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**BUSINESS AND PROFESSIONS CODE - BPC**

**DIVISION 10. Cannabis [26000 - 26325]** ( *Heading of Division 10 amended by Stats. 2017, Ch. 27, Sec. 3.* )

**CHAPTER 22. Cannabis Cooperative Associations [26220 - 26231.2]** ( *Chapter 22 added by Stats. 2017, Ch. 27, Sec. 107.* )

**ARTICLE 8. Financial Provisions [26228 - 26228.3]** ( *Article 8 added by Stats. 2017, Ch. 27, Sec. 107.* )

**26228.** An association is not subject in any manner to the terms of the Corporate Securities Law (Division 1 (commencing with Section 25000) of Title 4 of the Corporations Code), and any association may issue its membership certificates or stock or other securities as provided in this chapter without the necessity of any qualification under that law.

(*Added by Stats. 2017, Ch. 27, Sec. 107. (SB 94) Effective June 27, 2017.*)

**26228.1.** If an association issues nonpar value stock, the issuance of the stock shall be governed by the terms of all general laws that cover the issuance of nonpar value stock in domestic corporations.

(*Added by Stats. 2017, Ch. 27, Sec. 107. (SB 94) Effective June 27, 2017.*)

**26228.2.** If an association with preferred shares of stock purchases the stock or any property, or any interest in any property of any person, it may discharge the obligations that are so incurred, wholly or in part, by exchanging for the acquired interest, shares of its preferred stock to an amount that at par value would equal the fair market value of the stock or interest so purchased, as determined by the board of directors. In that case, the transfer to the association of the stock or interest that is purchased is equivalent to payment in cash for the shares of stock that are issued.

(*Added by Stats. 2017, Ch. 27, Sec. 107. (SB 94) Effective June 27, 2017.*)

**26228.3.** The board of directors of every association shall cause to be sent to the members of the association not later than 120 days after the close of the fiscal or calendar year an annual report of the operations of the association, unless the report is expressly dispensed with in the bylaws. If required by the bylaws, interim reports of the operations of the association for the three-month, six-month, or nine-month periods of the current fiscal year of the association shall be furnished to the members of the association. Such annual report and any such interim reports shall include a balance sheet as of such closing date. Such financial statement shall be prepared from, and be in accordance with, the books. It shall be prepared in a form that is sanctioned by sound accounting practice for the association or approved by a duly certified public accountant or a public accountant.

(*Added by Stats. 2017, Ch. 27, Sec. 107. (SB 94) Effective June 27, 2017.*)