

SENATE BILL No. 481

September 11, 1991, Introduced by Senator ARTHURHULTZ
and referred to the Committee on Appropriations.

A bill to amend sections 5, 7, 8, 11, 12, 13, and 15 of Act
No. 161 of the Public Acts of 1988, entitled
"Consumer financial services act,"
being sections 487.2055, 487.2057, 487.2058, 487.2061, 487.2062,
487.2063, and 487.2065 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 5, 7, 8, 11, 12, 13, and 15 of Act
2 No. 161 of the Public Acts of 1988, being sections 487.2055,
3 487.2057, 487.2058, 487.2061, 487.2062, 487.2063, and 487.2065 of
4 the Michigan Compiled Laws, are amended to read as follows:

5 Sec. 5. An application for a license shall be accompanied
6 by all of the following:

7 (a) A license fee ~~of \$800.00 for a class I license or~~
8 ~~\$500.00 for a class II license~~ AS PROVIDED BY SECTION 11.

1 (b) An investigation fee ~~of \$500.00. If the applicant has~~
2 ~~1 or more licenses under the financial licensing acts, the~~
3 ~~investigation fee shall be \$100.00~~ AS PROVIDED BY SECTION 11.
4 The investigation fee ~~shall~~ IS not ~~be refunded~~ REFUNDABLE.

5 (c) Financial statements, reasonably satisfactory to the
6 commissioner, showing that the applicant's net worth exceeds
7 \$100,000.00 for applicants for a class I license and \$50,000.00
8 for applicants for a class II license. If the applicant deposits
9 with the commissioner bonds, notes, debentures, or other obliga-
10 tions of the United States, of this state, or of a local unit of
11 government in the state, as provided under section 6(4), the
12 financial statement shall show that the applicant's net worth
13 exceeds \$200,000.00 for a class I license ~~—~~ and \$100,000.00 for
14 a class II license. A licensee shall have and continue to main-
15 tain the required net worth while engaging in the activities
16 authorized for licensing under this act. The commissioner may
17 promulgate rules establishing a higher net worth requirement for
18 new class I licensees to assure safe and sound operation of the
19 activities.

20 Sec. 7. (1) Upon the filing of an application and the pay-
21 ment of the required fees by an applicant, the commissioner shall
22 investigate the applicant for a class I license or class II
23 license. If the commissioner finds that the financial responsi-
24 bility, experience, character, and general fitness of the appli-
25 cant, and of the applicant's members if the applicant is a part-
26 nership or association, and of the applicant's officers and
27 directors if the applicant is a corporation, are such as to

1 command the confidence of the community and to warrant belief
2 that the business will be operated lawfully, honestly, fairly,
3 and efficiently within the purposes of this act, the commissioner
4 shall issue and deliver to the applicant a license to engage in
5 all of the activities authorized under this act or by rule or
6 order of the commissioner.

7 (2) A license issued or renewed under this act expires on
8 December 31 each year. To renew an existing license, a licensee
9 shall pay an annual license fee ~~of \$800.00 for a class I license~~
10 ~~and \$500.00 for a class II license no later than~~ AS PROVIDED IN
11 SECTION 11 ON OR BEFORE December 15 of the year ~~prior to~~
12 IMMEDIATELY PRECEDING the year for which the renewal is
13 requested. A LICENSE RENEWAL FEE PAID AFTER DECEMBER 31 IS
14 SUBJECT TO A PENALTY OF \$25.00 FOR EACH DAY THE FEE IS DELINQUENT
15 OR \$1,000.00, WHICHEVER IS LESS.

16 Sec. 8. (1) Upon approval by the commissioner of an appli-
17 cation for issuance or renewal of a class I or class II license,
18 the commissioner shall issue to the applicant a class I or class
19 II license certificate showing the name of the person authorized
20 to do business and the business address of the licensee. The
21 license certificate when issued to a licensee shall be posted in
22 a conspicuous place in the place of business so that it will be
23 in full view of the public at all times.

24 (2) A class I or class II license issued under this act
25 ~~shall~~ IS not ~~be~~ transferable or assignable.

26 (3) A licensee under this act may change its name or place
27 of business to another location within the state. To change its

1 name or the address of its place of business, a licensee shall
2 give prior written notice to the commissioner and ~~shall~~ return
3 the license certificate to the commissioner for amendment. The
4 commissioner shall amend the license certificate to show the new
5 name or the new address and the date of reissue. ~~A licensee~~
6 ~~shall be required to pay a charge of \$50.00 for amendment of a~~
7 ~~license certificate.~~

8 (4) Only 1 place of business may be operated under ~~the~~
9 ~~same~~ A license. A licensee may engage in activities for which a
10 class I or class II license is required at more than 1 place of
11 business by filing an application on the prescribed form and com-
12 plying with the bond and license fee provisions of this act for
13 each additional place of business, and otherwise complying with
14 the requirements of this act.

