

amount greater than one half of the compensation allotted to the office of such retired judge at the time of his retirement or on July 1, 1967, whichever is greater, except when said retired judge shall have been appointed by the district court, or by the supreme court, to serve as a special master in litigation before the district court; in which case per diem payments may be made to said retired judge in amounts equal to per diem payments made pursuant to section 484.62. Where such payments are hereafter made in violation of this subdivision, it is the duty of the public officer making such payment to recover the amount so paid but without interest. Such recovery may be made by as many as 30 installment deductions from future retirement payments to a retired judge or by action in the district court. Unrecovered overpayments outstanding at the time of the death of a retired judge shall be a lien upon his estate, in favor of the state of Minnesota.

Sec. 4. This act is effective the day after its final enactment.

Approved April 10, 1974.

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CHAPTER 418—S.F.No.3123  
[Coded]

*An act relating to commerce; regulating health clubs, social referral clubs and buying clubs; permitting members to cancel contracts under certain circumstances; limiting the term of membership; providing for bonding; and prescribing penalties.*

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[325.96] COMMERCE; HEALTH CLUBS, SOCIAL REFERRAL CLUBS AND BUYING CLUBS; DEFINITIONS.** Subdivision 1. As used in sections 1 to 6, the terms defined in this section have the meanings given them.

Subd. 2. "Club" means any health club, social referral club or buying club.

Subd. 3. "Contract" means any agreement by which one becomes a member of a club.

Subd. 4. "Health club" means any corporation, partnership, unincorporated association or other business enterprise organized for profit having the primary purpose of engaging in instruction, training, encouragement or assistance in physical fitness, body building, exercising, reducing, figure development or any other such activities, or furnishing the use of facilities for such activities.

Subd. 5. "Social referral club" means any corporation, partnership, unincorporated association or other business enterprise

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organized for profit with the primary purpose of matching members of the opposite sex, by the use of computer or any other means, to facilitate dating or general social contact.

Subd. 6. "Buying club" means any corporation, partnership, unincorporated association or other business enterprise organized for profit with the primary purpose of providing benefits to members from the cooperative purchase of services or merchandise.

Subd. 7. "Member" means a status by which any natural person is entitled to any of the benefits of a club.

Subd. 8. "Prepayment" means any payment over \$25 for service or merchandise made before the service is rendered or the merchandise is received. It is not a prepayment if a payment for service is made on the same day the service is rendered. Money received by a club from a financial institution upon assignment of a contract shall be considered prepayment when and to the extent the member is required to make prepayments to the financial institution pursuant to the contract.

Subd. 9. "Business day" means any day other than a Saturday, Sunday, or holiday as defined in section 645.44.

Sec. 2. **[325.961] RIGHT OF CANCELLATION.** Any person who has elected to become a member of a club may cancel such membership by giving written notice of cancellation any time before midnight of the third business day following the date on which membership was attained. Notice of cancellation may be given personally or by mail. If given by mail, the notice is effective upon deposit in a mailbox, properly addressed and postage prepaid. Notice of cancellation need not take a particular form and is sufficient if it indicates, by any form of written expression, the intention of the member not to be bound by the contract. Cancellation shall be without liability on the part of the member and the member shall be entitled to a refund, within ten days after notice of cancellation is given, of the entire consideration paid for the contract. Rights of cancellation may not be waived or otherwise surrendered.

Sec. 3. **[325.962] NOTICE TO MEMBERS.** Subdivision 1. A copy of every contract shall be delivered to the member at the time the contract is signed. Every contract must be in writing, must be signed by the member, must designate the date on which the member signed the contract and must state, clearly and conspicuously in bold face type of a minimum size of fourteen points, the following:

**"MEMBERS' RIGHT TO CANCEL"**

"If you wish to cancel this contract, you may cancel by delivering or mailing a written notice to the club. The notice must say that you do not wish to be bound by the contract and must be delivered or mailed before midnight of the third business day after you sign this contract. The notice must be delivered or mailed to:

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(insert name and mailing address of club). If you cancel, the club will return, within ten days of the date on which you give notice of cancellation, any payments you have made."

