CHAPTER 332

COLLECTION, CREDIT SERVICES

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ACCELERATED MORTGAGE PAYMENT PROVIDERS

332.30 ACCELERATED MORTGAGE PAYMENT PROVIDER; BOND REQUIREMENTS.

(a) Before beginning business in this state, an accelerated mortgage payment provider, as defined in section 332A.02, subdivision 8, clause (10), shall submit to the commissioner of commerce an authorization fee of $250 and either:

(1) a surety bond in which the accelerated mortgage payment provider is the obligor, in an amount determined by the commissioner; or

(2) if the commissioner agrees to accept it, a deposit:

(i) in cash in an amount equivalent to the bond amount; or

(ii) of authorized securities, as defined in section 50.14, with an aggregate market value equal to the bond amount. The cash or securities must be deposited with the commissioner of management and budget.

(b) The amount of the bond required by the commissioner shall vary with the amount of Minnesota client funds held or to be held by the obligor. For new businesses, the bond must be no less than $100,000, except as provided in section 332.301. The commissioner may increase the required bond amount upon 30 days' notice to the accelerated mortgage payment provider.

(c) If a bond is submitted, it must name as surety an insurance company authorized to transact fidelity and surety business in this state. The bond must run to the state of Minnesota for the use of the state and of any person who may have a claim against the obligor arising out of the obligor's activities as an accelerated mortgage payment provider. The bond must be conditioned that the obligor will not commit any fraudulent act and will faithfully conform to and abide by the provisions of accelerated mortgage payment agreements with Minnesota residents.

(d) If an accelerated mortgage payment provider has failed to account to a mortgagor or distribute funds to the mortgagee as required by an accelerated mortgage payment agreement, the mortgagor or the mortgagor's legal representative or receiver or the commissioner shall have, in addition to any other legal remedies, a right of action in the name of the debtor on the bond or the security given pursuant to this section.

(e) Section 58A.04, subdivisions 2 and 3, apply to this section.

History: *1994 c 638 s 2; 1999 c 151 s 46; 2003 c 112 art 2 s 50; 2008 c 277 art 1 s 72; 2009 c 101 art 2 s 109; 2020 c 80 art 1 s 23; 2026 c 88 art 1 s 186*

332.301 BOND; BACKGROUND CHECK.

The commissioner may accept an initial surety bond or deposit in an amount less than $100,000 based upon the business plan of the accelerated mortgage payment provider, provided the commissioner obtains a third-party background check at the expense of the accelerated mortgage payment provider and from a source to be determined by the commissioner. The commissioner may require a third-party background check in connection with any accelerated mortgage payment provider at the expense of the accelerated mortgage payment provider, but no more often than annually.

History: *1994 c 638 s 3*

332.302 CONTRACTS; NOTICE TO MORTGAGOR.

A contract entered into between an accelerated mortgage payment provider and a mortgagor shall be in writing and include all applicable terms and conditions including, but not limited to, all fees, costs, and charges. A conforming copy must be provided to the mortgagor before any fees in connection with the accelerated mortgage payment services are received by the accelerated mortgage payment provider. A contract shall provide that the arrangement between the accelerated mortgage payment provider and lender or lenders requires:

(1) that if the original terms of the mortgage, mortgage note, or escrow agreement are in default because of nonpayment by the accelerated mortgage payment provider, the lender or lenders mail or otherwise deliver to the mortgagor a written notice within 30 days of the default; and

(2) that a written summary of payments received by the accelerated mortgage payment provider by date and amount, payments made to the lender or lenders on behalf of the mortgagor by date and amount, and unremitted balance held by the accelerated mortgage payment provider be provided to the mortgagor at least

annually or more frequently on a date or dates mutually agreed upon between the accelerated mortgage payment provider and mortgagor.

History: *1994 c 638 s 4*

332.303 SEGREGATED ACCOUNTS.

A payment received by an accelerated mortgage payment provider from or on behalf of a client shall be held by the accelerated mortgage payment provider in a separate trust account clearly designated for client funds. The account shall be in a bank or other depository institution authorized or chartered under the laws of any state or of the United States. The accelerated mortgage payment provider shall not commingle funds held for payment to lenders with its own property or funds.

History: *1994 c 638 s 5*

COLLECTION AGENCIES

332.31 DEFINITIONS.

Subdivision 1. **Terms.** The terms in this section for the purposes of sections 332.31 to 332.44 shall have the meanings given them.

Subd. 2. **Person.** "Person" means and includes individuals, partnerships, associations or corporations.

Subd. 3. **Collection agency.** "Collection agency" or "licensee" means (1) a person engaged in the business of collection for others any account, bill, or other indebtedness, except as hereinafter provided; or (2) a debt buyer. It includes persons who furnish collection systems carrying a name which simulates the name of a collection agency and who supply forms or form letters to be used by the creditor, even though such forms direct the debtor to make payments directly to the creditor rather than to such fictitious agency.

Subd. 4. [Repealed, 1979 c 144 s 7]

Subd. 5. [Repealed, 1979 c 144 s 7]

Subd. 6. **Collector.** "Collector" is a person acting under the authority of a collection agency under subdivision 3 or a debt buyer under subdivision 8, and on its behalf in the business of collection for an account, bill, or other indebtedness except as otherwise provided in this chapter.

Subd. 7. [Repealed, 2010 c 384 s 104]

Subd. 8. **Debt buyer.** "Debt buyer" means a business engaged in the purchase of any charged-off account, bill, or other indebtedness for collection purposes, whether the business collects the account, bill, or other indebtedness, hires a third party for collection, or hires an attorney for litigation related to the collection.

Subd. 9. **Affiliated company.** "Affiliated company" means a company that: (1) directly or indirectly controls, is controlled by, or is under common control with another company or companies; (2) has the same executive management team or owner that exerts control over the business operations of the company; (3) maintains a uniform network of corporate and compliance policies and procedures; and (4) does not engage in active collection of debts.

History: *1969 c 766 s 1; 1973 c 720 s 54 subd 2; 1987 c 37 s 1; 2000 c 389 s 1; 2014 c 222 art 2 s 18; 1Sp2021 c 4 art 5 s 1-4*

332.311 TRANSFER OF ADMINISTRATIVE FUNCTIONS.

The powers, duties, and responsibilities of the consumer services section under sections 332.31 to 332.44 relating to collection agencies and debt buyers are hereby transferred to and imposed upon the commissioner of commerce.

