



**Senate Fiscal Agency**  
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BILL



ANALYSIS

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Senate Bill 385 (as reported without amendment)  
Sponsor: Senator Jim Stamas  
Committee: Regulatory Reform

### **CONTENT**

The bill would amend Article 9 of the Occupational Code, which governs collection agencies and provides for their licensure, to revise restrictions pertaining to collection agencies' employment of attorneys to collect claims.

Article 9 prohibits a licensee from employing or retaining an attorney to collect a claim. A licensee may employ the service of an attorney on behalf of a creditor if authorized to do so in writing and the licensee's conduct is at all times consistent with a true attorney-client relationship between the attorney and the creditor. Under the bill, a licensee would be prohibited from retaining (but not employing) an attorney to collect a claim.

Also, a licensee is prohibited from sharing the compensation for service performed by an attorney in collecting a claim or demand. The bill specifies that this would not apply to a licensee that employed an attorney, or to an attorney who was employed by a licensee, to engage in the collection of claims.

In addition, Article 9 prohibits a licensee from listing the name of an attorney in a written or oral communication, collection letter, or publication. The bill would prohibit a licensee from doing so, unless the attorney was an employee of the licensee and was engaged in collecting a claim.

A licensee also is prohibited from engaging in the practice of law or instituting a judicial proceeding on behalf of another. Under the bill, this provision would not apply to an attorney who was an employee of the licensee.

Additionally, Article 9 prohibits a licensee from sharing quarters or office space, or having a common waiting room with a practicing attorney or a lender. The bill, instead, would prohibit a licensee from doing so with a lender or a practicing attorney who was not an employee of the licensee.

MCL 339.915a

Legislative Analyst: Stephen Jackson

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Date Completed: 9-18-17

Fiscal Analyst: Josh Sefton