

STATE OF NEW YORK

3038--A

2025-2026 Regular Sessions

IN ASSEMBLY

January 23, 2025

Introduced by M. of A. ROSENTHAL, DAVILA, KELLES, WALKER, SHIMSKY, REYES, BURDICK, STECK, PAULIN, OTIS, HEVESI, TAYLOR -- read once and referred to the Committee on Consumer Affairs and Protection -- 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.

3 § 604-aa. Definitions. As used in this article, the following terms
4 shall have the following meanings:

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

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

11 (a) a police report;

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

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

16 (d) a written verification, from a qualified third party to whom the
17 debtor reported the coerced debt, which shall be satisfied by any sworn
18

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

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1 or notarized statement including the required information as well as the
2 name, mailing address, and email address or telephone number, as appli-
3 cable, of such qualified third party's employer or, if self-employed, of
4 such qualified third party.

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

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

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

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

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

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

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

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

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

1 birth certificate, social security card, and any copies thereof or
2 information contained therein. "Personal identification number or pass-
3 word", as used in this subdivision, means any number or alphanumeric
4 code which may be used alone or in conjunction with any other informa-
5 tion to assume the identity of another person or access financial
6 resources or credit information of another person.

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

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

22 § 604-bb. Notice of coerced debt. 1. Upon receipt of the following, a
23 creditor shall cease collection activities until completion of the
24 review under subdivision three of this section:

25 (a) adequate documentation of coerced debt; and
26 (b) the debtor's statement that a particular debt being collected, or
27 portion thereof, is coerced debt.

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

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

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

39 1 - A SWORN OR NOTARIZED STATEMENT BY YOU, THE ALLEGED DEBTOR, STATING
40 THAT A CERTAIN DEBT OR PORTION OF A DEBT BEING COLLECTED IS COERCED
41 DEBT.

42 2 - "ADEQUATE DOCUMENTATION OF COERCED DEBT"
43 TO PROVIDE "ADEQUATE DOCUMENTATION OF COERCED DEBT," YOU ARE REQUIRED
44 TO PROVIDE ONLY ONE OF THE FOLLOWING DOCUMENTS, BUT YOU MAY PROVIDE MORE
45 THAN ONE.

46 1 - A POLICE REPORT
47 2 - A FEDERAL TRADE COMMISSION IDENTITY THEFT REPORT
48 3 - A COURT ORDER FINDING THAT THE DEBT WAS COERCED
49 4 - A NOTARIZED STATEMENT FROM A "QUALIFIED THIRD PARTY" THAT YOU
50 REPORTED THE COERCED DEBT TO.

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

55 NO MATTER WHICH FORM OF "ADEQUATE DOCUMENTATION OF COERCED DEBT" YOU
56 PROVIDE, IT MUST IDENTIFY THE PARTICULAR DEBT, STATE THAT IT IS COERCED

1 DEBT, AND DESCRIBE THE CIRCUMSTANCES THAT CAUSED THE DEBT TO BE
2 INCURRED.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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