

# STATE OF NEW YORK

1353--A

2025-2026 Regular Sessions

## IN SENATE

January 9, 2025

Introduced by Sens. CLEARE, COMRIE, HOYLMAN-SIGAL, JACKSON, MYRIE, SALAZAR, WEBB -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection -- reported favorably from said committee and committed to the Committee on Judiciary -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the general business law, in relation to establishing a right of action for claims arising out of coerced debts

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

1 Section 1. The general business law is amended by adding a new article  
2 29-HHH to read as follows:

### ARTICLE 29-HHH

#### ACTIONS INVOLVING COERCED DEBTS

##### Section 604-aa. Definitions.

604-bb. Notice of coerced debt.

604-cc. Coerced debt cause of action and affirmative defense.

§ 604-aa. Definitions. As used in this article, the following terms shall have the following meanings:

1. "Action" means any civil judicial proceeding as defined in section one hundred five of the civil practice law and rules.

2. "Adequate documentation of coerced debt" means documentation that identifies a particular debt, or a portion thereof, as coerced debt, describes the circumstances under which such coerced debt was incurred, and takes the form of any of the following:

(a) a police report;

(b) a federal trade commission identity theft report that identifies a particular debt, or portion thereof, as a coerced debt;

(c) an order from a court of competent jurisdiction setting forth findings of coerced debt; or

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

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1 (d) a written verification, from a qualified third party to whom the  
2 debtor reported the coerced debt, which shall be satisfied by any sworn  
3 or notarized statement including the required information as well as the  
4 name, mailing address, and email address or telephone number, as appli-  
5 cable, of such qualified third party's employer or, if self-employed, of  
6 such qualified third party.

7 3. "Coerced debt" is debt incurred as a result of economic abuse,  
8 including but not limited to, by means of fraud, duress, intimidation,  
9 threat, force, coercion, manipulation, or undue influence, the non-con-  
10 sensual use of the debtor's personal information.

11 4. "Creditor" means any person, firm, corporation or organization to  
12 whom a debt is owed, due, or asserted to be due or owed, or any assignee  
13 for value of said person, firm, corporation or organization, including  
14 any debt collection agency or debt collector as defined by section six  
15 hundred of this chapter; provided, however, that "creditor" shall not  
16 include a person to whom a debt is allegedly owed, due, or asserted to  
17 be due or owed, where the person asserting such claim caused the debt to  
18 arise by engaging in one or more acts of coercion, as identified in  
19 subdivision three of this section, against the debtor.

20 5. "Debt" means any obligation or alleged obligation of a consumer to  
21 pay money arising out of a transaction in which the money, property,  
22 insurance, rental arrears owed for use and occupancy of a dwelling, or  
23 services which are the subject of such transaction are primarily for  
24 personal, family, or household purposes, whether or not such obligation  
25 has been reduced to a judgment.

26 6. "Debtor" means any natural person who owes or who is asserted to  
27 owe a debt.

28 7. "Economic abuse", in the context of intimate relationships or  
29 relationships between family or household members as defined by section  
30 four hundred fifty-nine-a of the social services law, relationships  
31 between victims of human trafficking and traffickers, or relationships  
32 between children, the elderly, or individuals eligible for protective  
33 services under subdivision one of section four hundred seventy-three of  
34 the social services law, and their caregivers, means behavior that is  
35 coercive, deceptive, manipulative, or that controls, restrains, or  
36 sabotages a person's ability to acquire, use, or maintain economic  
37 resources to which they are entitled, including but not limited to using  
38 coercion, fraud, or manipulation to:

39 (a) restrict a person's access to money, assets, credit, or financial  
40 information;

41 (b) unfairly use a person's personal information or personal economic  
42 resources, including money, assets, and/or credit; or

43 (c) exert undue influence over a person's financial and economic  
44 behavior or decisions, including but not limited to forcing default on  
45 joint or other financial obligations, exploiting powers of attorney,  
46 guardianship, or conservatorship, or failing or neglecting to act in the  
47 best interests of a person to whom one has a fiduciary duty.

