

## Chapter Bkg 73

## ADJUSTMENT SERVICE COMPANIES

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**Bkg 73.01 Fees and charges.** Fees or charges of adjustment service companies are to be computed on the principal balance owing the creditors at the time the agreement or contract is entered into and are as follows:

(1) After all settlements or discounts have been deducted a charge may be made which shall not exceed 10% of said remaining balance for a period of one year, to be added to the principal balance owing the creditors at the time the contract or agreement is made, except that a minimum charge of \$5 may be collected in the event of prepayment of a contract or agreement.

(2) The fee or charge may be added to the balance and may be deducted proportionately by the licensee at the time each instalment is paid.

(3) On accounts where settlements or discounts are obtained by the licensee, the latter may accept for remuneration for his services an amount not to exceed 33 $\frac{1}{3}$ % of the settlement or discount.

(4) When open accounts are paid in advance or when either party desires to withdraw from the agreement entered into, the licensee may assess the debtor a minimum charge of \$5 for services rendered in addition to the 33 $\frac{1}{3}$ % discount or settlement allowed under (3) above if the debtor agrees to withdraw from the contract or agreement.

(5) No charge shall be made or added on delinquent accounts.

**Bkg 73.02 Business procedure.** The form of contract or agreement entered into between the licensee and the debtor must be approved by the commissioner of banks.

**Bkg 73.03 Statement to debtor.** At the time the contract or agreement is entered into the licensee shall deliver to the debtor a statement which shall be approved by the commissioner of banks and shall be in the form of a passbook giving the following information:

(1) Number and amount of accounts to be pro-rated.

(2) Name, address, and amount due each creditor.

(3) Amount of money advanced creditor (if any) and the rate of interest charged debtor for the use of said money which shall not exceed 10% (simple interest) per annum by contract (written). No additional fee or charge as provided by section Bkg 73.01 may be charged on money advanced.

(4) Fee to be charged for services.

**Bkg 73.04 Supplemental statement to debtor.** Within 10 days after accepting the contract, the licensee shall send a supplemental statement to the debtor showing the balance settled or discounted including:

- (1) Amount settled for.
- (2) Amount due company with whom settlement is made.
- (3) Amount due licensee which shall not exceed 33 $\frac{1}{3}$ % of savings effected.

**Bkg 73.05 Office records.** Office records shall be kept in the individual offices and shall include the following:

(1) Ledger sheet, on which shall be included the following information:

- (a) Name and address of debtor.
- (b) Account number (each account to be numbered consecutively).
- (c) Number of accounts and amount to be pro-rated.
- (d) Savings to debtor as a result of compromise or discount effected by licensee.
- (e) Amount due creditor as a result of compromise or discount.
- (f) Amount of fee due licensee for obtaining a discount or a compromised settlement on an account (not to exceed the amount allowed by section Bkg 73.01 (3)).
- (g) Amount of cash advanced creditors by licensee and rate of interest to be charged debtor for said advance.
- (h) Amount received from debtor and date payments are made.
- (i) Amount of cash disbursed to creditors and date disbursements are made.

(j) Amount of fee deducted by licensee on each payment received from debtor.

(2) Supplementary ledger sheets for each creditor's account which shall include the following information:

- (a) Name and address of each creditor.
  - (b) Name and address of debtor owing creditor listed above.
  - (c) Amount due creditor or adjusted balance if compromised.
  - (d) Date and amount of payments made by licensee.
  - (e) Unpaid balance due creditors.
- (3) Cash receipt and disbursement book shall be maintained.
- (4) A file shall be kept of affidavits from each creditor showing the amount due on each account and also the compromised amount due. (A duplicate copy of each affidavit shall be mailed or delivered to each debtor.)

**Bkg 73.06 Accounts not acceptable.** Licensees may not accept for adjustment accounts of companies licensed under chapter 214, Wis. Stats., or sections 115.09 or 115.07, Wis. Stats.

**Bkg 73.07 Remittances.** Remittances shall be made to the creditors within 5 days after receipt of said remittance.

**Bkg 73.08 Notes to licensee.** The note made payable to the licensee by the debtor shall be a nonnegotiable instrument. All payments made to the licensee by the debtor shall be endorsed on the reverse side of the note.