History: *1973 c 720 s 54 subd 1; 1979 c 144 s 4; 1980 c 516 s 2; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 2014 c 222 art 2 s 19; 1Sp2021 c 4 art 5 s 5*

332.32 EXCLUSIONS.

(a) The term "collection agency" does not include banks when collecting accounts owed to the banks and when the bank will sustain any loss arising from uncollectible accounts, abstract companies doing an escrow business, real estate brokers, public officers, persons acting under order of a court, lawyers, trust companies, insurance companies, credit unions, savings associations, loan or finance companies unless they are engaged in asserting, enforcing or prosecuting unsecured claims which have been purchased from any person, firm, or association when there is recourse to the seller for all or part of the claim if the claim is not collected.

(b) The term "collection agency" does not include a trade association performing services authorized by section 604.15, subdivision 4a, but the trade association in performing the services may not engage in any conduct that would be prohibited for a collection agency under section 332.37.

(c) The term "collection agency" does not include a residential mortgage servicer licensed under chapter 58 or a student loan servicer licensed under chapter 58B if the residential mortgage servicer or student loan servicer is engaging in activities subject to licensure under chapter 58 or 58B, as applicable.

History: *1969 c 766 s 2; 1995 c 202 art 1 s 25; 2012 c 173 s 2; 1Sp2021 c 4 art 5 s 6; 2026 c 124 art 1 s 57*

332.33 LICENSING AND REGISTRATION.

Subdivision 1. **Requirement.** Except as otherwise provided in this chapter, no person shall conduct business in Minnesota as a collection agency or debt buyer, as defined in sections 332.31 to 332.44, without having first applied for and obtained a collection agency license. A person acting under the authority of a collection agency, debt buyer, or as a collector must first register with the commissioner under this section. A registered collector may use one additional assumed name only if the assumed name is registered with and approved by the commissioner. A business that operates as a debt buyer must submit a completed license application no later than January 1, 2022. A debt buyer who has filed an application with the commissioner for a collection agency license prior to January 1, 2022, and whose application remains pending with the commissioner thereafter, may continue to operate without a license until the commissioner approves or denies the application.

Subd. 2. **Penalty.** A person who carries on business as a collection agency or debt buyer without first having obtained a license or acts as a collector without first having registered with the commissioner pursuant to sections 332.31 to 332.44, or who carries on this business after the revocation, suspension, or expiration of a license or registration is guilty of a misdemeanor.

Subd. 3. **Term.** Licenses issued or renewed and registrations received by the commissioner of commerce under sections 332.31 to 332.44 shall expire on June 30. Each collection agency license shall plainly state the name and business address of the licensee, and shall be posted in a conspicuous place in the office where the business is transacted. The fee for each collection agency license is $500, and renewal is $400. The fee

for each collector registration and renewal is $10, which entitles the individual collector to work at a licensee's business location or in another location as provided under subdivision 5b. An additional branch license is not required for a location used under subdivision 5b. A collection agency licensee who desires to carry on business in more than one place shall procure a license for each place where the business is to be conducted.

Subd. 4. **Investigations.** The commissioner may require financial statements and references of all applicants for a license or registration as the commissioner considers necessary. The commissioner may make or cause to be made an independent investigation concerning the applicant's reputation, integrity, competence, and net worth, at the expense of the applicant for the initial investigation, not to exceed $500, and for that purpose may require a deposit against the cost of the investigation as the commissioner considers adequate. The investigation may cover all managerial personnel employed by or associated with the applicant.

Subd. 5. **License rejection.** On finding that an applicant for a license is not qualified under sections 332.31 to 332.44, the commissioner shall reject the application and shall give the applicant written notice of the rejection and the reasons for the rejection.

Subd. 5a. **Individual collector registration.** A licensee, on behalf of an individual collector, must register with the state all individuals in the licensee's employ who are performing the duties of a collector as defined in sections 332.31 to 332.44. The licensee must apply for an individual collection registration in a form prescribed by the commissioner. The licensee shall verify on the form that the applicant has confirmed that the applicant meets the requirements to perform the duties of a collector as defined in sections 332.31 to 332.44. Upon submission of the application to the department, the individual may begin to perform the duties of a collector and may continue to do so unless the licensee is informed by the commissioner that the individual is ineligible.

Subd. 5b. **Work from home.** An employee of a licensed collection agency may work from a location other than the licensee's business location if the licensee and employee comply with all requirements under this section that would apply if the employee were working at the business location.

Subd. 6. **Deposit of fees.** All money received by the commissioner under this section shall be deposited in the general fund of the state treasury.

Subd. 7. **Changes; notice to commissioner.** (a) A licensee must give the commissioner written notice of a change in company name, address, or ownership not later than ten days after the change occurs. A registered individual collector must give written notice of a change of address, name, or assumed name no later than ten days after the change occurs.

(b) Upon the death of any licensee, the license of the decedent may be transferred to the executor or administrator of the estate for the unexpired term of the license. The executor or administrator may be authorized to continue or discontinue the collection business of the decedent under the direction of the court having jurisdiction of the probate.

Subd. 8. **Screening process requirement.** (a) Each licensee 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.

(b) The screening process for initial registration must be done at the time of hiring. The process must include a national criminal history record search, an attorney licensing search, and a county criminal history search for all counties where the applicant has resided within the five years immediately preceding the initial registration, to determine whether the applicant is eligible to be registered under section 332.35. Each licensee

shall use a vendor that is a member of the National Association of Professional Background Screeners, or an equivalent vendor, to conduct this background screening process.

(c) Screening for renewal of individual collector registration must include a national criminal history record search and a county criminal history search for all counties where the individual has resided during the immediate preceding year. Screening for renewal of individual collector registrations must take place no more than 60 days before the license expiration or renewal date. A renewal screening is not required if an individual collector has been subjected to an initial background screening within 12 months of the first registration renewal date. A renewal screening is required for all subsequent annual registration renewals.

(d) The commissioner may review the procedures to ensure the integrity of the screening process. Failure by a licensee to establish these procedures is subject to action under section 332.40.

Subd. 9. **Affiliated companies.** The commissioner must permit affiliated companies to operate under a single license and be subject to a single examination, provided that all of the affiliated company names are listed on the license.

History: *1969 c 399 s 1; 1969 c 766 s 3; 1971 c 23 s 22; 1971 c 576 s 1; 1973 c 720 s 54 subd 2; 1979 c 144 s 6; 1980 c 516 s 2; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1985 c 248 s 70; 1986 c 444; 1987 c 37 s 2; 1987 c 358 s 118,119; 1997 c 222 s 50,51; 2004 c 208 s 1; 2012 c 225 s 1,2; 2014 c 222 art 1 s 55-57; art 2 s 20-24; 1Sp2021 c 4 art 5 s 7-13; 2022 c 70 s 1,2*

332.335 [Repealed, 2010 c 384 s 104]

332.3351 MS 2022 [Repealed, 2024 c 114 art 1 s 17]

332.3352 WAIVER OF LICENSING AND REGISTRATION.

The commissioner of commerce may, by order, waive the licensing and registration requirements of this chapter for a nonresident collection agency and the nonresident collection agency's affiliated collectors if: (1) a written reciprocal licensing agreement is in effect between the commissioner and the licensing officials of the nonresident collection agency's home state; and (2) the nonresident collection agency is licensed in good standing in the nonresident collection agency's home state.

