

CHAPTER 309

SOCIAL AND CHARITABLE ORGANIZATIONS

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NOTE: For definitions, see also section 300.02.

**309.01-309.09** [Repealed, 1951 c 550 s 78]

**309.10 NON-PROFIT HOSPITAL SERVICE PLAN CORPORATIONS.** Any corporation organized under the laws of this state, on a strictly non-profit basis, for the purpose of establishing and operating a non-profit hospital service plan whereby hospital service is provided by hospitals with which such corporation has a contract, to persons who become subscribers to the plan under a contract with such corporation for such hospital service shall be subject to, and, governed by the provisions of sections 309.10 to 309.17 and shall not be subject to the laws of this state relating to insurance and insurance companies, except as hereinafter specifically provided.

[1941 c. 53 s. 1]

**309.11 MAY PROVIDE SERVICE IN NON-MEMBER HOSPITALS.** The hospital service plan operated by such corporation, may also provide for hospital service to such subscribers in other than contracting hospitals, in case of emergency or expediency, and subject to the approval of the governing body of such hospital service plan corporation.

[1941 c. 53 s. 2]

**309.12 CERTIFICATE OF INCORPORATION, WHERE FILED.** A copy of the certificate of incorporation of all such non-profit hospital service plan corporations, and all amendments, shall be filed with the commissioner of insurance at the time the originals are filed with the secretary of state; provided, that any hospital service plan corporation that has heretofore incorporated under the social and charitable laws of the state, and is now operating such a non-profit hospital service plan in this state, shall forthwith file a copy of the certificate of incorporation, and all amendments thereto, with the commissioner of insurance, and thereupon be subject to the provisions of sections 309.10 to 309.17.

[1941 c. 53 s. 3]

**309.13 MEMBERSHIP OF GOVERNING BODY.** A majority of the governing body of every such non-profit hospital service plan corporation shall, at all times, be administrators or members of the governing body of hospitals which have agreed with such non-profit hospital service plan corporation to furnish hospital service to the subscribers to such non-profit hospital service plan.

Every such contracting hospital shall be represented in every such non-profit hospital service plan corporation with which it has entered into an agreement to furnish such hospital service to subscribers thereto; provided, that any two or more such contracting hospitals may have the same representative therein.

[1941 c. 53 s. 4]

**309.14 ANNUAL REPORT.** Every such corporation shall annually, on or before the last day of March, file with the commissioner of insurance, a statement verified by not less than two of its principal officers, showing the financial condition of such corporation as of the 31st day of December next preceding.

[1941 c. 53 s. 5]

**309.15 COMMISSIONER OF INSURANCE TO HAVE ACCESS TO BOOKS.** At least once in every three years, the commissioner of insurance shall visit each hospital service plan corporation and carefully examine its affairs to ascertain its

financial condition and ability to fulfill its obligations and whether it is complying with the provisions of this chapter. He may also make an examination at any other time he has reason to believe the company is in an unsound condition, or that it is not conducting its business according to the provisions of this chapter. The commissioner of insurance, or any deputy or examiner designated by him, shall have the right, at all reasonable times, to free access to all books and records of such corporation, and may summon and examine, under oath, the officers and employees of such corporation in all matters pertaining to its financial condition. The expense of any examination of its books and financial condition shall be borne by such corporation.

[1941 c 53 s 6; 1967 c 360 s 3]

**309.16 INVESTMENT OF FUNDS.** The funds of any corporation subject to the provisions of sections 309.10 to 309.17 shall be invested only in those securities and property designated by the laws of this state for the investment of the capital, surplus and other funds of domestic life insurance companies.

[1941 c. 53 s. 7]

**309.17 NOT TO ENGAGE IN MEDICAL PRACTICE.** Nothing herein shall authorize any person, association, or corporation to engage, in any manner, in the practice of healing, or the practice of medicine, as defined by law.

