

# STATE OF NEW YORK

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3703

2021-2022 Regular Sessions

## IN ASSEMBLY

January 28, 2021

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Introduced by M. of A. KIM -- read once and referred to the Committee on Judiciary

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:

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

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

18 § 2. This act shall take effect immediately.

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

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