

# Choosing the Right Assumed Business Name for Your Collection Agency

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**Aylix K. Jensen offers analysis and insights for the debt collection industry in her monthly newsletter, *The Safe Harbor: Debt Collection Law Update by Aylix Jensen*. This monthly newsletter provides an update of changes and developments in the law that impact the debt collection industry. It highlights new debt collection laws and practices, discusses what these may mean for the collection industry, and provides tips to ensure compliance. This article is featured in the April 2022 edition.**

Arizona Senate Bill 1394 goes into effect on August 11, 2022. S.B. 1394, or Arizona Statute § 6-117, streamlines dated licensing requirements for businesses that are presently required to obtain separate licenses for assumed business names or tradenames. The bill will remove the requirement for an enterprise or consumer lender to separately license trade names and will allow licensees to operate with additional trade names under a single license. This will save licensees time and money by connecting additional trade names to a single license name without having to spend money on multiple licenses. The statute merely requires that the enterprise or consumer lender notifies the department in writing, on a form prescribed by the director, before using the assumed name or trade name.

The statute will prohibit a licensee from using an assumed name or trade name that is either so substantially similar to the assumed name or trade name of another department licensee that it may cause uncertainty or confusion among the public or tends to deceive or mislead the public as to the nature of business that the licensee conducts. As to the prohibition regarding deceiving or misleading the public, it is important to consider this in the context of Regulation F, which requires limited-content messages to include a business name for the debt collector that does not indicate that the debt collector is in the debt collection business. Therefore, when selecting a trade name in Arizona, a collection agency needs to ensure that the name does not identify it as being in the debt collection business, while also not misleading the public as to the nature of its business.

## Attorneys

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## Practice Areas

Financial Services