



General Assembly

February Session, 2024

Raised Bill No. 123

LCO No. 1053



Referred to Committee on BANKING

Introduced by:

(BA)

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

21 (5) "Debt" means an unsecured debt, or any portion of an unsecured
22 debt, incurred on or after January 1, 2025, for personal, family or
23 household use;

24 (6) "Debtor" means an individual against whom a claimant asserts a
25 claim arising from a coerced debt or an allegedly coerced debt;

26 (7) "Immediate family member" has the same meaning as provided in
27 section 36a-485 of the general statutes; and

28 (8) "Qualified third-party professional" means (A) a domestic
29 violence counselor or sexual assault counselor, as those terms are
30 defined in section 52-146k of the general statutes, a psychiatrist licensed
31 under chapter 370 of the general statutes, a psychologist licensed under
32 chapter 383 of the general statutes, a clinical social worker licensed
33 under chapter 383b of the general statutes, a marital and family therapist
34 licensed under chapter 383a of the general statutes, a professional
35 counselor licensed under chapter 383c of the general statutes, and (B) an
36 attorney admitted to the bar of this state and in good standing who has
37 represented a debtor in a family relations matter before the Superior
38 Court and has knowledge of the circumstances giving rise to a claim by
39 such debtor that a debt is a coerced debt, but does not mean an attorney
40 who represents such debtor in any action concerning a coerced debt
41 commenced under section 4 of this act.

42 Sec. 2. (NEW) (*Effective January 1, 2025*) No individual shall cause
43 another individual to incur a coerced debt. Any individual who causes
44 another individual to incur a coerced debt shall be civilly liable (1) to the
45 claimant for the amount of the coerced debt, or a portion of the coerced
46 debt, determined by a court to be coerced debt, (2) for any attorney's fees

47 and costs incurred by the claimant in recovering such debt, and (3) for
48 any attorney's fees and costs incurred by the debtor in an action
49 commenced under section 4 of this act.

50 Sec. 3. (NEW) (*Effective January 1, 2025*) (a) (1) A claimant shall cease
51 all collection activities concerning a debt until the claimant has
52 completed a review pursuant to subsection (c) of this section if the
53 claimant receives:

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

57 (i) A police report;

58 (ii) A Federal Trade Commission identity theft report that identifies
59 the debt as a coerced debt and not as a debt incurred due to identity
60 theft;

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

63 (iv) A document prepared by a qualified third-party professional that
64 (I) is based on information the qualified third-party professional
65 received while acting in such qualified third-party professional's
66 professional capacity, (II) is certified by the qualified third-party
67 professional in the manner specified in subdivision (2) of this
68 subsection, (III) displays the letterhead, address and telephone number
69 of the office, institution, center or organization that has engaged or
70 employs the qualified third-party professional regardless of whether
71 such qualified third-party professional is financially compensated, or
72 the letterhead, address and telephone number of such qualified third-
73 party professional if such qualified third-party professional is self-
74 employed, and (IV) if such document is prepared by a qualified third-
75 party professional who is an attorney, includes a statement that such
76 attorney possesses knowledge of the circumstances giving rise to the
77 claim by the debtor that the debt is a coerced debt;

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 relevant to the debtor's allegation that a debt is a coerced debt:

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 available correspondence disputing the coerced debt;

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

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

106 (vi) A telephone number that the claimant may use to contact the
107 debtor to obtain additional information from, or pose questions to, the

108 debtor with regard to such debt, or, if the debtor prefers to communicate
109 with the claimant in writing, a statement by the debtor indicating that
110 the claimant shall communicate with the debtor with regard to such
111 debt exclusively in writing and disclosing the debtor's mailing address,
112 electronic mail address or both.

113 (2) Each certification required under subdivision (1) of this subsection
114 shall be in substantially the following form:

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

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

118 (Signature)".

119 (b) If a debtor orally notifies a claimant that a debt being collected is
120 a coerced debt, the claimant shall notify the debtor, orally or in writing,
121 that the debtor's notification must be in writing and in accordance with
122 subsection (a) of this section. If a debtor notifies a claimant in writing
123 that a debt being collected, or a portion of a debt being collected, is
124 coerced debt, but omits any item required by subsection (a) of this
125 section, and if the claimant does not cease collection activities
126 concerning such debt, the claimant shall provide written notice to the
127 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 may bring
173 an action against a claimant to establish that a debt is coerced debt.