History: *2024 c 114 art 3 s 68*

332.34 BOND.

The commissioner of commerce shall require each licensee to file and maintain in force a corporate surety bond, in a form to be prescribed by, and acceptable to, the commissioner, and in a sum of at least $50,000 plus an additional $5,000 for each $100,000 received by the collection agency from debtors located in Minnesota during the previous calendar year, less commissions earned by the collection agency on those collections for the previous calendar year. The total amount of the bond shall not exceed $100,000. A licensee may deposit cash in and with a depository acceptable to the commissioner in an amount and in the manner prescribed and approved by the commissioner in lieu of a bond.

History: *1969 c 766 s 4; 1973 c 720 s 54 subd 2; 1979 c 144 s 6; 1980 c 516 s 2; 1981 c 229 s 1; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1986 c 444; 1987 c 37 s 3; 1996 c 439 art 1 s 16; 1997 c 222 s 52; 2010 c 384 s 94; 1Sp2021 c 4 art 5 s 14*

332.345 SEGREGATED ACCOUNTS.

A payment collected by a collector or collection agency on behalf of a customer shall be held by the collector or collection agency in a separate trust account clearly designated for customer funds. The account must be in a bank or other depository institution authorized or chartered under the laws of any state or of the United States. This section does not apply to a debt buyer, except to the extent the debt buyer engages in third-party debt collection for others.

History: *2008 c 344 s 55; 1Sp2021 c 4 art 5 s 15*

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;

(2) been convicted of any misdemeanor or gross misdemeanor involving identity theft or 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 involuntarily suspended.

History: *1969 c 766 s 5; 2004 c 208 s 3; 2012 c 225 s 3*

332.355 AGENCY RESPONSIBILITY FOR COLLECTORS.

The commissioner may take action against a licensee for any violations of debt collection laws by its debt collectors. The commissioner may also take action against the debt collectors themselves for these same violations.

History: *2000 c 483 s 51; 1Sp2021 c 4 art 5 s 16*

332.36 [Repealed, 1975 c 61 s 26]

332.365 CREDIT COUNSELING ORGANIZATIONS; DEBTORS.

Subdivision 1. **Duties of commissioner.** (a) The commissioner shall develop and maintain a document that includes the contact information for nonprofit organizations domiciled in Minnesota that provide credit counseling services to debtors. Credit counseling services include but are not limited to (1) helping debtors understand their rights and responsibilities, and (2) working with debtors, creditors, and collection agencies to satisfy debts. Contact information for organizations that provide credit counseling services in languages other than English to individuals whose primary language is other than English must be included. The document shall include the following statement in English, Spanish, Somali, Hmong, Vietnamese, and Chinese:

"There are resources available to help manage your debt. The following Minnesota organizations offer debt and credit counseling services. The Department of Commerce does not control or guarantee any of the services provided by these organizations. The provision of this list is not a referral to, or endorsement or recommendation of, any organization or the organization's services."

(b) The document shall be no more than one 8-1/2 by 11-inch sheet of paper. The commissioner shall maintain the document and make it publicly available on the department's website in a printable format. The commissioner may update the document no more than once per year and must notify all licensed collection agencies after an update occurs. A collection agency has 120 days from receiving notice from the commissioner of an update to apply the changes to the document.

Subd. 2. **Duties of collection agency.** A collection agency must include the document described in subdivision 1, with the initial written communication sent to a debtor, if the initial communication is performed via United States mail, email, or text message.

History: *2022 c 70 s 3*

332.37 PROHIBITED PRACTICES.

(a) No collection agency, debt buyer, or collector shall:

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

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

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

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

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

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

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

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

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

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

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

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

(13) communicate with a debtor by use of a recorded message utilizing an automatic dialing announcing device after the debtor expressly informs the agency or collector to cease communication utilizing an automatic dialing announcing device;

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

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

(16) when attempting to collect a debt, fail to provide the debtor with the full name of the collection agency or debt buyer as it appears on its license or as listed on any "doing business as" or "d/b/a" registered with the Department of Commerce;

(17) collect any money from a debtor that is not reported to a client;

(18) fail to return any amount of overpayment from a debtor to the debtor or to the state of Minnesota pursuant to the requirements of chapter 345;

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

(20) attempt to collect any amount, including any interest, fee, charge, or expense incidental to the charge-off obligation, from a debtor unless the amount is expressly authorized by the agreement creating the debt or is otherwise permitted by law;

(21) charge a fee to a client that is not authorized by agreement with the client;

(22) falsify any collection agency documents with the intent to deceive a debtor, creditor, or governmental agency;

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

(24) commence legal action to collect a debt outside the limitations period set forth in section 541.053.

(b) Paragraph (a), clauses (6), (8), (10), (17), and (21), do not apply to debt buyers except to the extent the debt buyer engages in third-party debt collection for others.

History: *1969 c 766 s 7; 1981 c 229 s 2; 1987 c 37 s 4; 1988 c 592 s 12; 1993 c 295 s 1; 1999 c 137 s 10; 2004 c 208 s 4; 2005 c 10 art 2 s 4; 2010 c 382 s 66; 2019 c 59 s 7; 1Sp2021 c 4 art 5 s 17*

332.38 APPLICATION IN CASE OF PRETENDED PURCHASE, ASSIGNMENT OR USE OF A FICTITIOUS NAME.

The provisions of sections 332.31 to 332.44 shall apply to any person who, by any device, subterfuge or pretense, makes a pretended purchase or takes a pretended assignment of accounts from another for the purpose of evading provisions of sections 332.31 to 332.44, or, uses a fictitious name or any name other than the person's own name which would indicate to the debtor that a third person is collecting or attempting to collect such account or claim.

History: *1969 c 766 s 8; 1986 c 444; 2014 c 222 art 2 s 25*

332.385 NOTIFICATION TO COMMISSIONER.

The collection agency or debt buyer licensee shall notify the commissioner of any employee termination within ten days of the termination if the termination is based in whole or in part on a violation of this chapter.

