



General Assembly

Substitute Bill No. 123

February Session, 2024



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 coerced debt or allegedly
9 coerced debt, or such individual's or entity's successor or assignee, (B)
10 does not mean an individual who or entity that, or any successor or
11 assignee of an individual who or entity that, caused a claim to arise
12 through duress, intimidation, threat of force, force or undue influence
13 perpetrated against the debtor, and (C) includes, but is not limited to, a
14 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 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 coerced
43 debt. Any individual who knowingly and intentionally causes another
44 individual to incur coerced debt shall be civilly liable (1) to the claimant
45 for the amount of the coerced debt or the portion of any debt determined
46 by a court to be coerced debt, (2) for any attorney's fees and costs
47 incurred by the claimant in recovering such debt, and (3) for any
48 attorney's fees and costs incurred by the debtor in an action commenced
49 under section 4 of 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 coerced debt, the
52 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 such collection
55 activities until the claimant has completed a review pursuant to
56 subsection (c) of this section. Such review shall be completed if the
57 claimant receives:

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

61 (i) A police report;

62 (ii) A Federal Trade Commission identity theft report that identifies
63 the debt as coerced debt and not as a debt incurred due to identity 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 the debtor certifies, in the manner set forth
79 in subdivision (2) of this subsection, that the debt is coerced debt and
80 that 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 the allegation that the debt
84 is coerced debt;

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

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

129 (c) (1) Not later than the thirtieth day after a claimant receives the
130 documentation provided in accordance with subsection (a) of this
131 section, the claimant shall:

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

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

141 (2) Not later than the thirtieth day after the claimant completes the
142 review pursuant to subdivision (1) of this subsection, the claimant shall
143 notify the debtor, in writing, of the claimant's determination and the
144 good faith basis for such determination.

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

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

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

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

173 individuals who coerce a debtor into incurring coerced debt.

174 Sec. 4. (NEW) (*Effective January 1, 2025*) (a) (1) (A) A debtor, in
175 accordance with the provisions of the Connecticut Practice Book, may
176 bring an action against a claimant to establish that a debt is coerced debt.

177 (B) In any such action, the claimant, in accordance with section 52-
178 102a of the general statutes, may:

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

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

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

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

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

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

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

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

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

214 (i) The claimant informs the debtor that the claimant has permanently
215 ceased all efforts to collect on the debt identified in the written notice
216 provided pursuant to subparagraph (A) of subdivision (1) of this
217 subsection; and

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

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

228 (c) A debtor shall attach the items set forth in subsection (a) of section
229 3 of this act to any complaint by the debtor alleging that a debt is coerced
230 debt.

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

232 action described in subsection (a) of this section that a debt is coerced
233 debt, the debtor may, if requested, be entitled to the following relief:

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

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

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

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

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

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

260 (f) The claimant or debtor may move the court to make written
261 findings regarding evidence related to any individual who allegedly

262 caused the coerced debt to be incurred, provided any such individual
263 has been joined as a party to the action in accordance with the provisions
264 of the Connecticut Practice Book and the evidence supports such
265 findings.

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

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

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

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

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

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

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

