

# *Statutes* **Collection Agencies**

**May 2022**



DEPARTMENT OF COMMERCE, COMMUNITY,  
AND ECONOMIC DEVELOPMENT

*DIVISION OF CORPORATIONS, BUSINESS  
AND PROFESSIONAL LICENSING*

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**TABLE OF CONTENTS**

<b>Section</b>	<b>Page</b>
1. Collection Agency Statutes (AS 08.24).....	1

**CHAPTER 24.**  
**COLLECTION AGENCIES**

**Section**

- 41. Duty to enforce chapter**
- 45. Duty to pass upon qualifications**
- 51. Power to seek injunctions**
- 61. Publication of applicable law**
- 90. License required**
- 100. Licensed operator required; exceptions; renewal**
- 110. Qualification for operator's license**
- 120. Application for operator's license**
- 130. Application for agency license**
- 135. Fees**
- 140. Fee, bond and other material**
- 150. Bond**
- 160. Form of bond**
- 170. Return of fees and bond**
- 190. License not assignable; death of licensee**
- 200. Expiration and renewal**
- 210. Annual statement of collection**
- 230. False declarations in statement**
- 240. Failure to file statement**
- 250. Information confidential**
- 260. Investigations**
- 270. Administrative Procedure Act**
- 280. Records and funds**
- 290. Suspension, revocation, or refusal to renew or grant a license or certificate**
- 300. Court action by agency**
- 310. Additional business names**
- 320. Documents which imitate judicial process**
- 330. Duty to maintain a public office**
- 340. Statement of persons employed by agency**
- 350. Notice of withdrawal of employees**
- 360. Fines and penalties**
- 370. Nonresidents**
- 380. Definitions**

**Sec. 08.24.041. Duty to enforce chapter.** The department shall enforce all laws and regulations relating to collection agencies.

**Sec. 08.24.045. Duty to pass upon qualifications.** The commissioner or the commissioner's designee shall pass upon the qualifications of applicants for collection agency licenses and operators licenses.

**Sec. 08.24.051. Power to seek injunctions.** The department may apply to the superior court for an injunction to temporarily restrain a violation of this chapter or a regulation adopted under it, conduct investigations of alleged violations of this chapter and regulations adopted under this chapter, and perform other action necessary to accomplish the purposes of this chapter.

**Sec. 08.24.061. Publication of applicable law.** The department shall reproduce the laws relating to licensing of collection agencies and operators, the regulations adopted by the department and other pertinent matter, publish the material in pamphlet form, and make the pamphlets available to the public without expense.

**Sec. 08.24.090. License required.** (a) A person other than a collection agency licensed and authorized under this chapter may not for compensation

- (1) conduct a collection agency business in this state;
- (2) collect claims for others in this state;
- (3) solicit the right to collect or receive payment of a claim for another;
- (4) advertise or solicit either in print, by letter, in person or otherwise, the right to collect or receive payment of a claim for another;
- (5) seek to make collection or obtain payment of a claim on behalf of another.

(b) This chapter does not apply to the following when engaged in the regular course of their respective businesses:

- (1) attorneys at law;
  - (2) persons regularly employed on a regular wage or salary in the capacity of credit men or a similar capacity, except as an independent contractor;
  - (3) banks, including trust departments of banks, fiduciaries and financing and lending institutions;
  - (4) common carriers,
  - (5) title insurers and abstract companies while doing an escrow business;
  - (6) licensed real estate brokers;
  - (7) employees of licensees under this chapter;
  - (8) substation payment offices employed by or serving as independent contractors for public utilities.
- (c) A violation of this section is a misdemeanor punishable by imprisonment in a jail for not to exceed one year, or by a fine of not more than \$1,000, or by both.

**Sec. 08.24.100. Licensed operator required; exceptions; renewal.** (a) Notwithstanding any other provision of this chapter, a licensee may not engage in the collection agency business unless and until the collection agency and each branch office of the agency is under the management and control of a licensed operator for each office. The department may waive this requirement for a period not to exceed 90 days upon the death or disability of an operator or for other good cause.

(b) The operator's license is renewable on or before July 1 of each second year.

