



General Assembly

Amendment

February Session, 2024

LCO No. 3753



Offered by:

SEN. MILLER P., 27th Dist.
REP. DOUCETTE, 13th Dist.
SEN. BERTHEL, 32nd Dist.
REP. DELNICKI, 14th Dist.
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To: Senate Bill No. 123

File No. 153

Cal. No. 118

"AN ACT CONCERNING COERCED DEBT."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

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

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

9 (2) "Claimant" (A) means an individual or entity that has, or purports
10 to have, a claim against a debtor arising from coerced debt or allegedly
11 coerced debt, or such individual's or entity's successor or assignee, (B)
12 does not mean an individual who or entity that, or any successor or

13 assignee of an individual who or entity that, caused a claim to arise
14 through duress, intimidation, threat of force, force or undue influence
15 perpetrated against the debtor, and (C) includes, but is not limited to, a
16 consumer collection agency, as defined in section 36a-800 of the general
17 statutes;

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

22 (4) "Collection activities" means any activity of a claimant to collect
23 or to attempt to collect, directly or indirectly, a debt owed, due or
24 asserted to be owed or due, including, but not limited to, commencing
25 or conducting an action in a court of competent jurisdiction;

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

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

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

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

35 (9) "Negative information" has the same meaning as provided in 15
36 USC 1681s-2, as amended from time to time;

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

43 licensed under chapter 383a of the general statutes and a professional
44 counselor licensed under chapter 383c of the general statutes; and

45 (11) "Requests that the claimant waive or modify such debt" includes,
46 but is not limited to, a request that a claimant waive, forgive, excuse,
47 write off, not collect, modify, delay, postpone or enter into a payment
48 plan for a debt or a portion of a debt.

49 Sec. 2. (NEW) (*Effective January 1, 2025*) No individual shall
50 knowingly cause another individual to incur coerced debt. Any
51 individual who knowingly causes another individual to incur coerced
52 debt shall be civilly liable (1) to the claimant for the amount of the
53 coerced debt, or a portion of the coerced debt, determined by a court to
54 be coerced debt, (2) for any attorney's fees and costs incurred by the
55 claimant in recovering such debt, and (3) for any attorney's fees and
56 costs incurred by the debtor in an action commenced under section 4 of
57 this act.

58 Sec. 3. (NEW) (*Effective January 1, 2025*) (a) Except as otherwise
59 provided in subsection (d) of this section, a claimant shall cease all
60 collection activities that concern a debt identified by the debtor as
61 coerced debt until the claimant has completed a review pursuant to
62 subsection (e) of this section, if:

63 (1) A legal action concerning such debt has not been commenced
64 prior to the claimant's receipt of the documentation described in
65 subdivision (2) of this subsection, and

66 (2) The debtor provides the claimant documentation, certified by the
67 debtor, that:

68 (A) Includes the following:

69 (i) An identification of the debt as coerced debt;

70 (ii) A description of the circumstances under which the allegedly
71 coerced debt was incurred;

72 (iii) An express written statement by the debtor disclosing (I) that the
73 debtor did not willingly authorize the use of the debtor's name or
74 personal information to incur such debt, (II) specific facts supporting the
75 debtor's allegation, if available, and (III) if the debtor alleges that only a
76 portion of such debt is coerced debt, the portion of such debt that the
77 debtor alleges is coerced debt;

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

82 (v) The identity of the individual whom the debtor alleges coerced
83 the debtor into incurring such debt and contact information for such
84 individual, if the debtor knows such contact information, unless the
85 debtor signs a sworn statement that disclosing such information is likely
86 to result in abuse to the debtor or any immediate family member of the
87 debtor, except the debtor shall disclose such information in the event
88 that the claimant (I) gives notice to the debtor that the claimant is ceasing
89 collection activities against the debtor under this section and releasing
90 the debtor from any liability for such debt, and (II) upon giving the
91 notice described in subparagraph (A)(v)(I) of this subdivision, requests
92 that the debtor disclose such information; and

93 (vi) A telephone number that the claimant may use to contact the
94 debtor to obtain additional information from, or pose questions to, the
95 debtor with regard to such debt, or, if the debtor prefers to communicate
96 with the claimant in writing, a statement by the debtor indicating that
97 the claimant shall communicate with the debtor with regard to such
98 debt exclusively in writing and disclosing the debtor's mailing address,
99 electronic mail address or both; and

100 (B) In support of the information disclosed pursuant to subparagraph
101 (A) of this subdivision, attaches not less than one of the following:

102 (i) A police report;

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

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

107 (iv) A document prepared by a qualified third-party professional that
108 (I) is based on information the qualified third-party professional
109 received while acting in such qualified third-party professional's
110 professional capacity, (II) is certified by the qualified third-party
111 professional in the manner specified in subsection (b) of this subsection,
112 and (III) displays the letterhead, address and telephone number of the
113 office, institution, center or organization that has engaged or employs
114 the qualified third-party professional regardless of whether such
115 qualified third-party professional is financially compensated, or the
116 letterhead, address and telephone number of such qualified third-party
117 professional if such qualified third-party professional is self-employed.

