

AN ACT CONCERNING COERCED DEBT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective January 1, 2025*) As used in this section and
2 sections 2 to 4, inclusive, of this act:

3 (1) "Claim" means a right to payment, regardless of whether such
4 right is reduced to judgment, liquidated, unliquidated, fixed,
5 contingent, matured, unmatured, disputed, undisputed, legal or
6 equitable;

7 (2) "Claimant" (A) means an individual or entity that has, or purports
8 to have, a claim against a debtor arising from a coerced debt or an
9 allegedly coerced debt, or such individual's or entity's successor or
10 assignee, (B) does not mean an individual who or entity that, or any
11 successor or assignee of an individual who or entity that, caused a claim
12 to arise through duress, intimidation, threat of force, force or undue
13 influence perpetrated against the debtor, and (C) includes, but is not
14 limited to, a debt collector or a debt buyer;

15 (3) "Coerced debt" means any debt incurred (A) in the name of a
16 debtor who is a victim of domestic violence, as defined in subsection (b)
17 of section 46b-1 of the general statutes, and (B) as a result of any duress,
18 intimidation, threat of force, force or undue influence;

19 (4) "Collection activities" means any activities of a claimant to collect
20 or attempt to collect, directly or indirectly, a debt owed or due or
21 asserted to be owed or due, including, but not limited to, commencing

22 or conducting an action against a debtor in a court of competent
23 jurisdiction;

24 (5) "Credit rating agency" has the same meaning as provided in
25 section 36a-695 of the general statutes;

26 (6) "Debt" means an unsecured debt, or any portion of an unsecured
27 debt, incurred on or after January 1, 2025, for personal, family or
28 household use;

29 (7) "Debtor" means an individual against whom a claimant asserts a
30 claim arising from a coerced debt or an allegedly coerced debt;

31 (8) "Immediate family member" has the same meaning as provided in
32 section 36a-485 of the general statutes; and

33 (9) "Qualified third-party professional" means a domestic violence
34 counselor or sexual assault counselor, as those terms are defined in
35 section 52-146k of the general statutes, a psychiatrist licensed under
36 chapter 370 of the general statutes, a psychologist licensed under
37 chapter 383 of the general statutes, a clinical social worker licensed
38 under chapter 383b of the general statutes, a marital and family therapist
39 licensed under chapter 383a of the general statutes and a professional
40 counselor licensed under chapter 383c of the general statutes.

41 Sec. 2. (NEW) (*Effective January 1, 2025*) No individual shall
42 knowingly and intentionally cause another individual to incur a coerced
43 debt. Any individual who causes another individual to incur a coerced
44 debt shall be civilly liable (1) to the claimant for the amount of the
45 coerced debt, or a portion of the coerced debt, determined by a court to
46 be coerced debt, (2) for any attorney's fees and costs incurred by the
47 claimant in recovering such debt, and (3) for any attorney's fees and
48 costs incurred by the debtor in an action commenced under section 4 of
49 this act.

50 Sec. 3. (NEW) (*Effective January 1, 2025*) (a) (1) If a debtor provides oral
51 or written notice to a claimant that identifies a debt as a coerced debt,

52 the claimant shall immediately cease all collection activities concerning
53 such debt that are directed toward the debtor for a period of not less
54 than thirty days. The claimant shall not recommence collection activities
55 until the claimant has completed a review pursuant to subsection (c) of
56 this section if the claimant receives:

57 (A) Documentation that identifies the debt as a coerced debt,
58 describes the circumstances under which the allegedly coerced debt was
59 incurred and is in the following form:

60 (i) A police report;

61 (ii) A Federal Trade Commission identity theft report that identifies
62 the debt as a coerced debt and not as a debt incurred due to identity
63 theft;

64 (iii) A restraining order or protective order issued by a court of
65 competent jurisdiction; or

