

STATE OF NEW YORK

8830

IN SENATE

January 8, 2026

Introduced by Sen. CLEARE -- 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 actions involving coerced debts; and to amend a chapter of the laws of 2025 amending the general business law relating to establishing a right of action for claims arising out of coerced debts, as proposed in legislative bills numbers S. 1353-B and A. 3038-B, in relation to the effectiveness thereof

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

1 Section 1. Article 29-HHH of the general business law, as added by a
2 chapter of the laws of 2025 amending the general business law relating
3 to establishing a right of action for claims arising out of coerced
4 debts, as proposed in legislative bills numbers S. 1353-B and A. 3038-B,
5 is amended to read as follows:

ARTICLE 29-HHH

ACTIONS INVOLVING COERCED DEBTS

6 Section 604-aa. Definitions.

7 604-bb. Notice of coerced debt.

8 604-cc. Coerced debt cause of action and affirmative defense.

9 604-dd. Application to secured debt.

10 604-ee. Right of action against person who causes another to
11 incur coerced debt.

12 604-ff. Attorney general enforcement.

13 604-gg. Scope.

14 § 604-aa. Definitions. As used in this article, the following terms
15 shall have the following meanings:

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

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

22 (a) a police report;

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

LBD04056-06-6

1 (b) a [~~federal trade commission identity theft report~~] copy of an
2 official, valid report filed by the debtor with a federal, state or
3 local law enforcement agency, the filing of which subjects the person
4 filing the report to criminal penalties relating to the filing of false
5 information, if, in fact, the information in the report is false, that
6 identifies a particular debt, or portion thereof, as a coerced debt;

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

9 (d) a written verification, from a qualified third party to whom the
10 debtor reported the coerced debt while the qualified third party was
11 acting in their professional capacity, which shall be satisfied by any
12 sworn or notarized statement including the required information as well
13 as the name, mailing address, and email address or telephone number, as
14 applicable, of such qualified third party's employer or, if self-em-
15 ployed, of such qualified third party.

16 3. "Coerced debt" [~~is debt incurred as a result of economic abuse,~~
17 ~~including but not limited to, by means of fraud, duress, intimidation,~~
18 ~~threat, force, coercion, manipulation, or undue influence, the non-con-~~
19 ~~sensual use of the debtor's personal information] means a debt arising
20 out of a transaction primarily for personal, family or household
21 purposes that was incurred because of duress, intimidation, threat,
22 force, coercion, manipulation, or undue influence within the context of
23 intimate relationships or relationships between family or household
24 members as defined by section four hundred fifty-nine-a of the social
25 services law, relationships between victims of human trafficking and
26 traffickers as defined by paragraph (i) of subdivision (c) of section
27 four hundred eighty-three-bb of the social services law, relationships
28 between children and their parents or caretakers as defined in subdivi-
29 sions (b) and (c) of section one thousand ninety-two of the family court
30 act, the elderly or individuals eligible for protective services under
31 subdivision one of section four hundred seventy-three of the social
32 services law, and their caregivers.~~

33 4. "Creditor" means any person, firm, corporation or organization to
34 whom a debt is owed, due, or asserted to be due or owed, [~~or~~] any assignee
35 for value of said person, firm, corporation or organization,
36 [~~including~~] or any debt collection agency or debt collector as defined
37 by section six hundred of this chapter; provided, however, that "credi-
38 tor" shall not include a person to whom a debt is allegedly owed, due,
39 or asserted to be due or owed, where the person asserting such claim
40 caused the debt to arise by engaging in one or more acts of coercion, as
41 identified in subdivision three of this section, against the debtor.

42 5. [~~"Debt" means any obligation or alleged obligation of a consumer to~~
43 ~~pay money arising out of a transaction in which the money, property,~~
44 ~~insurance, rental arrears owed for use and occupancy of a dwelling, or~~
45 ~~services which are the subject of such transaction are primarily for~~
46 ~~personal, family, or household purposes, whether or not such obligation~~
47 ~~has been reduced to a judgment.~~

48 ~~6.]~~ "Debtor" means any natural person who owes or who is asserted to
49 owe a debt.

