

~~IT IS AN UNFAIR OR DECEPTIVE TRADE PRACTICE WITHIN THE MEANING OF TITLE 13 OF THE COMMERCIAL LAW ARTICLE TO FAIL TO ESTABLISH AND MAINTAIN THE BOND AND RECORDS REQUIRED BY SECTION 130B OF THIS SUBTITLE.~~

Article - Commercial Law

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) AT LEAST ONE MEMBER OF THE BOARD OF DIRECTORS OF EACH SELLER OF HEALTH CLUB SERVICES IN THIS STATE SHALL BE A RESIDENT OF A COUNTY WHERE A CLUB OF THE SELLER IS LOCATED AND SHALL SERVE AS A RESIDENT AGENT FOR RECEIPT OF SERVICE OF PROCESS.

(C) THE DIVISION MAY BRING AN ACTION FOR MANDAMUS AGAINST A HEALTH CLUB TO REQUIRE THE CLUB TO REGISTER OR TO HAVE AND MAINTAIN THE SURETY REQUIRED BY THIS SECTION.

[(a)] (D) (1) A person who sells health club services agreements shall purchase a surety bond in an amount not less than \$50,000, or shall file with the [division] DIVISION an irrevocable letter of credit or [other evidence of financial responsibility satisfactory to the Division in an equivalent amount] CASH.

(2) A buyer of health club services who suffers or sustains any loss or damage by reason of breach of contract or bankruptcy by the seller of the health club services agreement may bring an action based on the bond and recover against the surety.

[(b) (1)] (3) The liability of the surety under any bond may not exceed the aggregate amount of the bond, regardless of the number or amount of claims filed.

[(2)] (4) If the claims filed should exceed the amount of the bond, the surety shall pay the amount of the bond to the Division for distribution to claimants entitled to restitution and shall be relieved of all liability under the bond.

[(c)] (E) Any person or business bonded under this section shall maintain accurate records of the bond and of premium payments on it. These records shall be open to inspection by the Division at any time during normal business hours.

14-12B-05.