

Act No. 212  
Public Act of 1989  
November 14, 1989  
Filed by the Secretary of State  
November 14, 1989

**STATE OF MICHIGAN  
85TH LEGISLATURE  
REGULAR SESSION OF 1989**

Introduced by Reps. Middaugh, Alley, Stacey, Bennett, Randall, Giese, Dunaskiss, Griffin, Dutko and Niederstadt  
Rep. Gnodtke named co-sponsor

## **ENROLLED HOUSE BILL No. 4831**

AN ACT to amend Act No. 269 of the Public Acts of 1974, entitled as amended "An act to regulate the offer, sale, and purchase of franchises; to prohibit fraudulent practices in relation thereto; to prohibit pyramid and chain promotions; to impose regulatory duties upon certain state departments and agencies; and to provide penalties," as amended, being sections 445.1501 to 445.1546 of the Michigan Compiled Laws, by adding section 4a.

*The People of the State of Michigan enact:*

Section 1. Act No. 269 of the Public Acts of 1974, as amended, being sections 445.1501 to 445.1546 of the Michigan Compiled Laws, is amended by adding section 4a to read as follows:

Sec. 4a. This act shall not apply to a nonprofit organization operated on a cooperative basis by and for independent retailers to which all of the following apply:

- (a) Control and ownership of each member is substantially equal.
- (b) Membership is limited to those who use the services furnished by the organization.
- (c) Transfer of ownership is prohibited or limited.
- (d) Members receive no return on capital investment.
- (e) Substantially equal economic benefits pass to the members on the basis of patronage in the organization.
- (f) Members are not personally liable for obligations of the organization in the absence of a direct undertaking or authorization by the members.
- (g) The wholesale goods and services of the organization are furnished primarily to the members.
- (h) No part of the receipts, income, or profit of the organization are paid to any profit-making entity except for arms-length payments for necessary goods and services.
- (i) Members are not required to purchase goods or services through any profit-making entity.

This act is ordered to take immediate effect.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved .....

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Governor.

8