66 (iv) A document prepared by a qualified third-party professional that
67 (I) is based on information the qualified third-party professional
68 received while acting in such qualified third-party professional's
69 professional capacity, (II) is certified by the qualified third-party
70 professional in the manner specified in subdivision (2) of this
71 subsection, and (III) displays the letterhead, address and telephone
72 number of the office, institution, center or organization that has engaged
73 or employs the qualified third-party professional regardless of whether
74 such qualified third-party professional is financially compensated, or
75 the letterhead, address and telephone number of such qualified third-
76 party professional if such qualified third-party professional is self-
77 employed;

78 (B) A document in which a debtor certifies, in the manner set forth in
79 subdivision (2) of this subsection, that a debt is a coerced debt and that
80 each material fact included in such document is true; and

81 (C) If requested by the claimant:

82 (i) A copy of the debtor's driver's license, identification card or any
83 other identification document that supports such allegation;

84 (ii) An express written statement by the debtor disclosing (I) that the
85 debtor did not willingly authorize the use of the debtor's name or
86 personal information to incur such debt, (II) specific facts supporting the
87 debtor's allegation, if available, and (III) if the debtor alleges that only a
88 portion of such debt is a coerced debt, a statement disclosing the portion
89 of such debt that the debtor alleges is a coerced debt;

90 (iii) Any information known by the debtor, including, but not limited
91 to, any credit card number or loan number, that the claimant may use to
92 identify the account associated with such debt and the individual or
93 individuals in whose name such debt was incurred;

94 (iv) The identity of the individual or individuals whom the debtor
95 alleges coerced the debtor into incurring such debt and contact
96 information for such individual or individuals, if the debtor knows such
97 contact information, unless the debtor signs a sworn statement that
98 disclosing such information is likely to result in abuse to the debtor or
99 any immediate family member of the debtor, except the debtor shall
100 disclose such information in the event the claimant (I) gives notice to the
101 debtor that the claimant is ceasing collection activities under this section
102 and releasing the debtor from any liability for such debt, and (II) upon
103 giving such notice, requests that the debtor disclose such information;
104 and

105 (v) A telephone number that the claimant may use to contact the
106 debtor to obtain additional information from, or pose questions to, the
107 debtor with regard to such debt, or, if the debtor prefers to communicate
108 with the claimant in writing, a statement by the debtor indicating that
109 the claimant shall communicate with the debtor with regard to such
110 debt exclusively in writing and disclosing the debtor's mailing address,
111 electronic mail address or both.

112 (2) Each certification required under subdivision (1) of this subsection

113 shall be in substantially the following form:

114 "I declare under penalty of perjury that the representations made
115 herein are true, correct, and contain no material omissions of fact.

116 Dated at ..., Connecticut, this ... day of ..., 20...

117 (Signature)".

118 (b) If a debtor orally notifies a claimant that a debt being collected is
119 a coerced debt, the claimant shall notify the debtor, in writing and not
120 later than thirty days after receiving such oral notification from the
121 debtor, that the debtor's notification must be in writing and in
122 accordance with subsection (a) of this section. If a debtor notifies a
123 claimant in writing that a debt being collected, or a portion of a debt
124 being collected, is coerced debt, but omits any item required by
125 subsection (a) of this section, and if the claimant does not cease
126 collection activities concerning such debt, the claimant shall provide
127 written notice to the debtor identifying such omitted item.

128 (c) (1) Not later than the thirtieth day after a claimant receives the
129 items required by subsection (a) of this section, the claimant shall:

130 (A) Perform a good faith review to determine whether the debt
131 identified by the debtor in the documentation provided in accordance
132 with subsection (a) of this section is a coerced debt after considering all
133 information provided by the debtor and all other relevant information
134 available to the claimant; and

135 (B) If the claimant has previously furnished adverse information
136 about the debtor to a credit rating agency, notify such credit rating
137 agency that the debt identified by the debtor in the documentation
138 provided in accordance with subsection (a) of this section is disputed.

139 (2) Not later than the thirtieth day after the claimant completes the
140 review pursuant to subdivision (1) of this subsection, the claimant shall
141 notify the debtor, in writing, of the claimant's determination and the

142 good faith basis for such determination.