**Sec. 08.24.110. Qualification for operator's license.** (a) To qualify for an operator's license, the applicant shall

- (1) be a high school graduate, or have the equivalent education of a high school graduate;
- (2) be of good moral character;
- (3) not have been convicted of violating this chapter, nor have any unsettled complaints under this chapter against the applicant;

(4) not have been convicted of a felony or a crime of larceny or embezzlement or a crime involving moral turpitude;

(5) be 19 years of age or older at the time of application;

(6) not be a disbarred attorney or have filed bankruptcy;

(7) pay the biennial license fee.

(b) The commissioner may waive or modify the requirements specified in (a)(1), (3), (4) and (6) of this section for good cause shown.

**Sec. 08.24.120. Application for operator's license.** (a) An application for an operator's license shall be made on forms furnished by the department and must contain the information required in AS 08.24.110 and the following:

(1) a complete set of fingerprints and the fees required by the Department of Public Safety under AS 12.62.160 for criminal justice information and a national criminal history record check;

(2) a 2" x 3" photograph showing a front view of head and shoulders;

(3) if it is an original application, the application fee;

(4) the biennial license fee.

(b) The department may make a complete investigation of applicants, including inquiry of police agencies as to the applicant's record of arrest or conviction of crime. The department shall submit the fingerprints and fees received under (a)(1) of this section to the Department of Public Safety for a report of criminal justice information under AS 12.62 and a national criminal history record check under AS 12.62.400.

**Sec. 08.24.130. Application for agency license.** (a) An application for a collection agency license, or for a renewal of a license shall be made upon forms furnished by the department and must contain the following information:

(1) the full name and proposed business name of the applicant;

(2) the address of the applicant's principal place of business and branch offices;

(3) the names and addresses of the applicant and those associated with the applicant; if the applicant is a corporation or association, the application must contain the names of the officers of the corporation or association;

(4) the names and residential addresses of the applicant's operators;

(5) additional information that the department by regulation requires.

(b) A natural person applying for a collection agency license must be 19 years of age or older at the time of making application.

**Sec. 08.24.135. Fees.** The department shall set fees for licenses and applications under AS 08.01.065 and shall set delayed renewal penalties under AS 08.01.100.

**Sec. 08.24.140. Fee, bond, and other material.** (a) The application must be accompanied by

- (1) if it is an original application, the application fee;
- (2) the biennial license fee for a collection agency for the principal place of business and the same amount for each branch office;
- (3) a bond running to the state with a surety or sureties to the satisfaction of the department, and conditioned that the licensee shall, within 30 days after the close of each calendar or fiscal month, report and pay to the licensee's customers the net proceeds due and payable of all collections made during the calendar or fiscal month that exceed \$20.

(b) All money collected by an agency belonging to a client shall be deposited in a trust account and cleared at the end of each month. The department may audit any agency transaction.

**Sec. 08.24.150. Bond.** (a) The bond provided for in AS 08.24.140 shall be in the sum of \$5,000, executed by the applicant, as principal, and by a corporation that is licensed or authorized to transact business of fidelity and surety insurance within the state as surety. The department may at any time request verification of a bonding agent's authority by the main office of any company acting as surety.

(b) A licensee may, at any time, file with the department a new bond. A licensee may in lieu of a bond make a \$5,000 cash deposit with the department, the deposit to be held by the department under the same terms and conditions as if bond in that amount were posted.

(c) A surety may file with the department notice of the surety's withdrawal on the bond of a licensee. Upon filing a new bond, or upon the revocation of the collection agency license, or upon expiration of 60 days after the filing of notice of withdrawal as surety by the surety, the liability of the former surety for all future acts of the licensee is terminated.

(d) The department shall immediately cancel the bond given by a surety company upon being advised its license to transact business of fidelity and surety insurance has been revoked by the state.

(e) Upon the filing with the department of notice by a surety of the surety's withdrawal as the surety on the bond of a licensee, or upon the cancellation by the department of the bond of a surety company as provided in this section, the department shall immediately give notice to the licensee of the withdrawal or cancellation. The notice shall be by registered or certified mail with request for a return receipt and addressed to the licensee at the licensee's main office, as shown by the records of the department. At the expiration of 30 days from the date of mailing the notice, the license of the licensee is terminated unless the licensee has filed a new bond with a surety satisfactory to the department. All bonds given under this chapter shall be filed and held in the office of the department.

(f) The bond required by this section remains in effect until cancelled by action of the surety, the principal, or the department. An action may not be initiated upon the bond after two years from its cancellation.