[1941 c. 53 s. 8]

**309.18-309.20** [Repealed, 1951 c 550 s 78]

**309.50 SOLICITATION OF CHARITABLE FUNDS; DEFINITIONS.** Subdivision 1. As used in sections 309.50 to 309.61 the words, terms and phrases, defined in this section have the meanings given them.

Subd. 2. "Person" means any individual, organization, group, association, partnership, corporation or trust.

Subd. 3. "Charitable purpose" means any charitable, benevolent, philanthropic, patriotic, or eleemosynary purpose.

Subd. 4. "Charitable organization" means any person who engages in or purports to engage in solicitation for a charitable purpose and includes each local county or area division within the state of such charitable organization, provided such local county or area division has authority and discretion to disburse funds or property otherwise than by transfer to any parent organization.

Subd. 5. "Contribution" means the promise or grant of any money or property of any kind or value, including the promise to pay, or payment for merchandise or rights of any other description when representation is made by or on behalf of the seller or solicitor that the whole or any part of the price will be applied to a charitable purpose. Reference to the dollar amount of "contributions" in section 309.51, subdivision 2(c) means in the case of promises to pay, or payment for merchandise or rights of any other description the value of the total amount promised to be paid or paid for such merchandise or rights and not merely that portion of the purchase price to be applied to a charitable purpose.

Subd. 6. "Professional fund raiser" means any person who for financial compensation or profit participates in public solicitation in this state of contributions for, or on behalf of any charitable organization. A bona fide officer or employee of a charitable organization is not a professional fund raiser unless his salary or other compensation is computed on the basis of funds to be raised, or actually raised.

Subd. 7. "Department" means the department of the secretary of state of the state of Minnesota.

[1961 c 309 s 1]

**309.51 EXEMPTIONS.** Subdivision 1. (a) Subject to the provisions of paragraph (b) of this subdivision, sections 309.50 to 309.61 shall not apply to any group or association serving a bona fide religious purpose when the solicitation is connected with such a religious purpose, nor shall such sections apply when the solicitation for such a purpose is conducted for the benefit of such a group or association by any other person with the consent of such group or association. Nothing contained in sections 309.50 to 309.61 shall prevent such a group or association or any such other person from voluntarily filing a registration statement or annual report under sections 309.52 and 309.53.

(b) Where any such group or association or person soliciting for the benefit of such group or association employs a professional fund raiser to solicit or assist in the solicitation of contributions, sections 309.50 to 309.61 shall apply and such group

or association or person shall file a registration statement as provided in section 309.52 and an annual report as provided in section 309.53. Such registration statement and annual report shall be required to cover contributions solicited or to be solicited by or with the assistance of such professional fund raiser but shall not be required to cover contributions solicited or to be solicited independently of the services of such professional fund raiser. The other provisions of sections 309.50 to 309.61 shall likewise apply only in relation to contributions solicited or to be solicited by or with the assistance of a professional fund raiser.

Subd. 2. In addition to the exemption granted by subdivision 1, the following charitable organizations may, but need not, file registration statements or annual reports with the department:

(a) The University of Minnesota and any other educational institution which is under the general supervision of the state board of education, the state college board, or is accredited by the University of Minnesota or the North Central Association of Colleges and Secondary Schools, or by any other national or regional accrediting association.

(b) A fraternal, patriotic, social, educational, alumni, professional, trade or learned society which limits solicitation of contributions to persons who either have, or shall have upon making a contribution, the right to vote as a member.

(c) A charitable organization which does not employ a professional fund raiser and which does not plan to solicit from the public within or outside this state gross contributions in excess of \$10,000 during any 12 months period ending June 30th of any year. If gross contributions received by such charitable organization during any 12 months period ending June 30th is in excess of \$10,000, it shall within 30 days after the date it shall have received total contributions in excess of \$10,000 file a registration statement as provided in section 309.52. A charitable organization shall be deemed to receive in addition to such contributions as are solicited from the public by it, such contributions as are solicited from the public by any other person and transferred to it. Any organization constituted for a charitable purpose receiving an allocation from a community chest, united fund or similar organization shall be deemed to have solicited that allocation from the public.