48 8. "Personal information" includes, but is not limited to, a name,  
49 address, telephone or mobile phone number, driver registration number or  
50 non-driver identification card number, social security number, email  
51 address, social media profile or screen name, place of employment,  
52 employee identification number, mother's maiden name, financial services  
53 account number or code, savings account number or code, checking account  
54 number or code, debit or credit card number or code, automated teller  
55 machine number or code, electronic serial number, any personal identifi-  
56 cation number or password of a debtor, and a debtor's personal docu-

1 ments, including, but not limited to, such debtor's driver's license or  
2 non-driver identification card, passport, permanent resident card, visa,  
3 birth certificate, social security card, and any copies thereof or  
4 information contained therein. "Personal identification number or pass-  
5 word", as used in this subdivision, means any number or alphanumeric  
6 code which may be used alone or in conjunction with any other informa-  
7 tion to assume the identity of another person or access financial  
8 resources or credit information of another person.

9 9. "Pleading" means any complaint, petition, counterclaim, cross-  
10 claim, interpleader complaint, third-party complaint or any similar  
11 papers asserting a claim and demand for relief required to be filed with  
12 the court pursuant to rule twenty-one hundred two of the civil practice  
13 law and rules, the rules of the chief administrator of the courts, or  
14 any local rule or practice established by the court.

15 10. "Qualified third party" means any (a) law enforcement officer; (b)  
16 employee of a court of the state; (c) attorney, physician, psychiatrist,  
17 psychologist, social worker, registered nurse, therapist, or clinical  
18 professional counselor licensed to practice in any state; (d) person  
19 employed by or working on behalf of a government or non-profit office,  
20 agency, or service that advises or provides services to persons regard-  
21 ing domestic violence, family violence, human trafficking, or abuse of  
22 children, the elderly, or dependent adults; or (e) member of the clergy  
23 of a church or religious society or denomination.

24 § 604-bb. Notice of coerced debt. 1. Upon receipt of the following, a  
25 creditor shall cease collection activities until completion of the  
26 review under subdivision three of this section:

27 (a) adequate documentation of coerced debt; and

28 (b) the debtor's statement that a particular debt being collected, or  
29 portion thereof, is coerced debt.

30 2. (a) If a debtor notifies a creditor, either orally or in writing,  
31 that a debt is a coerced debt but does not provide the documentation  
32 required in subdivision one of this section, or such documentation is  
33 insufficient, such creditor shall provide written notice to such debtor  
34 that includes the following text:

35 "UNDER NEW YORK GENERAL BUSINESS LAW 604-BB, YOU HAVE THE RIGHT TO  
36 DISPUTE DEBT THAT YOU BELIEVE IS COERCED DEBT. A DEBT IS "COERCED" WHEN  
37 IT IS INCURRED IN A CONSUMER'S NAME BECAUSE OF THREATS, INTIMIDATION, OR  
38 FORCE BY ANOTHER PERSON.

39 TO DISPUTE COERCED DEBT, YOU MUST SUBMIT A "NOTICE OF COERCED DEBT" IN  
40 WRITING. THE "NOTICE OF COERCED DEBT" MUST INCLUDE TWO DOCUMENTS:

41 1 - A SWORN OR NOTARIZED STATEMENT BY YOU, THE ALLEGED DEBTOR, STATING  
42 THAT A CERTAIN DEBT OR PORTION OF A DEBT BEING COLLECTED IS COERCED  
43 DEBT.

44 2 - "ADEQUATE DOCUMENTATION OF COERCED DEBT"

45 TO PROVIDE "ADEQUATE DOCUMENTATION OF COERCED DEBT," YOU ARE REQUIRED  
46 TO PROVIDE ONLY ONE OF THE FOLLOWING DOCUMENTS, BUT YOU MAY PROVIDE MORE  
47 THAN ONE.

48 1 - A POLICE REPORT

49 2 - A FEDERAL TRADE COMMISSION IDENTITY THEFT REPORT

50 3 - A COURT ORDER FINDING THAT THE DEBT WAS COERCED

51 4 - A NOTARIZED STATEMENT FROM A "QUALIFIED THIRD PARTY" THAT YOU  
52 REPORTED THE COERCED DEBT TO.

53 EXAMPLES OF "QUALIFIED THIRD PARTIES" INCLUDE SOCIAL WORKERS AND  
54 ATTORNEYS; DOCTORS, NURSES, AND THERAPISTS; EMPLOYEES FROM GOVERNMENT OR  
55 NON-PROFIT AGENCIES THAT WORK WITH SURVIVORS OF VIOLENCE; MEMBERS OF THE  
56 CLERGY; ELECTED OFFICIALS; AND LAW ENFORCEMENT OFFICERS.