143 (3) (A) If the claimant determines, in good faith, that the available
144 information establishes that the debt identified by the debtor in the
145 documentation provided in accordance with subsection (a) of this
146 section is coerced debt, the claimant shall cease collection activities
147 against the debtor concerning such coerced debt.

148 (B) A claimant that ceases collection activities under subparagraph
149 (A) of this subdivision and does not recommence such collection
150 activities shall, if the claimant has furnished adverse information to a
151 credit rating agency regarding the debtor in connection with the coerced
152 debt, notify such agency to delete such information. The claimant shall
153 provide such notice not later than the tenth business day after the
154 claimant makes such determination.

155 (4) If the claimant determines, in good faith, that the available
156 information does not establish that the debt identified by the debtor in
157 the documentation provided in accordance with subsection (a) of this
158 section is a coerced debt, the claimant may recommence collection
159 activities concerning such debt. The claimant shall not recommence such
160 collection activities until the claimant notifies the debtor, in writing, of
161 such good faith determination.

162 (d) No inference or presumption that the debt identified by the debtor
163 in the documentation provided in accordance with subsection (a) of this
164 section is valid or invalid or that the debtor is liable or not liable for such
165 debt shall arise on the basis of the claimant's determination, made after
166 the review performed pursuant to subsection (c) of this section, to cease
167 or recommence collection activities concerning such debt. The exercise
168 or nonexercise of any right under this section is not a waiver of any other
169 right or defense of the debtor or claimant, including, but not limited to,
170 any right or defense that may be asserted against any individual or
171 individuals who coerce a debtor into incurring a coerced debt.

172 Sec. 4. (NEW) (*Effective January 1, 2025*) (a) (1) (A) A debtor, in

173 accordance with the provisions of the Connecticut Practice Book, may
174 bring an action against a claimant to establish that a debt is coerced debt.

175 (B) In any such action, the claimant, in accordance with section 52-
176 102a of the general statutes, may:

177 (i) Move to implead any third party who is or may be liable for the
178 debt that is alleged to be coerced debt; and

179 (ii) Assert a cross complaint against any individual or entity that is or
180 may be liable for the debt that is alleged to be coerced debt.

181 (2) In any action brought by a claimant against a debtor to recover a
182 debt, the debtor, in accordance with section 52-102a of the general
183 statutes, may:

184 (A) Assert a counterclaim or defense to establish that such debt is
185 coerced debt;

186 (B) Move to implead any third party who is or may be liable for the
187 debt that is alleged to be coerced debt; and

188 (C) Assert a cross complaint to establish that such debt is coerced
189 debt.

190 (b) (1) Not later than thirty days before commencing an action
191 pursuant to subparagraph (A) of subdivision (1) of subsection (a) of this
192 section, or any other action against a claimant in connection with an
193 allegedly coerced debt, a debtor shall send to the claimant: (A) A written
194 notice disclosing the debtor's intent to commence such action against the
195 claimant; and (B) the items set forth in subsection (a) of section 3 of this
196 act. For purposes of this subdivision, the thirty-day-period shall
197 commence when the claimant receives the written notice required under
198 this subdivision.

199 (2) The debtor shall send the written notice required under
200 subdivision (1) of this subsection by certified mail, overnight delivery or

201 any other delivery method allowing for confirmation of the date on
202 which such notice is delivered to an address the claimant provides to
203 the debtor for the purpose of receiving such notice, or, if the claimant
204 has not provided any such address, to the claimant's principal place of
205 business as identified on the Secretary of the State's Internet web site. If
206 an address is unavailable through such Internet web site, the debtor may
207 use the claimant's correspondence address.

208 (3) (A) A debtor shall not commence an action under subparagraph
209 (A) of subdivision (1) of subsection (a) of this section, or any other action
210 against a claimant in connection with an allegedly coerced debt, if:

211 (i) The claimant informs the debtor that the claimant has permanently
212 ceased all efforts to collect on the debt identified in the written notice
213 provided pursuant to subdivision (1) of this subsection; and

214 (ii) The debtor receives written notice of such permanent cessation
215 before the expiration of the thirty-day-period described in subdivision
216 (1) of this subsection.