History: *1993 c 295 s 2; 1Sp2021 c 4 art 5 s 18*

332.39 INJUNCTIONS.

The attorney general or the county attorney of any county may apply for an injunction in district court to enjoin any violations of sections 332.31 to 332.44, or any practices prohibited in section 332.37, and any such court may issue temporary or permanent injunctions as the circumstances shall require. Such injunctive proceedings shall be in addition to and not in lieu of penalties and remedies otherwise provided in sections 332.31 to 332.44.

History: *1969 c 766 s 9; 2014 c 222 art 2 s 26*

332.395 COMMISSIONER'S POWER OVER INEFFECTIVE LICENSES AND REGISTRATIONS.

If a license or registration lapses, is surrendered, withdrawn, terminated, or otherwise becomes ineffective, the commissioner of commerce may do either or both of the following: (1) institute a proceeding under section 45.027 within two years after the license or registration was last effective and enter a revocation or suspension order as of the last date on which the license or registration was in effect; (2) impose a civil penalty as provided for in section 45.027, subdivision 6.

History: *1996 c 439 art 1 s 17; 2004 c 208 s 5*

332.40 INVESTIGATION, SUSPENSION, AND REVOCATION OF LICENSES OR REGISTRATIONS.

Subdivision 1. **Examination of licensee's or registered individual collector's records.** 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 332.44, 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 332.44, or any administrative rules issued pursuant to sections

332.31 to 332.44, 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 proceedings before administrative agencies, revoke a license or registration, or suspend a license or registration for a period as the commissioner deems proper.

Subd. 2. **Other examinations.** The commissioner may investigate within or without this state as the commissioner deems necessary to determine whether any person has violated any provision of the Fair Debt Collection Practices Act of 1977, Public Law 95-109 or of sections 332.31 to 332.44, or any rule or order thereunder; to determine whether a license or registration should be issued, renewed, or revoked; to aid in the enforcement of sections 332.31 to 332.44; or in prescribing rules and forms thereunder. The commissioner may publish information concerning any violation of sections 332.31 to 332.44 or any rule or order thereunder.

Subd. 3. **Commissioner's powers.** (a) For the purpose of any investigation or proceeding under sections 332.31 to 332.44, the commissioner or any person designated by the commissioner may administer oaths and affirmations, subpoena collection agencies, debt buyers, or collectors and compel their attendance, take evidence and require the production of any books, papers, correspondence, memoranda, agreements or other documents or records which the commissioner deems relevant or material to the inquiry. The subpoena shall contain a written statement setting forth the circumstances which have reasonably caused the commissioner to believe that a violation of sections 332.31 to 332.44 may have occurred.

(b) In the event that the collection agency, debt buyer, or collector refuses to obey the subpoena, or should the commissioner, upon completion of the examination of the collection agency, debt buyer, or collector, reasonably conclude that a violation has occurred, the commissioner may examine additional witnesses, including third parties, as may be necessary to complete the investigation.

(c) Any subpoena issued pursuant to this section shall be served by certified mail or by personal service. Service shall be made at least 15 days prior to the date of appearance.

Subd. 4. **Court order to compel disclosures.** In case of contumacy by or refusal to obey a subpoena by any person the district court upon application by the commissioner may issue to the person an order directing the person to appear before the commissioner or commissioner's designee to produce documentary evidence if so ordered or to give evidence touching the matter under investigation or in question. Failure to obey the order of the court may be punished by the court as a contempt of court.

History: *1969 c 766 s 10; 1973 c 720 s 54 subd 2; 1979 c 144 s 6; 1980 c 516 s 2; 1981 c 229 s 3; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1986 c 444; 1987 c 37 s 5; 2004 c 208 s 6; 2010 c 382 s 67; 2014 c 222 art 2 s 27-29; 1Sp2021 c 4 art 5 s 19*

332.41 APPEALS.

Appeal from a denial, suspension, revocation, or censure of a license or registration must be made according to chapter 14.

History: *1969 c 766 s 11; 1973 c 720 s 54 subd 2; 1979 c 144 s 6; 1980 c 516 s 2; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 2001 c 208 s 24; 2004 c 208 s 7*

332.42 REPORTS AND RECORDS.

Subdivision 1. **Verified financial statement.** The commissioner of commerce may at any time require a licensee to submit a verified financial statement for examination by the commissioner to determine whether

the licensee is financially responsible to carry on a collection business within the intents and purposes of sections 332.31 to 332.44.

Subd. 2. **Record keeping.** The commissioner shall require the collection agency or debt buyer licensee to keep such books and records in the licensee's place of business in this state as will enable the commissioner to determine whether there has been compliance with the provisions of sections 332.31 to 332.44, unless the agency is a foreign corporation duly authorized, admitted, and licensed to do business in this state and complies with all the requirements of chapter 303 and with all other requirements of sections 332.31 to 332.44. Every collection agency licensee shall preserve the records of final entry used in such business for a period of five years after final remittance is made on any amount placed with the licensee for collection or after any account has been returned to the claimant on which one or more payments have been made. Every debt buyer licensee must preserve the records of final entry used in the business for a period of five years after final collection of any purchased account.

History: *1969 c 766 s 12; 1973 c 720 s 54 subd 2; 1979 c 144 s 6; 1980 c 516 s 2; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1986 c 444; 2004 c 208 s 8; 2014 c 222 art 2 s 30,31; 1Sp2021 c 4 art 5 s 20,21*

332.43 DELINQUENT COLLECTION AGENCIES.

Subdivision 1. **Appointment of receiver.** If the commissioner shall determine that a collection agency licensee is insolvent or has collected accounts but has failed to remit money due to any claimant within 45 days from the end of the month in which collection was made, or when the license of a collection agency has expired or terminated for any reason whatsoever, the commissioner, on determining such action necessary to protect the public interest, may apply to the district court for the county in which the main office of such agency is located for appointment of a receiver to receive the assets of the collection agency licensee for the purpose of liquidating or rehabilitating its business and or for such other relief as the nature of the case and the interest of the claimants may require. The reasonable and necessary expenses of the receivership shall constitute the first claim on the bond.

Subd. 2. [Repealed, 1979 c 144 s 7]

Subd. 3. [Repealed, 1979 c 144 s 7]

History: *1969 c 766 s 13; 1973 c 720 s 54 subd 2; 1979 c 144 s 5; 1986 c 444; 2004 c 208 s 9*

332.44 RULEMAKING POWER.

The commissioner of commerce shall make and file in accordance with the provisions of chapter 14, all reasonable rules as shall be necessary for the administration of sections 332.31 to 332.44.