15 Sec. 11. ~~A licensee under this act shall be examined at~~
16 ~~least annually and shall pay an examination fee for examination~~
17 ~~of its records conducted by the commissioner. The commissioner~~
18 ~~shall determine the rate at which examination fees shall be~~
19 ~~charged. The rate shall not be less than \$20.00 per hour, or~~
20 ~~more than \$40.00 per hour. The examination fee shall be invoiced~~
21 ~~upon completion of the examination and shall be due and payable~~
22 ~~upon receipt of the invoice by the licensee. A licensee shall~~
23 ~~not be required to pay for more than 1 examination required by~~
24 ~~this section in a calendar year.~~

25 (1) THE COMMISSIONER SHALL ANNUALLY ESTABLISH A SCHEDULE OF
26 FEES SUFFICIENT TO PAY IN FULL THE BUREAU'S COSTS OF
27 ADMINISTERING THIS ACT. THE FEES ARE AS FOLLOWS:

1 (A) FOR A NEW CLASS I LICENSE OR A RENEWAL OF A CLASS I
2 LICENSE, NOT LESS THAN \$800.00 OR MORE THAN \$2,500.00.

3 (B) FOR A NEW CLASS II LICENSE OR A RENEWAL OF A CLASS II
4 LICENSE, NOT LESS THAN \$500.00 OR MORE THAN \$2,000.00.

5 (C) FOR AN APPLICATION INVESTIGATION FEE, NOT LESS THAN
6 \$500.00 OR MORE THAN \$2,000.00. HOWEVER, IF AN APPLICANT HAS 1
7 OR MORE LICENSES UNDER THE FINANCIAL LICENSING ACTS, THE INVESTI-
8 GATION FEE SHALL BE NOT LESS THAN \$100.00 OR MORE THAN \$700.00.

9 (D) FOR AMENDING A LICENSE, NOT LESS THAN \$50.00 OR MORE
10 THAN \$100.00.

11 (E) FOR AN EXAMINATION OR INVESTIGATION OF A LICENSEE'S
12 RECORDS, NOT LESS THAN \$40.00 OR MORE THAN \$70.00 PER HOUR PER
13 EXAMINER INVOLVED IN AN EXAMINATION. IN ADDITION, A LICENSEE
14 SHALL PAY THE ACTUAL TRAVEL, LODGING, AND MEAL EXPENSES INCURRED
15 BY BUREAU EMPLOYEES WHO TRAVEL OUT OF STATE TO EXAMINE THE
16 RECORDS OF THE LICENSEE.

17 (2) FEES RECEIVED PURSUANT TO THIS ACT ARE NOT REFUNDABLE.

18 (3) IF ANY FEES OR PENALTIES PROVIDED FOR IN THIS ACT ARE
19 NOT PAID WHEN REQUIRED, THE ATTORNEY GENERAL MAY MAINTAIN AN
20 ACTION AGAINST THE DELINQUENT LICENSEE FOR THE RECOVERY OF THE
21 FEES OR PENALTIES, TOGETHER WITH INTEREST AND COSTS.

22 Sec. 12. (1) A LICENSEE UNDER THIS ACT SHALL BE EXAMINED AT
23 LEAST ANNUALLY AND SHALL PAY AN EXAMINATION FEE FOR EXAMINATION
24 OF ITS RECORDS CONDUCTED BY THE COMMISSIONER. THE EXAMINATION
25 FEE SHALL BE INVOICED UPON COMPLETION OF THE EXAMINATION AND IS
26 DUE AND PAYABLE UPON RECEIPT OF THE INVOICE BY THE LICENSEE. A

1 LICENSEE IS NOT REQUIRED TO PAY FOR MORE THAN 1 EXAMINATION
2 REQUIRED BY THIS SECTION IN A CALENDAR YEAR.

3 (2) ~~-(1)-~~ The commissioner at any time may investigate the
4 business done in this state of any licensee under this act, and
5 may examine the books, accounts, records, and files used and
6 maintained by any licensee and require the licensee to furnish
7 additional reports relating to the licensee's business. In addi-
8 tion to the annual fee provided for in section 11, the commis-
9 sioner shall ~~make a~~ charge ~~to~~ the licensee ~~in~~ an amount
10 sufficient to cover the cost of any investigation. ~~The charge~~
11 ~~for the investigation shall be in an amount determined annually~~
12 ~~by the commissioner, except that the charge shall not be less~~
13 ~~than \$20.00 per hour or more than \$40.00 per hour for each~~
14 ~~examiner engaged in the investigation, and shall include travel~~
15 ~~expenses when the examiner must travel out of state.~~

16 (3) ~~-(2)-~~ The commissioner may accept an annual report and
17 audit of the affairs of any licensee under this act, if made by a
18 certified public accountant, instead of the examination provided
19 for in subsection (1).

20 Sec. 13. ~~All fees and expenses provided for in~~ MONEY
21 RECEIVED PURSUANT TO this act shall be paid into the state trea-
22 sury and credited to the financial institutions bureau ~~—Money~~
23 ~~so credited shall be~~ AND used only for the operation of the
24 financial institutions bureau.

25 Sec. 15. (1) A licensee shall annually on or before
26 February 15 of each year file with the commissioner a report, on
27 a form provided by the ~~bureau~~ COMMISSIONER, stating the

1 licensee's activities for the ~~previous~~ IMMEDIATELY PRECEDING
2 calendar year.

3 (2) The fine for failure to file a report required by this
4 act ~~shall be \$10.00~~ IS \$25.00 for each day ~~beyond the filing~~
5 ~~date of~~ the report IS DELINQUENT OR \$1,000.00, WHICHEVER IS
6 LESS.