALITY

We will respect your request for confidentiality within existing legal standards. Please be aware, however, that under Massachusetts Law the facts set out in your complaint and in some cases your name and address could be considered a public record and released to interested persons. If you request it below, we will attempt to delete your name and address before releasing a copy of this complaint.

☒ YES, you may release my complaint and my name and address to parties legally entitled to this information under Mass. public records law.

☐ NO, please do not release my name except to the party mentioned in this complaint.

Consumer's Signature

Carolyn Stack

Date

2/3/89

Carolyn Stack 25 Oak St WaterTown, MA 02172

Be sure to include clear photocopies of all receipts, sales contracts, warranties, claim checks, and other documents to support the facts set forth in this complaint - DO NOT SEND ORIGINALS!

Christopher M. Bednar
27 Chilcott Pl.
Jamaica Plain, Ma. 02130

Earl Aquaviva Jr.
U.S. Health, Inc.
300 E. Joppa Rd. Suite 703
Towson, Md. 21204

Dear sir,

I am writing to you requesting a refund in full of both my membership #3035900-004 and that of my girlfriend Indra Lall #3035901-002 which I have paid in full.

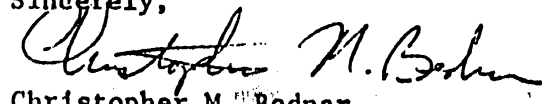
I was told that I needed to give reasons why I wanted this refund. I believe that the fact that Holiday Fitness reneged on their promise to open by November is reason enough. We signed up in July! Having to wait until November almost caused me to not join.

If this is not reason enough I was also told that we could not use the facility already open in Lowell or Peabody (granted it's a longer drive for me but to not allow us to use it-we paid for a Gold A membership supposedly allowing us to use any facility in the world-irritates me even further) Add to that the logic in thinking-If this building has not opened on time then what about the other promised openings? (especially Back Bay-possibly even with a raquetball court-which is very close to where I work and live) How can I even hope for those to open any time soon?

We've paid a lot of money to join Holiday Fitness-over two thousand dollars. I know your company is making a nice profit on the interest alone-interest that I could have been earning!

With all these points in mind, I'm sure you'll agree to send me a full, prompt refund so I may move on. Thank you for your cooperation.

Sincerely,


Christopher M. Bednar

Anne Mavor
71 Chandler Street/5
Boston MA 02116

October 15, 1988

Paul Schlaver
Cambridge Consumers' Council
57 Inman Street
Cambridge

Dear Paul,

I seek your help with the cancelation of a contract I have signed with Holiday Fitness Center. I was contacted by a sales representative of Holiday in December 1987. A friend of mine had given him my name when she joined the Peabody Holiday Fitness Center last December. I had seen the tv advertisements for 63% off and had been interested in joining a workout club. The sales representative set up an appointment and I visited the office in Cambridge December 31, 1988.

The office then was located across the street from the actual center that was under construction. I was given a tour of the office and shown pictures of what the center would look like. I was explained that I would benefit by joining the club before opening by receiving the 63% savings. It was my understanding at the time that the club would be opening in the spring 1988 approximately April.

I signed the contract and gave a 200.00\$ down payment after reading the contract and asking about the reciprocal facilities. I was told although other centers were open, I would not have use of them until my primary center itself was opened.

Two weeks later I spoke to a friend at work who I found out had joined the same center in November 1987. During our conversation, I mentioned the April opening and was informed that she was told Fall 1988 to be the Grand opening. I then that week called the Holiday office to speak to my representative to clear the matter. He was not in the office so I spoke with another representative who said it would be opening in the Fall 1988 and that I must have misunderstood.

I thought I may have, but couldn't get that date of April 1988 out of my mind. I would not have joined if it had been opening

nine months later. My representative called me the next day and denied ever telling me April. I looked at my contract to see about the cancelation requirements to find that I had only three days after signing to cancel the contract. I called the Main Office (301-296-1950) and was told I could send a letter asking for cancelation.