History: *1969 c 766 s 14; 1973 c 720 s 54 subd 2; 1979 c 144 s 6; 1980 c 516 s 2; 1982 c 424 s 130; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1985 c 248 s 70; 2014 c 222 art 2 s 32*

332.45 [Repealed, 2014 c 222 art 1 s 58]

332.50 MS 2001 Supp [Renumbered 604.113]

332.505 MS 2001 Supp [Renumbered 604.15]

332.51 MS 2000 [Renumbered 604.14]

CREDIT SERVICES ORGANIZATIONS

332.52 DEFINITIONS.

Subdivision 1. **Applicability.** The definitions in this section apply to sections 332.52 to 332.60.

Subd. 2. **Buyer.** "Buyer" means any individual who is solicited to purchase or who purchases the services of a credit services organization.

Subd. 3. **Credit services organization.** (a) "Credit services organization" means any person that, with respect to the extension of credit by others, sells, provides, performs, or represents that the person will sell, provide, or perform, in return for the payment of money or other valuable consideration, any of the following services:

(1) improve a buyer's credit record, history, or rating;

(2) obtain an extension of credit for a buyer; or

(3) provide advice or assistance to a buyer with regard to either clause (1) or (2).

(b) "Credit services organization" does not include:

(1) any person authorized to make loans or extensions of credit under the laws of this state or the United States, if the person is subject to regulation and supervision by this state or the United States or a lender approved by the United States Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act, United States Code, title 12, section 1701 et seq.;

(2) any bank, savings bank, or savings and loan institution whose deposits or accounts are eligible for insurance by the Federal Deposit Insurance Corporation or a subsidiary of the bank, savings bank, or savings and loan institution;

(3) any credit union, federal credit union, or out-of-state credit union doing business in this state;

(4) any nonprofit organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1990;

(5) any person registered as a debt management services provider or debt settlement services provider under the laws of this state, if the person is acting within the course and scope of the applicable registration;

(6) any person licensed as a real estate broker by this state if the person is acting within the course and scope of that license;

(7) any person licensed as a collection agency under the laws of this state if the person is acting within the course and scope of that license;

(8) any person licensed to practice law in this state if the person renders services within the course and scope of practice as an attorney;

(9) any broker-dealer registered with the Securities and Exchange Commission or the Commodity Futures Trading Commission if the broker-dealer is acting within the course and scope of that regulation; or

(10) any consumer reporting agency as defined in the federal Fair Credit Reporting Act, United States Code, title 15, sections 1681 to 1681t, as amended through December 31, 1990.

Subd. 4. **Extension of credit.** "Extension of credit" means the right, offered or granted primarily for personal, family, or household purposes, to defer payment of debt or to incur debt and defer its payment.

History: *1991 c 314 s 1; 2010 c 382 s 68; 2026 c 124 art 1 s 58*

332.53 WAIVER OF RIGHTS.

Any waiver by a buyer of sections 332.52 to 332.60 is void. Any attempt by a credit services organization to have a buyer waive rights provided under sections 332.52 to 332.60 is a violation of sections 332.52 to 332.60. In any proceeding involving sections 332.52 to 332.60, the burden of proving an exemption or an exception from a definition is upon the person claiming it.

History: *1991 c 314 s 2*

332.54 REGISTRATION.

Subdivision 1. **Filing.** It is unlawful for any credit services organization to offer, advertise, or execute or cause to be executed by a consumer any contract in this state unless the credit services organization at the time of the offer, advertisement, sale, or execution of a contract has been properly registered with the commissioner.

Subd. 2. **Disclosure.** The registration must contain the following information:

(1) the name and address of the credit services organization;

(2) the name and address of the registered agent authorized to accept service of process on behalf of the credit services organization;

(3) the name and address of any person who directly or indirectly owns or controls a ten percent or greater interest in the credit services organization;

(4) the name and address of the surety company that issued the bond required under section 332.55; and

(5) full disclosure of any litigation or unresolved complaint filed within the preceding five years with the state, any other state, or the United States relating to the operation of the credit services organization, or a notarized statement that there has been no litigation or unresolved complaint filed within the preceding five years with the state, any other state, or the United States relating to the operation of the credit services organization.

Subd. 3. **Additional information.** The credit services organization must attach to the registration statement a copy of the contract which the credit services organization intends to execute with its consumers and evidence of the required bond.

Subd. 4. **Update of information.** The credit services organization must update the registration statement required under this section not later than 30 days after the date from which a change in the information required in the statement occurs.

Subd. 5. **Buyer inspection.** Each credit services organization registering under this section must maintain a copy of the registration statement in its files. The credit services organization must allow a buyer to inspect the registration statement on request.

Subd. 6. **Term.** Registration issued or renewed by the commissioner of commerce under sections 332.52 to 332.60 expires on June 30 of each year.

Subd. 7. **Fees.** The fee for a credit services organization's registration is $1,000 for issuance or renewal for each location of business.

Subd. 8. **Records and fees; maintenance and processing.** Section 58A.04, subdivisions 2 and 3, apply to this section.

History: *1991 c 314 s 3; 1993 c 295 s 3-5; 2007 c 44 s 8; 2007 c 57 art 3 s 44; 2020 c 80 art 1 s 24,25*

332.55 BOND.

A credit services organization must submit to the commissioner at the time of registration, an annual surety bond of $10,000, expiring on June 30 of each year, by an insurance company which is authorized by the state of Minnesota to transact the business of fidelity and surety insurance. The credit services organization must be the obligor. The bond must benefit the state of Minnesota and any person who may have a cause of action against the obligor arising out of the obligor's activities as a credit services organization. The commissioner may accept a deposit in cash, or securities that may be legally purchased by savings banks or for trust funds of an aggregate market value equal to the bond requirement, in lieu of the surety bond. The cash or securities must be deposited with the commissioner of management and budget.

History: *1991 c 314 s 4; 1992 c 564 art 4 s 16; 1993 c 295 s 6; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109*

332.56 PROHIBITED ACTS.

Subdivision 1. **Requirements; prohibitions.** A credit services organization, its salespersons, agents, and representatives, and independent contractors who sell or attempt to sell the services of a credit services organization may not do any of the following:

(1) charge or receive any money or other valuable consideration prior to full and complete performance of the services the credit services organization has agreed to perform for the buyer;

(2) charge or receive any money or other valuable consideration solely for referral of the buyer to a retail seller who will or may extend credit to the buyer if the credit that is or will be extended to the buyer is upon substantially the same terms as those available to the general public;

(3) make, counsel, or advise any buyer to make, any statement with respect to a buyer's credit worthiness, credit standing, or credit capacity that is untrue or misleading or that should be known by the exercise of reasonable care to be untrue or misleading to a credit reporting agency or to any person who has extended credit to a buyer or to whom a buyer is applying for an extension of credit; or

(4) make or use any untrue or misleading representations in the offer or sale of the services of a credit services organization or engage, directly or indirectly, in any act, practice, or course of business that operates or would operate as fraud or deception upon any person in connection with the offer or sale of the services of a credit services organization.

