

14-12B-01.

(d) "Division" means the Consumer Protection Division of the Office of the Attorney General.

14-12B-02.

(a) Each person who sells health club services in this State shall register with the Division on forms the Division provides. The person shall furnish the full name and address of each business location where health club services are sold as well as any other registration information the Division deems appropriate.

(b) (1) Each person who registers under this subtitle shall pay a registration fee [of not more than \$250] at the time of registration.

(2) On September 1 of each year following the initial registration, each registered person shall pay a renewal fee [in an amount set by the Division of not more than \$250] to the Division.

(3) THE FEES FOR REGISTRATION AND RENEWAL REQUIRED UNDER THIS SUBSECTION SHALL BE SET BY THE DIVISION:

(I) IN AN AMOUNT NOT EXCEEDING ~~\$950~~ \$800 FOR A PERSON WHO IS REQUIRED TO PURCHASE A SURETY BOND OR FILE AN IRREVOCABLE LETTER OF CREDIT OR CASH UNDER SUBSECTION (E) OF THIS SECTION; AND

(II) IN AN AMOUNT NOT EXCEEDING ~~\$100~~ \$150 FOR A PERSON WHO IS EXEMPT FROM THE REQUIREMENT TO PURCHASE A SURETY BOND OR FILE AN IRREVOCABLE LETTER OF CREDIT OR CASH UNDER SUBSECTION (E) OF THIS SECTION.

[(3)] (4) The fees collected under this subsection may only be used for the administration and enforcement of this subtitle.

(e) (1) (i) Subject to the provisions of paragraph (3) of this subsection, a person who sells health club services agreements shall purchase a surety bond in an amount not less than the aggregate value of outstanding liabilities to members, including all prepaid fees, membership fees, dues, deposits, initiation fees, and fees for health club services. For the purposes of this section, "liabilities" means the moneys actually received in advance from the members less the prorated value of services rendered by the health club facility. In the case of a lifetime contract, the liabilities shall be calculated on a prorated basis for not more than 36 months.

(ii) The amount of the bond shall be based upon a report prepared by an independent certified public accountant describing the health club's outstanding liabilities to the members using accepted standard accounting principles. In this section "outstanding liabilities" includes all amounts that would be required to be refunded to members if the health club facility ceases operations.

(iii) The report shall be submitted at the time of initial registration