

MICHIGAN CORPORATION & SECURITIES BUREAU

RELEASE NO. 88-4-S

TO: ALL INTERESTED PARTIES

SUBJECT: Debt Management

Facts

The Bureau has received several inquiries about the applicability of the registration provisions of the Michigan Debt Management Act, 148 PA 1975, as amended (the "Act") to situations where a person is managing the financial affairs of one or more relatives, friends or neighbors without compensation. When such activities are performed pursuant to court appointment of the individual as a guardian or conservator, the individual is excluded from the provisions of the Act pursuant to Section 3(e). However, concern has been expressed in regard to these "Good Samaritan" services are provided on an informal basis.

Action or Interpretation:

Section 4 of the Act requires registration of persons "engaged in the business of debt management." In determining whether a person is engaged in the business of debt management, the Bureau will consider the following factors: (1) the number of individuals being counseled, (2) the relationship of the individual to the counselor, (3) compensation received, and (4) whether the counselor advertises or represents to the public that debt management services are provided. In general, any person serving five or fewer clients without receiving compensation and who does not advertise or hold him or herself out as a debt management counselor will be deemed not to be engaged in the business of debt management counseling and therefore excluded from the Act. Other situations will be determined on a case by case basis.

AUTHORITY:

Section 22; 148 PA 1975, as amended

Signed by Carl L. Tyson, Director
Corporation & Securities Bureau
Dated: August 17, 1988