50 [~~7. "Economic abuse", in the context of intimate relationships or~~
51 ~~relationships between family or household members as defined by section~~
52 ~~four hundred fifty nine a of the social services law, relationships~~
53 ~~between victims of human trafficking and traffickers, or relationships~~
54 ~~between children, the elderly, or individuals eligible for protective~~
55 ~~services under subdivision one of section four hundred seventy-three of~~
56 ~~the social services law, and their caregivers, means behavior that is~~

~~1 coercive, deceptive, manipulative, or that controls, restrains, or
2 sabotages a person's ability to acquire, use, or maintain economic
3 resources to which they are entitled, including but not limited to using
4 coercion, fraud, or manipulation to:~~

~~5 (a) restrict a person's access to money, assets, credit, or financial
6 information;~~

~~7 (b) unfairly use a person's personal information or personal economic
8 resources, including money, assets, and/or credit; or~~

~~9 (c) exert undue influence over a person's financial and economic
10 behavior or decisions, including but not limited to forcing default on
11 joint or other financial obligations, exploiting powers of attorney,
12 guardianship, or conservatorship, or failing or neglecting to act in the
13 best interests of a person to whom one has a fiduciary duty.~~

14 ~~8.]~~ 6. "Personal information" includes, but is not limited to, a name,
15 address, telephone or mobile phone number, driver registration number or
16 non-driver identification card number, social security number, email
17 address, social media profile or screen name, place of employment,
18 employee identification number, mother's maiden name, financial services
19 account number or code, savings account number or code, checking account
20 number or code, debit or credit card number or code, automated teller
21 machine number or code, electronic serial number, any personal identifi-
22 cation number or password of a debtor, and a debtor's personal docu-
23 ments, including, but not limited to, such debtor's driver's license or
24 non-driver identification card, passport, permanent resident card, visa,
25 birth certificate, social security card, and any copies thereof or
26 information contained therein. "Personal identification number or pass-
27 word", as used in this subdivision, means any number or alphanumeric
28 code which may be used alone or in conjunction with any other informa-
29 tion to assume the identity of another person or access financial
30 resources or credit information of another person.

~~31 [9. "Pleading" means any complaint, petition, counterclaim, cross-
32 claim, interpleader complaint, third party complaint or any similar
33 papers asserting a claim and demand for relief required to be filed with
34 the court pursuant to rule twenty-one hundred two of the civil practice
35 law and rules, the rules of the chief administrator of the courts, or
36 any local rule or practice established by the court.~~

37 ~~10.]~~ 7. "Qualified third party" means any (a) law enforcement officer;
38 (b) employee of a court of the state, court-appointed special advocate;
39 (c) attorney, physician, psychiatrist, psychologist, social worker,
40 registered nurse, therapist, or clinical professional counselor licensed
41 to practice in any state; (d) person employed by or working on behalf of
42 a government or non-profit office, agency, or service that advises or
43 provides services to persons regarding domestic violence, family
44 violence, human trafficking, or abuse of children, the elderly, or
45 dependent adults; or (e) member of the clergy of a church or religious
46 society or denomination.

47 § 604-bb. Notice of coerced debt. 1. [~~Upon~~] Within ten business days
48 of receipt of the following, a creditor shall cease collection activ-
49 ities until completion of the review under subdivision three of this
50 section:

51 (a) adequate documentation of coerced debt; and

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

54 2. (a) If a debtor notifies a creditor, either orally or in writing,
55 that a debt is a coerced debt but does not provide the documentation
56 required in subdivision one of this section, or such documentation is

1 insufficient, such creditor shall provide written notice to such debtor
2 that includes the following text:

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

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

9 1 - A SWORN OR NOTARIZED STATEMENT BY YOU, THE ALLEGED DEBTOR, UNDER
10 PENALTY OF PERJURY, STATING THAT A CERTAIN DEBT OR PORTION OF A DEBT
11 BEING COLLECTED IS COERCED DEBT.