118 (b) Each certification required pursuant to subdivision (2) of
119 subsection (a) of this section shall be in substantially the following form:

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

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

123 (Signature)".

124 (c) The debtor shall send the documentation described in subdivision
125 (2) of subsection (a) of this section by certified mail, overnight delivery
126 or any other delivery method allowing for confirmation of the date on
127 which such documentation is delivered to an address the claimant
128 provides to the debtor for the purpose of receiving such documentation
129 or, if the claimant has not provided any such address, to the claimant's
130 principal place of business as identified on the Secretary of the State's
131 Internet web site. If an address is unavailable through such Internet web
132 site, the debtor may use the claimant's correspondence address.

133 (d) (1) If a debtor orally notifies a claimant that a debt being collected,
134 or a portion of a debt being collected, is coerced debt and requests that
135 the claimant waive or modify such debt, and if the claimant does not
136 permanently cease collection activities that concern such debt and are
137 directed toward the debtor, the claimant shall notify the debtor, in
138 writing and not later than ten days after receiving such oral notice and
139 request from the debtor, that the debtor's request must be in writing and
140 in accordance with subsections (a) to (c), inclusive, of this section. The
141 claimant shall send such written notice to the debtor by certified mail,
142 overnight delivery or any other delivery method allowing for
143 confirmation of the date on which such notice is delivered.

144 (2) If a debtor notifies a claimant, in writing, that a debt being
145 collected, or a portion of a debt being collected, is coerced debt and
146 requests that the claimant waive or modify such debt, but omits any
147 documentation required by subdivision (2) of subsection (a) of this
148 section, and if the claimant does not permanently cease collection
149 activities that concern such debt and are directed toward the debtor, the
150 claimant shall, not later than ten days after receiving such written notice
151 and request from the debtor, provide written notice to the debtor
152 identifying such omitted documentation. The claimant shall send such
153 written notice to the debtor by certified mail, overnight delivery or any
154 other delivery method allowing for confirmation of the date on which
155 such notice is delivered.

156 (3) If a debtor orally notifies a claimant that a debt being collected, or
157 a portion of a debt being collected, is coerced debt and requests that the
158 claimant waive or modify such debt, as described in subdivision (1) of
159 this subsection, or notifies a claimant, in writing, that a debt being
160 collected, or a portion of a debt being collected, is coerced debt and
161 requests that the claimant waive or modify such debt, but omits any
162 documentation required by subdivision (2) of subsection (a) of this
163 section, as described in subdivision (2) of this subsection, the claimant
164 shall not, for a period of not less than thirty days after the debtor
165 receives the written notice provided by the claimant in accordance with
166 subdivision (1) or (2) of this subsection, commence a legal action to

167 collect the debt identified by the debtor as coerced debt in such oral or
168 written notice provided by the debtor under subdivision (1) or (2) of this
169 subsection. During such time period, the claimant may continue
170 collection activities other than commencing such a legal action. If the
171 claimant commences such a legal action in violation of this subdivision,
172 such commencement shall be grounds for dismissal of such action
173 without prejudice at any time prior to the entry of judgment.

174 (e) (1) Not later than the thirtieth day after a claimant receives the
175 documentation provided in accordance with subdivision (2) of
176 subsection (a) of this section, the claimant shall:

177 (A) Complete a good faith review to determine whether the debt
178 identified by the debtor in the documentation provided in accordance
179 with subdivision (2) of subsection (a) of this section is coerced debt after
180 considering all information provided by the debtor and all other
181 relevant information available to the claimant. The claimant shall not
182 commence a legal action to collect such debt while completing such
183 good faith review, provided the claimant did not commence any such
184 action prior to receiving such documentation provided in accordance
185 with subdivision (2) of subsection (a) of this section or any oral or
186 written notice and request provided by the debtor under subdivision (1)
187 or (2) of subsection (d) of this section; and

188 (B) If the claimant has previously furnished negative information
189 about the debtor to a credit rating agency, notify such credit rating
190 agency that the debt identified by the debtor in the documentation
191 provided in accordance with subdivision (2) of subsection (a) of this
192 section is disputed.