[1961 c 309 s 2; 1965 c 859 s 1; Ex1967 c 49 s 1]

**309.52 REGISTRATION STATEMENT.** Subdivision 1. Every charitable organization, except as otherwise provided in section 309.51, which solicits contributions from persons in this state by any means whatsoever shall, prior to any solicitation, file with the department upon forms provided by it, a registration statement which shall include the following information:

- (a) Legally established name.
- (b) Name or names under which it solicits contributions.
- (c) Form of organization.
- (d) Date and place of incorporation, if any.
- (e) Address of principal office in this state, or, if none, the name and address of the person having custody of books and records within this state.
- (f) Names and addresses of officers, directors, trustees, and chief executive officer.
- (g) Federal and state tax exempt status.
- (h) Denial at any time by any governmental agency or court of the right to solicit contributions.
- (i) Date on which accounting year of the charitable organization ends.
- (j) General purposes for which organized.
- (k) General purposes for which contributions to be solicited will be used.
- (l) Methods by which solicitation will be made.
- (m) Copies of contracts between charitable organization and professional fund raisers relating to financial compensation or profit to be derived by the professional fund raisers. Where any such contract is executed after filing of the registration statement, a copy thereof shall be filed within seven days of the date of execution.
- (n) Board, group or individual having final discretion as to the distribution and use of contributions received.

Subd. 2. The first registration statement filed by a charitable organization shall include a financial statement of its operation for its most recent 12 months period immediately preceding the filing of the first registration statement.

Subd. 3. The registration statement shall be executed by any two duly con-

stituted officers of the charitable organization who shall acknowledge that it was executed pursuant to resolution of the board of directors or trustees, or if there be no such board, then by its managing group which has approved the content of the registration statement, and shall certify that the board of directors or trustees, or if there be no such board, its managing group, have assumed, and will continue to assume responsibility for determining matters of policy and have supervised, and will continue to supervise the finances of the charitable organization.

Subd. 4. Where any local county or area division of a charitable organization is supervised and controlled by a superior or parent organization located within the state, such local county or area division shall not be required to register under this section if the superior or parent organization files a registration statement on behalf of the local county or area division in addition to or as part of its own registration statement.

Subd. 5. For filing each registration statement the department shall receive a fee of \$10 to be paid at the time of filing, which fee shall be deposited in the state treasury.

Subd. 6. Each registration statement shall be effective for a period of not more than 12 months from the date of filing thereof, and in any event shall expire on June 30 next following the date of filing.

Subd. 7. In no event shall the registration of a charitable organization continue in effect after the date such organization should have filed, but has failed to file an annual report in accordance with the requirements of section 309.53, and such organization, if in default under such section, shall not be eligible to file a new registration statement until it shall have filed the required annual report with the department.

[1961 c 309 s 3]

**309.53 ANNUAL REPORT.** Subdivision 1. Every charitable organization required to file a registration statement pursuant to section 309.52 shall file an annual report with the department upon forms provided by the department on or before June 30 of each year if its books are kept on a calendar year basis, or within six months after the close of its fiscal year if its books are kept on a fiscal year basis. For cause shown the department may extend the time for filing the annual report for a period of not to exceed an additional three months. The annual report shall be accompanied by a filing fee of \$5 which fee shall be deposited in the state treasury.

Subd. 2. Such annual report shall include a financial statement covering the immediately preceding 12 months period of operation, and shall be executed by any two duly constituted officers of the charitable organization, who shall acknowledge that it was executed pursuant to resolution of the board of directors or trustees, or if there be no such board, then by its managing group which has approved the content of the annual report.