Subd. 2. **Salespersons; agents.** If a credit services organization is in compliance with subdivision 1, clause (1), the salesperson, agent, or representative who sells the services of that organization is not required to obtain a surety bond.

History: *1991 c 314 s 5*

332.57 DISCLOSURE STATEMENT.

Subdivision 1. **Requirement.** Before the execution of a contract or agreement between the buyer and a credit services organization or before the receipt by the credit services organization of any money or other valuable consideration, whichever occurs first, the credit services organization shall provide the buyer with a statement in writing containing all of the information required by subdivision 2. The credit services organization shall maintain on file for a period of two years an exact copy of the statement, personally signed by the buyer, acknowledging receipt of a copy of the statement.

Subd. 2. **Contents.** The disclosure statement required under subdivision 1 must be printed in boldface and in at least 10-point type and must include the following statement:

"CONSUMER CREDIT FILE RIGHTS UNDER MINNESOTA AND FEDERAL LAW

You have a right to dispute inaccurate information in your credit report by contacting the credit bureau directly. However, neither you nor any credit repair company or credit repair organization has the right to have accurate, current, and verifiable information removed from your credit report. The credit bureau must remove accurate, negative information from your report only if it is over seven years old. Bankruptcy information can be reported for ten years.

You have a right to obtain a copy of your credit report from a credit bureau. You may be charged a reasonable fee. There is no fee, however, if you have been turned down for credit, employment, insurance, or a rental dwelling because of information in your credit report within the preceding 60 days. The credit bureau must provide assistance to help you interpret the information in your credit file. You are entitled to receive a free copy of your credit report if you are unemployed and intend to apply for employment in the next 60 days, if you are a recipient of public welfare assistance, or if you have reason to believe that there is inaccurate information in your credit report due to fraud.

You have a right to sue a credit repair ORGANIZATION that violates the Credit Repair Organization Act. This law prohibits deceptive practices by credit repair organizations.

You have the right to cancel your contract with any credit repair organization for any reason within three business days of the date you signed it.

Credit bureaus are required to follow reasonable procedures to ensure that the information they report is accurate. However, mistakes may occur.

You may, on your own, notify a credit bureau in writing that you dispute the accuracy of information in your credit file. The credit bureau must then reinvestigate and modify or remove inaccurate or incomplete information. The credit bureau is prohibited from charging any fee for this service. Any pertinent information and copies of all documents you have concerning an error should be given to the credit bureau.

If the credit bureau's reinvestigation does not resolve the dispute to your satisfaction, you may send a brief statement to the credit bureau, to be kept in your file, explaining why you think the record is inaccurate. The credit bureau must include a summary of your statement about disputed information with any report it issues about you."

History: *1991 c 314 s 6; 2020 c 80 art 1 s 26*

332.58 CONTRACT.

Subdivision 1. **Requirements.** Each contract between the buyer and a credit services organization for the purchase of the services of the credit services organization must be in writing, dated, and signed by the buyer and must include the following:

(1) a conspicuous statement in boldface type, in immediate proximity to the space reserved for the signature of the buyer, as follows: "If you, the buyer, have been denied credit within the last 30 days, you may obtain a free copy of the consumer credit report from the consumer reporting agency. You also have the right to dispute inaccurate information in a report. You may cancel this contract at any time prior to midnight of the fifth day after the date of the transaction. See the attached notice of cancellation form for an explanation of this right";

(2) the terms and conditions of payment, including the total of all payments to be made by the buyer, whether to the credit services organization or to some other person;

(3) a full and detailed description of the services to be performed by the credit services organization for the buyer, including all guarantees and all promises of full or partial refunds, and the estimated date by which the services are to be performed or the estimated length of time for performing the services;

(4) the credit services organization's principal business address and the name and address of its agent in this state authorized to receive service of process; and

(5) with respect to the previous calendar year or the time period the credit services organization has been in business, whichever is shorter, the percentage of the credit services organization's customers for whom the credit services organization has fully and completely performed the services the credit services organization agreed to perform for the buyer.

Subd. 2. **Notice of cancellation.** The contract must be accompanied by a completed form in duplicate, captioned "Notice of Cancellation" that must be attached to the contract, is easily detachable, and contains in boldface type the following statement written in the same language as used in the contract:

"Notice of Cancellation

You may cancel this contract without any penalty or obligation within five days from the date the contract is signed.

If you cancel this contract, any payment made by you under this contract will be returned within ten days following receipt by the seller of your cancellation notice.

To cancel this contract, mail or deliver a signed dated copy of this cancellation notice, or any other written notice to .....(name of seller)..... at .....(address of seller)....., ...(place of business)..... not later than midnight .....(date).....

I hereby cancel this transaction,

.....(date).....

...(purchaser's signature)..."

Subd. 3. **Buyer's copy.** The credit services organization shall give to the buyer a copy of the completed contract and all other documents the credit services organization requires the buyer to sign at the time that they are signed.

History: *1991 c 314 s 7*

332.59 VIOLATIONS.

Any person who violates sections 332.52 to 332.58 is guilty of a misdemeanor. A violation of sections 332.52 to 332.58 is a violation of section 325F.69, subdivision 1, and the provisions of section 8.31 apply. Sections 332.52 to 332.58 do not limit or restrict the right of any person to pursue any appropriate remedy for a violation of sections 332.52 to 332.58. The provisions of section 45.027 apply to the enforcement of sections 332.52 to 332.58.

History: *1991 c 314 s 8; 1993 c 295 s 7*

332.60 DAMAGES.

A buyer suffering damages as a result of a violation of sections 332.52 to 332.58 by a credit services organization may bring an action for recovery of damages. Judgment must be entered for actual damages, but in no case shall the amount be less than the amount paid by the buyer to the credit services organization, plus reasonable attorney fees and costs. An award may also be entered for punitive damages. The remedies provided under sections 332.52 to 332.60 are in addition to any other procedures or remedies for any violation or conduct otherwise provided by law.

History: *1991 c 314 s 9*

BUSINESS SCREENING SERVICES

332.70 BUSINESS SCREENING SERVICES; DATA PRACTICES.

Subdivision 1. **Definitions.** For purposes of this section:

(a) "Business screening service" means a person regularly engaged in the business of collecting, assembling, evaluating, or disseminating criminal records on individuals for a fee. Business screening service does not include a government entity, as defined in section 13.02, or the news media.

(b) "Conviction" has the meaning given in section 609.02, subdivision 5.