12 2 - "ADEQUATE DOCUMENTATION OF COERCED DEBT"

13 TO PROVIDE "ADEQUATE DOCUMENTATION OF COERCED DEBT," YOU ARE REQUIRED
14 TO PROVIDE ONLY ONE OF THE FOLLOWING DOCUMENTS, BUT YOU MAY PROVIDE MORE
15 THAN ONE.

16 1 - A POLICE REPORT

17 2 - A [~~FEDERAL TRADE COMMISSION IDENTITY THEFT REPORT~~] COPY OF AN
18 OFFICIAL VALID REPORT FILED BY YOU WITH A FEDERAL, STATE OR LOCAL LAW
19 ENFORCEMENT AGENCY

20 3 - A COURT ORDER FINDING THAT THE DEBT WAS COERCED

21 4 - A NOTARIZED STATEMENT FROM A "QUALIFIED THIRD PARTY" THAT YOU
22 REPORTED THE COERCED DEBT TO.

23 EXAMPLES OF "QUALIFIED THIRD PARTIES" INCLUDE SOCIAL WORKERS AND
24 ATTORNEYS; DOCTORS, NURSES, AND THERAPISTS; EMPLOYEES FROM GOVERNMENT OR
25 NON-PROFIT AGENCIES THAT WORK WITH SURVIVORS OF VIOLENCE; MEMBERS OF THE
26 CLERGY; [~~ELECTED OFFICIALS~~] AND LAW ENFORCEMENT OFFICERS.

27 NO MATTER WHICH FORM OF "ADEQUATE DOCUMENTATION OF COERCED DEBT" YOU
28 PROVIDE, IT MUST IDENTIFY THE PARTICULAR DEBT, STATE THAT IT IS COERCED
29 DEBT, AND DESCRIBE THE CIRCUMSTANCES THAT CAUSED THE DEBT TO BE
30 INCURRED.

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

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

42 3. (a) Within ten business days of receiving all the information
43 required under subdivision one of this section, the creditor shall, if
44 such creditor furnishes adverse information about the debtor to a
45 consumer reporting agency, notify such consumer reporting agency that
46 the account is disputed.

47 (b) Within thirty business days of receiving all the information
48 required under subdivision one of this section, the creditor shall
49 complete a review considering all information provided by the debtor and
50 other information available to such creditor in such creditor's file.
51 In connection with such review and communication of the outcome of such
52 review, the creditor shall:

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

55 (ii) use only the contact information the debtor provides with the
56 information under subdivision one of this section when attempting to

1 contact such debtor and shall not use any other contact information,
2 even if associated with the account under review, when attempting to
3 contact such debtor; and

4 (iii) not disclose the documents, information, or contact information
5 the debtor provides with the information under subdivision one of this
6 section to any other person, including, but not limited to, joint
7 account holders, without such debtor's express written authorization,
8 except as reasonably necessary to bring and maintain an action author-
9 ized by subdivision one of section six hundred four-cc of this article,
10 provided that under no circumstance shall the creditor disclose the
11 contact information of the debtor unless directed by a court and such
12 court shall only direct the disclosure of such information in a manner
13 reasonably calculated to protect the safety of the debtor. For purposes
14 of this subparagraph, sending documents, information, or contact infor-
15 mation the debtor provides under subdivision one of this section to a
16 mailing or electronic mail address other than the one provided by the
17 debtor constitutes unlawful disclosure to a third party, even if such
18 mail or electronic mail address is associated with the account.

19 (c) Within five business days of completing the review under paragraph
20 (b) of this subdivision, a creditor who recommences collection activ-
21 ities based on such review shall notify the debtor in writing of such
22 creditor's determination and the good faith basis for such determi-
23 nation~~[, and shall enclose all documents and information upon which such~~
24 ~~creditor bases its determination therewith]~~, provided however such
25 documentation shall not include personally identifiable information of
26 another person. [~~Such~~ The written notice shall also include a notice
27 of the debtor's right to request reconsideration of such determination
28 to recommence collection activities under subdivision four of this
29 section.

