# STATE OF NEW YORK

6751

2019-2020 Regular Sessions

# IN SENATE

September 25, 2019

Introduced by Sen. SALAZAR -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the general business law, in relation to debt relief from predatory debt collectors

**The People of the State of New York, represented in Senate and Assembly, do enact as follows:**

Section 1. Section 602 of the general business law is amended by adding a new subdivision 4 to read as follows:

**4. In addition to the right of action granted to the attorney general pursuant to this section and section three hundred forty-nine of this chapter, if a principal creditor employs any deceptive acts or practices in collecting a debt from a debtor, or violates one or more provisions of section six hundred one of this article in collecting a debt from a debtor, such debtor may bring an action or counterclaim and may thereby extinguish the debt allegedly owed, in whole or in part. The court shall extinguish the debt in its entirety if the debtor has assets less than that of the principal creditor who has employed deceptive acts or practices, provided that the debtor has not committed a criminal fraud under the penal law. The court shall place significant weight on the state's policy of deterring deceptive acts and practices in connection with debt collection, as well as the state's interest in providing meaningful debt relief to its citizens. The court may award reasonable attorney's fees to a prevailing debtor.**

§ 2. This act shall take effect immediately.

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

LBD13564-01-9