DEBTS OWING TO OR FOR BENEFIT OF EMPLOYEES

Act 213 of 1966

AN ACT to give priority to certain debts owing to or for the benefit of employees.

History: 1966, Act 213, Eff. Mar. 10, 1967

The People of the State of Michigan enact:

408.511 Business suspended by action of creditors or placed in custody of receiver or trustee; debts owing to or for benefit of employees as preferred claims; preferred creditors; contest; processing claim or reducing claim to judgment.

Sec. 1.

When the business of a person or entity is suspended by the action of creditors, or is placed in the custody of a receiver or trustee, debts owing to or for the benefit of employees of the business, other than officers or directors of the business, which have accrued by reason of their employment, including amounts payable to third persons on account of health, welfare, pension, or profit sharing plans for the benefit of employees, are preferred claims. Such employees or trustees on their behalf are preferred creditors and shall be first paid in full before other unsecured creditors are paid. An interested person may contest any such claim by filing exceptions to it, supported by affidavit, with the officer having the custody of such property. The claim shall be processed or reduced to judgment in accordance with law.

History: 1966, Act 213, Eff. Mar. 10, 1967 ;-- Am. 1983, Act 98, Imd. Eff. June 23, 1983

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408.512 Statement of preferred claim; filing, contents, attachments; payment.

Sec. 2.

An employee or other person on his behalf entitled to preference hereunder shall file a statement under oath showing the amount due, the period during which such amount accrued and shall attach to such claim any written contract of employment and any written agreement governing the compensation of such employee, including the trust agreement under which any trustee makes claim, to the officer, person or court charged with such property, within 30 days after the creditor's action or placing of the business in the custody of a receiver or trustee. The person or court receiving such statement shall pay the amount of such claim when allowed to the person entitled thereto.

History: 1966, Act 213, Eff. Mar. 10, 1967