

DEBT MANAGEMENT ACT (EXCERPT)
Act 148 of 1975

451.429 Prohibited practices.

Sec. 19.

A licensee shall not do any of the following:

- (a) Purchase from a creditor any obligation of a debtor.
- (b) Execute a contract or agreement to be signed by the debtor unless the contract or agreement is fully and completely filled in and finished.
- (c) Lend money or credit except under a plan approved by the department.
- (d) Take a confession of judgment or power of attorney to confess judgment against the debtor or appear as the debtor in a judicial proceeding.
- (e) Receive or charge a fee in the form of a promissory note or other promise to pay, or receive or accept a mortgage or other security in real or personal property for a fee, or both.
- (f) Concurrently with the signing of the contract or as a part of the contract or as part of the application for the contract, take a release of an obligation the licensee is or was to perform.
- (g) Offer, pay, or give any cash, fee, gift, bonus, premiums, reward, or other compensation to a person for referring a prospective customer to the licensee. However, any of the following payments are not subject to this subdivision:
 - (i) A payment by the licensee for the lawful sale, transfer, or assignment of a contract to the licensee from another licensee.
 - (ii) A payment by the licensee to credit counseling associations such as the national foundation for credit counseling or the association of independent consumer credit counseling agencies to participate in a locator service.
- (h) Receive any cash, fee, gift, bonus, premium, reward, or other compensation from a person other than the debtor or a person in the debtor's behalf in connection with the licensee's business of debt management, except under a plan approved by order of the department. However, a payment received by a licensee from a creditor, financial institution, or other third party as part of a fair share program, grant program, or another similar program is not subject to this subdivision.
- (i) Disclose the identity of debtors who have contracted with the licensee, except to the director or his or her authorized representative, or disclose the identity of creditors of a debtor to anyone other than the debtor, or the director or his or her authorized representative, or another creditor of the debtor and then only to the extent necessary to secure the cooperation of the creditor in a debt management plan. However, this subdivision does not prohibit a licensee from sharing information about a debtor's debt management plan or the creditors of the debtor with any person with which the debtor has specifically authorized the licensee in writing to share that information.
- (j) Use or permit the use of a false, misleading, or deceptive statement or representation with regard to the services or charges of the licensee in any offer of the licensee's services.
- (k) In any manner, advertise, print, display, publish, distribute, or broadcast any statement or representation with regard to providing services under this act that is false, misleading, or deceptive or permit another person to violate this subdivision.
- (l) Use an advertisement that gives a telephone number or post office box without identifying the licensee and the licensee's office address.
- (m) Use an advertisement that contains any of the following representations:
 - (i) That the licensee will provide funds to pay bills or prevent attachments.
 - (ii) That a certain payment schedule will handle a certain amount or range of indebtedness.
 - (iii) That garnishment, attachment, repossession, or loss of job will be prevented.
- (n) Fail to provide to the debtor the full benefit of a compromise of a debt arranged by the licensee with a creditor.
- (o) Do any of the following in connection with the making of a debt management contract or with operation of the debtor's account:
 - (i) Employ any device, scheme, or artifice to defraud.
 - (ii) Make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.
 - (iii) Engage in any act, practice, or course of business that operates or would operate as a fraud or deceit on any person.
- (p) Conduct the business of debt management without a surety bond, or a deposit or assignment satisfactory to the department in lieu of a surety bond, under section 5(2) in place.

History: 1975, Act 148, Eff. Mar. 31, 1976 ;-- Am. 2000, Act 255, Imd. Eff. June 29, 2000 ;-- Am. 2014, Act 362, Eff. Mar. 16, 2015

Compiler's Notes: For transfer of statutory authority, powers, duties, and functions of the corporations, securities and land development bureau to the office of financial and insurance services by type III transfer, see E.R.O. No. 2000-2, compiled at MCL 445.2003 of the Michigan compiled laws.