

Money Transmission Services Act
Agent of a Payee Exemption Procedure (AMENDED 9-23-20)

The Money Transmission Services Act (Act), 2006 PA 250, MCL 487.1001 et seq., was amended by 2018 PA 573, effective March 28, 2019. The introduced bill, public act, and bill analysis can be found at <http://legislature.mi.gov/doc.aspx?2017-SB-0729>

Any person who wants to claim an agent of a payee exemption under Section 4(g) of the Act **must** submit a request to the Director of the Department of Insurance and Financial Services (DIFS).

Section 2, MCL 487.1002 of the Act defines “Agent of a payee” as:

(b) “**Agent of a payee**” means a person appointed by a payee to collect and process payments as the bona fide agent of the payee.

Section 3, MCL 487.1003 of the Act defines “Payee” as:

(3) “**Payee**” means the provider of goods or services, not including money transmission services, that is owed payment of money or other monetary value from the person that is paying for the goods or services.

Section 4, MCL 487.1004 of the Act states:

This act does not apply to any of the following:

(g) A person to the extent that it is acting as an agent of a payee, if the person demonstrates to the director that all of the following are met:

- (i) There exists a written agreement between the payee and agent directing the agent to collect and process payments on the payee's behalf.
- (ii) The payee holds the agent out to the public as accepting payments on the payee's behalf.
- (iii) Payment is treated as received by the payee at the time it is received by the agent.

Please note, a payee must provide a good or service to its customer. Money transmission **is not** considered a good or service for purposes of this exemption.

To request this exemption, provide the following via email to gardnerb@michigan.gov:

- Copy of the signed written agreement between the payee and agent directing the agent to collect and process payments on the payee’s behalf.*
- Evidence to support the payee holds the agent out to the public as accepting payments on the payee’s behalf.**
- Evidence to support the payment is treated as received by the payee at the time it is received by the agent.*

*Indicate where in the agreement (section and/or page #) this is found.

**Provide copy of customer receipt, website address, or advertisement as evidence.

Until an exemption determination letter has been issued by DIFS, all agent of a payee activity is considered money transmission activity under the Act for which a license is required.

If you have any questions regarding this procedure, please contact gardnerb@michigan.gov.