217 (B) A debtor may commence an action under subparagraph (A) of
218 subdivision (1) of subsection (a) of this section, or any other action
219 against a claimant in connection with an allegedly coerced debt, if the
220 debtor receives a written notice pursuant to subdivision (4) of
221 subsection (c) of section 3 of this act disclosing the claimant's good faith
222 determination that the available information does not establish that
223 such allegedly coerced debt is coerced debt.

224 (c) A debtor shall attach the items set forth in subsection (a) of section
225 3 of this act to any complaint by the debtor alleging that a debt is coerced
226 debt.

227 (d) If a debtor establishes by a preponderance of the evidence in an
228 action described in subsection (a) of this section that a debt is coerced
229 debt, the debtor may, if requested, be entitled to the following relief:

230 (1) A declaratory judgment that the debtor is not obligated to the

231 claimant for such coerced debt;

232 (2) An order dismissing any cause of action brought by the claimant
233 to enforce or collect on the coerced debt from the debtor or, if only a
234 portion of the debt at issue is established as coerced debt, an order
235 directing that the complaint and judgment, if any, in such action be
236 amended to reflect only the portion of the debt that is not coerced debt;

237 (3) A judgment in favor of the claimant against the individual who
238 coerced the debtor into incurring such coerced debt, provided the
239 individual who coerced the debtor into incurring such coerced debt has
240 been joined as a party to the action in accordance with the provisions of
241 the Connecticut Practice Book and the evidence supports such a
242 judgment;

243 (4) An order awarding the debtor attorney's fees and costs, which
244 shall be paid by the individual or individuals who coerced the debtor
245 into incurring the debt, if such individual or individuals have been
246 made a party or parties to the action; and

247 (5) An order requiring the claimant, if the claimant has furnished
248 adverse information to a credit rating agency regarding the debtor in
249 connection with the coerced debt, to notify such agency to delete such
250 information not later than the tenth business day after the issuance of
251 such order. Such order shall be entered by the court at the time the court
252 determines that the debt is coerced debt.

253 (e) The court shall, in accordance with the provisions of the
254 Connecticut Practice Book, take appropriate steps necessary to prevent
255 abuse of the debtor or an immediate family member of the debtor.

256 (f) The claimant or debtor may move the court to make written
257 findings regarding evidence related to any individual who allegedly
258 caused the coerced debt to be incurred, provided any such individual
259 has been joined as a party to the action in accordance with the provisions
260 of the Connecticut Practice Book and the evidence supports such

261 findings.

262 (g) Where some or all of a claim is established as having arisen from
263 coerced debt, a claimant shall have standing, and may use all available
264 rights or remedies, to collect by any lawful means such claim, or portion
265 of such claim, from any individual determined by the court to have
266 coerced a debtor into incurring the debt, or against any individual who
267 used or possessed any money, goods, services or property obtained
268 through such coerced debt.

269 (h) No action by a claimant to collect coerced debt from any
270 individual who coerced a debtor into incurring such debt shall be
271 brought but within five years of the date when it is determined,
272 pursuant to a proceeding in a court of competent jurisdiction, that such
273 individual caused the duress, intimidation, threat of force, force or
274 undue influence giving rise to such coerced debt.

275 (i) Nothing in this section or sections 1 to 3, inclusive, of this act shall:

276 (1) Require a court to order a claimant to refund any moneys already
277 paid on a debt that is determined to be coerced debt;

278 (2) Diminish the rights of a claimant to recover payment for coerced
279 debt from any individual who coerced a debtor into incurring such
280 coerced debt; or

281 (3) Reduce or eliminate any other rights or defenses available to a
282 debtor or claimant pursuant to any other law.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2025</i>	New section
Sec. 2	<i>January 1, 2025</i>	New section
Sec. 3	<i>January 1, 2025</i>	New section
Sec. 4	<i>January 1, 2025</i>	New section