

## Minnesota

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### Summary

Although it does not include a debt buying company within the statutory definition of a collection agency, it does require licensing of any person engaged in collecting a “unsecured claims which have been purchased from any person, firm, or association when there is recourse to the seller for all or part of the claim if the claim is not collected.”

### Resources

Licensing Information: <http://www.mn.gov/commerce/industries/financial-institutions/collections/>

Statutes: <https://www.revisor.mn.gov/statutes/?id=332.31>

### Statutory Provisions

#### 332.31 DEFINITIONS.

Subdivision 1. Terms. The terms in this section for the purposes of sections [332.31](#) to [332.44](#) shall have the meanings given them.

Subd. 2. Person. "Person" means and includes individuals, partnerships, associations or corporations.

Subd. 3. Collection agency. "Collection agency" means and includes any person engaged in the business of collection for others any account, bill or other indebtedness except as hereinafter provided. It includes persons who furnish collection systems carrying a name which simulates the name of a collection agency and who supply forms or form letters to be used by the creditor, even though such forms direct the debtor to make payments directly to the creditor rather than to such fictitious agency.

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Subd. 6. Collector. "Collector" is a person acting under the authority of a collection agency under subdivision 3, and on its behalf in the business of collection for others an account, bill, or other indebtedness except as otherwise provided in this chapter.

#### 332.32 EXCLUSIONS.

(a) The term "collection agency" shall not include persons whose collection activities are confined to and are directly related to the operation of a business other than that of a collection agency such as, but not limited to banks when collecting accounts owed to the banks and when the bank will sustain any loss arising from uncollectible accounts, abstract companies doing an escrow business, real estate brokers, public officers, persons acting under order of a court, lawyers, trust companies, insurance companies, credit unions, savings associations, loan or finance companies unless they are engaged in asserting, enforcing or prosecuting unsecured claims which have been purchased from any person, firm, or association when there is recourse to the seller for all or part of the claim if the claim is not collected.

#### 332.33 LICENSING AND REGISTRATION.

Subdivision 1. Requirement. Except as otherwise provided in this chapter, no person shall conduct within this state a collection agency or engage within this state in the business of collecting claims for others as defined in sections [332.31](#) to [332.44](#), without having first applied for and obtained a collection agency license. A person acting under the authority of a collection

agency, as a collector, must first register with the commissioner under this section. A registered collector may use one additional assumed name only if the assumed name is registered with and approved by the commissioner.

### 332.3351 EXEMPTION FROM LICENSURE.

A collection agency shall be exempt from the licensing and registration requirements of this chapter if all of the following conditions are met:

- (1) the agency is located in another state that regulates and licenses collection agencies, but does not require a Minnesota collection agency to obtain a license to collect debts in the agency's state if the agency's collection activities are limited in the same manner;
- (2) the agency's collection activities are limited to collecting debts not incurred in this state from consumers located in this state; and
- (3) the agency's collection activities in Minnesota are conducted by means of interstate communications, including telephone, mail, electronic mail, or facsimile transmission.

### **Cases Interpreting Applicability to Debt Buyers**

“It is well-settled under federal law and analogous state law that debt buyers such as Defendants are subject to debt collection statutes similar to Minnesota's CAA. See, e.g., 15 U.S.C.A § 1692a(6) (defining "debt collector" to include entities collecting "debts owed or due or asserted to be owed or due another"); *Munoz v. Pipestone Financial, LLC*, 397 F. Supp. 2d 1129, 1133 (D. Minn. 2005); *Schlosser v. Fairbanks Capital Corp.*, 323 F.3d 534, 536 (7th Cir. 2003). For the reasons set forth herein, the Court agrees that Defendants are debt collectors within the meaning of the CAA.” *State v. Midland Funding, LLC*, 2012 Minn. Dist. LEXIS 113 (Minn. Dist. Ct. 2012).

“Neither party has directed the Court to controlling authority reaching the issue of whether an entity that is in the business of collection of debts and that does not itself communicate with a debtor from whom it is attempting to collect a debt can be liable for a violation of the FDCPA. With the broad statutory definition of "debt collector" in mind, the Court turns to the record, which demonstrates that the principal purpose of Pipestone's business is to purchase and collect debts and that Pipestone uses instrumentalities of interstate commerce or the mails in that business. Therefore, the Court finds that Pipestone is a debt collector under the FDCPA and can be held liable for its attempts to collect on Munoz's debt. *Munoz v. Pipestone Fin., LLC*, 397 F. Supp. 2d 1129, 1133 (D. Minn. 2005)(relied upon, in part, by the court in *State v. Midland Funding* above).