

SUBSTITUTE FOR  
HOUSE BILL NO. 5568

A bill to amend 1975 PA 169, entitled  
"Charitable organizations and solicitations act,"  
by amending the title and sections 2, 3, 4, 5, 6, 7, 8, 9, 10,  
11, 12, 13, 16, 17, 18, 20, 21, and 23 (MCL 400.272, 400.273,  
400.274, 400.275, 400.276, 400.277, 400.278, 400.279, 400.280,  
400.281, 400.282, 400.283, 400.286, 400.287, 400.288, 400.290,  
400.291, and 400.293), section 13 as amended by 1992 PA 299, and  
by adding sections 3a, 19, 19a, 19b, 19c, 19d, 22a, 23a, 23b, and  
23c; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 TITLE

2 An act to regulate organizations and persons soliciting or  
3 collecting contributions for charitable purposes; to require  
4 registration — AND disclosure of information ~~and licensing~~  
5 before solicitation of contributions; to provide for reporting of

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

2

1 financial and other information by those ~~licensed or~~ registered  
2 and those claiming exemption; to prescribe standards of conduct  
3 and administration, and to prohibit certain actions; to provide  
4 for enforcement, investigation, and promulgation of rules by the  
5 attorney general; to preempt local regulation; to provide penal-  
6 ties for violations; and to repeal ~~certain~~ acts and parts of  
7 acts.

8       Sec. 2. As used in this act:

9       (a) "Charitable organization" means ~~a benevolent, educa-~~  
10 ~~tional, philanthropic, humane, patriotic, or eleemosynary organi-~~  
11 ~~zation of persons which solicits or obtains contributions solici-~~  
12 ~~ted from the public for charitable purposes. A chapter, branch,~~  
13 ~~area office, or similar affiliate or person soliciting contribu-~~  
14 ~~tions within the state for a charitable organization which has~~  
15 ~~its principal place of business outside the state is a charitable~~  
16 ~~organization. This definition does not include duly constituted~~  
17 ~~religious organizations or a group affiliated with and forming an~~  
18 ~~integral part of a religious organization no part of the net~~  
19 ~~income of which inures to the direct benefit of any individual if~~  
20 ~~it has received a declaration of current tax exempt status from~~  
21 ~~the United States. The affiliated group shall not be required to~~  
22 ~~obtain a declaration if the parent or principal organization has~~  
23 ~~obtained tax exempt status. Charitable organization does not~~  
24 ~~include a candidate or committee as defined in section 901 of Act~~  
25 ~~No. 116 of the Public Acts of 1954, being section 168.901 of the~~  
26 ~~Michigan Compiled Laws, or a political party qualified to be on~~  
27 ~~the general election ballot pursuant to section 560a of Act~~

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

3

1 ~~No. 116 of the Public Acts of 1954, as added, being section~~  
2 ~~168.560a of the Michigan Compiled Laws.~~ THE FOLLOWING:

3       (i) A TAX EXEMPT ORGANIZATION UNDER SECTION 501(c)(3) OF THE  
4 INTERNAL REVENUE CODE OF 1986.

5       (ii) A PERSON WHOSE PURPOSE, STRUCTURE, OR ACTIVITIES ARE  
6 DESCRIBED UNDER SECTION 501(c)(3) OF THE INTERNAL REVENUE CODE OF  
7 1986.

8       (iii) CHARITABLE ORGANIZATION DOES NOT INCLUDE A FEDERAL,  
9 STATE, OR LOCAL UNIT OF GOVERNMENT, A SUBDIVISION, AGENCY, OR  
10 INSTRUMENTALITY OF FEDERAL, STATE, OR LOCAL GOVERNMENT, OR A  
11 RELIGIOUS ORGANIZATION INCORPORATED OR ESTABLISHED FOR RELIGIOUS  
12 PURPOSES.

13       (iv) CHARITABLE ORGANIZATION DOES NOT INCLUDE ANY OF THE  
14 FOLLOWING:

15       (A) A CANDIDATE, CANDIDATE COMMITTEE, OR COMMITTEE AS THOSE  
16 TERMS ARE DEFINED IN SECTION 3 OF THE MICHIGAN CAMPAIGN FINANCE  
17 ACT, 1976 PA 388, MCL 169.203.

18       (B) AN AUTHORIZED COMMITTEE, POLITICAL COMMITTEE, OR PRINCIPAL  
19 CAMPAIGN COMMITTEE AS THOSE TERMS ARE DEFINED IN SECTION 301  
20 OF TITLE III OF THE FEDERAL ELECTION CAMPAIGN ACT OF 1971, PUBLIC  
21 LAW 92-225, 2 U.S.C. 431.

22       (C) A POLITICAL PARTY AS DESCRIBED IN SECTION 560A OF THE  
23 MICHIGAN ELECTION LAW, 1954 PA 116, MCL 168.560A.

24       (B) "CHARITABLE PURPOSE" MEANS THE FOLLOWING:

25       (i) A PURPOSE DESCRIBED IN SECTION 501(c)(3) OF THE INTERNAL  
26 REVENUE CODE OF 1986.

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

4

1       (ii) A BENEVOLENT, PHILANTHROPIC, EDUCATIONAL, SCIENTIFIC,  
2 PUBLIC HEALTH, HUMANE, RELIGIOUS, OR OTHER ELEEMOSYNARY  
3 OBJECTIVE.

4       (C) "CHARITABLE SALES PROMOTION" MEANS AN ADVERTISING OR  
5 SALES CAMPAIGN REPRESENTING THAT PROCEEDS FROM THE SALE OR USE OF  
6 THE GOODS OR SERVICES OFFERED WILL BENEFIT, IN WHOLE OR IN PART,  
7 A CHARITABLE ORGANIZATION OR CHARITABLE PURPOSE, OR THAT THE  
8 SELLER OR VENDOR WILL MAKE A PAYMENT TO A CHARITABLE ORGANIZATION  
9 OR FOR A CHARITABLE PURPOSE.

10       (D) "COMMERCIAL COVENTURER" MEANS A PERSON WHO CONDUCTS  
11 CHARITABLE SALES PROMOTIONS. A PERSON WHO ENTERS INTO A LICENS-  
12 ING ARRANGEMENT IN WHICH A CHARITABLE ORGANIZATION ALLOWS THE  
13 PERSON TO USE THE CHARITABLE ORGANIZATION'S NAME FOR A FEE IS A  
14 COMMERCIAL COVENTURER.

15       (E) ~~-(b)-~~ "Contribution" means the promise, grant, or pay-  
16 ment of money or property of any kind or value, including  
17 ~~promises~~ THE PROMISE to pay. ~~, except payments by members of an~~  
18 ~~organization for membership fees, dues, fines, or assessments, or~~  
19 ~~for services rendered to individual members, if membership in the~~  
20 ~~organization confers a bona fide right, privilege, professional~~  
21 ~~standing, honor, or other direct benefit, other than the right to~~  
22 ~~vote, elect officers, or hold offices, and except money or prop-~~  
23 ~~erty received from a governmental authority or foundation~~  
24 ~~restricted as to use.~~ CONTRIBUTION INCLUDES THAT PORTION OF MEM-  
25 BERSHIP FEES, DUES, OR ASSESSMENTS THAT EXCEED THE MONETARY VALUE  
26 OF MEMBERSHIP BENEFITS AVAILABLE TO A DUES PAYER WHETHER OR NOT  
27 THE MEMBERSHIP BENEFITS ARE USED, AND MEMBERSHIP FEES, DUES, OR

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

5

1 ASSESSMENTS THAT ARE PAID PRIMARILY TO SUPPORT THE CHARITABLE  
2 ORGANIZATION'S ACTIVITIES AND NOT TO OBTAIN BENEFITS OF MORE THAN  
3 NOMINAL MONETARY VALUE. CONTRIBUTION DOES NOT INCLUDE ANY OF THE  
4 FOLLOWING:

5 (i) A GRANT OR CONTRACT FROM ANY GOVERNMENTAL AGENCY OR A  
6 RESTRICTED GRANT FROM A FOUNDATION.

7 (ii) ANY PORTION OF MEMBERSHIP DUES, FEES, OR ASSESSMENTS  
8 PAID TO A LABOR ORGANIZATION OR BARGAINING REPRESENTATIVE. AS  
9 USED IN THIS SUBPARAGRAPH:

10 (A) "BARGAINING REPRESENTATIVE" MEANS THAT TERM AS DEFINED  
11 IN SECTION 1 OF 1947 PA 336, MCL 423.201.

12 (B) "LABOR ORGANIZATION" MEANS THAT TERM AS DEFINED IN SEC-  
13 TION 2 OF 1939 PA 176, MCL 423.2, OR SECTION 2 OF THE NATIONAL  
14 LABOR RELATIONS ACT, CHAPTER 372, 49 STAT. 450, 29 U.S.C. 152.

15 (F) ~~-(c)-~~ "Person" means an individual, organization, group,  
16 association, partnership, corporation, trust, or any combination  
17 of them.

18 (G) "PROFESSIONAL FUND-RAISER" MEANS A PERSON, INCLUDING A  
19 SUBCONTRACTOR, WHO FOR COMPENSATION OR OTHER CONSIDERATION CON-  
20 DUCTS, MANAGES, OR CARRIES ON A DRIVE OR CAMPAIGN TO SOLICIT CON-  
21 TRIBUTIONS FOR OR ON BEHALF OF A CHARITABLE ORGANIZATION, RELI-  
22 GIOUS ORGANIZATION, OR ANY OTHER PERSON EXCEPT A PERSON DESCRIBED  
23 IN SUBDIVISION (A)(iv); OR WHO ENGAGES IN THE BUSINESS OF OR  
24 HOLDS HIMSELF OR HERSELF OUT AS INDEPENDENTLY ENGAGED IN THE  
25 BUSINESS OF SOLICITING CONTRIBUTIONS FOR CHARITABLE PURPOSES. A  
26 BONA FIDE OFFICER OR EMPLOYEE OF A CHARITABLE ORGANIZATION, OR A  
27 PERSON WHOSE SERVICE TO A CHARITABLE ORGANIZATION IS LIMITED TO

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

6

1 PROVIDING ADVICE, RESEARCH, OR WRITING IS NOT A PROFESSIONAL  
2 FUND-RAISER.

3 (H) "SOLICIT" AND "SOLICITATION" MEAN THE FOLLOWING:

4 (i) A DIRECT OR INDIRECT REQUEST FOR A CONTRIBUTION BASED ON  
5 THE REPRESENTATION THAT THE CONTRIBUTION WILL OR MAY BE USED FOR  
6 A CHARITABLE PURPOSE OR TO BENEFIT A CHARITABLE ORGANIZATION, AND  
7 INCLUDES ANY OF THE FOLLOWING METHODS OF SECURING CONTRIBUTIONS:

8 (A) AN ORAL OR WRITTEN REQUEST.

9 (B) DISTRIBUTING, CIRCULATING, MAILING, POSTING, OR PUBLISH-  
10 ING A HANDBILL, WRITTEN ADVERTISEMENT, OR OTHER PUBLICATION THAT  
11 DIRECTLY OR BY IMPLICATION SEEKS TO OBTAIN A CONTRIBUTION.

12 (C) AN ANNOUNCEMENT TO THE NEWS MEDIA OR BY RADIO, TELEVI-  
13 SION, TELEPHONE, TELEGRAPH, FACSIMILE, OR ANY OTHER COMMUNICATION  
14 DEVICE, CONCERNING AN APPEAL OR CAMPAIGN FOR A CHARITABLE ORGANI-  
15 ZATION OR PURPOSE.

16 (D) THE SALE, ATTEMPTED SALE, OR OFFER TO SELL AN ADVERTISE-  
17 MENT, ADVERTISING SPACE, A BOOK, A COUPON, A MAGAZINE, A MEMBER-  
18 SHIP, MERCHANDISE, A SUBSCRIPTION, A TICKET, OR OTHER ITEM IN  
19 CONNECTION WITH A REQUEST FOR A CHARITABLE ORGANIZATION OR  
20 PURPOSE.