1 NO MATTER WHICH FORM OF "ADEQUATE DOCUMENTATION OF COERCED DEBT" YOU  
2 PROVIDE, IT MUST IDENTIFY THE PARTICULAR DEBT, STATE THAT IT IS COERCED  
3 DEBT, AND DESCRIBE THE CIRCUMSTANCES THAT CAUSED THE DEBT TO BE  
4 INCURRED.

5 TO DISPUTE DEBT THAT YOU BELIEVE IS COERCED DEBT, PLEASE SEND THE  
6 REQUIRED DOCUMENTS TO (DESIGNATED ADDRESS). AFTER RECEIVING YOUR NOTICE  
7 OF COERCED DEBT, WE WILL INVESTIGATE YOUR CLAIM AND RESPOND IN WRITING  
8 WITHIN 35 BUSINESS DAYS. FOR MORE INFORMATION, PLEASE CALL (DESIGNATED  
9 PHONE NUMBER)."

10 (b) If a debtor notifies a creditor in writing that a particular debt  
11 being collected, or portion thereof, is coerced debt, but omits informa-  
12 tion under subdivision one of this section, and if such creditor does  
13 not cease such collection activities, such creditor shall provide writ-  
14 ten notice to such debtor of the additional information that is  
15 required.

16 3. (a) Within ten business days of receiving the information under  
17 subdivision one of this section, the creditor shall, if such creditor  
18 furnishes adverse information about the debtor to a consumer reporting  
19 agency, notify such consumer reporting agency that the account is  
20 disputed.

21 (b) Within thirty business days of receiving the information under  
22 subdivision one of this section, the creditor shall complete a review  
23 considering all information provided by the debtor and other information  
24 available to such creditor in such creditor's file. In connection with  
25 such review and communication of the outcome of such review, the credi-  
26 tor shall:

27 (i) neither directly nor indirectly contact the individual accused of  
28 causing the coerced debt to be incurred;

29 (ii) use only the contact information the debtor provides with the  
30 information under subdivision one of this section when attempting to  
31 contact such debtor and shall not use any other contact information,  
32 even if associated with the account under review, when attempting to  
33 contact such debtor; and

34 (iii) not disclose the documents, information, or contact information  
35 the debtor provides with the information under subdivision one of this  
36 section to any other person, including, but not limited to, joint  
37 account holders, without such debtor's express written authorization.  
38 For purposes of this subparagraph, sending documents, information, or  
39 contact information the debtor provides under subdivision one of this  
40 section to a mailing or electronic mail address other than the one  
41 provided by the debtor constitutes unlawful disclosure to a third party,  
42 even if such mail or electronic mail address is associated with the  
43 account.

44 (c) Within five business days of completing the review under paragraph  
45 (b) of this subdivision, a creditor who recommences collection activ-  
46 ities based on such review shall notify the debtor in writing of such  
47 creditor's determination and the good faith basis for such determi-  
48 nation, and shall enclose all documents and information upon which such  
49 creditor bases its determination therewith, provided however such  
50 documentation shall not include personally identifiable information of  
51 another person. Such written notice shall include a notice of the  
52 debtor's right to request reconsideration of such determination to  
53 recommence collection activities under subdivision four of this section.

54 (d) Within five business days of completing the review under paragraph  
55 (b) of this subdivision, a creditor who ceases collection activities

1 under this section and, based on such review, does not recommence such  
2 collection activities, shall:

3 (i) notify the debtor in writing that it is ceasing collection activ-  
4 ities based on such debtor's claim of coerced debt;

5 (ii) contact any consumer reporting agencies to which it furnishes  
6 information about the debtor and the particular debt and instruct such  
7 consumer reporting agencies to delete such information; and

8 (iii) if the creditor is also a debt collector or debt collection  
9 agency, as defined in section six hundred of this chapter, notify the  
10 original creditor that it has ceased collection activities because the  
11 debt was found to be a coerced debt.

12 4. A debtor who receives written notice under paragraph (c) of subdi-  
13 vision three of this section that the creditor will recommence  
14 collection activities against such debtor based on such creditor's  
15 determination under subdivision three of this section may make a request  
16 to the creditor that the creditor reconsider such determination to  
17 recommence collection activities within thirty days of the date of mail-  
18 ing of such written determination. A debtor requesting reconsideration  
19 of a creditor's determination to recommence collection activities shall  
20 be permitted to submit additional adequate documentation of coerced  
21 debt, as defined in this article. A creditor who receives a debtors  
22 request for reconsideration shall complete a review of all information,  
23 including additional adequate documentation submitted, within thirty  
24 days of receiving such request. Submitting a request for reconsider-  
25 ation of the determination to the creditor shall not be a condition to  
26 bringing an action under section six hundred four-cc of this article.

