

HOUSE No. 581

By Mr. Pressman of Chelsea (by request), petition of Frank E. Berman for legislation to regulate further the conduct of collection agencies. Mercantile Affairs.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Fifty-One.

AN ACT TO REGULATE FURTHER THE CONDUCT OF COLLECTION AGENCIES.

1 *Whereas*, The deferred operation of this act would
2 tend to defeat its purpose, which is to provide for the
3 regulation of collection agencies, therefore it is hereby
4 declared to be an emergency law necessary for the
5 immediate preservation of the public convenience.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 93 of the General Laws, as
2 most recently amended by chapter 711 of the acts of
3 1949, is hereby further amended by striking out sec-
4 tions 24 and 24A and inserting in place thereof the
5 following:

6 *Section 24.* No person, partnership, association or
7 corporation, not being an attorney at law duly au-
8 thorized to practice in the commonwealth, a national
9 bank or a bank or trust company incorporated in the
10 commonwealth, shall conduct a collection agency,

11 collection bureau or collection office, or engage in the
12 commonwealth in the business of collecting or re-
13 ceiving payment for others of any account, bill or
14 other indebtedness, or engage in the commonwealth
15 in soliciting the right to collect or receive payment
16 for another of any account, bill or other indebtedness,
17 or advertise for or solicit in print the right to collect
18 or receive payment for another of any account, bill
19 or other indebtedness, without first obtaining from
20 the commissioner of banks a license to carry on said
21 business, nor unless such person, partnership, asso-
22 ciation or corporation or the person, partnership,
23 association or corporation for whom he or it may be
24 acting as agent has on file with the state treasurer a
25 good and sufficient bond, nor unless such person,
26 partnership, association or corporation, not a resi-
27 dent of the commonwealth, has appointed an agent
28 in this commonwealth upon whom all lawful process
29 may be served.

30 *Section 24A.* Licenses granted by the commis-
31 sioner under section twenty-four shall be for a period
32 of one year from October first. Each license shall
33 plainly state the name and business address of the
34 licensee, and shall be posted in a conspicuous place
35 in the office where the business is transacted. The
36 fee for all such licenses shall be not more than twenty-
37 five dollars. If the licensee desires to carry on busi-
38 ness in more than one place, he shall procure a license
39 for each place where the business is to be conducted.

1 SECTION 2. Said chapter 93 is hereby further
2 amended by inserting after section 24A, as so appear-
3 ing, the following new sections: —

4 *Section 24B.* The commissioner may make, or
5 cause to be made, an independent investigation con-

cerning the applicant's reputation, integrity, and net worth, at the expense of the applicant, and for that purpose may require such deposits against the costs thereof, not to exceed twenty-five dollars.

Section 24C. The commissioner may, if he deems it necessary, investigate the affairs of a licensee, and for that purpose the commissioner shall have free access to the books and papers of said licensee. The commissioner may assess the cost of said investigation to the licensee.

Section 24D. The commissioner may promulgate rules and regulations to carry out the purpose and provisions of section twenty-four and related sections; and to provide for the proper conduct of the business described in section twenty-four and related sections; and to insure the highest safeguards and reliability in the operation and practice of said business by a licensee.

Section 24E. A licensee under section twenty-four shall not in any manner, directly or indirectly:

(a) Refer, recommend or cause any account, bill or other indebtedness to be placed or turned over to any attorney for further processing, enforcement, proceeding or any manner of handling of same.

(b) Transfer or cause to be transferred to another licensee any account, bill or other indebtedness for further processing, enforcement, proceeding or any manner of handling same.

(c) Receive a fee or compensation on the collection or payment of any portion of a bill, account or other indebtedness returned by the licensee for any cause to its client when such payment or collection is made or secured after the licensee has returned a bill, account or other indebtedness to the client.

40 *Section 24F.* Any person who is aggrieved by the
41 refusal of the commissioner to grant or renew a license
42 under section twenty-four or by the revocation or sus-
43 pension of a license granted under said section shall
44 be entitled to have the reasonableness of such refusal,
45 revocation or suspension subjected to judicial review.
46 The aggrieved person seeking judicial review shall file
47 a bill or petition, in the nature of equity, in the su-
48 preme judicial court or the Suffolk superior court
49 within thirty days from the express decision, ruling or
50 action of the commissioner.