21 (E) A RECEPTACLE FOR CONTRIBUTIONS, SUCH AS HONOR BOXES,  
22 VENDING MACHINES, WISHING WELLS, OR CONTRIBUTION BOXES, WHERE A  
23 CHARITABLE PURPOSE IS USED, REFERRED TO, OR IMPLIED AS AN INDUCE-  
24 MENT TO MAKE A CONTRIBUTION OR PURCHASE.

25 (ii) A SOLICITATION OCCURS WHETHER OR NOT THE PERSON MAKING  
26 THE SOLICITATION RECEIVES A CONTRIBUTION. FOR PURPOSES OF THIS  
27 ACT, A CHARITABLE ORGANIZATION IS CONSIDERED TO HAVE RECEIVED, IN

1 ADDITION TO CONTRIBUTIONS SOLICITED FROM THE PUBLIC BY IT,  
2 CONTRIBUTIONS SOLICITED FROM THE PUBLIC BY ANY OTHER PERSON AND  
3 TRANSFERRED TO THAT CHARITABLE ORGANIZATION. A CHARITABLE ORGAN-  
4 IZATION THAT RECEIVES AN ALLOCATION FROM A COMMUNITY CHEST,  
5 UNITED FUND, OR SIMILAR ORGANIZATION IS CONSIDERED TO HAVE SOLIC-  
6 ITED THAT ALLOCATION FROM THE PUBLIC.

7 (I) ~~(d)~~ "Soliciting material" means printed or similar  
8 material, including but not limited to labels, posters, televi-  
9 sion scripts, radio scripts, or recordings used in soliciting  
10 funds from the public.

11 (J) ~~(e)~~ "Solicitor" means a person who solicits on behalf  
12 of a charitable organization.

13 ~~(f) "Professional fund raiser" means a person who for com-~~  
14 ~~pensation or other consideration plans, conducts, manages, or~~  
15 ~~carries on a drive or campaign of soliciting contributions for or~~  
16 ~~on behalf of a charitable organization, religious organization,~~  
17 ~~or any other person; or who engages in the business of or holds~~  
18 ~~himself out as independently engaged in the business of solicit-~~  
19 ~~ing contributions for such purposes. A bona fide officer or~~  
20 ~~employee of a charitable organization is not a professional fund~~  
21 ~~raiser unless his salary or other compensation is computed on the~~  
22 ~~basis of funds to be raised or actually raised.~~

23 ~~(g) "Professional solicitor" means a person who is employed~~  
24 ~~or retained for compensation by a professional fund raiser to~~  
25 ~~solicit contributions for charitable purposes.~~

26 ~~(h) "Prohibited transaction" is that dealing, activity,~~  
27 ~~conduct, administration, or management of the charitable~~

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

8

1 ~~organization or by any of its officers, trustees, personnel, or~~  
2 ~~related persons which may be prohibited as constituting activity~~  
3 ~~contrary to proper administration of the charitable organization~~  
4 ~~or conduct of a fund raising campaign or solicitation by a pro-~~  
5 ~~fessional fund raiser or solicitor.~~

6 (K) "VENDOR" MEANS A PERSON OTHER THAN A CHARITABLE ORGANI-  
7 ZATION WHO CONDUCTS CHARITABLE SALES PROMOTIONS THROUGH VENDING  
8 MACHINES, HONOR BOXES, NOVELTY MACHINES, OR SIMILAR DEVICES, THAT  
9 REPRESENT THAT THEY BENEFIT A CHARITABLE ORGANIZATION OR A CHARI-  
10 TABLE PURPOSE THROUGH A PORTION OF THE PROCEEDS, A FIXED DOLLAR  
11 AMOUNT, OR ANY OTHER MANNER.

12 Sec. 3. (1) ~~Before a solicitation, a~~ A charitable organi-  
13 zation ~~which~~ THAT is not an exempt organization ~~and which is~~  
14 ~~not~~ described in section 13 ~~, which~~ AND THAT solicits or  
15 intends to solicit or receives or intends to receive contribu-  
16 tions from persons by any means ~~whatsoever,~~ shall ~~file~~ HAVE  
17 NOT LESS THAN 2 DIRECTORS, TRUSTEES, OR MEMBERS AND SHALL  
18 REGISTER with the attorney general upon forms prescribed by ~~him,~~  
19 ~~an application for a license. It~~ THE ATTORNEY GENERAL, TOGETHER  
20 WITH ALL NECESSARY SUPPORTING DOCUMENTATION. THE REGISTRATION  
21 shall include the following information:

22 (a) The name of the organization and ~~the~~ ANY name ~~under~~  
23 ~~which it intends~~ USED BY THAT ORGANIZATION to solicit  
24 contributions.

25 (b) The principal address of the organization and the  
26 address of any office in this state. If the organization does



1 not maintain a principal office, the name and address of the  
2 person having custody of its financial records.

3 ~~(c) The names and addresses of the officers, directors,~~  
4 ~~trustees, chief executive officer, and state agent.~~

5 (C) ~~(d)~~ Where and when the organization was legally estab-  
6 lished ~~—~~, AND the form of its organization. ~~—, and its tax~~  
7 ~~exempt status.~~

8 (D) THE ORGANIZATION'S FEDERAL TAX EXEMPT STATUS AND, WITH  
9 ITS INITIAL APPLICATION, A COPY OF ITS INTERNAL REVENUE SERVICE  
10 DETERMINATION LETTER.

11 (e) ~~The~~ A STATEMENT OF THE ORGANIZATION'S purpose ~~for~~  
12 ~~which it is organized~~ and the purposes for which contributions  
13 to be solicited will be used.

14 (f) ~~The fiscal year date of the organization~~ METHODS BY  
15 WHICH SOLICITATIONS WILL BE MADE.

16 (g) ~~Whether the organization is or has ever been enjoined~~  
17 ~~from soliciting contributions~~ THE NAMES AND ADDRESSES OF ALL  
18 PROFESSIONAL FUND-RAISERS WITH WHOM THE ORGANIZATION HAS  
19 CONTRACTED.

20 (h) ~~All methods by which solicitations will be made~~ A LIST  
21 OF THE NAMES AND ADDRESSES OF THE ORGANIZATION'S BOARD OF DIREC-  
22 TORS, OFFICERS, AND TRUSTEES.

23 (i) ~~Copies of contracts between charitable organizations~~  
24 ~~and professional fund raisers relating to financial compensation~~  
25 ~~or profit to be derived by the professional fund raisers.~~ When  
26 the contract is executed after filing of application statement, a  
27 copy shall be filed within 10 days of the date of execution. IF

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

10

1 THE PRINCIPAL ADDRESS OF THE ORGANIZATION IS NOT IN THIS STATE,  
2 THE ADDRESS AND TELEPHONE NUMBER OF A RESIDENT AGENT IN THIS  
3 STATE.

4 (j) ~~Other information as required by rule.~~ WHETHER THE  
5 ORGANIZATION OR ANY OF ITS OFFICERS, DIRECTORS, OR PRINCIPALS IS,  
6 OR HAS EVER BEEN, ENJOINED, FINED, CONVICTED, OR SUBJECT TO ANY  
7 OTHER SANCTION OR PENALTY AS A RESULT OF SOLICITING CONTRIBUTIONS  
8 IN ANY STATE OR COUNTRY, OR WHETHER SUCH PROCEEDINGS ARE  
9 PENDING.

10 (K) WHETHER AN OFFICER, DIRECTOR, OR EMPLOYEE OF THE CHARI-  
11 TABLE ORGANIZATION OWNS A 10% OR GREATER INTEREST IN A PROFES-  
12 SIONAL FUND-RAISER, OR IS AN AGENT OR CONTRACTOR FOR A PROFES-  
13 SIONAL FUND-RAISER, DURING A PERIOD OF TIME WHEN THE PROFESSIONAL  
14 FUND-RAISER IS UNDER CONTRACT WITH THE CHARITABLE ORGANIZATION TO  
15 SOLICIT FUNDS.

16 (l) FINANCIAL INFORMATION NECESSARY FOR THE ATTORNEY GENERAL  
17 TO PREPARE REPORTS FOR THE LEGISLATURE OR THE PUBLIC IF THE  
18 INFORMATION IS NOT INCLUDED IN THE ORGANIZATION'S INTERNAL REVE-  
19 NUE SERVICE FORM 990, 990EZ, OR 990PF, OR IF THE ORGANIZATION IS  
20 NOT REQUIRED TO FILE AN INTERNAL REVENUE SERVICE FORM 990, 990EZ,  
21 OR 990PF PURSUANT TO SUBSECTION (2).

22 (2) THE CHARITABLE ORGANIZATION SHALL PROVIDE THE FOLLOWING  
23 DOCUMENTATION WITH ITS REGISTRATION:

24 (A) UNLESS THE ORGANIZATION HAS NOT COMPLETED ITS FIRST  
25 ACCOUNTING PERIOD, A COPY OF ITS FULLY AND PROPERLY COMPLETED  
26 INTERNAL REVENUE SERVICE FORM 990, 990EZ, OR 990PF FOR THE  
27 IMMEDIATELY PRECEDING TAX YEAR, OR SUCCESSOR FORMS, INCLUDING ALL

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

11

1 SCHEDULES, ATTACHMENTS, AND EXHIBITS FILED WITH THE INTERNAL  
2 REVENUE SERVICE, EXCEPT THE SCHEDULE OF CONTRIBUTORS. EXCEPT AS  
3 OTHERWISE PROVIDED IN THIS SUBSECTION, IF A CHARITABLE ORGANIZA-  
4 TION DOES NOT FILE AN INTERNAL REVENUE SERVICE FORM 990, 990EZ,  
5 OR 990PF, IT SHALL PREPARE A PRO FORMA FORM 990, 990EZ, OR 990PF  
6 RETURN FOR FILING WITH THE REGISTRATION. A PRO FORMA RETURN  
7 SHALL BE COMPLETED FULLY AND PROPERLY PURSUANT TO INTERNAL REVE-  
8 NUE SERVICE INSTRUCTIONS AND SHALL INCLUDE ALL REQUIRED INFORMA-  
9 TION, ATTACHMENTS, SCHEDULES, AND EXHIBITS. IF AN ORGANIZATION  
10 IS NOT REQUIRED TO FILE FORM 990EZ WITH THE INTERNAL REVENUE  
11 SERVICE BECAUSE OF INSUFFICIENT GROSS RECEIPTS, THAT ORGANIZATION  
12 IS NOT REQUIRED TO INCLUDE THAT FORM OR A PRO FORMA RETURN WITH  
13 ITS REGISTRATION.