(c) "Criminal record" means a record of an arrest, citation, prosecution, criminal proceeding, or conviction.

Subd. 2. **Criminal records.** A business screening service must only disseminate a criminal record that reflects the complete and accurate record provided by the source of the data. A complete and accurate record is a record that has:

(1) been updated within 30 days of its receipt; or

(2) been verified with the source of the data within the previous 90 days as being up-to-date.

Subd. 3. **Correction and deletion of records.** (a) If the completeness or accuracy of a criminal record maintained by a business screening service is disputed by the individual who is the subject of the record, the screening service shall, without charge, investigate the disputed record. In conducting an investigation, the business screening service shall review and consider all relevant information submitted by the subject

of the record with respect to the disputed record to determine whether the record maintained by the screening service accurately reflects the content of the official record, as maintained by the official government custodian.

(b) If, upon investigation, the screening service determines that the record does not accurately reflect the content of the official record, the screening service shall correct the disputed record so as to accurately reflect the content of the official record. If the disputed record is found to be sealed, expunged, or the subject of a pardon, the business screening service shall promptly delete the record. A business screening service that complies with this subdivision is not in violation of this section.

(c) A business screening service may terminate an investigation of a disputed record if the business screening agency reasonably determines that the dispute is frivolous, which may be based on the failure of the subject of the record to provide sufficient information to investigate the disputed record. Upon making a determination that the dispute is frivolous, the business screening service shall inform the subject of the record of the specific reasons why it has determined that the dispute is frivolous and provide a description of any information required to investigate the disputed record.

(d) The business screening service shall notify the subject of the disputed record of the correction or deletion of the record or of the termination or completion of the investigation related to the record within 30 days of the date when the agency receives notice of the dispute from the subject of the record.

Subd. 3a. **Deletion of expunged records.** If a business screening service knows that a criminal record has been sealed, expunged, or is the subject of a pardon, the screening service shall promptly delete the record.

Subd. 4. **Date and notice required.** A business screening service that disseminates a criminal record that was collected on or after July 1, 2010, must include the date when the record was collected by the business screening service and a notice that the information may include criminal records that have been expunged, sealed, or otherwise have become inaccessible to the public since that date.

Subd. 5. **Remedies; relationship to FCRA.** (a) A business screening service that violates this section is liable to the individual who is the subject of the record for a penalty of $1,000 or actual damages caused by the violation, whichever is greater, plus costs and disbursements and reasonable attorney fees.

(b) A business screening service in compliance with the applicable provisions of the Fair Credit Reporting Act, United States Code, title 15, section 1681, et seq., is considered to be in compliance with this section. Those entities are subject to the state remedies under this subdivision when their actions would violate this section and federal law.

Subd. 6. **Service of process; jurisdiction.** A business screening service that disseminates criminal record information in this state or that obtains a criminal record from a government entity, as defined in section 13.02, or a court in this state is deemed to have consented to service of process in this state for purposes of section 5.25, subdivision 4, or other applicable law and to the jurisdiction of courts in this state for actions involving a violation of this section or for the recovery of remedies under this section.

History: *2008 c 315 s 19; 2009 c 178 art 1 s 68; 2010 c 240 s 1-4; 2010 c 385 s 5; 2014 c 246 s 4*

332.71 DEFINITIONS.

Subdivision 1. **Scope.** For the purposes of sections 332.71 to 332.75, the definitions in this section have the meanings given them.

Subd. 2. **Coerced debt.** (a) "Coerced debt" means all or a portion of debt in a debtor's name that has been incurred as a result of:

(1) the use of the debtor's personal information without the debtor's knowledge, authorization, or consent;

(2) the use or threat of force, intimidation, undue influence, fraud, deception, coercion, or other similar means against the debtor; or

(3) economic abuse perpetrated against the debtor.

(b) Coerced debt does not include secured debt.

Subd. 3. **Creditor.** "Creditor" means a person, or the person's successor, assignee, or agent, claiming to own or have the right to collect a debt owed by the debtor.

Subd. 4. **Debtor.** "Debtor" means a person who (1) is a victim of domestic abuse, economic abuse, or sex or labor trafficking, and (2) owes coerced debt.

Subd. 5. **Documentation.** "Documentation" means:

(1) a police report;

(2) a Federal Trade Commission identity theft report;

(3) an order in a dissolution proceeding under chapter 518 that declares that one or more debts are coerced; or

(4) a sworn written certification.

Subd. 6. **Domestic abuse.** "Domestic abuse" has the meaning given in section 518B.01, subdivision 2.

Subd. 7. **Economic abuse.** "Economic abuse" means behavior in the context of a domestic relationship that controls, restrains, restricts, impairs, or interferes with the ability of a debtor to acquire, use, or maintain economic resources, including but not limited to:

(1) withholding or restricting access to, or the acquisition of, money, assets, credit, or financial information;

(2) interfering with the victim's ability to work and earn wages; or

(3) exerting undue influence over a person's financial and economic behavior or decisions.

Subd. 8. MS 2023 Supp [Repealed, 2024 c 114 art 3 s 104]

Subd. 9. **Labor trafficking.** "Labor trafficking" has the meaning given in section 609.281, subdivision 5.

Subd. 10. **Qualified third-party professional.** "Qualified third-party professional" means:

(1) a domestic abuse advocate, as defined under section 595.02, subdivision 1, paragraph (l);

(2) a sexual assault counselor, as defined under section 595.02, subdivision 1, paragraph (k);

(3) a licensed health care provider, mental health care provider, social worker, or marriage and family therapist; or

(4) a nonprofit organization in Minnesota that provides direct assistance to victims of domestic abuse, sexual assault, or sex or labor trafficking.

Subd. 11. **Sex trafficking.** "Sex trafficking" has the meaning given in section 609.321, subdivision 7a.

Subd. 12. **Sworn written certification.** "Sworn written certification" means a statement by a qualified third-party professional in the following form:

"CERTIFICATION OF QUALIFIED THIRD-PARTY PROFESSIONAL

I, ... (name of qualified third-party professional), do hereby certify under penalty of perjury as follows:

1. I am a licensed health care provider, mental health care provider, social worker, marriage and family therapist, domestic abuse advocate, as that term is defined in Minnesota Statutes, section 595.02, subdivision 1, paragraph (l), or sexual assault counselor, as that term is defined in Minnesota Statutes, section 595.02, subdivision 1, paragraph (k), or a staff member of a nonprofit organization that provides direct assistance to victims of domestic abuse, sexual assault, or sex or labor trafficking, who has had in-person contact or face-to-face contact through an electronic medium with ..... (name of debtor).

