

NORTH CAROLINA GENERAL ASSEMBLY
1969 SESSION

CHAPTER 906
SENATE BILL 581

1 AN ACT AMENDING ARTICLE 9 OF CHAPTER 66 OF THE GENERAL STATUTES
2 RELATING TO COLLECTION AGENCIES SO AS TO DEFINE COLLECTION
3 AGENCIES AND THE BUSINESS THEREOF AND TO PROVIDE UNIFORM
4 REGULATION AND STATEWIDE STANDARDS FOR SUCH BUSINESSES.

5
6 The General Assembly of North Carolina do enact:

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8 **Section 1.** Article 9 of Chapter 66 of the General Statutes is hereby amended by
9 striking in its entirety G.S. 66- 41 and by substituting in lieu thereof the following:

10 **"G.S. 66-41. Permit from Commissioner of Insurance; misdemeanor to do business**
11 **without permit; penalty for violation; exception.** No person, firm, corporation or association
12 shall conduct or operate a collection agency or do a collection agency business, as the same is
13 hereinafter defined in this Act, until he or it shall have secured a permit therefor as provided in
14 this Act. Any person, firm, corporation or association conducting or operating a collection
15 agency or doing a collection agency business without the permit shall be guilty of a
16 misdemeanor for each day that the unlawful business is conducted. Any officer or agent of any
17 person, firm, corporation or association, who shall personally and knowingly participate in any
18 violation of this Act shall likewise be guilty of a misdemeanor. Provided, however, that nothing
19 in this section shall be construed to require a regular employee of a duly licensed collection
20 agency in this State to procure a collection agency permit."

21 **Sec. 2.** Article 9 of Chapter 66 of the General Statutes is hereby further amended by
22 adding immediately after G.S. 66-41, a new section to be designated as G.S. 66-41.1 and
23 reading as follows:

24 **"G.S. 66-41.1. Application to Commissioner for permit.** Any person, firm, corporation or
25 association desiring to secure a permit as is provided by G.S. 66-41, shall make application to
26 the Commissioner of Insurance upon such form as the Commissioner may provide for each
27 location at which such person, firm, corporation or association desires to carry on the business
28 hereinafter defined, and shall submit with such application any and all information which the
29 Commissioner may require to assist him in determining the financial condition, business
30 integrity, method of operation, and protection of the public offered by the person, firm,
31 corporation or association filing the application. Information required shall include evidence of
32 good moral character, that no unsatisfied judgments are against the person, firm, corporation or
33 association filing the application and a financial statement showing that the applicant's assets
34 exceed liabilities. All information submitted shall be sworn to by the responsible officer,
35 member of the firm, or individual, as in each case necessary, and the Commissioner shall have
36 the right to require any and all additional information which, in his judgment, may assist him in
37 determining whether or not the applicant is entitled to the permit sought."

38 **Sec. 3.** Article 9 of Chapter 66 of the General Statutes is hereby further amended by
39 striking out G.S. 66-42 in its entirety, and substituting in lieu thereof the following:

40 **"G.S. 66-42. Definition of collection agency and collection agency business.** Collection
41 agency means and includes all persons, firms, corporations and associations directly or
42 indirectly engaged in soliciting, from more than one person, firm, corporation or association,
43 claims of any kind owed or due or asserted to be owed or due the solicited person, firm,

corporation or association, and all persons, firms, corporations and associations directly or indirectly engaged in asserting, enforcing or prosecuting those claims.

"Collection agency shall include any person, firm, corporation or association who shall procure a listing of debtors from any creditor and who shall sell such listing or otherwise receive any fee or benefit from collections made on such listing.

"Collection agency does not mean or include (a) regular employees of a single creditor, (b) banks, (c) trust companies, (d) savings and loan associations, (e) building and loan associations, (f) duly licensed real estate brokers and agents when the claims or accounts being handled by the broker or agent are related to or are in connection with the brokers' or agents' regular real estate business, (g) express and telegraph companies subject to public regulation and supervision, (h) attorneys at law handling claims and collections in their own name and not operating a collection agency under the management of a layman, (i) any person, firm, corporation or association handling claims, accounts or collections under an order or orders of any court, or (j) a person, firm, corporation or association which, for valuable consideration, purchases accounts, claims, or demands of another and then, in its own name, proceeds to assert or collect the accounts, claims or demands."

"(k) Collection agency shall not include any person, firm or corporation who for a fee and on behalf of a creditor shall, in its own name, write a letter or series of letters to a debtor on behalf of the creditor if such person, firm or corporation does not collect any money from any debtor nor hold itself out as being authorized to receive payment of all or any part of such debt.

"(l) Collection agency shall not include any person, firm, corporation or association attempting to collect or collecting claims of a business or businesses owned wholly or substantially by the same person or persons operating such collection agency."

Sec. 4. Article 9 of Chapter 66 of the General Statutes is further amended by rewriting G.S. 66-47 to read as follows:

"G.S. 66-47. Violation of article or regulations a misdemeanor. Any person, firm, corporation or association who shall violate the provisions of G.S. 66-41, or who shall engage in the business defined in this article after failing to renew permit, or after permit has been cancelled as herein provided, or who shall fail or refuse to furnish the information required by the Commissioner, or shall fail to observe the regulations promulgated by the Commissioner pursuant to this article, shall be guilty of a misdemeanor punishable in the discretion of the Court."

Sec. 5. Article 9 of Chapter 66 of the General Statutes is further amended by striking in its entirety G.S. 66-49, and by substituting in lieu thereof the following:

"G.S. 66-49. All collection agencies to identify themselves in correspondence and street location. All collection agencies licensed under this article to do the business of a collection agency in this State, shall on and after July 1, 1969, in all correspondence with debtors use stationery or forms which contain the true name of such collection agency in bold type. Furthermore, all correspondence to debtors shall contain the precise street address and mailing address of such agency and shall contain the name or names of an employee of such agency.

"The permit to engage in the business of a collection agency shall at all times be prominently displayed in each office of the person, firm, corporation or association to whom or to which the permit is issued, and the number of said permit shall be printed in bold type on all letterheads, stationery and forms used by the person, firm, corporation or association holding said permit."

Sec. 6. All laws and clauses of laws in conflict with this Act are hereby repealed.

Sec. 7. This Act shall be effective on July 1, 1969.

In the General Assembly read three times and ratified, this the 19th day of June, 1969.