14 (B) FINANCIAL STATEMENTS PREPARED ACCORDING TO GENERALLY  
15 ACCEPTED ACCOUNTING PRINCIPLES THAT HAVE BEEN AUDITED BY AN INDE-  
16 PENDENT CERTIFIED PUBLIC ACCOUNTANT IF THE AMOUNT OF CONTRIBU-  
17 TIONS RECEIVED BY THE CHARITABLE ORGANIZATION DURING ITS FISCAL  
18 YEAR REPORTED ON ITS FEDERAL TAX RETURN IS \$250,000.00 OR MORE.  
19 IF CONTRIBUTIONS AS REPORTED ON THE CHARITABLE ORGANIZATION'S  
20 INTERNAL REVENUE SERVICE FORM 990, 990EZ, OR 990PF ARE  
21 \$100,000.00 OR MORE, BUT LESS THAN \$250,000.00, FINANCIAL STATE-  
22 MENTS EITHER REVIEWED OR AUDITED BY AN INDEPENDENT CERTIFIED  
23 PUBLIC ACCOUNTANT SHALL BE PROVIDED. THE AMOUNT OF CONTRIBUTIONS  
24 RECEIVED BY THE ORGANIZATION INCLUDES DIRECT AND INDIRECT PUBLIC  
25 SUPPORT AS SHOWN ON THE INTERNAL REVENUE SERVICE FORM 990, 990EZ,  
26 OR 990PF, LESS ANY RESTRICTED GRANTS FROM FOUNDATIONS INCLUDED IN  
27 THE FEDERAL TAX RETURN, PLUS NET SPECIAL FUND-RAISING EVENTS

**HB5568, As Passed House, April 29, 1998**

Sub. H.B. 5568 (H-1) as amended April 1, 1998 12

1 REVENUE. THE ATTORNEY GENERAL MAY WAIVE THIS REQUIREMENT 1 TIME  
2 FOR A CHARITABLE ORGANIZATION.

3 (3) WITH ITS REGISTRATION, OR RENEWAL OF ITS REGISTRATION AS  
4 PROVIDED IN SECTION 7, A CHARITABLE ORGANIZATION SHALL PAY THE  
5 FOLLOWING REGISTRATION FEE:

6 (A) IF GROSS RECEIPTS FROM ALL SOURCES WERE LESS THAN  
7 \$25,000.00 IN THE FISCAL YEAR REPORTED ON THE REGISTRATION, THERE  
8 IS NO FEE.

9 (B) IF GROSS RECEIPTS FROM ALL SOURCES WERE MORE THAN  
10 \$25,000.00 BUT LESS THAN \$100,000.00 IN THE FISCAL YEAR REPORTED  
11 ON THE REGISTRATION, \$20.00.

12 (C) IF GROSS RECEIPTS FROM ALL SOURCES WERE AT LEAST  
13 \$100,000.00 BUT LESS THAN \$500,000.00 IN THE FISCAL YEAR REPORTED  
14 ON THE REGISTRATION, \$50.00.

15 (D) IF GROSS RECEIPTS FROM ALL SOURCES WERE AT LEAST  
16 \$500,000.00 BUT LESS THAN \$1,000,000.00 IN THE FISCAL YEAR  
17 REPORTED ON THE REGISTRATION, \$100.00.

18 (E) IF GROSS RECEIPTS FROM ALL SOURCES WERE \$1,000,000.00 OR  
19 MORE IN THE FISCAL YEAR REPORTED ON THE REGISTRATION, \$200.00.

[ (F) A PARENT CHARITABLE ORGANIZATION REGISTERED UNDER THIS ACT  
THAT IS THE PARENT CHARITABLE ORGANIZATION OF 1 OR MORE SUBSIDIARY  
CHARITABLE ORGANIZATIONS REQUIRED TO BE REGISTERED UNDER THIS ACT  
THAT DO NOT MEET THE COMBINED REGISTRATION REQUIREMENTS SET FORTH IN  
SECTION 9 MAY PAY 1 REGISTRATION FEE OF \$300.00 FOR ITSELF AND ALL  
OF ITS SUBSIDIARY CHARITABLE ORGANIZATIONS. AS USED IN THIS  
SUBDIVISION, "PARENT CHARITABLE ORGANIZATION" MEANS AN ORGANIZATION  
THAT MEETS THE REQUIREMENTS FOR CONSOLIDATING FINANCIAL STATEMENTS  
UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES. ]

20 (4) A CHARITABLE ORGANIZATION'S REGISTRATION IS EFFECTIVE  
21 IMMEDIATELY UPON RECEIPT BY THE ATTORNEY GENERAL OF THE INFORMA-  
22 TION AND FEES REQUIRED UNDER THIS ACT.

23 SEC. 3A. (1) THE CHARITABLE ORGANIZATIONS AND SOLICITATIONS  
24 FUND IS CREATED WITHIN THE STATE TREASURY.

25 (2) THE STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS  
26 FOR DEPOSIT INTO THE CHARITABLE ORGANIZATIONS AND SOLICITATIONS  
27 FUND FROM ANY OF THE FOLLOWING:

00155'97 \*\*\* (H-1)  
House Bill No. 5568

1 (A) REGISTRATION FEES COLLECTED UNDER THIS ACT.

**HB5568, As Passed House, April 29, 1998**

2 (B) LATE REGISTRATION FEES COLLECTED UNDER THIS ACT.

3 (C) FINES AND PENALTIES ASSESSED AND COLLECTED UNDER THIS  
4 ACT.

5 (D) ANY OTHER SOURCE.

6 (3) THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE  
7 CHARITABLE ORGANIZATIONS AND SOLICITATIONS FUND AND SHALL CREDIT  
8 TO THE CHARITABLE ORGANIZATIONS AND SOLICITATIONS FUND INTEREST  
9 AND EARNINGS FROM CHARITABLE ORGANIZATIONS AND SOLICITATIONS FUND  
10 INVESTMENTS.

11 (4) MONEY IN THE CHARITABLE ORGANIZATIONS AND SOLICITATIONS  
12 FUND AT THE CLOSE OF THE FISCAL YEAR SHALL REMAIN IN THE CHARITA-  
13 BLE ORGANIZATIONS AND SOLICITATIONS FUND AND SHALL NOT LAPSE TO  
14 THE GENERAL FUND.

15 (5) THE DEPARTMENT OF ATTORNEY GENERAL SHALL EXPEND MONEY  
16 FROM THE CHARITABLE ORGANIZATIONS AND SOLICITATIONS FUND, UPON  
17 APPROPRIATION, ONLY FOR THE ADMINISTRATION OF THIS ACT AND TO  
18 GATHER AND PROVIDE THE PUBLIC WITH INFORMATION REGARDING PERSONS  
19 SUBJECT TO THIS ACT. INFORMATION REGARDING PERSONS SUBJECT TO  
20 THIS ACT SHALL BE DISSEMINATED TO THE PUBLIC UNDER THE PLAN  
21 DEVELOPED PURSUANT TO SECTION 23B.

22 Sec. 4. (1) ~~True~~ A TRUE and correct ~~copies~~ COPY of ~~the~~  
23 ~~contracts of~~ A CONTRACT WITH A professional ~~fund raisers~~  
24 FUND-RAISER shall be kept on file in the offices of the charita-  
25 ble organization and the professional ~~fund-raiser~~ FUND-RAISER  
26 during the term of ~~employment~~ THE CONTRACT and for 6 years

1 ~~subsequent to the date~~ AFTER the solicitation of contributions  
2 provided for ~~therein~~ IN THE CONTRACT actually terminates.

3 (2) Copies of A CONTRACT WITH A PROFESSIONAL FUND-RAISER,  
4 VENDOR, OR COMMERCIAL COVENTURER AND all soliciting materials  
5 shall be supplied TO THE ATTORNEY GENERAL upon request. ~~of the~~  
6 ~~attorney general.~~

7 (3) A CHARITABLE ORGANIZATION SHALL TAKE REASONABLE STEPS TO  
8 ENSURE THAT A PROFESSIONAL FUND-RAISER WITH WHOM IT HAS CON-  
9 TRACTED TO SOLICIT FUNDS IN THIS STATE IS REGISTERED IN THIS  
10 STATE AS A PROFESSIONAL FUND-RAISER.

11 Sec. 5. (1) ~~An application~~ THE ATTORNEY GENERAL SHALL  
12 REVIEW A REGISTRATION THAT IS SUBMITTED in proper form ~~and sup-~~  
13 ~~ported by material information~~ TOGETHER WITH THE DOCUMENTATION  
14 AND REGISTRATION FEE required ~~shall be examined by the attorney~~  
15 ~~general~~ UNDER THIS ACT. If the ~~application and~~ REGISTRATION,  
16 supporting ~~material conforms~~ DOCUMENTATION, AND REGISTRATION  
17 FEE CONFORM to the requirements of this act, ~~and the rules,~~ the  
18 attorney general shall ~~issue a license to~~ REGISTER the charita-  
19 ble organization, ~~within 30 days, except where~~ PROFESSIONAL  
20 FUND-RAISER, OR VENDOR UNLESS the CHARITABLE organization, PRO-  
21 FESSIONAL FUND-RAISER, OR VENDOR has ~~materially~~ misrepresented  
22 or omitted ~~information~~ required DOCUMENTATION or the CHARITABLE  
23 organization, PROFESSIONAL FUND-RAISER, OR VENDOR has ~~acted~~  
24 VIOLATED or is ~~acting in violation of~~ VIOLATING this act or  
25 rules promulgated ~~hereunder~~ UNDER THIS ACT.

26 ~~(2) The license shall be without charge and issued to the~~  
27 ~~charitable organization, its agents and representatives for the~~

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

15

1 ~~purpose of soliciting and receiving contributions and donations~~  
2 ~~or to sell memberships or otherwise raise moneys from the public~~  
3 ~~for the specified charitable purpose.~~

4       (2) ~~-(3) A license issued to a professional fund raiser,~~  
5 ~~professional solicitor, or a charitable organization, its agents~~  
6 ~~and representatives may be suspended or revoked by the~~ THE  
7 attorney general MAY SUSPEND OR RESCIND THE REGISTRATION OF A  
8 CHARITABLE ORGANIZATION, PROFESSIONAL FUND-RAISER, OR VENDOR AND  
9 AN AGENT OR REPRESENTATIVE OF A CHARITABLE ORGANIZATION, PROFES-  
10 SIONAL FUND-RAISER, OR VENDOR for violation of this act ~~or rules~~  
11 ~~promulgated hereunder,~~ after reasonable notice and opportunity  
12 to be heard. The attorney general may suspend on an emergency  
13 basis, without hearing, ~~any license issued to a professional~~  
14 ~~fund raiser, professional solicitor, or a charitable organization~~  
15 ~~when~~ THE REGISTRATION OF A CHARITABLE ORGANIZATION, PROFESSIONAL  
16 FUND-RAISER, OR VENDOR IF the attorney general specifies in the  
17 notice of emergency suspension the reasons and grounds indicating  
18 a violation of this act or ~~any~~ A rule ~~which~~ PROMULGATED UNDER  
19 THIS ACT THAT constitutes the emergency. The notice shall set  
20 forth that within 48 hours, at a designated time and place, a  
21 hearing shall be held on whether the ~~license~~ REGISTRATION  
22 should be permanently suspended or ~~revoked~~ RESCINDED. The  
23 ~~professional fund raiser, professional solicitor, or~~ charitable  
24 organization, PROFESSIONAL FUND-RAISER, OR VENDOR may show com-  
25 pliance with ~~the requirements of~~ this act or the rules  
26 PROMULGATED UNDER THIS ACT and ~~shall have~~ HAS the burden of  
27 ~~adducing the evidence~~ PROOF IN ESTABLISHING THAT COMPLIANCE.

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

16

1       Sec. 6. A charitable organization, PROFESSIONAL  
2 FUND-RAISER, OR VENDOR shall notify the attorney general within  
3 30 days of any change in the information required to be furnished  
4 under ~~section 3~~ THIS ACT. ~~A report shall be filed and signed~~  
5 ~~by the president or other authorized officer and the chief fiscal~~  
6 ~~officer of the organization.~~

7       Sec. 7. (1) ~~The license of a charitable organization shall~~  
8 ~~expire 1 year after the date of issuance. A charitable organiza-~~  
9 ~~tion desiring renewal of a license shall file with the attorney~~  
10 ~~general a renewal application and supporting information on or~~  
11 ~~before 30 days prior to the expiration date.~~ A REGISTERED CHARI-  
12 TABLE ORGANIZATION SHALL REPORT ON ITS PREVIOUS FISCAL YEAR AND  
13 RENEW ITS REGISTRATION WITHIN 6 MONTHS AFTER THE CLOSE OF ITS  
14 FISCAL YEAR. A RENEWAL REGISTRATION AND REPORT SHALL BE ON A  
15 FORM PRESCRIBED BY THE ATTORNEY GENERAL AND SHALL INCLUDE THE  
16 INFORMATION, SUPPLEMENTAL DOCUMENTATION, AND ANY FEE REQUIRED  
17 UNDER THIS ACT.

