

## **Using a Receivership to Collect from a Judgment Debtor**

A money judgment is only worth the paper it is written on. What good is a million dollar judgment against someone that does not have the means to pay that debt? Those persons engaged in litigation, or impending litigation, must face these real life concerns. However, there are situations where a judgment debtor possesses real property or valuable tangible property that could be used to satisfy the unpaid judgment. The concern then becomes *how* do you go about collecting when you know these assets exist? In this article we will briefly explore receiverships and how they can be used to collect for the judgment creditor.

Under MCL 600.2926, a circuit court has the equitable power to appoint a receiver (e.g. a court officer) to be charged with all of the estate, real and personal debts of the debtor as trustee for the benefit of the debtor, creditors and others interested. Typically, a receivership is only granted in extreme circumstances, but a party's unimpressive performance may justify the trial court in appointing a receiver.<sup>1 2</sup> Generally, district court judges are not permitted to appoint a receiver. However, under MCL 600.6104(4), *after* a money judgment is entered, then *any court* in Michigan may appoint a receiver for any property the judgment debtor has or may thereafter acquire.<sup>3</sup> One of the abilities the court may grant the receiver is to sell property to resolve all or part of the outstanding judgment owed to the judgment creditor.

A receivership is just one of the multiple ways a judgment creditor may recover against a judgment debtor. Other collection methods include garnishment of wages, bank accounts, or tax returns and judgment liens against real or tangible property. This article was just a brief introduction to receiverships and the abilities they can be charged with by a court. This topic includes numerous complexities and nuances that should be reviewed with an attorney before a request for a receivership is made.

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<sup>1</sup> MCL 600.2926

<sup>2</sup> *Reed v Reed*, 265 Mich App 131, 161-162; 693 NW2d 825 (2005)

<sup>3</sup> *Abel v Grossman Investments Co*, 302 Mich App 232, 234; 838 NW2d 204, 205-206 (2013)

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