Subd. 3. Such financial statement shall include a balance sheet and statement of income and expense, shall be consistent with forms furnished by the department, and shall be prepared so as to make a full disclosure of the following, including necessary allocations between each item and the basis of such allocations:

- (a) Gross receipts and gross income from all sources, broken down into total receipts and income from each separate solicitation project or source;
- (b) Cost of administration;
- (c) Cost of solicitation;
- (d) Cost of programs designed to inform or educate the public;
- (e) Funds or properties transferred out of state, with explanation as to recipient and purpose;
- (f) Total net amount disbursed or dedicated within this state, broken down into total amounts disbursed or dedicated for each major purpose, charitable or otherwise;

(g) Names of professional fund raisers used during the 12 months period and the financial compensation or profit resulting to each professional fund raiser.

A financial statement of a charitable organization which has solicited from the public within or outside this state gross contributions in excess of \$25,000 for the 12 months of operation covered by the statement shall be accompanied by an opinion signed by a certified public accountant that such statement fairly represents the financial operations of the charitable organization in sufficient detail to permit public evaluation of its operations. In giving such opinion the certified

public accountant shall take into consideration capital, endowment or other reserve funds, if any, controlled by the charitable organization.

Subd. 4. Where a registration statement has been filed by a superior or parent organization as provided in section 309.52, subdivision 4, it shall file the annual report required under this section on behalf of the local county or area division in addition to or as part of its own report, but the accounting information required under this section shall be set forth separately and not in consolidated form with respect to every local county or area division which raises or expends more than \$5,000.

[1961 c 309 s 4; Ex1967 c 49 s 2]

**309.54 PUBLIC RECORD.** Subdivision 1. Registration statements, annual reports, and other documents required to be filed shall become public records in the office of the department.

Subd. 2. Every person subject to sections 309.50 to 309.61 shall maintain accurate and detailed books and records to provide the information required by sections 309.50 to 309.61. All such books and records shall be open to inspection at all reasonable times by the department or by the attorney general.

Subd. 3. Every charitable organization which is required to file a registration statement under section 309.52 shall keep and maintain within Minnesota, at the place designated in its registration statement, the original books and records, or true copies thereof, pertaining to all money or other property collected from residents of this state and to the disbursement of such money or property. Such books and records shall be preserved for a period of not less than 10 years from the date of preparation thereof.

[1961 c 309 s 5]

**309.55 USE OF NAMES.** Subdivision 1. No charitable organization or person acting for a charitable organization shall use the name of any other person (except that of an officer, director or trustee of the charitable organization by or for which contributions are being solicited) in public solicitation literature without the written consent of such other person. Nothing herein contained shall prevent the publication of names of contributors, without their written consent, in an annual or other periodic report issued by a charitable organization for the purpose of reporting to its membership. Nothing in sections 309.52 or 309.53 shall require the disclosure in any registration statement or annual report of the names of individual contributors and the amount contributed by each one individually.

Subd. 2. No charitable organization soliciting contributions shall use a name, symbol or statement so closely related or similar to that used by another charitable organization or governmental agency that the use thereof would tend to confuse or mislead the public.

Subd. 3. Registration under sections 309.50 to 309.61 shall not be deemed to constitute an endorsement by the state of Minnesota of the charitable organizations so registered, and no person shall directly or indirectly misrepresent the registration hereunder to any donor or prospective donor.

[1961 c 309 s 6]

**309.555 COST OF SOLICITATION; LIMITATION.** No charitable organization shall disburse to any professional fund raiser or fund raising organization for the cost of solicitation during any 12 month period more than 40 percent of its gross receipts from all sources during the 12 month period. The 40 percent of gross receipts shall apply to the 12 month period selected by the charitable organization. The cost of solicitation shall be reflected in the financial statement of the charitable organization submitted under Minnesota Statutes 1965, Sections 309.51 and 309.53. The attorney general may apply for and the district court may grant relief for the violation of this section in accordance with the provisions of sections 309.50 to 309.61.

