

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-EIGHTH SESSION**

**S.F. No. 2820**

(SENATE AUTHORS: HOUSLEY)

DATE	D-PG	OFFICIAL STATUS
03/20/2014	6408	Introduction and first reading Referred to Commerce

1.1 A bill for an act  
 1.2 relating to debt collection; requiring that a debt collection agency or an individual  
 1.3 debt collector create and maintain certain records of its contacts with alleged  
 1.4 debtors; amending Minnesota Statutes 2012, section 332.37.

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

1.6 Section 1. Minnesota Statutes 2012, section 332.37, is amended to read:

1.7 **332.37 PROHIBITED PRACTICES.**

1.8 No collection agency or collector shall:

1.9 (1) in collection letters or publications, or in any communication, oral or written  
 1.10 threaten wage garnishment or legal suit by a particular lawyer, unless it has actually  
 1.11 retained the lawyer;

1.12 (2) use or employ sheriffs or any other officer authorized to serve legal papers in  
 1.13 connection with the collection of a claim, except when performing their legally authorized  
 1.14 duties;

1.15 (3) use or threaten to use methods of collection which violate Minnesota law;

1.16 (4) furnish legal advice or otherwise engage in the practice of law or represent that  
 1.17 it is competent to do so;

1.18 (5) communicate with debtors in a misleading or deceptive manner by using the  
 1.19 stationery of a lawyer, forms or instruments which only lawyers are authorized to prepare,  
 1.20 or instruments which simulate the form and appearance of judicial process;

1.21 (6) exercise authority on behalf of a creditor to employ the services of lawyers  
 1.22 unless the creditor has specifically authorized the agency in writing to do so and the  
 1.23 agency's course of conduct is at all times consistent with a true relationship of attorney  
 1.24 and client between the lawyer and the creditor;

2.1 (7) publish or cause to be published any list of debtors except for credit reporting  
2.2 purposes, use shame cards or shame automobiles, advertise or threaten to advertise for  
2.3 sale any claim as a means of forcing payment thereof, or use similar devices or methods  
2.4 of intimidation;

2.5 (8) refuse to return any claim or claims and all valuable papers deposited with a  
2.6 claim or claims upon written request of the creditor, claimant or forwarder after tender  
2.7 of the amounts due and owing to the agency within 30 days after the request; refuse or  
2.8 intentionally fail to account to its clients for all money collected within 30 days from the  
2.9 last day of the month in which the same is collected; or, refuse or fail to furnish at intervals  
2.10 of not less than 90 days upon written request of the claimant or forwarder, a written report  
2.11 upon claims received from the claimant or forwarder;

2.12 (9) operate under a name or in a manner which implies that the agency is a branch  
2.13 of or associated with any department of federal, state, county or local government or  
2.14 an agency thereof;

2.15 (10) commingle money collected for a customer with the agency's operating funds  
2.16 or use any part of a customer's money in the conduct of the agency's business;

2.17 (11) transact business or hold itself out as a debt prorater, debt adjuster, or any  
2.18 person who settles, adjusts, prorates, pools, liquidates or pays the indebtedness of a debtor,  
2.19 unless there is no charge to the debtor, or the pooling or liquidation is done pursuant to  
2.20 court order or under the supervision of a creditor's committee;

2.21 (12) violate any of the provisions of the Fair Debt Collection Practices Act of 1977,  
2.22 Public Law 95-109, while attempting to collect on any account, bill or other indebtedness;

2.23 (13) communicate with a debtor by use of a recorded message utilizing an automatic  
2.24 dialing announcing device unless the recorded message is immediately preceded by a live  
2.25 operator who discloses prior to the message the name of the collection agency and the  
2.26 fact the message intends to solicit payment and the operator obtains the consent of the  
2.27 debtor to hearing the message;

2.28 (14) in collection letters or publications, or in any communication, oral or written,  
2.29 imply or suggest that health care services will be withheld in an emergency situation;

2.30 (15) when a debtor has a listed telephone number, enlist the aid of a neighbor or  
2.31 third party to request that the debtor contact the licensee or collector, except a person who  
2.32 resides with the debtor or a third party with whom the debtor has authorized the licensee  
2.33 or collector to place the request. This clause does not apply to a call back message left at  
2.34 the debtor's place of employment which is limited to the licensee's or collector's telephone  
2.35 number and name;

3.1 (16) when attempting to collect a debt, fail to provide the debtor with the full name  
3.2 of the collection agency as it appears on its license;

3.3 (17) collect any money from a debtor that is not reported to a creditor or fail to  
3.4 return any amount of overpayment from a debtor to the debtor or to the state of Minnesota  
3.5 pursuant to the requirements of chapter 345;

3.6 (18) accept currency or coin as payment for a debt without issuing an original receipt  
3.7 to the debtor and maintaining a duplicate receipt in the debtor's payment records;

3.8 (19) attempt to collect any amount of money from a debtor or charge a fee to a  
3.9 creditor that is not authorized by agreement with the client;

3.10 (20) falsify any collection agency documents with the intent to deceive a debtor,  
3.11 creditor, or governmental agency; ~~or~~

3.12 (21) when initially contacting a Minnesota debtor by mail, fail to include a disclosure  
3.13 on the contact notice, in a type size or font which is equal to or larger than the largest other  
3.14 type of type size or font used in the text of the notice. The disclosure must state: "This  
3.15 collection agency is licensed by the Minnesota Department of Commerce"; or

3.16 (22) when contacting an alleged or suspected debtor in connection with a specific  
3.17 debt, fail to add to its file on the debt a notation providing the name and contact  
3.18 information of the alleged or suspected debtor and whether the alleged or suspected debtor  
3.19 acknowledged or denied the debt. If the creditor or an assignee subsequently terminates its  
3.20 contract with the debt collection agency, or vice versa, the debt collection agency must  
3.21 provide to the creditor or the creditor's assignee, in writing, the debt collection agency's  
3.22 information referenced in this paragraph, no later than 30 days after the termination. If  
3.23 the creditor or the creditor's assignee subsequently retains one or more other collection  
3.24 agencies for the purpose of collecting the debt, those other collection agencies must not  
3.25 request, demand, or require the alleged debtor to again acknowledge or deny the debt.

3.26 **EFFECTIVE DATE.** This section is effective August 1, 2014, and applies to  
3.27 contacts with alleged debtors on or after that date.