

**PRIVATE TRADE SCHOOLS, BUSINESS SCHOOLS, CORRESPONDENCE SCHOOLS, AND  
INSTITUTES  
Act 40 of 1963**

AN ACT to authorize private trade schools, business schools, correspondence schools and institutes to solicit students in this state; to provide for the issuance of permits to solicitors; to prescribe the powers and duties of the superintendent of public instruction; to provide penalties for violations of this act; and to repeal certain acts and parts of acts.

**History:** 1963, Act 40, Eff. Sept. 6, 1963.

*The People of the State of Michigan enact:*

**395.121 Definitions.**

Sec. 1. As used in this act:

(a) "Superintendent" means the superintendent of public instruction.

(b) "School domiciled in this state" means a private trade school, business school, correspondence school or institute licensed under Act No. 148 of the Public Acts of 1943, as amended, being sections 395.101 to 395.103 of the Compiled Laws of 1948, or incorporated under Act No. 327 of the Public Acts of 1931, as amended, being sections 450.1 to 450.192 of the Compiled Laws of 1948.

(c) "School domiciled outside of this state" means a private trade school, business school, correspondence school or institute located outside of this state and organized to give instruction in any form or manner in any trade, occupation or vocation for a consideration, reward or promise of whatever nature, but not a school possessing authority to grant baccalaureate degrees.

(d) "Solicitor" means a person or agent 18 years of age or over representing a school located within or outside of this state who personally attempts to procure students, enrollees or subscribers at a place or places other than the office or place of business of the school.

**History:** 1963, Act 40, Eff. Sept. 6, 1963;—Am. 1972, Act 35, Imd. Eff. Feb. 19, 1972.

**Compiler's note:** For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

**395.122 Solicitor's permits; requirement; application, contents.**

Sec. 2. Solicitor's permits are required for solicitors representing schools domiciled in this state, or schools domiciled outside of this state which have been authorized by the superintendent to solicit students in this state. The authorization may be granted a foreign school upon the submission of an application form provided for this purpose by the superintendent which shall contain such information to enable the superintendent to evaluate the instructional program and practices of the school as well as its promotional and sales policies.

**History:** 1963, Act 40, Eff. Sept. 6, 1963.

**Compiler's note:** For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

**395.123 Solicitor; permit required; rules; solicitation for specifically listed school; knowledge of student financial aid programs; knowledge and information required; representation of more than 1 school; application for permit; surety bond; withdrawal; notice; annual fee; disposition, use, and adjustment of fee; expiration of permit.**

Sec. 3. (1) A solicitor shall not personally solicit a prospective student to enroll in any school unless he or she applies for and obtains a permit from the superintendent, issued under rules promulgated by the superintendent in accordance with the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws.

(2) A solicitor shall not solicit a prospective student to enroll in a school other than a school specifically listed in the application and the permit.

(3) A solicitor shall possess knowledge regarding available state and federal student financial aid programs and shall inform prospective students of their obligations under student financial aid programs including, but not limited to, loan repayment obligations under federally guaranteed student loan programs.

(4) A solicitor who represents more than 1 school shall obtain a permit for each school he or she represents.

(5) Each application for a solicitor's permit shall be accompanied by a surety bond in the amount of

\$5,000.00. The bond may be continuing and shall be conditioned to provide indemnification to a student suffering loss as a result of fraud or misrepresentation used in procuring the student's enrollment. The bond shall be supplied by the school as an individual or a blanket bond covering each of its representatives in the penal sum of \$5,000.00. The liability to be incurred under an individual or blanket surety bond shall not exceed \$5,000.00 in the case of any 1 solicitor. The surety may relieve itself of liability thereafter and withdraw from the bond upon giving 30 days' notice in writing to the superintendent.

(6) An annual fee shall be charged for each solicitor's permit. The fee shall be \$125.00 for a solicitor representing a school domiciled in this state or \$225.00 for a solicitor representing a school domiciled outside of this state. The fee shall be deposited in the state treasury and credited to the department of education to be used solely for administrative expenses of this act and Act No. 148 of the Public Acts of 1943, being sections 395.101 to 395.103 of the Michigan Compiled Laws. The fee amounts established in this subsection may be adjusted by the state board of education. An adjustment of a fee established under this section shall be the same as the percentage of adjustment made for costs associated with the licensing provisions of a proprietary school under Act No. 148 of the Public Acts of 1943, as determined annually by the legislature.

(7) Each solicitor's permit shall expire 1 year from the date of issuance.

**History:** 1963, Act 40, Eff. Sept. 6, 1963;—Am. 1983, Act 59, Imd. Eff. May 20, 1983;—Am. 1988, Act 244, Imd. Eff. July 11, 1988.

**Compiler's note:** For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

### **395.124 Solicitor's permits; revocation; contracts; violation of act, misdemeanor.**

Sec. 4. (a) Any solicitor's permit may be revoked by the superintendent upon 10 days' notice and after a hearing, if the holder of the permit solicits or enrolls students through fraud or misrepresentation.

(b) All contracts entered into in this state by schools or their solicitors and all promissory notes or other evidences of indebtedness taken in lieu of cash payments by such schools or solicitors shall be null and void unless the schools are duly licensed, approved or authorized to solicit prospective students and unless the solicitors have secured permits as required by this act.

(c) Any person violating any of the provisions of this act is guilty of a misdemeanor.

**History:** 1963, Act 40, Eff. Sept. 6, 1963.

**Compiler's note:** For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

### **395.125 Repeal.**

Sec. 5. Section 2b of Act No. 148 of the Public Acts of 1943, as added by Act No. 21 of the Public Acts of 1957, being section 395.102b of the Compiled Laws of 1948, is hereby repealed.

**History:** 1963, Act 40, Eff. Sept. 6, 1963.

**Compiler's note:** For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.