Subd. 2. Every contract which does not contain the notice specified in subdivision 1 may be cancelled by the member at any time by giving notice of cancellation by any means.

Sec. 4. **[325.963] LIMITATION ON MEMBERSHIP PERIOD.** No contract shall be valid for a term longer than 18 months from the date upon which the contract is signed. However, a club may allow a member to convert his contract into a contract for a period longer than 18 months after the member has been a member of the club for a period of at least six months. The duration of the contract shall be clearly and conspicuously disclosed in the contract in bold face type of a minimum size of 14 points.

Sec. 5. **[325.964] BOND.** Subdivision 1. Every buying club shall maintain a bond issued by a surety company admitted to do business in this state the principal sum of which shall at all times be at least as great as the sum of (a) the total amount of prepayment received for all contracts of membership entered into after May 31, 1974, and (b) the total of all deposits being held on merchandise ordered or purchased through the club, pursuant to contracts entered into after May 31, 1974.

Subd. 2. Every health club or social referral club shall maintain a bond issued by a surety company admitted to do business in this state the principal sum of which shall be at all times at least as great as the total amount of prepayment received for all contracts of membership entered into after May 31, 1974.

Subd. 3. In no event shall any bond required by this section be less than \$25,000.

Subd. 4. The bond required by this section shall be in favor of the state for the benefit of any member who suffers loss of prepayment made pursuant to a contract entered into after May 31, 1974, due to insolvency of the club or the cessation of business by the club. A copy of the bond shall be filed with the attorney general. Any person claiming against the bond may maintain an action at law against the club and the surety.

Subd. 5. The aggregate liability of the surety to all persons for all breaches of the conditions of the bonds provided herein shall in no event exceed the amount of the bond.

Subd. 6. This section does not apply to any club which files a declaration, executed under penalty of perjury by the owner or manager of such club, with the attorney general stating that the club does not

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require or in the ordinary course of business receive prepayment for services or merchandise.

**Sec. 6. [325.965] DUTIES OF ATTORNEY GENERAL; PENALTIES; REMEDIES.** Subdivision 1. The attorney general shall investigate violations of sections 1 to 6, and when from information in his possession he has reasonable ground to believe that any person has violated or is about to violate any provision of sections 1 to 6, or that any club is insolvent, he shall be entitled on behalf of the state (a) to sue for and have injunctive relief in any court of competent jurisdiction against any such violation or threatened violation without abridging the penalties provided by law; (b) to sue for and recover for the state, from any person who is found to have violated any provision of sections 1 to 6, a civil penalty, in an amount to be determined by the court, not in excess of \$25,000; and in case the club has failed to maintain the bond required by sections 1 to 6, or is insolvent or in imminent danger of insolvency, to sue for and have an order appointing a receiver to wind up its affairs. All civil penalties recovered under this subdivision shall be deposited in the general fund of the state treasury.

Subd. 2. In addition to the remedies otherwise provided by law, any person injured by a violation of any of the provisions of sections 1 to 6, may bring a civil action and recover damages, together with costs and disbursements, including reasonable attorney's fees, and receive other equitable relief as determined by the court.

Approved April 10, 1974.

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**CHAPTER 419—S.F.No.3213**  
[Not Coded]

*An act relating to the distribution of taxes accruing to the statutory city of Cooley under Minnesota Statutes, Sections 298.24 and 298.32.*

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:**

**Section 1. COOLEY, CITY OF; TAX DISTRIBUTION.** In the event of the dissolution of the statutory city of Cooley, all taxes which would have been distributable to Cooley under Minnesota Statutes, Sections 298.24 and 298.32, including those taxes in excess of permissible levy limits which have been distributed to the cities of Nashwauk and Keewatin, and to the towns of Nashwauk, Lone Pine and Greenway, and the taconite municipal aid paid to Cooley pursuant to Minnesota Statutes, 1973 Supplement, Section 298.282, shall be distributed to the city of Nashwauk, the city of Keewatin, the town of Nashwauk, the town of Lone Pine and the town of Greenway all in Itasca county on a per capita basis, based on the latest available federal or state census. In computing the population of any town, the population of any orga-

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