27 5. No inference or presumption that the debt is valid or invalid, or  
28 that the debtor is liable or not liable for such debt, shall arise if  
29 the creditor decides after completing the review under subdivision three  
30 of this section to cease or recommence the debt collection activities.  
31 The exercise or non-exercise of rights under this section shall not  
32 constitute a waiver of any other right or defense of the debtor, credi-  
33 tor, debt collector, or any other person.

34 6. Ceasing collection activities under this section shall not toll the  
35 statute of limitations period on any action to collect the debt.

36 7. If at any time any individual or entity, including, but not limited  
37 to the creditor, such creditor's assignor, or any assignee, recommences  
38 collection activities on the debt after ceasing collection activities on  
39 such debt based on such creditor's review of such debtor's notice of  
40 coerced debt, such debtor may submit a subsequent notice of coerced  
41 debt. A subsequent notice of coerced debt submitted under this subdivi-  
42 sion shall be governed by subdivisions one through six of this section.

43 8. A debtor injured by a violation of this section shall have a cause  
44 of action against the creditor to recover statutory damages of one thou-  
45 sand dollars, actual damages, if any, and the costs and attorneys' fees  
46 reasonably incurred in bringing such action.

47 § 604-cc. Coerced debt cause of action and affirmative defense. 1. A  
48 person shall not cause another person to incur a coerced debt. A person  
49 who causes another person to incur a coerced debt in violation of this  
50 subdivision shall be civilly liable to the creditor, and/or the debtor  
51 in whose name such coerced debt was incurred if such debtor has already  
52 paid all or part of such coerced debt, for the amount of such debt, or  
53 portion thereof, determined by the court to be a coerced debt, as well  
54 as such creditor's and/or debtor's costs and attorneys' fees reasonably  
55 incurred in bringing the action. An action under this subdivision shall  
56 be commenced within three years of the later of: (a) the creditor's

1 determination that all or part of such debt is coerced debt; or (b) a  
2 court's determination that all or part of such debt is coerced debt.

3 2. (a) A debtor shall have a cause of action against a creditor in any  
4 court having jurisdiction to issue a declaratory judgment establishing  
5 that a debt or portion of a debt asserted to be owed to such creditor is  
6 a coerced debt. Notwithstanding section one thousand one of the civil  
7 practice law and rules, any individual alleged to have caused such  
8 coerced debt to be incurred shall not be a necessary party to such  
9 action. Such action shall not be commenced and maintained unless the  
10 following conditions are satisfied:

11 (i) (1) the debtor provides by first class mail with certification of  
12 mailing, certified mail, overnight delivery, or other method that allows  
13 for confirmation of the date of mailing, the notice of coerced debt or  
14 subsequent notice of coerced debt under section six hundred four-bb of  
15 this article, provided, however, that receipt of the notice of coerced  
16 debt shall not be a condition to bringing such action if it is sent in a  
17 properly addressed envelope; and

18 (2) the thirty-day period under paragraph (b) of subdivision three of  
19 section six hundred four-bb of this article has expired and the debtor  
20 has not received written notice that collection activities have ceased;  
21 or

22 (ii) the debtor receives a written determination under paragraph (c)  
23 of subdivision three of section six hundred four-bb of this article that  
24 the particular disputed debt is not coerced debt.

25 (b) The submission of a request for reconsideration under subdivision  
26 four of section six hundred four-bb of this article of the creditor's  
27 decision to recommence debt collection activities based on such credi-  
28 tor's review of the debtor's notice of coerced debt is not a condition  
29 to commencing an action under this subdivision.

30 3. In an action under subdivision two of this section, a debtor shall  
31 plead the allegations of coerced debt with particularity and shall  
32 attach the documents provided to the creditor pursuant to subdivision  
33 one of section six hundred four-bb of this article to any complaint.