**Sec. 08.24.160. Form of bond.** The bond required by AS 08.24.140 and 08.24.150 shall be in the form substantially as follows:

**BOND**

Know all Men by These Presents that we, ....., as principal, and ..... as surety, are held and firmly bound to the State of Alaska, in the penal sum of \$....., lawful money of the United States, for the payment of which we bind ourselves, our heirs, executors, administrators, successors and assigns jointly and severally. The condition of this obligation is such that whereas, the bonded principal, named above, has applied to the Department of Commerce, Community, and Economic Development of the State of Alaska for a collection agency license under the provisions of AS 08.24 and is required by the provisions of that law to furnish a bond conditioned as herein set out.

Now, therefore, if ....., within 30 days after the close of each fiscal or calendar month, reports and pays to customers the net proceeds due and payable of all collections made during that calendar or fiscal month which exceed \$20, and strictly, honestly and faithfully complies with the provisions of AS 08.24 and all amendments to it and regulations adopted under it, then this obligation is void, otherwise to remain in full force and effect.

This bond becomes effective on the ..... day of ....., 2 ..... . The surety may be relieved of future liability under it by giving 60 days' written notice to the principal and to the Department of Commerce, Community, and Economic Development of the State of Alaska.

This bond is one continuing obligation and the liability of the surety for the aggregate of all claims which may arise under it may in no event exceed the amount of the penalty set out in it.

IN WITNESS WHEREOF, we have hereunto set our hands and seals at ..... Alaska, this ..... day of ....., 2 .....

(SEAL). . . . .Principal  
(SEAL). . . . .Surety

**Sec. 08.24.170. Return of fees and bond.** If the department does not issue the license applied for, the license fee and bond shall be returned. The application fee may not be returned.

**Sec. 08.24.190. License not assignable; death of licensee.** (a) Except as provided in (b) of this section, a license granted under this chapter is a personal privilege and is not assignable.

(b) Upon the death of a collection agency licensee, the department has the right to transfer the license of the decedent to the executor or administrator of the decedent's estate for the period of the unexpired term of the license and the court having jurisdiction of the probate of the estate of the decedent may authorize the executor or administrator to continue the collection agency business of the decedent and upon other terms and conditions as the court may prescribe.

(c) The death of the operator of a corporate licensee shall in no way interfere with the continuation of the licensed business if another licensed operator is placed in management control of the corporate licensee.

**Sec. 08.24.200. Expiration and renewal.** (a) All licenses required by this chapter shall expire on June 30, 1970, and June 30 of each second year thereafter and shall be renewed as of July 1 following upon payment of required biennial fees.

(b) If a licensee under this chapter is delinquent for a period of 15 days in applying for the renewal of a license, the department shall suspend the license and notify the licensee by certified mail or by personal service. The notice must state that the license will be revoked if application for renewal is not made within 15 days after the date on which the notice was mailed or personally served. When a licensee has been delinquent more than 60 days in renewing a license or certificate, the department shall charge an additional penalty established under AS 08.01.100(b) before renewal of the license.

**Sec. 08.24.210. Annual statement of collection.** Each collection agency licensee shall, not later than January 31 of each calendar year, file with the department a verified annual statement for the preceding calendar year, showing the respective amounts of all customers' money collected by the licensee during the preceding calendar year, that has not previously been remitted to the customers entitled to it or properly accounted for, and showing also the amounts of money that the licensee has on deposit in a bank or in the licensee's possession for the purpose of liquidating any and all amounts due to customers. The statement must contain the name and address of the bank. The annual statement shall be made substantially in the following form:

**ANNUAL STATEMENT TO  
DEPARTMENT OF COMMERCE, COMMUNITY,  
AND ECONOMIC DEVELOPMENT**

Pursuant to AS 08.24.210 the undersigned, ....., licensed under AS 08.24 to conduct a collection agency business, hereby declares that the amount of money collected during the preceding calendar year by the undersigned, as a licensee under AS 08.24, which has not been remitted to a customer or properly accounted for is \$ .....; and that the amount on deposit with all banks for the purpose of liquidating all amounts to customers is \$ .....

The attached schedule contains a true statement of the name and address of each customer of the undersigned to whom there was due or owing at the end of the preceding calendar year on account of collections made during the preceding calendar year the aggregate sum of \$20 or more.

IN WITNESS WHEREOF, the undersigned has executed this statement on this ..... day of ....., 2 .....

(name of licensee).....  
(signature).....  
(capacity).....