193 (2) Not later than the tenth day after the claimant completes the
194 review pursuant to subdivision (1) of this subsection, the claimant shall
195 notify the debtor, in writing, of the claimant's determination and the
196 good faith basis for such determination.

197 (3) (A) If the claimant determines, in good faith, that the available
198 information establishes that the debt identified by the debtor in the

199 documentation provided in accordance with subdivision (2) of
200 subsection (a) of this section is coerced debt, the claimant shall
201 permanently cease collection activities against the debtor concerning
202 such coerced debt.

203 (B) A claimant that permanently ceases collection activities under
204 subparagraph (A) of this subdivision shall, if the claimant has furnished
205 negative information to a credit rating agency regarding the debtor in
206 connection with the coerced debt, notify such agency to delete such
207 information. The claimant shall provide such notice not later than the
208 tenth business day after the claimant makes such determination.

209 (4) If the claimant determines, in good faith, that the available
210 information does not establish that the debt identified by the debtor in
211 the documentation provided in accordance with subdivision (2) of
212 subsection (a) of this section is coerced debt, the claimant may
213 recommence collection activities concerning such debt. The claimant
214 shall not recommence such collection activities until the claimant
215 notifies the debtor, in writing, of such good faith determination.

216 (f) No inference or presumption that the debt identified by the debtor
217 in the documentation provided in accordance with subdivision (2) of
218 subsection (a) of this section is valid or invalid or that the debtor is liable
219 or not liable for such debt shall arise on the basis of the claimant's
220 determination, made after the review performed pursuant to subsection
221 (e) of this section, to cease or recommence collection activities
222 concerning such debt. The exercise or nonexercise of any right under
223 this section is not a waiver of any other right or defense of the debtor or
224 claimant, including, but not limited to, any right or defense that may be
225 asserted against any individual who coerces a debtor into incurring
226 coerced debt.

227 (g) Any statute of limitations that may apply to a claimant's claim
228 relating to a debt that is the subject of documentation submitted to the
229 claimant by a debtor under subdivision (2) of subsection (a) of this
230 section, or a notification submitted to the claimant by a debtor under

231 subdivision (1) or (2) of subsection (d) of this section, shall be tolled for
232 the duration of any time period during which the claimant is
233 temporarily prevented from commencing a legal action relating to such
234 debt pursuant to this section.

235 (h) The provisions of this section shall not apply if a legal action
236 concerning a debt that is the subject of documentation submitted to a
237 claimant by a debtor under subdivision (2) of subsection (a) of this
238 section, or a notification submitted to a claimant by a debtor under
239 subdivision (1) or (2) of subsection (d) of this section, had been
240 commenced prior to the time when the claimant received such
241 documentation or notification.

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

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

246 (i) In accordance with section 52-102a of the general statutes, move to
247 implead any third party who is or may be liable for the debt that is
248 alleged to be coerced debt;

249 (ii) Assert a cross complaint to establish that such debt is not coerced
250 debt;

251 (iii) Assert a counterclaim or defense to establish that such debt is not
252 coerced debt; and

253 (iv) In accordance with sections 52-101, 52-107 and 52-108 of the
254 general statutes, move to add or join in additional parties.

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

257 (A) In accordance with section 52-102a of the general statutes, move
258 to implead any third party who is or may be liable for the debt that is
259 alleged to be coerced debt;

260 (B) Assert a cross complaint to establish that such debt is coerced
261 debt;

262 (C) Assert a counterclaim or defense to establish that such debt is
263 coerced debt; and

264 (D) In accordance with sections 52-101, 52-107 and 52-108 of the
265 general statutes, move to add or join in additional parties.

266 (3) Sending the written notice described in subparagraph (A) of
267 subdivision (1) of subsection (b) of this section shall not be a prerequisite
268 for a debtor to counterclaim or assert a defense pursuant to
269 subparagraph (C) of subdivision (2) of this subsection.

270 (b) (1) Not later than thirty days before commencing an action
271 pursuant to subparagraph (A) of subdivision (1) of subsection (a) of this
272 section, or any other action against a claimant in connection with
273 allegedly coerced debt, a debtor shall send to the claimant: (A) A written
274 notice disclosing the debtor's intent to commence such action against the
275 claimant; and (B) the documentation described in subdivision (2) of
276 subsection (a) of section 3 of this act. For purposes of this subdivision,
277 the thirty-day period shall commence when the claimant receives the
278 written notice and documentation required under this subdivision. A
279 failure by the debtor to timely provide to the claimant the written notice
280 and documentation required under this subdivision shall be grounds
281 for the dismissal without prejudice of the action against the claimant at
282 any time prior to the entry of judgment.