30 (d) Within five business days of completing the review under paragraph
31 (b) of this subdivision, a creditor who ceases collection activities
32 under this section and, based on such review, does not recommence such
33 collection activities, shall:

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

36 (ii) contact any consumer reporting agencies to which it furnishes
37 information about the debtor and the particular debt and instruct such
38 consumer reporting agencies to delete such information; and

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

43 4. A debtor who receives written notice under paragraph (c) of subdivi-
44 sion three of this section that the creditor will recommence
45 collection activities against such debtor based on such creditor's
46 determination under subdivision three of this section may make a request
47 to the creditor that the creditor reconsider such determination to
48 recommence collection activities within thirty days of the date of mail-
49 ing of such written determination. A debtor requesting reconsideration
50 of a creditor's determination to recommence collection activities shall
51 be permitted to submit additional adequate documentation of coerced
52 debt, as defined in this article. A creditor who receives a debtors
53 request for reconsideration shall complete a review of all information,
54 including additional adequate documentation submitted, within thirty
55 days of receiving such request. Any further reconsideration of the cred-
56 itor's determination with regard to such particular debt shall be at the

1 discretion of the creditor. Submitting a request for reconsideration of
 2 the determination to the creditor shall not be a condition to bringing
 3 an action under section six hundred four-cc of this article.

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

11 ~~6. [Ceasing collection activities under this section shall not toll~~
 12 ~~the statute of limitations period on any action to collect the debt.~~

13 ~~7.]~~ If at any time any individual or entity, including, but not limit-
 14 ed to the creditor, such creditor's assignor, or any assignee, recom-
 15 mences collection activities on the debt after ceasing collection activ-
 16 ities on such debt [~~based on such creditor's review of such debtor's~~
 17 ~~notice of coerced debt~~] after the creditor determined the debt was a
 18 coerced debt, such debtor may submit a subsequent notice of coerced
 19 debt. A subsequent notice of coerced debt submitted under this subdivi-
 20 sion shall be governed by subdivisions one through [~~six~~] five of this
 21 section.

22 [~~8.-A~~] 7. (a) If a debtor injured by a violation of this section noti-
 23 fies the creditor of such violation, the creditor shall have fifteen
 24 days to cure such violation. If the creditor determines the violation is
 25 able to be cured, the creditor shall make any and all reasonable adjust-
 26 ments or corrections necessary to cure the violation with respect to the
 27 debtor. If the debtor notifies the creditor of a violation and the
 28 violation is not cured with respect to the debtor within fifteen days,
 29 and such inability to cure is not the result of a bona fide error, the
 30 debtor shall have a cause of action against the creditor to recover
 31 statutory damages of one thousand dollars, actual damages, if any, and
 32 the costs and reasonable attorneys' fees [~~reasonably~~] incurred in bring-
 33 ing such action.

34 (b) Collection activities, for the purposes of this section, do not
 35 include any communication between a creditor or debtor that is required
 36 by state or federal law or regulation.

37 § 604-cc. Coerced debt cause of action and affirmative defense. 1. [~~A~~
 38 ~~person shall not cause another person to incur a coerced debt. A person~~
 39 ~~who causes another person to incur a coerced debt in violation of this~~
 40 ~~subdivision shall be civilly liable to the creditor, and/or the debtor~~
 41 ~~in whose name such coerced debt was incurred if such debtor has already~~
 42 ~~paid all or part of such coerced debt, for the amount of such debt, or~~
 43 ~~portion thereof, determined by the court to be a coerced debt, as well~~
 44 ~~as such creditor's and/or debtor's costs and attorneys' fees reasonably~~
 45 ~~incurred in bringing the action. An action under this subdivision shall~~
 46 ~~be commenced within three years of the later of: (a) the creditor's~~
 47 ~~determination that all or part of such debt is coerced debt, or (b) a~~
 48 ~~court's determination that all or part of such debt is coerced debt.~~