**VERIFICATION**

STATE OF ALASKA        )  
                                  ss )  
THIRD DISTRICT        )

I, the undersigned, being first sworn, do on oath depose and say: That I executed the within annual statement as the licensee named in it or on behalf of the licensee named in it, as the operator, director, or officer of the licensee named in it, as indicated in it; that I have read the statement and know its contents; and that the statement is true.

Subscribed and sworn to before me this ..... day of ....., 2 .....

Notary Public in-and for Alaska

My commission expires:

**Sec. 08.24.230. False declarations in statement.** The wilful making of a false declaration in the annual statement or biennial statement of employees constitutes sufficient grounds for revocation of the license of the licensee.

**Sec. 08.24.240. Failure to file statement.** If the annual statement of collection is not filed as required under AS 08.24.210, the failure to file constitutes grounds for the immediate suspension of the collection agency license of the licensee failing to file the statement, and the department shall notify the licensee by registered or certified mail that the license of the licensee will be suspended upon the expiration of 15 days after the date on which the notice was mailed unless the licensee complies with the provisions of AS 08.24.210. However, for good cause shown and upon satisfactory proof furnished by the licensee that the failure to file the statement was due to a condition not within the control, or was due to excusable neglect, of the licensee, the department may permit the filing of the statement after the time limited and excuse the failure to file the statement within the time limited. If the statement required by AS 08.24.210 is not filed as required by this section, the department shall revoke the license.

**Sec. 08.24.250. Information confidential.** Except as otherwise provided in this chapter, information in whatever form required to be filed by the terms of AS 08.24.210 shall be confidential and may not become a public record, but it may be introduced in evidence in a suit, action, or proceeding in a court or in a proceeding involving the granting or revocation of the license of a licensee.

**Sec. 08.24.260. Investigations.** The department may, upon its own motion, and shall, upon the sworn complaint in writing of a customer of a collection agency, investigate the actions of a licensee claimed to have violated this chapter and, for that purpose, shall have free access to the offices and place of business and, if the complaint involves customer accounts, to all pertinent books, accounts, records, papers, files, safes, and vaults of the licensee or certificate holder. If the complaint involves the owing of money, or any other thing of value, by a licensee to the complainant, when the licensee raises the issue of an offset or counterclaim, the department may require the complainant to submit all records and data in the complainant's possession pertaining to the offset or counterclaim.

**Sec. 08.24.270. Administrative Procedure Act.** The department shall comply with AS 44.62 (Administrative Procedure Act) both as to adoption of regulations and adjudication.

**Sec. 08.24.280. Records and funds.** (a) A collection agency shall keep a record of all sums collected by it, and of all disbursements made by it, and shall maintain and keep all the records and all customers' funds in a trust account with a recognized financial institution in this state. Collection agencies shall maintain accounting records of collections for and payments to customers for a period of six years from the date of the last entry. Collection agencies shall keep other records for a period of two years from the date of the last entry.

(b) Every collection agency shall maintain a permanent numerical receipt record that indicates as to each payment made by a debtor the following information:

- (1) the name of the debtor making payment;
- (2) the amount paid;
- (3) the name of the creditor to whom funds are being applied;
- (4) the date and form of payment;
- (5) the balance remaining due on account.

(c) An agency using a computer system giving read-out debtor payment information is not required to maintain a numerical receipt record; however, if requested, a receipt shall be furnished to debtor.

(d) The receipt shall be made immediately upon the receipt of funds by the collection agency in payment of a debt; the original copy to be made immediately available to the debtor who has made payment, upon request; and a copy to be made immediately available to the creditor for whom payment was received, upon request; and a copy to be maintained in the permanent receipt record.

(e) A collection agency shall maintain daily cash ledger sheets showing all funds received from debtors and all funds received as fees for services, such as credit reports and the like.

(f) A collection agency or employee of a collection agency may not intentionally make a false entry in the collection agency record or intentionally mutilate, destroy or otherwise dispose of a record within the time limits provided in this section. The records shall at all reasonable times be open for inspection by the department.

(g) A collection agency shall maintain a separate trust account exclusively for customers' funds and shall keep the funds in the trust account until disbursed to the customer.

