

Collection agency hearing to continue

By Laura Brooks

The Arizona Daily Star

The Arizona Banking Department will continue its efforts to revoke the license of Tucson's largest collection agency, following a federal ruling in Phoenix.

On Monday, U.S. District Judge Earl Carroll rejected arguments by Milliken and Michaels that a state revocation hearing violates Milliken's constitutional due process rights.

Milliken is the nation's largest commercial collection agency, specializing in commercial debts. It employs 146 people in Tucson, and has offices in Colorado, North Carolina, Oregon, Delaware and Wisconsin.

At the start of a revocation hearing in December, the state banking department accused Milliken of a "pattern of misrepresentation and harassment."

Since 1992, the department had received 30 complaints against Milliken, alleging abusive calls,

threats and other problems, a hearing notice stated. Milliken owner Michael Sanderson also gave "untruthful" information to state licensers and failed to disclose his "substantial" criminal record, according to the notice.

Between 1970 and 1979, Sanderson was arrested on charges of trespassing, grand larceny, assault, drunken driving and indecent exposure.

Milliken rejects state allegations, saying it has always complied with the law. Although the state rested its case in January, the revocation hearing dragged on for several weeks as Milliken kept presenting witnesses.

The department halted the hearing in March, however, after Milliken asked for a restraining order against the state department and its superintendent, Richard Houseworth.

Milliken contended that the hearing is unfair, thus violating its due process rights, according to court papers.

The department has a financial bias in the

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hearing's outcome because any fines assessed against Milliken would go directly to its coffers, Milliken argued.

But the department countered that the fines it collects annually are minuscule, totaling 5 percent or less of its revenue.

Carroll agreed, ruling that the low amount precludes any bias of financial interest.

"We're obviously very pleased," said Felecia Rotellini, a state assistant attorney general representing the banking department in the case.

A Milliken manager, meanwhile, expressed disappointment at the ruling.

"It means that our 146 Tucson employees must continue to endure the stress and uncertainty of the hearing, Tim Sanderson, managing director of the Tucson office, said in a statement. "The fate of our office and our employees' jobs has been in limbo since the hearing began.

"We have tried in the past few months to work out a fair and humane compromise for our company and our employees. . . . We will continue attempt to resolve our differences."

Milliken will also file all available appeals, San-

derson added.

The agency can appeal the ruling to the 9th Circuit Court of Appeals, Rotellini said.

The state plans to resume its revocation hearing, but the date depends on the appeals process.

Hearing officer Michael Sophy could recommend a fine against Milliken, revocation or suspension of its license, or no action.

However, his recommendation is not binding on Superintendent Houseworth, who issues the final order, Rotellini said. Houseworth is free to modify Sophy's recommendation, she said.

Milliken opened in Tucson in 1987, almost 10 years after owner Michael Sanderson went to prison.

In 1978, Sanderson and his father Paul Sanderson were incarcerated for their role in stealing \$2.5 million from clients in a phony collection scheme in Florida.

Because he was only 24, Michael Sanderson's 1977 mail fraud conviction was later set aside, and he is not required to report it, a parole officer said.

Despite the threat of revocation, Milliken isn't planning to shut down anytime soon, according to a recent company release. In September, Milliken plans to move its Tucson workers into another facility at 3434 E 22nd St., the release stated. Milliken bought the former Bank One computer operations center for \$2.8 million, it said.

Date	7-5-96	# of pages	1
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