283 (2) The debtor shall send the written notice required under
284 subparagraph (A) of subdivision (1) of this subsection by certified mail,
285 overnight delivery or any other delivery method allowing for
286 confirmation of the date on which such notice is delivered to an address
287 the claimant provides to the debtor for the purpose of receiving such
288 notice, or, if the claimant has not provided any such address, to the
289 claimant's principal place of business as identified on the Secretary of
290 the State's Internet web site. If an address is unavailable through such
291 Internet web site, the debtor may use the claimant's correspondence

292 address.

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

296 (i) The claimant informs the debtor that the claimant has permanently
297 ceased all efforts to collect on the debt identified in the written notice
298 provided pursuant to subparagraph (A) of subdivision (1) of this
299 subsection;

300 (ii) The claimant informs the debtor that the claimant has notified any
301 credit rating agency to which the claimant has furnished negative
302 information regarding the debtor in connection with the coerced debt to
303 delete such information; and

304 (iii) The debtor receives written notice of the information described
305 in subparagraphs (A)(i) and (A)(ii) of this subdivision before the
306 expiration of the thirty-day period described in subdivision (1) of this
307 subsection.

308 (B) A debtor may commence an action under subparagraph (A) of
309 subdivision (1) of subsection (a) of this section, or any other action
310 against a claimant in connection with allegedly coerced debt, if the
311 debtor receives a written notice pursuant to subdivision (4) of
312 subsection (e) of section 3 of this act disclosing the claimant's good faith
313 determination that the available information does not establish that
314 such allegedly coerced debt is coerced debt.

315 (c) A debtor shall attach the documentation described in subdivision
316 (2) of subsection (a) of section 3 of this act to any complaint or
317 counterclaim by the debtor alleging that a debt is coerced debt. A failure
318 by the debtor to attach such documentation shall be grounds for the
319 dismissal of the action against the claimant without prejudice at any
320 time prior to the entry of judgment.

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

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

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

326 (2) A judgment in favor of the claimant against the individual who
327 coerced the debtor into incurring such coerced debt, provided the
328 individual who coerced the debtor into incurring such coerced debt has
329 been made a party to the action in accordance with the provisions of the
330 Connecticut Practice Book and the evidence supports such a judgment;

331 (3) An order awarding the debtor attorney's fees and costs, which
332 shall be paid by the individual who coerced the debtor into incurring
333 the coerced debt, if such individual has been made a party or parties to
334 the action; and

335 (4) An order requiring the claimant, if the claimant has furnished
336 negative information to a credit rating agency regarding the debtor in
337 connection with the coerced debt, to notify such agency to delete such
338 information not later than the tenth business day after the issuance of
339 such order. Such order shall be entered by the court at the time the court
340 determines that the debt is coerced debt.

341 (e) The court shall consider, upon written motion of any party or
342 upon the court's own motion, and in accordance with the provisions of
343 the Connecticut Practice Book, any appropriate steps necessary to
344 prevent abuse of the debtor or an immediate family member of the
345 debtor, including, but not limited to, sealing court records, redacting
346 personal identifying information about the debtor or any immediate
347 family member of the debtor that was improperly filed or directing that
348 any deposition or evidentiary hearing be conducted remotely.

349 (f) If the court determines, in an action described in subsection (a) of
350 this section, that a debt is coerced debt, the claimant or debtor may, at
351 the time the court makes such determination, move the court to make
352 written findings regarding evidence related to any individual who

353 allegedly caused the coerced debt to be incurred, provided any such
 354 individual has been made a party to the action in accordance with the
 355 provisions of the Connecticut Practice Book and the evidence supports
 356 such findings.

357 (g) Where some or all of a claim is established as having arisen from
 358 coerced debt, a claimant shall have standing, and may use all available
 359 rights or remedies, to collect by any lawful means such claim, or portion
 360 of such claim, from any individual determined by the court to have
 361 coerced a debtor into incurring the debt, or against any individual who
 362 used or possessed any money, goods, services or property obtained
 363 through such coerced debt.

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

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

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

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

376 (3) Reduce or eliminate any other rights or defenses available to a
 377 debtor or claimant pursuant to any other law."

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|---|-----------------|-------------|
| 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 |

| | | |
|--------|------------------------|-------------|
| Sec. 4 | <i>January 1, 2025</i> | New section |
|--------|------------------------|-------------|