[Ex1967 c 49 s 3]

**309.56 SERVICE OF PROCESS.** Subdivision 1. Any charitable organization which solicits contributions in this state, but does not maintain an office within the state shall be subject to service of process, as follows:

(a) By service thereof on its registered agent within the state, or if there be no such registered agent, then upon the person who has been designated in the registration statement as having custody of books and records within this state; where service is effected upon the person so designated in the registration statement a copy of the process shall, in addition, be mailed to the charitable organization at its last known address;

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(b) When a charitable organization has solicited contributions in this state, but maintains no office within the state, has no registered agent within the state, and no designated person having custody of its books and records within the state, or when a registered agent or person having custody of its books and records within the state cannot be found as shown by the return of the sheriff of the county in which such registered agent or person having custody of books and records has been represented by the charitable organization as maintaining an office, service may be made by delivering to and leaving with the secretary of state, or with any deputy or clerk in the corporation department of his office, three copies thereof and a fee of \$6.

(c) Following service upon the secretary of state the provisions of law relating to service of process on foreign corporations contained in Minnesota Statutes 1957, Section 303.13, Subdivisions 2, 3, 4, and 5, shall thereafter govern.

Subd. 2. The solicitation of any contribution within this state shall be deemed to be the agreement of the charitable organization that any process against it which is so served in accordance with the provisions of this section shall be of the same legal force and effect as if served personally within this state.

[1961 c 309 s 7]

**309.57 DISTRICT COURT JURISDICTION.** Upon the application of the attorney general the district court is vested with jurisdiction to restrain and enjoin violations of sections 309.50 to 309.61.

[1961 c 309 s 8]

**309.58 VIOLATIONS; WITNESSES; TESTIMONY.** Subdivision 1. Whenever the attorney general has reason to believe that a violation of sections 309.50 to 309.61 has been committed or may be committed by a charitable organization, or its officers, directors, trustees, agents or servants, he may request information relevant to the provisions of sections 309.50 to 309.61 from such charitable organization. If, in the opinion of the attorney general, such charitable organization, through its managing group, fails to furnish the information requested, or fails to satisfy the attorney general that the charitable organization or its officers, directors, trustees, agents or servant do not have or cannot acquire the information requested, he may cancel the registration statement of such charitable organization. Such cancellation shall be effected by notification of his decision to the organization and any further solicitation after five days from the mailing of such notification shall be in violation of sections 309.50 to 309.61. Notification for the purposes of this section shall be deemed given when mailed to the organization named in the registration statement at the address there stated pursuant to paragraph 3 of section 309.52, subdivision 1.

Subd. 2. Any charitable organization whose registration statement has been cancelled may bring an action in the district court for reinstatement of the registration. If the court finds that the requested information was not reasonably relevant to the purposes of sections 309.50 to 309.61 or that there was valid reason or excuse for the failure to furnish the requested information, or that the cancellation was not effected in accordance with the provisions of subdivision 1, it shall order reinstatement of the cancelled registration upon such terms as may be proper under the circumstances.

[1961 c 309 s 9]

**309.59 CONSTRUCTION; POWERS OF ATTORNEY GENERAL.** Sections 309.50 to 309.61 shall not be construed to limit or to restrict the exercise of the powers or the performance of the duties of the attorney general which he otherwise is authorized to exercise or perform under any other provision of law.

[1961 c 309 s 10]

**309.60 RECIPROCAL AGREEMENTS, OTHER STATES.** The department may enter into reciprocal agreements with a like authority of any other state or states for the purpose of exchanging information made available to the department or to such other like authority.

[1961 c 309 s 11]

**309.61 SEVERABILITY.** If any provision of sections 309.50 to 309.61 or the application thereof to any person or circumstance is held invalid the invalidity shall not affect other provisions or application of said sections which can be given effect without the invalid provision or application, and to this end the provisions of said sections are severable.

[1961 c 309 s 12]