**Sec. 08.24.290. Suspension, revocation, or refusal to renew or grant a license or certificate.** The department may suspend, revoke or refuse to renew or grant a license issued or applied for under this chapter if the licensee or applicant or a partner, associate, or major stockholder of a collection agency has since the date of the application been disbarred from the practice of law or been convicted of fraud, embezzlement, obtaining money under false pretenses, a crime involving moral turpitude, extortion, conspiracy to defraud, violation of a provision of this chapter or violation of a regulation adopted under authority of this chapter.

**Sec. 08.24.300. Court action by agency.** A collection agency is not entitled to maintain a suit or action involving the collection of money on behalf of its customers in a court of this state without alleging and proving that it is licensed and has procured a bond, as provided in this chapter. A copy of the collection agency license, certified by the department to be a true and correct copy is prima facie evidence of the licensing and bonding of the collection agency for the term expressed in the copy of the license.

**Sec. 08.24.310. Additional business names.** A collection agency using a business name other than the one appearing on the application for its license shall secure a separate license and bond as provided in this chapter for each business name used.

**Sec. 08.24.320. Documents which imitate judicial process.** Forms of demand or notice or other documents drawn to resemble court process may not be used by collection agencies in the collection of bills, accounts, or other indebtedness.

**Sec. 08.24.330. Duty to maintain a public office.** Each collection agency shall maintain its principal office and any branch office at a street address that is stated in its original application for license or another address that the agency may designate to the department; the office shall be maintained in such a manner as to be open for contact by the public or debtors during normal working hours.

**Sec. 08.24.340. Statement of persons employed by agency.** (a) Within 15 days after licensure under this chapter, a collection agency shall submit to the department a list of all persons employed by the agency. Thereafter, upon hiring a new employee, the collection agency shall, within 15 days after the hiring, submit to the department the name of the newly hired employee and the further information required by (b) of this section.

(b) There shall be submitted with the name of the employee employed by the collection agency the following information:

- (1) the employee's residence address;
- (2) the employee's length of residence in the state;
- (3) a statement of the new employee's previous employment in the last year;
- (4) further information which the department may require.

(c) The statement shall be verified by the employee before a notary public or other person authorized to administer oaths.

(d) The owner or licensed operator of the collection agency shall also state upon the form submitted the date upon which the new employee was hired and that the new employee is an employee of the collection agency at the time the form is executed.

**Sec. 08.24.350. Notice of withdrawal of employees.** When an employee withdraws from employment or the employee's employment with a collection agency is terminated for any reason, the agency shall, within 15 days of withdrawal or termination of employment, notify the department in writing of the employee's withdrawal from employment.

**Sec. 08.24.360. Fines and penalties.** A collection agency or an operator who fails on written demand to render a true and complete account to the person from whom an indebtedness was taken for collection or who fails to turn over to that person the proceeds of the collection within 30 days after written demand, or who fails to comply with any of the provisions of this chapter is punishable by a fine of not more than \$500, or by imprisonment for not more than three months, or by both.

**Sec. 08.24.370. Nonresidents.** A nonresident may apply for and receive a collection agency license or an operator license or both on the same basis as a resident. The application fee and the biennial license fee for a nonresident operator or nonresident agency license are double the same fees established by regulations under AS 08.01.065 for a resident operator or agency.



**Sec. 08.24.380. Definitions.** In this chapter

(1) "collection agency" means a person licensed and authorized to engage in the collection agency business;

(2) "collection agency business" means the business of engaging directly or indirectly and having as a primary or secondary object, business or pursuit the solicitation of claims for collection or repossession of collateral security or the collection of claims owed or due or asserted to be owed or due to another or the repossession of collateral security;

(A) a house, agency, firm, person, corporation or voluntary association using a name other than its own in collecting its own claims with the intention of conveying, or which tends to convey, the impression that a third party has been employed, is conducting a collection agency business within the meaning of this chapter;

(B) a person who sells, attempts to sell, gives away or attempts to give away to another person, other than a licensee under this chapter a system of collection letters, demand forms or other printed matter where the name of a person other than a creditor appears in a manner to indicate that a request or demand is being made by another person, other than the creditor, for the payment of a sum due, or asserted to be due, or who solicits or accepts accounts for collection on a contingent or percentage basis or by a fee or outright purchase for collection purposes, is considered to be in the collection agency business within the meaning of this chapter;

(3) "commissioner" means the commissioner of commerce, community, and economic development;

(4) "department" means the Department of Commerce, Community, and Economic Development;

(5) "operator" means a person having managerial control of a collection agency.