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PROHIBIT UNSOLICITED DEBT/CHECKS

House Bills 5841 and 5842
Sponsor: Rep. Tom Alley
Committee: Commerce

Complete to 5-14-98

A SUMMARY OF HOUSE BILLS 5841 AND 5842 AS INTRODUCED 5-12-98

These bills would prohibit lenders from providing a consumer with an unsolicited blank check or a fixed amount check, either of which would enable the consumer to incur a new or added debt solely by endorsing the check.

House Bill 5841 would amend the Regulatory Loan Act of 1963 (MCL 493.1 and 493.12a) to prohibit a licensee from providing either kind of check to a consumer. House Bill 5841 also would modify the definition of advertising to include a communication addressed to a person who has previously executed a loan agreement relative to that person's account if the communication includes an unsolicited check. In addition, House Bill 5841 also would extend the definition of false, misleading, deceptive, or irresponsible advertising that is unlawful to apply to advertising that includes the unsolicited delivery of a check or checks to a consumer in violation of the act.

House Bill 5842 would amend the Consumer Financial Services Act (MCL 487.2067) to prohibit a licensee from providing consumers with either an unsolicited blank check or an unsolicited fixed-amount check that would enable the endorser to incur a new or added debt burden solely through endorsement.

The bills are tie-barred to each other, and both would define "consumer" to mean a natural person.

Analyst: J. Hunault

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.