18       (2) A CHARITABLE ORGANIZATION'S REGISTRATION SHALL EXPIRE IF  
19 THE CHARITABLE ORGANIZATION'S RENEWAL REGISTRATION AND REPORT IS  
20 NOT RECEIVED WITHIN 18 MONTHS AFTER THE END OF THE FISCAL YEAR  
21 REPORTED ON THE ORGANIZATION'S MOST RECENTLY FILED REGISTRATION  
22 FORM UNLESS THE ATTORNEY GENERAL HAS EXTENDED THE REGISTRATION  
23 UNDER SUBSECTION (4).

24       (3) AN ORGANIZATION PREVIOUSLY REGISTERED UNDER THIS ACT  
25 THAT IS NO LONGER SUBJECT TO THE REGISTRATION REQUIREMENTS OF  
26 THIS ACT SHALL FILE A FINANCIAL REPORT WITHIN 6 MONTHS OF THE  
27 CLOSE OF THE MOST RECENTLY COMPLETED FISCAL YEAR IN WHICH THE



**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

17

1 ORGANIZATION SOLICITED IN THIS STATE. THE REPORT SHALL INCLUDE  
2 THE FINANCIAL INFORMATION THAT WOULD BE REQUIRED TO RENEW THE  
3 ORGANIZATION'S REGISTRATION AND ANY REPORTS ON SOLICITATION CAM-  
4 PAIGNS CONDUCTED BY THE CHARITABLE ORGANIZATION THROUGH A PROFES-  
5 SIONAL FUND-RAISER AS REQUIRED UNDER SECTION 17(5). THE ATTORNEY  
6 GENERAL SHALL EXTEND THE PERIOD FOR FILING THE REPORT REQUIRED  
7 UNDER THIS SUBSECTION PURSUANT TO SUBSECTION (4).

8 (4) IF A CHARITABLE ORGANIZATION RECEIVES AN EXTENSION OF  
9 TIME TO FILE THE CHARITABLE ORGANIZATION'S INTERNAL REVENUE SERV-  
10 ICE FORM 990, 990EZ, OR 990PF, THE ATTORNEY GENERAL SHALL EXTEND  
11 THE CHARITABLE ORGANIZATION'S REGISTRATION FOR A SIMILAR PERIOD  
12 OF TIME.

13 Sec. 8. (1) ~~Documents required to be filed with the attor-~~  
14 ~~ney general shall be open to public inspection. Persons subject~~  
15 ~~to this act shall maintain accurate and detailed books and~~  
16 ~~records at the office of the resident agent or the principal~~  
17 ~~office which shall be open to inspection at all reasonable times~~  
18 ~~by the attorney general or his authorized representative. A REG-~~  
19 ~~ISTRATION, ANNUAL REPORT, OR OTHER DOCUMENT REQUIRED TO BE FILED~~  
20 ~~UNDER THIS ACT IS A PUBLIC RECORD IN THE OFFICE OF THE ATTORNEY~~  
21 ~~GENERAL OPEN TO INSPECTION.~~

22 (2) A CHARITABLE ORGANIZATION, PROFESSIONAL FUND-RAISER, OR  
23 VENDOR SHALL MAINTAIN FOR NOT LESS THAN 3 YEARS FROM THE DATE  
24 PREPARED, ACCURATE AND DETAILED RECORDS TO PROVIDE THE INFORMA-  
25 TION REQUIRED UNDER THIS ACT. ALL RECORDS ARE OPEN TO INSPECTION  
26 AT ALL REASONABLE TIMES BY THE ATTORNEY GENERAL AND COPIES OF THE  
27 RECORDS SHALL BE PROVIDED TO THE ATTORNEY GENERAL UPON REQUEST.

1 (3) A CHARITABLE ORGANIZATION OR PERSON, INCLUDING A VENDOR,  
2 COMMERCIAL COVENTURER, PROFESSIONAL FUND-RAISER, OR PERSON  
3 DESCRIBED IN SECTION 23A, THAT SOLICITS CONTRIBUTIONS, RAISES  
4 FUNDS, OR CONDUCTS SALES PROMOTIONS FOR A CHARITABLE PURPOSE  
5 SHALL MAINTAIN AT THE PLACE DESIGNATED IN ITS REGISTRATION OR, IF  
6 NOT A CHARITABLE ORGANIZATION, AT ITS PRINCIPAL PLACE OF BUSI-  
7 NESS, THE ORIGINAL RECORDS OR TRUE COPIES OF THE RECORDS PERTAIN-  
8 ING TO ALL MONEY OR OTHER PROPERTY COLLECTED FROM RESIDENTS OF  
9 THIS STATE AND TO THE DISBURSEMENT OF THAT MONEY OR PROPERTY.  
10 THE RECORDS SHALL BE PRESERVED FOR NOT LESS THAN 3 YEARS FROM THE  
11 DATE PREPARED.

12 (4) A FILE IN THE OFFICE OF THE ATTORNEY GENERAL REGARDING A  
13 CLOSED ENFORCEMENT ACTION OR A SETTLEMENT IN A CIVIL CASE UNDER  
14 THIS ACT IS OPEN TO PUBLIC INSPECTION AND COPYING. A PROVISION  
15 OR REQUIREMENT OF CONFIDENTIALITY OR SEALING OF RECORDS AS A CON-  
16 DITION OF SETTLEMENT OF AN ENFORCEMENT OR CIVIL ACTION UNDER THIS  
17 ACT IS PROHIBITED.

18 Sec. 9. If a local, county, or area division of a charita-  
19 ble organization is directly supervised and controlled by a  
20 superior or parent organization ~~—, which~~ THAT is incorporated  
21 ~~—, AND~~ qualified to do business IN THIS STATE, or IS doing busi-  
22 ness within this state, the local, county, or area division OF  
23 THAT CHARITABLE ORGANIZATION is not required to register under  
24 section 3 if the superior or parent organization ~~files an appli-~~  
25 ~~cation statement~~ REGISTERS on behalf of the local, county, or  
26 area division in addition to or as part of ~~its application~~  
27 ~~statement. When an application statement has been~~ THE SUPERIOR

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

19

1 OR PARENT ORGANIZATION'S REGISTRATION. IF A REGISTRATION IS  
2 filed by a superior or parent organization, it shall file the  
3 annual report required under ~~sections 14 and 16~~ THIS ACT on  
4 behalf of the local, county, or area division in ~~such~~ THE  
5 detail ~~as~~ required by the ~~rules~~ ATTORNEY GENERAL.

6 Sec. 10. The attorney general may promulgate rules neces-  
7 sary for the administration of this act ~~in accordance with and~~  
8 ~~subject to Act No. 306 of the Public Acts of 1969, as amended,~~  
9 ~~being sections 24.201 to 24.315 of the Michigan Compiled Laws~~  
10 UNDER THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306,  
11 MCL 24.201 TO 24.328. Emergency rules may not be promulgated.  
12 ~~pursuant to this act.~~

13 Sec. 11. (1) ~~An application for a license~~ THE ATTORNEY  
14 GENERAL shall not ~~be accepted~~ ACCEPT A REGISTRATION from a  
15 charitable organization, PROFESSIONAL FUND-RAISER, OR VENDOR  
16 located in another state or country unless ~~it~~ THAT CHARITABLE  
17 ORGANIZATION, PROFESSIONAL FUND-RAISER, OR VENDOR first desig-  
18 nates a resident agent in this state ~~for the acceptance of~~ TO  
19 ACCEPT process issued by any court.

20 (2) A charitable organization, person, VENDOR, OR profes-  
21 sional ~~fund raiser, or professional solicitor, soliciting con-~~  
22 ~~tributions in this state but not maintaining an office within the~~  
23 ~~state shall be~~ FUND-RAISER IS subject to service of process as  
24 follows:

25 (a) By service on its ~~registered~~ RESIDENT agent within  
26 ~~the~~ THIS state or if there is no ~~registered~~ RESIDENT agent,  
27 then upon the person ~~who has been~~ designated in the

1 ~~application statement~~ REGISTRATION as having custody of books  
2 and records within this state OR UPON AN OFFICER OF THE ORGANIZA-  
3 TION AT ITS PRINCIPAL OFFICE. ~~When~~ IF service is effected upon  
4 the person designated in the registration, ~~statement~~ a copy of  
5 the process shall be mailed to the charitable organization,  
6 PERSON, VENDOR, OR PROFESSIONAL FUND-RAISER at its last known  
7 address.

8 (b) ~~When a charitable organization has solicited contribu-~~  
9 ~~tions in this state but does not maintain an office within the~~  
10 ~~state, have a registered agent within this state and have a des-~~  
11 ~~ignated person having custody of its books and records within the~~  
12 ~~state, or when a registered agent or person having custody of its~~  
13 ~~books and records within the state cannot be found as shown by~~  
14 ~~the return of the sheriff of the county in which the registered~~  
15 ~~agent or person having custody of books and records has been rep-~~  
16 ~~resented by the charitable organization as maintaining an~~  
17 ~~office,~~ IF SERVICE CANNOT BE EXECUTED AS PROVIDED BY THIS  
18 SECTION, service may be made as otherwise provided by law or  
19 court rules.

20 (3) Solicitation of a contribution within this state by any  
21 means ~~,~~ is the agreement of the charitable organization,  
22 person, VENDOR, OR professional ~~fund raiser, or professional~~  
23 ~~solicitor,~~ FUND-RAISER that any SERVICE OF process ~~against it~~  
24 ~~or him which is served in accordance with~~ UNDER this section  
25 is of the same legal force and effect as if served personally.

26 Sec. 12. Upon THE initial filing of ~~an application~~  
27 ~~statement pursuant to~~ A REGISTRATION UNDER section 3, the

1 attorney general may suspend for a reasonable, specifically  
2 designated time the filing of reports otherwise required ~~by sec-~~  
3 ~~tions 14 and 15~~ UNDER THIS ACT as to a particular charitable  
4 ~~corporation, trust, or organization, incorporated or estab-~~  
5 ~~lished for charitable purposes,~~ upon written application filed  
6 with the attorney general, and after the attorney general has  
7 determined and acquiesced by a written statement that the  
8 ~~interest of the~~ the public INTEREST will not be prejudiced.  
9 ~~thereby.~~

10       Sec. 13. The ~~licensing and financial statement~~  
11 REGISTRATION AND REPORTING requirements of this act do not apply  
12 to any of the following:

13       (a) A person who requests a contribution for the relief or  
14 benefit of an individual, specified by name at the time of the  
15 solicitation, if the contributions collected are turned over to  
16 the named beneficiary after deducting reasonable expenses for  
17 costs of solicitation, if any, and if all ~~fun-raising~~  
18 FUND-RAISING functions are carried on by persons who are unpaid,  
19 directly or indirectly, for their services.

20       (b) A ~~person who~~ CHARITABLE ORGANIZATION THAT does not  
21 intend to solicit and receive and does not actually receive con-  
22 tributions in excess of ~~\$8,000.00~~ \$25,000.00 during ~~any~~  
23 ~~12-month period if all of its fund raising functions are carried~~  
24 ~~on by persons who are unpaid for their services and if the organ-~~  
25 ~~ization makes available to its members and the public a financial~~  
26 ~~statement of its activities for the most recent fiscal year. If~~  
27 ~~the gross contributions received during any 12-month period~~

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

22

1 ~~exceed \$8,000.00, the person shall file an application for~~  
2 ~~license with required supporting information as provided in~~  
3 ~~section 3 within 30 days after the date it has received total~~  
4 ~~contributions in excess of \$8,000.00.~~ ITS FISCAL YEAR. A CHARI-  
5 TABLE ORGANIZATION SHALL REGISTER AS REQUIRED UNDER THIS ACT  
6 WITHIN 30 DAYS AFTER THE DATE THE CHARITABLE ORGANIZATION  
7 RECEIVES TOTAL CONTRIBUTIONS OF MORE THAN \$25,000.00. THIS SUB-  
8 DIVISION ONLY APPLIES IF ALL OF THE CHARITABLE ORGANIZATION'S  
9 FUND-RAISING FUNCTIONS ARE CARRIED ON BY PERSONS WHO ARE NOT PAID  
10 FOR THEIR SERVICES.

