



# The State of South Carolina Department of Consumer Affairs

2221 DEVINE STREET, STE 200  
PO BOX 5757  
COLUMBIA, SC 29250-5757

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*Celebrating Over 35 Years of Public Service*

August 3, 2012

**\*NOTICE\***  
**PHYSICAL FITNESS SERVICES -REGULATION AMENDMENT**

The SC Physical Fitness Services Center Regulation (R. 28-100) was amended in FY 2012, and became effective May 25, 2012. The amendment's three significant changes (as well as some minor revisions) are outlined in this notice. The amended regulation is available via the Department's website at [www.consumer.sc.gov](http://www.consumer.sc.gov) (Click on → "Business/Industry Information" → "Physical Fitness Services").

**AMOUNT OF FINANCIAL RESPONSIBILITY**

Prior to this amendment, the amount of a bond or letter of credit ("financial responsibility") was based on the number of locations of a physical fitness center and the number of members if there was only one location. The amendment changed the basis for the amount of the bond/letter of credit to the total number of members without regard to the number of locations. This change is more in line with the potential damage if a center closes. The following schedule is now the standard:

<u>Members</u>	<u>Amount</u>
1,500 or more	\$50,000
1,000 to 1,499	\$40,000
500 to 999	\$30,000
100 to 499	\$20,000
1 to 99	\$10,000

This change may allow centers with fewer members to lower the amount to maintain the required financial responsibility, but may also allow for an increase if the center's membership increases to a higher level.

**CHANGE IN FINANCIAL STATUS**

The second major change is that a center now must notify the Administrator when there is a "substantial change in its financial status." Examples of things causing a substantial change in financial status include revocation or suspension of a center's authority to operate in any state, civil actions filed against the center, the filing of bankruptcy, the opening or closing a facility within the State, and felony indictments or convictions involving breach of trust, moral turpitude, fraud or dishonest dealing.

*(continued)*

ADMINISTRATOR  
803-734-4233  
ACCOUNTING  
803-734-4264  
Fax: 803-734-4299

PUBLIC INFORMATION  
803-734-4296  
Fax: 803-734-4229

CONSUMER ADVOCACY  
803-734-4200  
Fax: 803-734-4287

ENFORCEMENT/  
INVESTIGATORS  
803-734-4236  
Fax: 803-734-4287

CONSUMER COMPLAINTS  
803-734-4200  
Fax: 803-734-4286

E-Mail: [SCDCA@SCCONSUMER.GOV](mailto:SCDCA@SCCONSUMER.GOV)  
Website: [WWW.SCCONSUMER.GOV](http://WWW.SCCONSUMER.GOV)

Toll Free in SC: 800-922-1594  
Voice/TT: 800-735-2905



**ANNUAL REPORT**

The third significant change is that a center must now file an annual report with the Department on or before June 30 each year to allow the Administrator to evaluate the continued financial stability of the center. The date for the first annual report filing will be June 30, 2013. The form for the annual report is currently being drafted. Once completed, the form will be available on the Department's website or upon request via mail, email or fax.

**ADDITIONAL INFORMATION & REMINDERS**

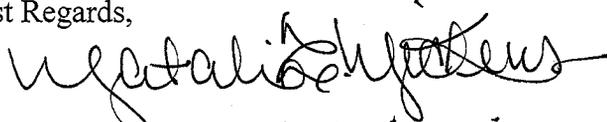
The amendment also provides guidance for physical fitness contracts that include optional "automatic-renewal" provisions. Customers must "opt-in" to such provisions and the center must provide advance notice to customers of any price changes. Automatic renewals are on a month-month basis.

Please notify the Department of changes in mailing addresses, new/closed locations, new phone numbers and/or any ownership changes. Also, Certificates of Authority must be renewed annually. The renewal period is November 1 – December 31 each year. For renewals that are postmarked after December 31, a center will be required to submit an *initial filing application* rather than a renewal application. Also note that all applications now require a *notarized signature*. The initial application filing fee and annual renewal filing fee remain \$50 per location. Late renewals or centers that fail to renew may be subject to a fine.

**STAFF CHANGES**

Lastly, there have been some recent staff changes to the Physical Fitness Services Division. Program Coordinator is Matalie L. Mickens: phone number is 803-734-4291 and e-mail address is [mmickens@scconsumer.gov](mailto:mmickens@scconsumer.gov). Staff Attorney is Martha S. Phillips: phone number is 803-734-4241 and email is [mphillips@scconsumer.gov](mailto:mphillips@scconsumer.gov). Should you have any questions regarding this letter, amendment to the regulation, or the SC Physical Fitness Services Act in general, please contact the Department using the contact information above.

Best Regards,


Physical Fitness Services Division,  
SC Department of Consumer Affairs