2. Based on my professional interactions with the debtor and information presented to me in my professional capacity, I have a reasonable basis to believe ..... (name of debtor) is a victim of domestic abuse, harassment, sex trafficking, or labor trafficking, and has incurred all or a portion of debt that is coerced debt, as that term is defined in Minnesota Statutes, section 332.71, subdivision 2.

3. Based on my professional interactions with the debtor and on information presented to me, I have reason to believe that the circumstances under which the coerced debt was incurred are as follows:

4. The following debts or portions of the debts have been identified to me as coerced:

I attest that the foregoing is true and correct.

(Printed name of qualified third party)

(Signature of qualified third party)

(Business address and business telephone)

(Date)"

History: *2023 c 57 art 3 s 69; 2024 c 114 art 3 s 69-72*

332.72 COERCED DEBT PROHIBITED.

(a) A person is prohibited from causing another person to incur coerced debt.

(b) A person who causes another person to incur a coerced debt in violation of this section is civilly liable to the creditor for the amount of the debt, or portion of the debt, determined by a court to be coerced debt, plus the creditor's reasonable attorney fees and costs, provided the creditor follows the procedures under section 332.74, subdivision 3, paragraph (b).

History: *2023 c 57 art 3 s 70; 2024 c 114 art 3 s 73*

332.73 NOTICE TO CREDITOR OF COERCED DEBT.

Subdivision 1. **Notification.** (a) Before taking an affirmative action under section 332.74, a debtor must, by certified mail, notify a creditor that the debt or a portion of a debt on which the creditor demands payment is coerced debt and request that the creditor cease all collection activity on the coerced debt. The notification and request must be in writing and include documentation. If not already included in documentation, the notification must include a signed statement that includes:

(1) an assertion that the debtor is a victim of domestic abuse, economic abuse, or sex or labor trafficking;

(2) a recitation of the facts supporting the claim that the debt is coerced; and

(3) if only a portion of the debt is claimed to be coerced debt, an itemization of the portion of the debt that is claimed to be coerced debt.

(b) The creditor, within 30 days of the date the notification and request is received, must notify the debtor in writing of the creditor's decision to either immediately cease all collection activity or continue to pursue collection. If a creditor ceases collection but subsequently decides to resume collection activity, the creditor must notify the debtor ten days prior to the date the collection activity resumes.

(c) A debtor must not proceed with an action under section 332.74 until the 30-day period provided under paragraph (a) has expired.

Subd. 2. **Sale or assignment of coerced debt.** A creditor may sell or assign a debt for which the creditor has been notified is coerced debt to another party if the creditor selling or assigning the debt includes notification to the buyer or assignee that the debtor has asserted the debt is coerced debt.

Subd. 3. **No inference upon cessation of collection activity.** The fact that a creditor ceases collection activity under this section or section 332.74 does not create an inference or presumption regarding the validity or invalidity of a debt for which a debtor is liable or not liable. The exercise or nonexercise of rights under this section is not a waiver of any other debtor or creditor rights or defenses.

History: *2023 c 57 art 3 s 71; 2024 c 114 art 3 s 74*

332.74 DEBTOR REMEDIES.

Subdivision 1. **Right to petition for declaration and injunction.** A debtor alleging violation of section 332.72 may petition for equitable relief in the district court in the county where the debtor lives or where the coerced debt was incurred. The petition must include:

(1) the notice to the creditor required under section 332.73, subdivision 1;

(2) consistent with Rule 11 of the Minnesota Rules of General Practice, information identifying (i) the account or accounts associated with the coerced debt, and (ii) the person in whose name the debt was incurred; and

(3) the identity and, if known, contact information of the person who caused the debtor to incur coerced debt, unless the debtor signs a sworn statement that disclosing the information is likely to result in domestic abuse or other harm to the debtor, the debtor's children, parents, other relatives, or a family pet.

Subd. 2. **Procedural safeguards.** The court must take appropriate steps necessary to prevent abuse of the debtor or to the debtor, the debtor's children, parents, other relatives, or a family pet. For purposes of this subdivision, appropriate steps include but are not limited to sealing the file, marking the file as

confidential, redacting personally identifiable information about the debtor, and directing that any deposition or evidentiary hearing be conducted remotely.

Subd. 3. **Relief.** (a) If a debtor shows by a preponderance of the evidence that the debtor has been aggrieved by a violation of section 332.72 and the debtor has incurred coerced debt, the debtor is entitled to one or more of the following:

(1) a declaratory judgment that the debt or portion of a debt is coerced debt;

(2) an injunction prohibiting the creditor from (i) holding or attempting to hold the debtor liable for the debt or portion of a debt, or (ii) enforcing a judgment related to the coerced debt; and

(3) an order dismissing any cause of action brought by the creditor to enforce or collect the coerced debt from the debtor or, if only a portion of the debt is established as coerced debt, an order directing that the judgment, if any, in the action be amended to reflect only the portion of the debt that is not coerced debt.

(b) If the court orders relief for the debtor under paragraph (a), the court, after the creditor's motion has been personally served on the person who violated section 332.72, or if personal service cannot be made, after service by United States mail to the last known address of the person and one-week published notice under section 645.11, must issue a judgment in favor of the creditor against the person in the amount of the debt or a portion thereof.

(c) This subdivision applies regardless of the judicial district in which the creditor's action or the debtor's petition was filed.

Subd. 4. **Affirmative defense.** In an action against a debtor to satisfy a debt, it is an affirmative defense that the debtor incurred coerced debt.

Subd. 5. **Burden.** In any affirmative action taken under subdivision 1 or any affirmative defense asserted in subdivision 4, the debtor bears the burden to show by a preponderance of the evidence that the debtor incurred coerced debt. There is a presumption that the debtor has incurred coerced debt if the person alleged to have caused the debtor to incur the coerced debt has been convicted of or received a stay of adjudication for a violation of section 609.27, 609.282, 609.322, or 609.527.

Subd. 6. **Statute of limitations tolled.** (a) The statute of limitations under section 541.05 is tolled during the pendency of a proceeding instituted under this section.

(b) A creditor is prohibited from filing a collection action regarding a debt that is the subject of a proceeding instituted under this section while the proceeding is pending.

(c) If a debtor commences a proceeding under this section while a collection action is pending against the debtor regarding a debt that is subject to the proceeding, the court must immediately stay the collection action pending the disposition of the proceeding under this section.

History: *2023 c 57 art 3 s 72; 2024 c 114 art 3 s 75,76*

332.75 CREDITOR REMEDIES.

Nothing in sections 332.71 to 332.74 diminishes the rights of a creditor to seek payment recovery for a coerced debt from the person who caused the debtor to incur the coerced debt.

History: *2023 c 57 art 3 s 73*