34 4. A debtor who establishes by a preponderance of the evidence in an  
35 action pursuant to subdivision two of this section that a debt or  
36 portion of a debt asserted to be owed to the creditor is coerced debt  
37 shall be entitled to the following relief:

38 (a) a declaratory judgment stating that the debt or portion thereof is  
39 coerced debt and that the alleged debtor shall not be liable for such  
40 coerced debt;

41 (b) an order enjoining or restraining the creditor from holding or  
42 attempting to hold the debtor personally liable for the coerced debt or  
43 attempting to obtain or enforce any judgment thereon against such debtor  
44 and enjoining and restraining all future collection activities with  
45 respect to such debt;

46 (c) an order dismissing any other cause of action brought by the cred-  
47 itor to enforce or collect the coerced debt from the debtor;

48 (d) if the creditor has furnished adverse information to a consumer  
49 reporting agency with respect to such coerced debt, an order directing  
50 the creditor to notify such agency to delete all such adverse informa-  
51 tion; and

52 (e) the costs and attorneys' fees reasonably incurred in bringing such  
53 action.

54 5. In any action by a creditor against a debtor to collect a debt, it  
55 shall be an affirmative defense to such action that all or a portion of  
56 the debt is coerced debt. Providing notice to the creditor under

1 section six hundred four-bb of this article shall not be a prerequisite  
2 to asserting such defense; provided, however, the documents described in  
3 subdivision one of section six hundred four-bb of this article shall be  
4 annexed to the debtor's answer. A debtor who prevails on an affirmative  
5 defense of coerced debt shall be entitled to the costs and attorneys'  
6 fees reasonably incurred in defending against the action. Notwithstand-  
7 ing section one thousand one of the civil practice law and rules, any  
8 individual alleged to have caused such coerced debt to be incurred shall  
9 not be or become a necessary party to such action.

10 6. An action pursuant to subdivision two of this section shall be  
11 commenced within three years after the date on which the debtor provided  
12 the notice of coerced debt pursuant to section six hundred four-bb of  
13 this article to the creditor; provided, however, that if such creditor,  
14 its assignor, or any assignee recommences collection activities on the  
15 debt after ceasing collection activities on such debt based on such  
16 creditor's review of the debtor's claim of coerced debt, such debtor  
17 shall have the right to file a subsequent notice of coerced debt pursu-  
18 ant to subdivision seven of section six hundred four-bb of this article  
19 and the statute of limitations shall commence on the date on which such  
20 debtor provided such subsequent notice of coerced debt.

21 7. If requested by the debtor, the court presiding over any action in  
22 which coerced debt is raised as a claim or affirmative defense shall  
23 take appropriate steps necessary to prevent abuse of such debtor or an  
24 immediate family member of such debtor, including but not limited to the  
25 sealing of court records, the redaction of such debtor's or their imme-  
26 diated family member's personal information, and/or directing that any  
27 disposition or hearing be held remotely.

28 8. The provisions of this article shall not be construed so as to  
29 prevent a creditor from enforcing any claim or collecting judgment aris-  
30 ing out of a lawful debt or portion thereof from any other person or  
31 entity other than the coerced debtor.

32 9. For debts secured by real or personal property, the private cause  
33 of action and affirmative defense authorized by this section shall  
34 affect only the debtor's liability for any deficiency after the foreclo-  
35 sure, repossession, or surrender and disposition of the subject collat-  
36 eral.

37 10. Whenever there shall be a violation of this section, an applica-  
38 tion may be made by the attorney general in the name of the people of  
39 the state of New York to a court or justice having jurisdiction to issue  
40 an injunction, and upon notice to the defendant of not less than five  
41 days, to enjoin and restrain the continuance of such violations. If it  
42 shall appear to the satisfaction of the court or justice that the  
43 defendant has, in fact, violated this section, an injunction may be  
44 issued by such court or justice, enjoining or restraining any violation,  
45 without requiring proof that any person has, in fact, been injured or  
46 damaged thereby. In any such proceeding the court may make allowances to  
47 the attorney general as provided in section eighty-three hundred three  
48 of the civil practice law and rules, and may make direct restitution. In  
49 connection with any such proposed application, the attorney general is  
50 authorized to take proof and make a determination of the relevant facts  
51 and to issue subpoenas in accordance with the civil practice law and  
52 rules. Whenever the court shall determine that a violation of this  
53 section has occurred, the court may impose a civil penalty for each  
54 violation up to five thousand dollars.

55 § 2. This act shall take effect on the ninetieth day after it shall  
56 have become a law.