11 (c) An organization that does not invite the general public  
12 to become a member of the organization and confines solicitation  
13 activities to solicitation drives solely among its members and  
14 the members' immediate families. ~~, if the drives are not held~~  
15 ~~more frequently than quarterly.~~ "Immediate family" means the  
16 grandparents, parents, spouse, brothers, sisters, children, and  
17 grandchildren.

18 (d) ~~An educational institution certified by the state board~~  
19 ~~of education~~ A PRIVATE FOUNDATION AS THAT TERM IS DEFINED IN  
20 SECTION 509(a) OF THE INTERNAL REVENUE CODE THAT DID NOT RECEIVE  
21 CONTRIBUTIONS FROM MORE THAN 25 PERSONS DURING THE MOST RECENT  
22 FISCAL YEAR.

23 (e) A veterans' organization ~~incorporated under federal~~  
24 ~~law~~ CHARTERED BY CONGRESS.

25 (f) An organization that receives funds from a charitable  
26 organization ~~licensed~~ REGISTERED under this act that does not  
27 solicit or intend to solicit or receive or intend to receive

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

23

1 contributions from persons other than ~~a~~ THE REGISTERED  
2 charitable organization, if the organization makes available to  
3 its members and the public a financial statement of its activi-  
4 ties for the most recent fiscal year.

5 (g) ~~A licensed hospital, hospital based foundation, and~~  
6 ~~hospital auxiliary that solicit funds solely for 1 or more~~  
7 ~~licensed hospitals~~ A BOOSTER GROUP OR A PARENT-TEACHER ORGANIZA-  
8 TION THAT IS RECOGNIZED BY THE PUBLIC SCHOOL, NONPUBLIC SCHOOL,  
9 OR SCHOOL DISTRICT THAT IT IS ORGANIZED TO SUPPORT.

10 (h) ~~A nonprofit service organization that is exempt from~~  
11 ~~taxation pursuant to a provision of the United States internal~~  
12 ~~revenue code other than section 501(c)(3), whose principal pur-~~  
13 ~~pose is not charitable, but solicits from time to time funds for~~  
14 ~~a charitable purpose by members of the organization who are not~~  
15 ~~paid for the solicitation. The funds shall be wholly used for~~  
16 ~~the charitable purposes for which they were solicited, and the~~  
17 ~~organization shall file with the attorney general a federal form~~  
18 ~~990 or 990 AR.~~ A PUBLIC SCHOOL, NONPUBLIC SCHOOL, PRESCHOOL, OR  
19 INSTITUTION OF HIGHER EDUCATION.

20 ~~(i) A nonprofit corporation whose stock is wholly owned by~~  
21 ~~a religious or fraternal society that owns and operates facili-~~  
22 ~~ties for the aged and chronically ill in which no part of the net~~  
23 ~~income from the operation of the corporation inures to the bene-~~  
24 ~~fit of a person other than the residents.~~

25 ~~(j) Charitable organizations licensed by the department of~~  
26 ~~social services that serve children and families.~~

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

24

1       (I) ~~-(k)-~~ A person registered under and complying with the  
2 requirements of the public safety solicitation act, 1992 PA 298,  
3 MCL 14.301 TO 14.327.

4       Sec. 16. The attorney general may CONDITIONALLY continue  
5 ~~under conditions~~ the ~~license~~ REGISTRATION of ~~an~~ A  
6 CHARITABLE organization, professional ~~fund raiser, or profes-~~  
7 ~~sional solicitor which~~ FUND-RAISER, OR VENDOR THAT fails to  
8 comply with this act ~~including failure to comply with the rules~~  
9 ~~regarding prohibited transactions, standards of solicitation,~~  
10 ~~conduct, or administration~~ OR RULES PROMULGATED UNDER THIS ACT.

11       Sec. 17. (1) ~~A person shall not act as a professional fund~~  
12 ~~raiser for a charitable organization or charitable purpose before~~  
13 ~~he has filed an application for a license with the attorney gen-~~  
14 ~~eral or after the expiration or cancellation of a license or~~  
15 ~~renewal thereof. Applications for license shall be in writing,~~  
16 ~~under oath, in the form prescribed by the attorney general. The~~  
17 ~~applicant when making application, shall file with and have~~  
18 ~~approved by the attorney general a bond in which the applicant~~  
19 ~~shall be the principal obligor, in the sum of \$10,000.00. The~~  
20 ~~bond shall run to the people of the state and to any person~~  
21 ~~including charitable organizations who may have a cause of action~~  
22 ~~against the obligor of the bond for any malfeasance or misfeas-~~  
23 ~~ance in the conduct of the solicitation. The aggregate limit of~~  
24 ~~liability of the surety to the state and to all the persons shall~~  
25 ~~not exceed the sum of the bond. Application for renewal of~~  
26 ~~licenses when effected shall be for a period of 1 year, or a part~~  
27 ~~thereof, expiring on June 30, and may be renewed for additional~~



**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

25

1 ~~1-year periods upon written application, under oath, in the form~~  
2 ~~prescribed by the attorney general and the filing of the bond.~~ A  
3 PROFESSIONAL FUND-RAISER SHALL NOT SOLICIT OR RECEIVE DONATIONS  
4 FOR A CHARITABLE PURPOSE OR ON BEHALF OF A CHARITABLE ORGANIZA-  
5 TION OR RELIGIOUS ORGANIZATION, BEFORE REGISTERING WITH THE  
6 ATTORNEY GENERAL OR AFTER THE EXPIRATION, SUSPENSION, REVOCATION,  
7 OR DENIAL OF A REGISTRATION.

8 (2) ~~A person shall not act as a professional solicitor in~~  
9 ~~the employ of a professional fund raiser required to be licensed~~  
10 ~~before he has registered with the attorney general or after the~~  
11 ~~expiration or cancellation of registration. Application for THE~~  
12 ~~registration or reregistration OF A PROFESSIONAL FUND-RAISER~~  
13 ~~shall be in writing , under oath, in the ON A form prescribed~~  
14 ~~by the attorney general . Registration or reregistration when~~  
15 ~~effected shall be for a period of 1 year, or a part thereof,~~  
16 ~~expiring on June 30, and may be renewed upon written application,~~  
17 ~~under oath, in the form prescribed by the attorney general for~~  
18 ~~additional 1-year periods.~~ AND SHALL BE ACCOMPANIED BY A PAYMENT  
19 OF A \$200.00 FEE. INFORMATION PROVIDED TO THE ATTORNEY GENERAL  
20 ON THE REGISTRATION FORM SHALL INCLUDE ALL OF THE FOLLOWING:

21 (A) ALL NAMES CURRENTLY USED BY THE PROFESSIONAL  
22 FUND-RAISER.

23 (B) THE ADDRESS AND TELEPHONE NUMBER OF THE PRINCIPAL OFFICE  
24 OF THE PROFESSIONAL FUND-RAISER AND OF EACH OFFICE IT MAINTAINS  
25 IN THIS STATE.

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

26

1 (C) IF THE PRINCIPAL ADDRESS OF THE PROFESSIONAL FUND-RAISER  
2 IS NOT IN THIS STATE, THE ADDRESS AND TELEPHONE NUMBER OF A  
3 RESIDENT AGENT IN THIS STATE.

4 (D) WHERE AND WHEN THE PROFESSIONAL FUND-RAISER WAS LEGALLY  
5 ESTABLISHED AND THE FORM OF ITS ORGANIZATION. IF A PROFESSIONAL  
6 FUND-RAISER IS INCORPORATED, THE NAME AND BUSINESS OR HOME  
7 ADDRESS OF ALL OFFICERS AND DIRECTORS. IF A PROFESSIONAL  
8 FUND-RAISER IS A SOLE PROPRIETORSHIP OR PARTNERSHIP, THE NAME AND  
9 BUSINESS OR HOME ADDRESS OF THE OWNER AND ALL PARTNERS.

10 (E) THE NAME, ADDRESS, AND TELEPHONE NUMBER OF ANYONE WITH  
11 DIRECT RESPONSIBILITY FOR SOLICITATION ACTIVITY IN THIS STATE.

12 (F) WHETHER THE PROFESSIONAL FUND-RAISER OR ANY OF ITS OFFI-  
13 CERS, DIRECTORS, OR PRINCIPALS IS, OR HAS EVER BEEN, ENJOINED,  
14 FINED, CONVICTED, OR SUBJECT TO ANY OTHER SANCTION OR PENALTY AS  
15 A RESULT OF SOLICITING CONTRIBUTIONS IN ANY STATE OR COUNTRY.

16 (G) A CONCISE DESCRIPTION OF THE PRINCIPAL METHODS BY WHICH  
17 THE PROFESSIONAL FUND-RAISER IS, OR WILL BE, SOLICITING  
18 CONTRIBUTIONS.

19 (H) THE NAME, ADDRESS, AND TELEPHONE NUMBER OF ANY CHARITA-  
20 BLE ORGANIZATION WITH WHICH THE PROFESSIONAL FUND-RAISER IS UNDER  
21 CONTRACT TO SOLICIT FUNDS IN THIS STATE.

22 (I) A COMPLETE COPY OF ANY AGREEMENT BETWEEN THE PROFES-  
23 SIONAL FUND-RAISER AND A CHARITABLE ORGANIZATION.

24 (J) A COMPLETE COPY OF ANY SUBCONTRACT AGREEMENT BETWEEN THE  
25 PROFESSIONAL FUND-RAISER AND A PERSON THAT WILL ACT AS A PROFES-  
26 SIONAL FUND-RAISER ON BEHALF OF A CHARITABLE ORGANIZATION,

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

27

1 RELIGIOUS ORGANIZATION, OR ANY OTHER PERSON SOLICITING FOR A  
2 CHARITABLE PURPOSE.

3       (K) WHETHER AN OFFICER, DIRECTOR, OR EMPLOYEE OF A CHARITA-  
4 BLE ORGANIZATION OWNS A 10% OR GREATER INTEREST IN THE PROFES-  
5 SIONAL FUND-RAISER, OR IS AN AGENT OR CONTRACTOR FOR THE PROFES-  
6 SIONAL FUND-RAISER, DURING A PERIOD OF TIME WHEN THE PROFESSIONAL  
7 FUND-RAISER IS UNDER CONTRACT WITH THAT CHARITABLE ORGANIZATION  
8 TO SOLICIT FUNDS, AND WHETHER THAT INFORMATION HAS BEEN FULLY  
9 DISCLOSED TO THE BOARD OF DIRECTORS OF THE CHARITABLE  
10 ORGANIZATION.

11       (3) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4), THE REG-  
12 ISTRATION OF A PROFESSIONAL FUND-RAISER THAT RECEIVES, HAS CUS-  
13 TODY OF, OR ACCESS TO FUNDS SOLICITED IN THIS STATE FOR A CHARI-  
14 TABLE ORGANIZATION SHALL BE ACCOMPANIED BY A \$25,000.00 BOND, IN  
15 WHICH THE PROFESSIONAL FUND-RAISER IS THE PRINCIPAL OBLIGOR. THE  
16 BOND SHALL RUN TO THE PEOPLE OF THIS STATE AND TO ANY PERSON,  
17 INCLUDING CHARITABLE ORGANIZATIONS, THAT MAY HAVE A CAUSE OF  
18 ACTION AGAINST THE PROFESSIONAL FUND-RAISER AS A RESULT OF THE  
19 PROFESSIONAL FUND-RAISER'S CONDUCT OF ANY ACTIVITY SUBJECT TO  
20 THIS ACT. THE BOND SHALL BE OBTAINED AND SUBMITTED ON A FORM  
21 PRESCRIBED BY THE ATTORNEY GENERAL. THE BOND SHALL BE ISSUED BY  
22 A COMPANY AUTHORIZED TO ENGAGE IN INSURANCE ACTIVITY IN THIS  
23 STATE. THE BOND SHALL REMAIN IN EFFECT FOR A PERIOD OF AT LEAST  
24 1 YEAR AFTER THE PROFESSIONAL FUND-RAISER'S REGISTRATION  
25 EXPIRES.

