SENATE STATE OF MINNESOTA EIGHTY-SEVENTH LEGISLATURE

S.F. No. 1888

DATE	D-PG	OFFICIAL STATUS
02/15/2012	3823	Introduction and first reading
		Referred to Commerce and Consumer Protection
03/01/2012	3996a	Comm report: To pass as amended and re-refer to Judiciary and Public Safety
03/23/2012		Comm report: To pass as amended
		Second reading

1.1	A bill for an act
1.2	relating to debt collectors; amending procedures for licensure of debt collection
1.3	agencies and registration of individual debt collectors; amending Minnesota
1.4	Statutes 2010, sections 332.33, subdivisions 7, 8; 332.35; 332.40, subdivision 1.

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

Section 1. Minnesota Statutes 2010, section 332.33, subdivision 7, is amended to read: Subd. 7. **Notice.** A licensed collection agency or registered individual collector must give the commissioner written notice of a change in personal name, company name, address, or ownership not later than 15 days after the change occurs. A registered individual collector must give written notice of a change of address or name at annual

registration renewal.

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Sec. 2. Minnesota Statutes 2010, section 332.33, subdivision 8, is amended to read:

Subd. 8. Screening process requirement. Each licensed collection agency must establish procedures to follow when screening an individual collector applicant prior to submitting an applicant to the commissioner for initial registration and at renewal.

The screening process for initial registration of an individual collector shall consist of a criminal history record check and a statewide county search through a vendor that is a member of the National Association of Professional Background Screeners for all states of residence of the applicant within the five years immediately preceding the initial registration, to determine whether the applicant is eligible to be registered under section 332.35. Screening for renewal of individual collector registration shall consist of a public records search with the Bureau of Criminal Apprehension or equivalent. Screening for renewal of individual collector registrations shall take place no more than 60 days before

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<u>license expiration or renewal date.</u> The commissioner may review the procedures to ensure the integrity of the screening process. Failure <u>by a licensed collection agency</u> to establish these procedures is subject to action under section 332.40.

Sec. 3. Minnesota Statutes 2010, section 332.35, is amended to read:

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332.35 PRIOR CONVICTION OR JUDGMENT AS DISQUALIFICATION.

No registration shall be accepted for, and no license shall be issued to, any person, firm, corporation or association who or which, or any of the officers of which have, within the past five years;

- (1) been convicted in any court of fraud or any felony or have been convicted of or had judgment entered against them in any court for failure to account to a client or customer for money or property collected by them for the client or customer. No registration shall be accepted for, and no license shall be issued to, any attorney whose license to practice law has been suspended or revoked, for a period of five years after the date of such suspension or revocation.;
- (2) been convicted of any misdemeanor or gross misdemeanor involving any financial crime;
- (3) been unable to certify that they have no civil judgments against them for failure to account to a client or customer for money or property collected by them for the client or customer. A civil judgment does not disqualify an applicant for registration under this section, or under section 45.027, subdivision 7, clause (4), unless the civil judgment is for failure to account to a client or customer for money or property; or
 - (4) had a license to practice law revoked or suspended for cause.
- Sec. 4. Minnesota Statutes 2010, section 332.40, subdivision 1, is amended to read:

Subdivision 1. **Examination of licensee's or registered individual collector's records.** (a) The commissioner of commerce may make examinations of the collection records of a licensee or registered individual collector at a reasonable time and in a scope as is necessary to enforce the provisions of sections 332.31 to 332.45, and for that purpose the commissioner shall have free access to the books and records of a licensee or registered individual collector relating thereto. If a licensee or registered individual collector violates any provision of sections 332.31 to 332.45, or any administrative rules issued pursuant to sections 332.31 to 332.45, fails to maintain its financial condition sufficient to qualify for licensure or registration on an original application, or, fails to maintain its registration or comply with all of the requirements of chapter 303, the commissioner may, after notice and hearing in accordance with the provisions of the laws of this state governing

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proceedings before administrative agencies, revoke a license or registration, or suspend a

3.2	license or registration for a period as the commissioner deems proper.
3.3	(b) If a licensee or registered individual collector allegedly violates section 332.33,
3.4	subdivision 7 or 8, 332.385, or 332.42, or administrative rules for any of those sections,
3.5	the commissioner shall notify the licensee or individual registered collector of violations
3.6	A licensee or individual registered collector shall have 30 days from the date of written
3.7	notification of alleged violations to come into compliance with Minnesota law or
3.8	administrative rule without financial obligation or penalty.

Sec. 4. 3