



Substitute Senate Bill No. 123

Public Act No. 24-77

AN ACT CONCERNING COERCED DEBT.

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

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

(1) "Claim" means a right to receive payment of a credit card debt;

(2) "Claimant" means an entity that has, or purports to have, a claim against a debtor arising from coerced debt or allegedly coerced debt, and includes a consumer collection agency, as defined in section 36a-800 of the general statutes, to collect said debt, or such entity's successor or assignee;

(3) "Coerced debt" means any debt incurred in the name of a debtor who is a victim of domestic violence, as defined in subsection (b) of section 46b-1 of the general statutes, when such debt was incurred in response to any duress, intimidation, threat of force, force or undue influence used to specifically coerce the debtor into incurring such debt;

(4) "Collection activities" means any activity of a claimant to collect or to attempt to collect a debt owed, due or asserted to be owed or due, including, but not limited to, commencing or proceeding with an action in a court of competent jurisdiction;

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

(6) "Debt" means an unsecured credit card debt, or any portion of an unsecured credit card debt, incurred on or after January 1, 2025, for personal, family or household use that (A) was not subject to a final judgment in an action for dissolution of marriage or collection matter which occurred prior to the time when a debtor requests that the claimant waive such debt; or (B) was incurred more than ten years prior to the date of the request;

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

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

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

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

(11) "Requests that the claimant waive such debt" means a request that a claimant waive, forgive, excuse, write off or not collect a debt or portion of a debt.

Sec. 2. (NEW) (*Effective January 1, 2025*) No individual shall knowingly cause another individual to incur coerced debt. Any

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individual who knowingly causes another individual to incur coerced debt (1) shall be civilly liable to the claimant for the amount of the coerced debt or portion of the coerced debt determined by a court to be coerced debt, and (2) may be civilly liable for reasonable attorneys' fees and costs incurred by the debtor in establishing the debt was coerced.

Sec. 3. (NEW) (*Effective January 1, 2025*) (a) A claimant shall suspend all collection activities that concern a debt identified by the debtor as coerced debt until the claimant has completed a review pursuant to subsection (f) of this section, if the debtor provides the claimant with information and documentation, certified by the debtor, that:

(1) Includes the following:

(A) An identification of the debt alleged to be coerced debt;

(B) A description of the circumstances under which the allegedly coerced debt was incurred;

(C) An attested to written statement by the debtor disclosing (i) that the debtor did not willingly authorize the use of the debtor's name or personal information to incur such debt, (ii) specific facts supporting the debtor's allegation, if available, and (iii) if the debtor alleges that only a portion of such debt is coerced debt, the portion of such debt that the debtor alleges is coerced debt;

(D) Any information known by the debtor, including, but not limited to, any credit card number, and the individual in whose name such debt was incurred;

(E) The identity of the individual whom the debtor alleges coerced the debtor into incurring such debt and contact information for such individual, if the debtor knows such contact information, unless the debtor signs a sworn statement that disclosing such information is likely to result in abuse to the debtor or any immediate family member of the

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debtor;

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

(G) Any other documents the debtor deems appropriate to support the request.

(2) In support of the information disclosed pursuant to subdivision (1) of this subsection, attaches not less than one of the following:

(A) A police report;

(B) A restraining order or protective order issued by a court of competent jurisdiction; or

(C) A document prepared by a qualified third-party professional that (i) is based on information the qualified third-party professional received while acting in such qualified third-party professional's professional capacity, (ii) is certified by the qualified third-party professional in the manner specified in subsection (b) of this subsection, and (iii) displays the letterhead, address and telephone number of the office, institution, center or organization that has engaged or employs the qualified third-party professional regardless of whether such qualified third-party professional is financially compensated, or the letterhead, address and telephone number of such qualified third-party professional if such qualified third-party professional is self-employed.

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

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

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

.... (Signature)".

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

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

(e) If, prior to sending the information and documentation described in subsection (a) of this section, a legal action brought by the claimant is pending, the debtor shall file a notice with the court, on a form prescribed by the Judicial Branch, informing the court of the review

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pending with the claimant.

(f) Within ten days of receipt of the information and documentation provided in accordance with subsection (a) of this section, the claimant shall: (1) Suspend collection efforts for a period of sixty days or until it completes its investigation, whichever is longer; and (2) conduct a good faith review to determine whether the debt identified by the debtor in the information and documentation provided in accordance with subsection (a) of this section is coerced debt after considering all information provided by the debtor and all other relevant information available to the claimant.

(g) The claimant shall not commence a legal action to collect such debt while completing such good faith review and, if an action is then pending, the claimant shall not proceed on the action while completing such review. If the claimant has previously furnished negative information about the debtor to a credit rating agency, notify such credit rating agency that the debt identified by the debtor in the information and documentation provided in accordance with subsection (a) of this section is disputed.

(h) Not later than the tenth day after the claimant completes the review pursuant to subdivision (2) of subsection (f) of this section, the claimant shall notify the debtor, in writing, of the claimant's determination and the basis for its determination.

(i) (1) If the claimant determines, in good faith, that the available information establishes that the debt identified by the debtor in the information and documentation provided in accordance with subsection (a) of this section is coerced debt, the claimant shall grant the debtor's request and permanently cease collection activities against the debtor concerning such coerced debt. If a legal action brought by the claimant is then pending, the claimant shall file a notice with the court informing it of the conclusion of its review, and the determination

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resulting therefrom releasing the debtor from the debt.

(2) A claimant that permanently ceases collection activities under subdivision (1) of this subsection shall, if the claimant has furnished negative information to a credit rating agency regarding the debtor in connection with the coerced debt, notify such agency to delete such information. The claimant shall provide such notice not later than the tenth business day after the claimant makes such determination.

(3) If the claimant determines, in good faith, that the available information does not establish that the debt identified by the debtor in the information and documentation provided in accordance with subsection (a) of this section is coerced debt, the claimant may recommence collection activities concerning such debt. The claimant shall not recommence such collection activities until the claimant notifies the debtor, in writing, of such good faith determination. If a legal action brought by the claimant is then pending, the claimant shall file a notice with the court informing it of the conclusion of its review, and the determination resulting therefrom.

(j) Any statute of limitations that may apply to a claimant's claim relating to a debt that is the subject of the information and documentation submitted to the claimant by a debtor under subsection (a) of this section, or a notification submitted to the claimant by a debtor under the provisions of this section, shall be tolled for the duration of any time period during which the claimant is temporarily prevented from commencing a legal action relating to any portion of the debt pursuant to this section.

(k) A debtor is not permitted to avail themselves of this process more than one time with respect to the same debt or any portion thereof.

(l) Nothing in this section or sections 1 and 2 of this act shall:

(1) Require a court to order a claimant to refund any moneys already

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paid on a debt that is determined to be coerced debt;

(2) Diminish the rights of a claimant to recover payment for any coerced debt from any individual who, as determined by the claimant, has coerced a debtor into incurring such coerced debt;

(3) Reduce or eliminate any other rights or defenses available to a debtor at law or in equity; or

(4) Reduce or eliminate any other rights or defenses at law or in equity available to a party determined by the claimant to have coerced the debt.

Approved May 30, 2024