

Colorado Attorneys Looking to Franchise Chiropractic

FROM PIZZA TO HEALTH CARE

Editorial Staff

On May 7, two Colorado attorneys, Cory and Michael Gelmon, announced plans to "develop the 'Chiropractic USA' concept, which will create and consolidate chiropractic clinics across North America utilizing both corporate and franchised strategies." (*Editor's note: The Gelmons perhaps are not aware of the possible confusion their announcement could engender. "Chiropractic USA" should not be confused with ChiroUSA or Chiropractic America.*)

The company in question is Banyan Corporation (BANY), a publicly traded holding company located in Colorado Springs, Colorado. Cory Gelmon has been appointed president of Banyan; Michael Gelmon is the new CEO.

According to information released by Banyan, the Gelmons "bring unique skills to the company as franchise specialists, with Cory Gelmon having been the chief operating officer and general council of Domino's Pizza of Canada, Ltd., a franchised system with over 200 stores and system-wide sales of approximately \$60,000,000."

According to another company press release, the company is "focused on investing in and building a network of operating subsidiaries engaged in various innovative businesses, including the development of branded chiropractic clinics throughout North America; designing, manufacturing and marketing products and services aimed at the personal computer market, and Internet e-commerce services." This same press release goes on to report that Banyan just agreed to purchase "Franchise Support Network," a company "offering professional support systems to franchisees in virtually all franchise segmented sectors."

Just before press time, we had a brief opportunity to speak with Banyan President Cory Gelmon. "We've built multi-unit organizations in the past," Mr. Gelmon told us. "We have good methods at doing it and we have very good financing packages we are hoping to put into place."

"We want to get established by way of acquisitions which will give us an immediate base. The way we would do our own clinics would be on a profit sharing/equity arrangement with chiropractors that may not have the resources to do that."

Mr. Gelmon added: "We don't want to have chiropractors as our employees, we want them to be our partners. The business will be theirs, we bring added value."

At press time, Banyan stock was trading over-the-counter at a high of just under 11 cents and a low of 6 cents. With reportedly less than 10 million outstanding shares, this puts the company's market value at less than \$600,000.

The last major effort to develop franchises in the chiropractic profession was made by a company called CliniCorp in 1992. The company reportedly began with millions of dollars, but within two years found itself in serious financial trouble.^{1,2} CliniCorp's initial stock offering went from \$6.50 to

\$26 only three months later.³ This encouraged many doctors of chiropractic to sell their practices and accept CliniCorp stock for the majority of the purchase.

But after two years of operation, trading ceased on CliniCorp shares at 25 cents per share, with an expected loss of \$34 million for its second year, leaving many DCs with little to show for the transaction.⁴

References

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