49 ~~2.-(a)]~~ A debtor shall have a cause of action against a creditor in
 50 any court having jurisdiction to issue a declaratory judgment establish-
 51 ing that a debt or portion of a debt asserted to be owed to such credi-
 52 tor is a coerced debt. Notwithstanding section one thousand one of the
 53 civil practice law and rules, any individual alleged to have caused such
 54 coerced debt to be incurred shall not be a necessary party to such
 55 action. Such action shall not be commenced and maintained unless the
 56 [~~following conditions are satisfied:~~

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

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

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

~~(b) The submission of]~~ debtor has submitted a request for reconsideration under subdivision four of section six hundred four-bb of this article of the creditor's decision to recommence debt collection activities based on such creditor's review of the debtor's notice of coerced debt [~~is not a condition to commencing an action under this subdivision~~] and the creditor either affirmed the creditor's determination that the debt is not coerced or the debtor has not received written notice the creditor determined that the debt is coerced debt within thirty-five days of submitting the request for reconsideration.

~~[3-]~~ 2. In an action under subdivision [~~two~~] one of this section, a debtor shall plead the allegations of coerced debt with particularity and shall attach the documents provided to the creditor pursuant to subdivision one of section six hundred four-bb of this article to any complaint.

~~[4-]~~ 3. A debtor who establishes by a preponderance of the evidence in an action pursuant to subdivision [~~two~~] one of this section that a debt or portion of a debt asserted to be owed to the creditor is coerced debt shall, unless the creditor provides information that would otherwise show that the determination that the debt was not coerced was the result of the creditor's bona fide error, be entitled to the following relief:

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

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

(c) an order dismissing any other cause of action brought by the creditor to enforce or collect the coerced debt from the debtor;

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

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

~~[5-]~~ 4. In any action by a creditor against a debtor to collect a debt, it shall be an affirmative defense to such action that all or a portion of the debt is coerced debt. Providing notice to the creditor under section six hundred four-bb of this article shall not be a prerequisite to asserting such defense; provided, however, the documents described in subdivision one of section six hundred four-bb of this

1 article shall be annexed to the debtor's answer. [~~A debtor who prevails~~
2 ~~on an affirmative defense of coerced debt shall be entitled to the costs~~
3 ~~and attorneys' fees reasonably incurred in defending against the~~
4 ~~action.~~] Notwithstanding section one thousand one of the civil practice
5 law and rules, any individual alleged to have caused such coerced debt
6 to be incurred shall not be or become a necessary party to such action.

7 [~~6.~~] 5. An action pursuant to subdivision [~~two~~] one of this section
8 shall be commenced within three years after the date on which the debtor
9 provided the notice of coerced debt pursuant to section six hundred
10 four-bb of this article to the creditor; provided, however, that if such
11 creditor, its assignor, or any assignee recommences collection activ-
12 ities on the debt after ceasing collection activities on such debt based
13 on such creditor's review of the debtor's claim of coerced debt, such
14 debtor shall have the right to file a subsequent notice of coerced debt
15 pursuant to subdivision [~~seven~~] six of section six hundred four-bb of
16 this article and the statute of limitations shall commence on the date
17 on which such debtor provided such subsequent notice of coerced debt.

18 [~~7.~~] 6. If requested by the debtor, the court presiding over any
19 action in which coerced debt is raised as a claim or affirmative defense
20 shall take appropriate steps necessary to prevent abuse of such debtor
21 or an immediate family member of such debtor, including but not limited
22 to the sealing of court records, the redaction of such debtor's or their
23 immediate family member's personal information, and/or directing that
24 any disposition or hearing be held remotely.

25 [~~8.~~] 7. The provisions of this article shall not be construed so as to
26 prevent a creditor from enforcing any claim or collecting judgment aris-
27 ing out of a lawful debt or portion thereof from any other person or
28 entity other than the coerced debtor.

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

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

52 8. Collection activities, for the purpose of this section, do not
53 include any communication between a creditor or debtor that is required
54 by state or federal law or regulation.

1 § 604-dd. Application to secured debt. 1. Except with respect to
2 section six hundred four-ee of this article, this article shall not
3 apply to debts secured by real property.