26       (4) THE ATTORNEY GENERAL MAY ACCEPT AN IRREVOCABLE LETTER OF  
27 CREDIT IN LIEU OF A BOND. AN IRREVOCABLE LETTER OF CREDIT SHALL

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

28

1 BE ISSUED BY A FINANCIAL INSTITUTION THAT IS AUTHORIZED TO  
2 TRANSACT BUSINESS IN THIS STATE AND THAT IS INSURED BY THE FED-  
3 ERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL SAVINGS AND LOAN  
4 INSURANCE CORPORATION, OR THE NATIONAL CREDIT UNION ASSOCIATION.  
5 AN IRREVOCABLE LETTER OF CREDIT SHALL BE SUBMITTED ON A FORM PRE-  
6 SCRIBED BY THE ATTORNEY GENERAL AND SHALL EXPIRE NOT LESS THAN 1  
7 YEAR AFTER THE PROFESSIONAL FUND-RAISER'S REGISTRATION EXPIRES.

8       (5) WITHIN 90 DAYS AFTER A SOLICITATION CAMPAIGN IS COM-  
9 PLETED, OR ON THE ANNIVERSARY OF THE COMMENCEMENT OF A SOLICITA-  
10 TION CAMPAIGN LASTING MORE THAN 1 YEAR, A PROFESSIONAL  
11 FUND-RAISER THAT SOLICITED CONTRIBUTIONS IN THIS STATE IN CON-  
12 JUNCTION WITH A CHARITABLE ORGANIZATION SHALL FILE WITH THE  
13 ATTORNEY GENERAL A FINANCIAL REPORT FOR THE CAMPAIGN, INCLUDING  
14 GROSS REVENUE AND AN ITEMIZATION OF ALL EXPENSES INCURRED ON  
15 BEHALF OF THE CHARITABLE ORGANIZATION. THE REPORT SHALL BE SUB-  
16 MITTED ON A FORM PRESCRIBED BY THE ATTORNEY GENERAL. THE REPORT  
17 SHALL BE SIGNED BY AN AUTHORIZED OFFICIAL OF THE PROFESSIONAL  
18 FUND-RAISER AND AN AUTHORIZED OFFICIAL OF THE CHARITABLE ORGANI-  
19 ZATION, WHO SHALL CERTIFY, UNDER OATH, THAT THE REPORT IS TRUE TO  
20 THE BEST OF HIS OR HER KNOWLEDGE.

21       (6) A PROFESSIONAL FUND-RAISER'S REGISTRATION IS EFFECTIVE  
22 IMMEDIATELY UPON RECEIPT BY THE ATTORNEY GENERAL OF THE INFORMA-  
23 TION AND FEES REQUIRED UNDER THIS ACT. THE REGISTRATION SHALL  
24 EXPIRE 1 YEAR AFTER THE REGISTRATION IS EFFECTIVE. A PROFES-  
25 SIONAL FUND-RAISER'S REGISTRATION IS RENEWABLE BY FILING A  
26 RENEWAL REGISTRATION AND PAYING A \$200.00 FEE.

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

29

1       Sec. 18. (1) ~~A person shall not use for the purpose of~~  
2 ~~soliciting contributions the name of another person, except that~~  
3 ~~of an officer, director, or trustee of the charitable organiza-~~  
4 ~~tion by or for which contributions are solicited, without the~~  
5 ~~consent of such other person.~~ A CHARITABLE ORGANIZATION, PROFES-  
6 SIONAL FUND-RAISER, COMMERCIAL COVENTURER, VENDOR, PERSON  
7 DESCRIBED IN SECTION 23A, OR AN EMPLOYEE OR AGENT OF A CHARITABLE  
8 ORGANIZATION, PROFESSIONAL FUND-RAISER, COMMERCIAL COVENTURER,  
9 VENDOR, OR PERSON DESCRIBED IN SECTION 23A SHALL NOT ENGAGE IN  
10 ANY OF THE FOLLOWING:

11       (A) A METHOD, ACT, OR PRACTICE IN VIOLATION OF THIS ACT OR A  
12 RULE PROMULGATED UNDER THIS ACT, ANY RESTRICTION, CONDITION, OR  
13 LIMITATION PLACED ON A REGISTRATION, OR A FINAL ORDER OR CEASE  
14 AND DESIST ORDER.

15       (B) REPRESENTING OR IMPLYING THAT A PERSON SOLICITING CON-  
16 TRIBUTIONS OR OTHER FUNDS FOR A CHARITABLE ORGANIZATION HAS A  
17 SPONSORSHIP, APPROVAL, STATUS, AFFILIATION, OR OTHER CONNECTION  
18 WITH A CHARITABLE ORGANIZATION OR CHARITABLE PURPOSE THAT THE  
19 PERSON DOES NOT HAVE.

20       (C) REPRESENTING OR IMPLYING THAT A CONTRIBUTION IS FOR OR  
21 ON BEHALF OF A CHARITABLE ORGANIZATION, OR USING AN EMBLEM,  
22 DEVICE, OR PRINTED MATERIAL BELONGING TO OR ASSOCIATED WITH A  
23 CHARITABLE ORGANIZATION, WITHOUT FIRST OBTAINING WRITTEN AUTHORI-  
24 ZATION FROM THAT CHARITABLE ORGANIZATION.

25       (D) USING A NAME, SYMBOL, OR STATEMENT SO CLOSELY RELATED OR  
26 SIMILAR TO A NAME, SYMBOL, OR STATEMENT USED BY ANOTHER

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

30

1 CHARITABLE ORGANIZATION THAT USE OF THAT NAME, SYMBOL, OR  
2 STATEMENT WOULD TEND TO CONFUSE OR MISLEAD A SOLICITED PERSON.

3 (E) USING A BOGUS, FICTITIOUS, OR NONEXISTENT ORGANIZATION,  
4 ADDRESS, OR TELEPHONE NUMBER IN ANY SOLICITATION.

5 (F) MISREPRESENTING OR MISLEADING ANY PERSON IN ANY MANNER  
6 TO BELIEVE THAT A PERSON ON WHOSE BEHALF A SOLICITATION EFFORT IS  
7 CONDUCTED IS A CHARITABLE ORGANIZATION OR THAT THE PROCEEDS OF A  
8 SOLICITATION EFFORT ARE FOR CHARITABLE PURPOSES.

9 (G) MISREPRESENTING OR MISLEADING ANY PERSON IN ANY MANNER  
10 TO BELIEVE THAT A PERSON SPONSORS, ENDORSES, OR APPROVES A SOLIC-  
11 ITATION EFFORT IF THAT PERSON HAS NOT GIVEN WRITTEN CONSENT TO  
12 THE USE OF HIS OR HER NAME FOR THAT PURPOSE.

13 (H) MISREPRESENTING OR MISLEADING ANY PERSON IN ANY MANNER  
14 TO BELIEVE THAT REGISTRATION UNDER THIS ACT CONSTITUTES ENDORSE-  
15 MENT OR APPROVAL BY THIS STATE OR A DEPARTMENT OR AGENCY OF THIS  
16 STATE.

17 (I) REPRESENTING OR IMPLYING THAT THE AMOUNT OR PERCENTAGE  
18 OF A CONTRIBUTION THAT A CHARITABLE ORGANIZATION WILL RECEIVE FOR  
19 A CHARITABLE PROGRAM AFTER COSTS OF SOLICITATION ARE PAID IS  
20 GREATER THAN THE AMOUNT OR PERCENTAGE OF A CONTRIBUTION THE CHAR-  
21 ITABLE ORGANIZATION WILL ACTUALLY RECEIVE.

22 (J) DIVERTING OR MISDIRECTING CONTRIBUTIONS TO A PURPOSE OR  
23 ORGANIZATION OTHER THAN THAT FOR WHICH THE FUNDS WERE CONTRIBUTED  
24 OR SOLICITED.

25 (K) FALSELY REPRESENTING OR IMPLYING THAT DONORS WILL  
26 RECEIVE SPECIAL BENEFITS OR TREATMENT OR THAT FAILURE TO MAKE A  
27 CONTRIBUTION WILL RESULT IN UNFAVORABLE TREATMENT.

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

31

1       (1) MISREPRESENTING OR MISLEADING ANY PERSON IN ANY MANNER  
2 TO BELIEVE THAT A CONTRIBUTION IS ELIGIBLE FOR TAX ADVANTAGES  
3 UNLESS THAT PERSON QUALIFIES FOR THOSE TAX ADVANTAGES AND ALL  
4 DISCLOSURES REQUIRED BY LAW ARE MADE.

5       (M) FALSELY REPRESENTING OR IMPLYING THAT THE PERSON BEING  
6 SOLICITED OR A FAMILY MEMBER OR ASSOCIATE OF THE PERSON BEING  
7 SOLICITED HAS PREVIOUSLY MADE OR AGREED TO MAKE A CONTRIBUTION.

8       (N) EMPLOYING ANY DEVICE, SCHEME, OR ARTIFICE TO DEFRAUD OR  
9 OBTAIN MONEY OR PROPERTY FROM A PERSON BY MEANS OF A FALSE,  
10 DECEPTIVE, OR MISLEADING PRETENSE, REPRESENTATION, OR PROMISE.

11       (O) REPRESENTING THAT FUNDS SOLICITED WILL BE USED FOR A  
12 PARTICULAR CHARITABLE PURPOSE IF THOSE FUNDS ARE NOT USED FOR THE  
13 REPRESENTED PURPOSE.

14       (P) SOLICITING CONTRIBUTIONS, CONDUCTING A SALES PROMOTION,  
15 OR OTHERWISE OPERATING IN THIS STATE AS A CHARITABLE ORGANIZA-  
16 TION, PROFESSIONAL FUND-RAISER, OR VENDOR UNLESS THE INFORMATION  
17 REQUIRED UNDER THIS ACT IS FILED WITH THE ATTORNEY GENERAL AS  
18 REQUIRED UNDER THIS ACT.

19       (Q) AIDING, ABETTING, OR OTHERWISE PERMITTING A PERSON TO  
20 SOLICIT CONTRIBUTIONS OR CONDUCT A SALES PROMOTION IN THIS STATE  
21 UNLESS THE PERSON SOLICITING CONTRIBUTIONS OR CONDUCTING THE  
22 SALES PROMOTION HAS COMPLIED WITH THE REQUIREMENTS OF THIS ACT.

23       (R) FAILING TO FILE THE INFORMATION AND REPORTS REQUIRED  
24 UNDER THIS ACT OR FAILING TO PROVIDE ANY INFORMATION REQUESTED BY  
25 THE ATTORNEY GENERAL IN A TIMELY MANNER.