I did send a letter to request cancelation and full refund but was denied. Enclosed is the letter. In May 1988, the tv advertisements were selling contracts at a 58% savings, only 5% less than my saving and 5 months later.

I have been paying 75.16¢ a month since February. I have enclosed my copy of the contract. Fall 1988 has arrived and now have been given the date of Winter 1989 for the Grand Opening.

I feel I have been deceived about the Cambridge Holiday Center. In the mean time I have had to join another workout club.

I had tried to stop the automatic withdrawal from my bank account in August without any results. I am now asking you as a representative of the Attorney General to help me receive a full refund and cancelation of the contract based on the illegal advertisement/deception that the Holiday fitness had used to sell the contract so far in advance to the opening of the center. I have received no goods or services from Holiday Fitness Centers.

Thank you for your time. If you would consider my complaint valid, I will then ask you to contact Holiday Fitness in my behalf. I have also today written Holiday another letter requesting refund and have enclosed a copy.

Sincerely,

Anne E Mavor

Anne E. Mavor

out are now finding the club to be crowded, much smaller than expected, no roof top running track and a swimming pool only three lanes wide not Olympic-size as promised. Fortunately over one thousand consumers won a refund opportunity with the Consent Judgment.

The Bill before you is a good attempt to really knock the wind out of such pre-opening sales tactics by tightly regulating the handling of opening date projections and by providing for cancellation opportunities when the practice is abused. Frankly, though I would advocate an additional change to H2003, namely a 60 day ceiling on any pre-opening sales promotions, period! I would welcome H2003 as it is if further revision would weaken it's chances or delay it's passage, but must pitch for this sixty day limit rather than just add the requirement that an opening date must be declared specifically even if it is a year away.

To give you some sense of how frustrated and angry consumers have been about this Holiday Spa situation through the actual words of a sampling of 20 the 138 complaints filed in my office, I have attached copies of the written statements presented to me by individual consumers who filed complaints. I have recently called the consumers to personally obtain their permission to present these statements today to you.

I would also like to inform you that as of yesterday, March 7th, 760 written complaints have been filed through the Attorney General's Consumer Protection Network over the past twelve months about ~~the~~ Holiday Spas! Over 1000 phone calls were logged in on the A.G. Hotline in a six day period following the publicity about the January 19th Consent Judgment! These are record breaking statistics.

I thank you for your time and attention.



City of Cambridge

10.

IN CITY COUNCIL

March 27, 1989

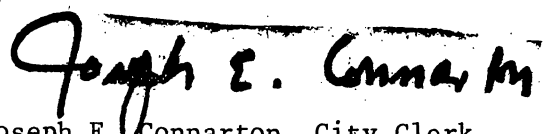
COUNCILLOR DUEHAY

- WHEREAS:** The Executive Director of the Cambridge Consumer Council testified before the Committee on Commerce and Labor of the Massachusetts Legislature in favor of further regulating health clubs, providing practices (see attached materials) engaged in by the Holiday Health Spa; and
- WHEREAS:** Cambridge has experienced the sudden closing of several health clubs in recent years, causing harm to consumers, to wit, Sophisticated Lady, Women's World, and Gloria Stevens Figure Salon; now therefore be it
- ORDERED:** That the City Manager be and hereby is requested to direct the Consumer Council to provide the City Council with a complete account of all these problems; with a copy of the consent agreements between the Commonwealth of Massachusetts and the Holiday Health Spa; with a full report of whether that consent agreement is being complied with; and with all material having to do with charges of racial discrimination against the Holiday Health Spa.

In City Council March 27, 1989.
Adopted by the affirmative vote of 9 members.
Attest:- Joseph E. Connarton, City Clerk.

A true copy;

ATTEST:-


Joseph E. Connarton, City Clerk.

Order #10 *F-106*

C. Duehay order re: that the City Manager be requested to direct hte Consumer Council to provide the City Council with a complete account of all problems concerning the Holiday Health Spa.

In City Council,

March 27, 1989

3-27-89
order Adopted