4 2. Section six hundred four-bb of this article and the cause of action
5 authorized by subdivision one of section six hundred four-cc of this
6 article shall not apply to debts secured by personal property.

7 3. For debts secured by personal property, the affirmative defense
8 authorized by section six hundred four-cc of this article shall not
9 affect the creditor's right to enforce any security interest upon
10 default of the financing and security agreement under article nine of
11 the uniform commercial code including, but not limited to, repossession
12 or voluntary surrender of the subject personal property or seeking and
13 obtaining a court order to retake the subject personal property. The
14 affirmative defense shall affect only the coerced debtor's liability for
15 any deficiency after the repossession or surrender and disposition of
16 the subject collateral.

17 § 604-ee. Right of action against person who causes another to incur
18 coerced debt. A person shall not cause another person to incur a coerced
19 debt. 1. A person who causes another person to incur a coerced debt in
20 violation of this section shall be civilly liable to the creditor and/or
21 the debtor in whose name such coerced debt was incurred if such debtor
22 has already paid all or part of such coerced debt, for the amount of
23 such debt, or portion thereof, including for any deficiency after the
24 foreclosure, repossession or surrender and disposition of the subject
25 collateral of a secured debt, determined by the court to be a coerced
26 debt, as well as such creditor's and/or debtor's costs and attorneys'
27 fees reasonably incurred in bringing the action.

28 2. An action under this section shall be commenced within three years
29 of the later of: (a) the creditor's determination that all or part of
30 such debt is coerced debt; or (b) a court's determination that all or
31 part of such debt is coerced debt.

32 § 604-ff. Attorney general enforcement. Whenever there shall be a
33 violation of this article, an application may be made by the attorney
34 general in the name of the people of the state of New York to a court or
35 justice having jurisdiction to issue an injunction, and upon notice to
36 the defendant of not less than fifteen days, to enjoin and restrain the
37 continuance of such violations. If it shall appear to the satisfaction
38 of the court or justice that the defendant has, in fact, violated this
39 article, an injunction may be issued by such court or justice, enjoining
40 or restraining any violation, without requiring proof that any person
41 has, in fact, been injured or damaged thereby. In any such proceeding
42 the court may make allowances to the attorney general as provided in
43 section eighty-three hundred three of the civil practice law and rules,
44 and may make direct restitution. In connection with any such proposed
45 application, the attorney general is authorized to take proof and make a
46 determination of the relevant facts and to issue subpoenas in accordance
47 with the civil practice law and rules. Whenever the court shall deter-
48 mine that a violation of this article has occurred, unless the creditor
49 has provided information that would otherwise show the violation was the
50 result of bona fide error, the court may impose a civil penalty for each
51 violation up to five thousand dollars.

52 [~~§ 604-dd.~~] § 604-gg. Scope. 1. The provisions of this article shall
53 apply only to a creditor to whom a debt is owed, due, or asserted to be
54 due or owed, where such debt is asserted to be [~~the result of economic~~
55 abuse] coerced debt.

1 2. The provisions of this article shall not be construed to impose any
2 duty or liability not expressly provided herein.

3 3. Nothing in this article shall prevent a creditor from seeking
4 recourse for fraudulent claims of coerced debt.

5 § 2. Section 2 of a chapter of the laws of 2025 amending the general
6 business law relating to establishing a right of action for claims arising
7 out of coerced debts, as proposed in legislative bills numbers S.
8 1353-B and A. 3038-B, is amended to read as follows:

9 § 2. This act shall take effect on the [~~ninetieth day~~] one hundred
10 eightieth day after it shall have become a law and shall apply to debts
11 incurred on or after such date.

12 § 3. This act shall take effect immediately; provided, however, that
13 section one of this act shall take effect on the same date and in the
14 same manner as a chapter of the laws of 2025 amending the general busi-
15 ness law relating to establishing a right of action for claims arising
16 out of coerced debts, as proposed in legislative bills numbers S. 1353-B
17 and A. 3038-B, takes effect.