26       (S) FAILING TO REMOVE A PERSON'S NAME FROM ANY DONOR OR MAIL  
27 LIST UTILIZED BY A CHARITABLE ORGANIZATION OR PROFESSIONAL

1 FUND-RAISER FOR SOLICITATION PURPOSES IF THAT PERSON REQUESTS  
2 THAT HIS OR HER NAME BE REMOVED FROM THAT LIST.

3       (2) ~~A person has used the name of another person for the~~  
4 ~~purpose of soliciting contributions if the latter person's name~~  
5 ~~is listed on stationery, an advertisement, brochure, or in corre-~~  
6 ~~spondence by which a contribution is solicited by or on behalf of~~  
7 ~~a charitable organization or the name is listed or referred to in~~  
8 ~~connection with a request for a contribution as one who has con-~~  
9 ~~tributed to, sponsored, or indorsed the organization or its~~  
10 ~~activities.~~ IN ADDITION TO THE PENALTIES PROVIDED IN SECTION 20,  
11 A PERSON WHO ENGAGES IN ANY UNFAIR, UNCONSCIONABLE, OR DECEPTIVE  
12 METHOD, ACT, OR PRACTICE IN A SOLICITATION FOR CONTRIBUTIONS IN  
13 VIOLATION OF THIS ACT OR RULES PROMULGATED UNDER THIS ACT HAS  
14 ENGAGED IN A PROHIBITED ACT IN VIOLATION OF THE MICHIGAN CONSUMER  
15 PROTECTION ACT, 1976 PA 331, MCL 445.901 TO 445.922, AND IS  
16 SUBJECT TO THE PENALTIES AND REMEDIES PROVIDED IN THE MICHIGAN  
17 CONSUMER PROTECTION ACT, 1976 PA 331, MCL 445.901 TO 445.922.

18       (3) This section does not prevent the publication of names  
19 of contributors without their written consent in an annual or  
20 other periodic report issued by a charitable organization for the  
21 purpose of reporting on its operations and affairs to its member-  
22 ship or for the purpose of reporting contributions to  
23 contributors.

24       ~~(4) A charitable organization or professional fund raiser~~  
25 ~~soliciting contributions shall not use a name, symbol, or state-~~  
26 ~~ment so closely related or similar to that used by another~~



1 ~~charitable organization or governmental agency that would tend to~~  
2 ~~confuse or mislead the public.~~

3       (4) ~~—(5)—~~ A charitable organization, whether exempt or not  
4 from this act, shall supply to each solicitor and each solicitor  
5 shall have in immediate possession identification ~~which~~ THAT  
6 sets forth the name of the solicitor and the name of the charita-  
7 ble organization on whose behalf the solicitation is conducted.

8       SEC. 19. (1) BEFORE CONDUCTING A SALES CAMPAIGN, A VENDOR  
9 SHALL REGISTER WITH THE ATTORNEY GENERAL ON A FORM PRESCRIBED BY  
10 THE ATTORNEY GENERAL. THE REGISTRATION SHALL INCLUDE, BUT IS NOT  
11 LIMITED TO, THE FOLLOWING INFORMATION:

12       (A) THE NAME OF THE VENDOR AND ANY OTHER CORPORATE, BUSI-  
13 NESS, OR TRADE NAMES USED BY THE VENDOR.

14       (B) THE ADDRESS AND TELEPHONE NUMBER OF THE PRINCIPAL OFFICE  
15 OF THE VENDOR.

16       (C) IF THE VENDOR IS NOT A SOLE PROPRIETORSHIP, WHERE AND  
17 WHEN THE VENDOR WAS LEGALLY ESTABLISHED AND THE FORM OF ITS  
18 ORGANIZATION.

19       (D) A CONCISE DESCRIPTION OF THE PRINCIPAL METHODS BY WHICH  
20 THE VENDOR INTENDS TO CONDUCT ITS SALES OR SOLICITATION CAMPAIGN  
21 IN MICHIGAN.

22       (E) THE NAME, ADDRESS, AND TELEPHONE NUMBER OF EACH CHARITA-  
23 BLE ORGANIZATION WITH WHICH THE VENDOR HAS CONTRACTED.

24       (F) A COMPLETE COPY OF ANY AGREEMENT BETWEEN THE VENDOR AND  
25 A CHARITABLE ORGANIZATION.

26       (2) A VENDOR SHALL PAY A FEE OF \$50.00 WITH ITS  
27 REGISTRATION.

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

34

1       (3) A VENDOR'S REGISTRATION IS EFFECTIVE IMMEDIATELY UPON  
2 THE ATTORNEY GENERAL'S RECEIPT OF THE INFORMATION AND FEES  
3 REQUIRED UNDER THIS ACT.

4       (4) A VENDOR'S REGISTRATION SHALL EXPIRE 1 YEAR AFTER ITS  
5 REGISTRATION IS EFFECTIVE.

6       (5) A VENDOR SHALL NOT CONDUCT A CHARITABLE SALES PROMOTION  
7 IN WHICH IT USES THE NAME OF A CHARITABLE ORGANIZATION THAT IS  
8 NOT REGISTERED IN THIS STATE.

9       SEC. 19A. A VENDOR SHALL REPORT TO THE ATTORNEY GENERAL THE  
10 TOTAL DOLLAR SALES OF EACH CAMPAIGN CONDUCTED IN THIS STATE AND  
11 THE AMOUNT PAID TO EACH CHARITABLE ORGANIZATION WITH ITS RENEWAL  
12 REGISTRATION OR WITHIN 30 DAYS AFTER THE CONCLUSION OF A SALES  
13 CAMPAIGN IN THIS STATE IF NO FURTHER CAMPAIGN IS INTENDED.

14       SEC. 19B. A VENDOR SHALL PROMINENTLY DISPLAY THE FOLLOWING  
15 INFORMATION ON EACH VENDING MACHINE, HONOR BOX, NOVELTY MACHINE,  
16 OR SIMILAR DEVICE THROUGH WHICH THAT VENDOR CONDUCTS A CHARITABLE  
17 SALES PROMOTION:

18       (A) THE NAME OF THE VENDOR AND THE FACT THAT THE VENDOR OWNS  
19 THE VENDING MACHINE, HONOR BOX, NOVELTY MACHINE, OR SIMILAR  
20 DEVICE.

21       (B) THE PERCENTAGE OF SALES, IF ANY, THAT A CHARITABLE  
22 ORGANIZATION WILL RECEIVE.

23       (C) THE AMOUNT THAT A CHARITABLE ORGANIZATION WILL RECEIVE  
24 REGARDLESS OF SALES, IF ANY.

25       SEC. 19C. (1) BEFORE MAKING AN ORAL REQUEST FOR A CONTRIBU-  
26 TION AND CONTEMPORANEOUSLY WITH A WRITTEN REQUEST FOR A  
27 CONTRIBUTION, THE CHARITABLE ORGANIZATION, PROFESSIONAL

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

35

1 FUND-RAISER, OR VENDOR SOLICITING THE CONTRIBUTION SHALL DISCLOSE  
2 THE NAME AND LOCATION BY CITY AND STATE OF EACH CHARITABLE ORGAN-  
3 IZATION ON BEHALF OF WHICH THE SOLICITATION IS MADE. IF A SOLIC-  
4 ITATION IS MADE BY DIRECT PERSONAL CONTACT, THE INFORMATION  
5 REQUIRED UNDER THIS SECTION SHALL ALSO BE DISCLOSED PROMINENTLY  
6 ON ANY WRITTEN DOCUMENT EXHIBITED TO THE PERSON SOLICITED. IF A  
7 SOLICITATION IS MADE BY RADIO, TELEVISION, LETTER, TELEPHONE, OR  
8 ANY OTHER MEANS NOT INVOLVING PERSONAL CONTACT, THE INFORMATION  
9 REQUIRED UNDER THIS SECTION SHALL BE DISCLOSED PROMINENTLY IN THE  
10 SOLICITATION. THE INFORMATION REQUIRED UNDER THIS SECTION SHALL  
11 ALSO BE DISCLOSED PROMINENTLY ON ANY INVOICES, BILLS, FULFILLMENT  
12 REQUESTS, LETTERS, PAMPHLETS, OR BROCHURES USED TO OBTAIN PAYMENT  
13 OF A PLEDGE OR PROMISE TO MAKE A CONTRIBUTION.

14 (2) IN ADDITION TO THE INFORMATION REQUIRED UNDER SUBSECTION  
15 (1), A PROFESSIONAL FUND-RAISER THAT ORALLY SOLICITS CONTRIBU-  
16 TIONS IN THIS STATE SHALL ALSO DISCLOSE THE PROFESSIONAL  
17 FUND-RAISER'S NAME AS FILED WITH THE ATTORNEY GENERAL AND A  
18 STATEMENT THAT THE SOLICITATION IS BEING CONDUCTED BY A PROFES-  
19 SIONAL FUND-RAISER. THE INFORMATION REQUIRED UNDER THIS SUBSEC-  
20 TION SHALL BE PROVIDED IN THE SAME MANNER AS THE INFORMATION  
21 REQUIRED UNDER SUBSECTION (1).

22 SEC. 19D. A PERSON REQUIRED TO REGISTER UNDER THIS ACT IS  
23 SUBJECT TO A LATE FEE OF \$1.00 PER DAY UP TO A MAXIMUM LATE FEE  
24 OF \$100.00 IF ANY OF THE FOLLOWING OCCUR:

25 (A) A CHARITABLE ORGANIZATION FAILS TO FILE A REPORT ON OR  
26 BEFORE THE DATE ITS REGISTRATION EXPIRES AS PROVIDED IN SECTION  
27 7(1) UNLESS AN EXTENSION HAS BEEN GRANTED UNDER SECTION 7(4).

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

36

1 (B) A PROFESSIONAL FUND-RAISER FAILS TO FILE A REPORT AS  
2 REQUIRED UNDER SECTION 17(5).

3 (C) A VENDOR FAILS TO FILE A CAMPAIGN FINANCIAL REPORT OR  
4 CAMPAIGN SALES REPORT AS REQUIRED UNDER SECTION 19A.

5 (D) A CHARITABLE ORGANIZATION, PROFESSIONAL FUND-RAISER, OR  
6 VENDOR FAILS TO CURE A DEFECT IN ITS REGISTRATION OR ANNUAL  
7 REPORT WITHIN 30 DAYS AFTER NOTICE BY THE ATTORNEY GENERAL THAT A  
8 CORRECTION OR ADDITIONAL INFORMATION IS REQUIRED.

9 Sec. 20. (1) The attorney general may, ~~institute~~ IN ADDI-  
10 TION TO ANY OTHER ACTION AUTHORIZED BY LAW, BRING an action ~~in~~  
11 ~~any circuit court~~ to enjoin ~~preliminarily or permanently a~~  
12 ~~charitable organization, professional fund raiser, solicitor, or~~  
13 ~~other person who:~~ (a) Engages in a method, act, or practice in  
14 violation of this act or any of the rules promulgated hereunder.  
15 (b) Employs or uses in a solicitation or collection of contribu-  
16 tions for a charitable organization on behalf of any other person  
17 for a charitable purpose a device, scheme, or artifice to  
18 defraud, or for obtaining money or property by means of any false  
19 pretense, deception, representation, or promise. AN ACT OR PRAC-  
20 TICE PROHIBITED UNDER THIS ACT. AFTER FINDING THAT A PERSON HAS  
21 ENGAGED IN OR IS ENGAGING IN A PROHIBITED ACT OR PRACTICE, A  
22 COURT MAY ENTER ANY NECESSARY ORDER OR JUDGMENT, INCLUDING, BUT  
23 NOT LIMITED TO, AN INJUNCTION, AN ORDER OF RESTITUTION, AN AWARD  
24 OF REASONABLE ATTORNEY FEES AND COSTS. A COURT MAY AWARD TO THIS  
25 STATE A CIVIL PENALTY OF \$10,000.00 OR LESS FOR EACH VIOLATION OF  
26 THIS ACT. A COURT NEED NOT FIND IRREPARABLE HARM TO ENTER AN

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

37

1 INJUNCTION, BUT NEED ONLY FIND A VIOLATION OF THIS ACT OR FIND  
2 THAT AN INJUNCTION WOULD PROMOTE THE PUBLIC INTEREST.

