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Gym Files for Bankruptcy, Kids Stranded

One of the 300 outlets of the Little Gym International Inc. franchise that caters for children, the Little Gym of Rockland has filed for Chapter 7 bankruptcy this month. The gym provides gym, karate, and dance classes for children up to age 12 besides offering birthday party services. The sudden and unexpected action by the gym, announced to members via an email dated November 10, has left its 200 children members and their parents stranded.

“It is with a heavy heart and great sadness that The Little Gym of Rockland County will be permanently closing its doors, effective immediately,” the email said. “It has truly been a pleasure teaching your children and being a part of your family’s lives.” According to the email, the gym is currently negotiating with other gyms to take in their children members. Records show that the gym has about 175 members. The email went on to ask its recipients to direct all enquiries on the gym’s status or finances to its lawyer.

The Little Gym of Rockland county was opened in 2003 and subsequently taken over by its present owners, Melbran Gymnastics LLC in 2005. No individual names of owners were available.

Rick Adams, Senior Vice President of Little Gym International, said the company would arrange for Rockland members who had already paid for gym classes and birthday parties to have them in 2 New Jersey gyms located at Englewood and Waldwick. But the arrangement is not well received by some parents, who say that it would be inconvenient to go to New Jersey for their children’s gym activities while there are more than a dozen Little Gyms in New York State including several in New York City and one in Scarsdale.

Regarding the Rockland gym closure, Adams confirmed that the franchisee did not give any notice to Little Gym International about their bankruptcy. "We're trying to force the refunds from that company although I don't know if we'll be successful in doing that, because it filed for bankruptcy," Adams said.

Parents of children members who had paid their gym fees in advance are left in a lurch. For the first time, the gym required parents to pay the entire school year's gym fees in advance whereas in the past only half a year's fees were required in advance. Parents paid up to \$828 per child. Efforts by several of them to contact the owners for a refund have not been successful.

At least one parent has lodged an official complaint with the relevant authorities. The Rockland County office for consumer protection has confirmed receiving one complaint about the Little Gym of Rockland. Its director, Terry Grosselfinger, said that his office would look into the matter. "Consumers in these situations have sort of a dual protection, under of county and state laws," Grosselfinger said. He clarified that under Rockland County consumer law, gyms, health clubs, spas and similar businesses are required to give pro-rata refunds in the event the business closes down. Furthermore, under the New York Health Club Services Act, businesses must post a bond before opening to ensure sufficient funds to reimburse members if the businesses unexpectedly fold up.