174 (B) In any such action, the claimant may:

175 (i) Implead any third party who is or may be liable for the debt that
176 is alleged to be coerced debt, provided such third party is served with a
177 third party complaint not later than one year after the date on which
178 such action is returned to court; 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 a coerced debt.

181 (2) In any action brought by a claimant against a debtor to recover a
182 debt, the debtor may:

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

185 (B) Implead any third party who is or may be liable for the debt that
186 is alleged to be a coerced debt, provided such third party is served with
187 a third party complaint not later than one year after the date on which
188 such action is returned to court; and

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

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

199 this subdivision.

200 (2) The debtor shall send the written notice required under
201 subdivision (1) of this subsection by certified mail, overnight delivery or
202 any other method allowing for confirmation of the date on which such
203 notice is delivered to an address the claimant provides to the debtor for
204 the purpose of receiving such notice, or, if the claimant has not provided
205 any such address, to the claimant's principal place of business as
206 identified on the Secretary of the State's Internet web site. If an address
207 is unavailable through such Internet web site, the debtor may use the
208 claimant's correspondence address.

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

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

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

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

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

228 (d) If a debtor establishes by a preponderance of the evidence in an

229 action described in subsection (a) of this section that a debt is a coerced
230 debt, the debtor shall be entitled to the following relief:

231 (1) A declaratory judgment that the debtor is not obligated to the
232 claimant for such coerced debt;

233 (2) An injunction prohibiting the claimant from holding or
234 attempting to hold the debtor liable for such coerced debt;

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

240 (4) A judgment in favor of the claimant against the individual who
241 coerced the debtor into incurring such coerced debt, provided the
242 individual who coerced the debtor into incurring such coerced debt has
243 been brought within the jurisdiction of the court and joined as a party
244 to the action and the evidence supports such a judgment;

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

249 (6) An order requiring the claimant, if the claimant has furnished
250 adverse information to a credit rating agency regarding the debtor in
251 connection with the coerced debt, to notify such agency to delete such
252 information not later than the tenth business day after the issuance of
253 such order.

254 (e) The court may take appropriate steps necessary to prevent abuse
255 of the debtor or an immediate family member of the debtor, including,
256 but not limited to, sealing court records, redacting personally
257 identifiable information about the debtor and any immediate family
258 member of the debtor or directing that any deposition or evidentiary

259 hearing be conducted remotely.

260 (f) Any party to an action brought under this section who knowingly
261 files false motions, pleadings or other papers, or engages in other tactics
262 that are frivolous or intended to cause unnecessary delay, shall be liable
263 for any attorney's fees and costs incurred because of such filings or other
264 tactics.

265 (g) The claimant or debtor may move the court to make written
266 findings regarding evidence related to any individual who allegedly
267 caused the coerced debt to be incurred, provided any such individual
268 has been brought within the jurisdiction of the court and joined as a
269 party to the action and the evidence supports such findings.

270 (h) Where some or all of a claim is established as having arisen from
271 a coerced debt, a claimant shall have standing, and may use all available
272 rights or remedies, to collect by any lawful means such claim, or portion
273 of such claim, from any individual determined to have coerced a debtor
274 into incurring the debt, or against any individual who used or possessed
275 any money, goods, services or property obtained through such coerced
276 debt.

277 (i) No action by a claimant to collect coerced debt from any individual
278 who coerced a debtor into incurring such debt shall be brought but
279 within five years of the date when it is determined, pursuant to a
280 proceeding in a court of competent jurisdiction, that such individual
281 caused the duress, intimidation, threat of force, force or undue influence
282 giving rise to such coerced debt.

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

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

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

289 (3) Reduce or eliminate any other rights or defenses available to a
290 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

Statement of Purpose:

To (1) provide that no individual shall cause another individual to incur a coerced debt, and (2) establish procedures to (A) review documentation to determine whether debt is coerced debt, and (B) bring an action to establish whether debt is coerced debt.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]