3       (2) ~~In addition to any relief afforded under this section,~~  
4 ~~the attorney general may exercise the authority to suspend or~~  
5 ~~revoke a license issued pursuant to this act.~~ A CHARITABLE  
6 ORGANIZATION, PROFESSIONAL FUND-RAISER, OR ANY OTHER PERSON WHO  
7 VIOLATES AN INJUNCTION OR OTHER ORDER ENTERED UNDER SUBSECTION  
8 (1) SHALL, IN ADDITION TO ANY OTHER REMEDY, PAY TO THIS STATE A  
9 CIVIL PENALTY OF NOT MORE THAN \$10,000.00 FOR EACH VIOLATION,  
10 WHICH MAY BE RECOVERED IN A CIVIL ACTION BROUGHT BY THE ATTORNEY  
11 GENERAL.

12       (3) The attorney general may, ~~exercise the authority~~  
13 ~~granted in this section against a charitable organization or~~  
14 ~~person which or who operates under the guise or pretense of being~~  
15 ~~an organization or person exempted by this act and is not in fact~~  
16 ~~an organization or person entitled to such an exemption.~~ IN  
17 ADDITION TO ANY OTHER ACTION AUTHORIZED BY LAW, ISSUE A CEASE AND  
18 DESIST ORDER, ISSUE A NOTICE OF INTENDED ACTION, OR TAKE OTHER  
19 ACTION IN THE PUBLIC INTEREST. THE ATTORNEY GENERAL MAY ACCEPT  
20 AN ASSURANCE OF DISCONTINUANCE OF ANY METHOD, ACT, OR PRACTICE IN  
21 VIOLATION OF THIS ACT FROM ANY PERSON ALLEGED TO BE ENGAGED IN OR  
22 TO HAVE BEEN ENGAGED IN THAT METHOD, ACT, OR PRACTICE. AN ASSUR-  
23 ANCE OF DISCONTINUANCE MAY INCLUDE A STIPULATION FOR THE VOLUN-  
24 TARY PAYMENT OF THE COSTS OF INVESTIGATION, FOR AN AMOUNT TO BE  
25 HELD IN ESCROW PENDING THE OUTCOME OF AN ACTION OR AS RESTITUTION  
26 TO AN AGGRIEVED PERSON, OR FOR THE VOLUNTARY PAYMENT TO ANOTHER  
27 PERSON IF IN THE PUBLIC INTEREST. AN ASSURANCE OF DISCONTINUANCE

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

38

1 SHALL BE IN WRITING AND SHALL BE FILED WITH THE CIRCUIT COURT FOR  
2 INGHAM COUNTY. AN ACTION RESOLVED BY AN ASSURANCE OF DISCONTINU-  
3 ANCE MAY BE REOPENED BY THE ATTORNEY GENERAL AT ANY TIME FOR  
4 ENFORCEMENT BY A COURT OR FOR FURTHER PROCEEDINGS IN THE PUBLIC  
5 INTEREST. EVIDENCE OF A VIOLATION OF AN ASSURANCE OF DISCONTINU-  
6 ANCE IS PRIMA FACIE EVIDENCE OF A VIOLATION OF THIS ACT IN ANY  
7 SUBSEQUENT PROCEEDING BROUGHT BY THE ATTORNEY GENERAL.

8 (4) A PERSON WHO HAS VIOLATED SECTION 18 IS SUBJECT TO 1 OR  
9 MORE OF THE FOLLOWING PENALTIES:

10 (A) PLACEMENT OF A RESTRICTION OR CONDITION ON THE PERSON'S  
11 REGISTRATION.

12 (B) DENIAL, SUSPENSION, OR REVOCATION OF A REGISTRATION.

13 (C) A CIVIL FINE OF NOT MORE THAN \$10,000.00 TO BE PAID TO  
14 THE ATTORNEY GENERAL.

15 (D) A REQUIREMENT TO TAKE SOME TYPE OF AFFIRMATIVE ACTION,  
16 INCLUDING THE PAYMENT OF RESTITUTION.

17 (5) THE ATTORNEY GENERAL SHALL, BEFORE SUSPENDING OR REVOK-  
18 ING A REGISTRATION, ASSESSING A CIVIL FINE, OR ORDERING RESTITU-  
19 TION, PROVIDE THE PERSON AGAINST WHOM THE PENALTY IS TO BE  
20 IMPOSED AN OPPORTUNITY FOR A HEARING IN ACCORDANCE WITH THE  
21 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO  
22 24.328.

23 (6) A PERSON WHO SUFFERS A LOSS AS A RESULT OF A VIOLATION  
24 OF THIS ACT MAY EXERCISE ANY RIGHT OR REMEDY CREATED UNDER SEC-  
25 TION 11 OF THE MICHIGAN CONSUMER PROTECTION ACT, 1976 PA 331,  
26 MCL 445.911.

1       Sec. 21. (1) The attorney general may investigate ~~the~~  
2 ~~operations or conduct of charitable organizations, professional~~  
3 ~~fund raisers, or professional solicitors subject to this act. He~~  
4 ~~may require a person, corporation, institution, or association,~~  
5 ~~and the officers, members, and employees and agents thereof, to~~  
6 ~~appear at a named time and place in the county designated by the~~  
7 ~~attorney general or where the person resides or is found, to give~~  
8 ~~information under oath and to produce books, memoranda, papers,~~  
9 ~~records, documents of title, evidence of assets, liabilities,~~  
10 ~~receipts, or disbursements in the possession or control of the~~  
11 ~~person ordered to appear.~~ A COMPLAINT FROM ANY PERSON IN WHAT-  
12 EVER MANNER THE ATTORNEY GENERAL CONSIDERS APPROPRIATE AND MAY  
13 INVESTIGATE ON HIS OR HER OWN INITIATIVE A CHARITABLE ORGANIZA-  
14 TION, PROFESSIONAL FUND-RAISER, VENDOR, COMMERCIAL COVENTURER, OR  
15 PERSON DESCRIBED IN SECTION 23A. THE ATTORNEY GENERAL MAY  
16 REQUIRE A PERSON, CORPORATION, INSTITUTION, OR ASSOCIATION OR AN  
17 OFFICER, MEMBER, EMPLOYEE, OR AGENT OF A CORPORATION, INSTITU-  
18 TION, OR ASSOCIATION TO APPEAR AT A TIME AND PLACE SPECIFIED BY  
19 THE ATTORNEY GENERAL TO GIVE INFORMATION UNDER OATH AND TO  
20 PRODUCE BOOKS, MEMORANDA, PAPERS, RECORDS, DOCUMENTS, OR EVIDENCE  
21 OF ASSETS, LIABILITIES, RECEIPTS, OR DISBURSEMENTS IN THE POSSES-  
22 SION OF THE PERSON ORDERED TO APPEAR.

23       (2) When REQUIRING THE ATTENDANCE OF A PERSON, the attorney  
24 general ~~requires the attendance of a person, he~~ shall issue an  
25 order setting forth the time when and the place where attendance  
26 is required and shall ~~cause the same to be served~~ SERVE THE  
27 ORDER upon the person in the manner provided for service of

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

40

1 process in civil cases at least 5 days before the date fixed for  
2 attendance. The order shall have the same force and effect as a  
3 subpoena and, upon application of the attorney general,  
4 ~~obedience to~~ the order may be enforced by a court having juris-  
5 diction over the person ~~—~~, OR the circuit court for the county  
6 of Ingham ~~—~~, or for the county where the person receiving ~~it~~  
7 THE ORDER resides or is found, in the same manner as though the  
8 notice were a subpoena. In case of ~~contumacy~~ FAILURE or  
9 refusal to obey the order issued by the attorney general, the  
10 court may issue an order requiring the person to appear before  
11 the court, ~~or~~ to produce documentary evidence, ~~if so ordered,~~  
12 or to give evidence ~~touching~~ CONCERNING the matter in  
13 question. Failure to obey the order of the court ~~shall be~~  
14 ~~punished~~ IS PUNISHABLE by that court as ~~a~~ contempt. The  
15 investigation may be ~~made~~ CONDUCTED by ~~or before~~ an assistant  
16 attorney general OR OTHER PERSON designated ~~in writing~~ by the  
17 attorney general. ~~to conduct the investigation.~~ The attorney  
18 general or ~~the assistant attorney general acting in his behalf~~  
19 OTHER DESIGNATED PERSON may administer the necessary oath or  
20 affirmation to witnesses.

21 (3) THIS ACT DOES NOT LIMIT OR RESTRICT THE POWERS OR DUTIES  
22 OF THE ATTORNEY GENERAL THAT ARE AUTHORIZED UNDER ANY OTHER PRO-  
23 VISION OF LAW.

24 SEC. 22A. IF AN ORAL PLEDGE OR PROMISE TO MAKE A CONTRIBU-  
25 TION IS THE RESULT OF A TELEPHONE OR DOOR-TO-DOOR SOLICITATION,  
26 THAT PLEDGE OR PROMISE TO MAKE A CONTRIBUTION IS UNENFORCEABLE.



**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

41

1       Sec. 23. (1) A person who does any of the following is  
2 guilty of a misdemeanor punishable by a fine of not more than  
3 ~~-\$500.00-~~ \$5,000.00, or imprisonment for not more than 6 months,  
4 or both:

5       (a) Violates this act.

6       (b) Solicits ~~and~~ OR receives public donations, or sells  
7 memberships in this state for ~~and~~ OR on behalf of any organiza-  
8 tion, institution, or association subject to the provisions of  
9 this act ~~and which~~ THAT is not ~~duly licensed pursuant to~~  
10 REGISTERED UNDER this act.

11       (c) Solicits funds under a ~~license~~ REGISTRATION and  
12 ~~thereafter~~ diverts the ~~same~~ FUNDS to purposes other than that  
13 for which the funds were contributed.

14       (2) This section ~~shall~~ DOES not ~~be construed to~~ limit or  
15 restrict prosecution under the general criminal statutes of ~~the~~  
16 THIS state.

17       SEC. 23A. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION  
18 (2), A PERSON WHO IS NOT A CHARITABLE ORGANIZATION OR A VOLUNTEER  
19 SUPERVISED BY A CHARITABLE ORGANIZATION BUT WHO SOLICITS CONTRI-  
20 BUTIONS, CONDUCTS A FUND-RAISING EVENT, OR CONDUCTS A SALES PRO-  
21 MOTION FOR A CHARITABLE PURPOSE IS SUBJECT TO THIS ACT.

22       (2) A PERSON SUBJECT TO THIS ACT UNDER SUBSECTION (1) IS NOT  
23 REQUIRED TO REGISTER OR FILE REPORTS AS REQUIRED UNDER THIS ACT.

24       SEC. 23B. (1) THE ATTORNEY GENERAL SHALL PREPARE A REPORT  
25 TO THE SENATE AND TO THE HOUSE OF REPRESENTATIVES PROVIDING IN  
26 DETAIL THE MEANS TO BE IMPLEMENTED TO EDUCATE THE PUBLIC

**HB5568, As Passed House, April 29, 1998**

House Bill No. 5568

42

1 REGARDING CHARITABLE ORGANIZATIONS AND PROFESSIONAL FUND-RAISERS  
2 OPERATING IN OR SOLICITING CONTRIBUTIONS IN THIS STATE.

3 (2) THE REPORT SHALL INCLUDE A DESCRIPTION OF THE INFORMA-  
4 TION TO BE DISSEMINATED TO THE PUBLIC AND SHALL INCLUDE A PLAN TO  
5 DISSEMINATE THE INFORMATION.

6 (3) THE REPORT SHALL BE PRESENTED TO THE SENATE AND TO THE  
7 HOUSE OF REPRESENTATIVES NOT LATER THAN 1 YEAR AFTER THE EFFEC-  
8 TIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION.

9 SEC. 23C. THE PROSECUTING ATTORNEY FOR A COUNTY MAY INVES-  
10 TIGATE AND PROSECUTE A PERSON SUBJECT TO THIS ACT IN THE SAME  
11 MANNER AS THE ATTORNEY GENERAL.

12 Enacting section 1. Sections 14 and 22 of the charitable  
13 organizations and solicitations act, 1975 PA 169, MCL 400.284 and  
14 400.292, are repealed.