

DRAFT LBDC

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:

6 ARTICLE 29-HHH

7 ACTIONS INVOLVING COERCED DEBTS

8 Section 604-aa. Definitions.

9 604-bb. Notice of coerced debt.

10 604-cc. Coerced debt cause of action and affirmative defense.

11 604-dd. Application to secured debt.

12 604-ee. Right of action against person who causes another to
13 incur coerced debt.

14 604-ff. Attorney general enforcement.

15 604-gg. Scope.

16 § 604-aa. Definitions. As used in this article, the following terms
17 shall have the following meanings:

18 1. "Action" means any civil judicial proceeding as defined in section
19 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] copy of an official, valid report filed by the debtor with a federal, state or local law enforcement agency, the filing of which subjects the person filing the report to criminal penalties relating to the filing of false information, if, in fact, the information in the report is false, 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

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

3. "Coerced debt" [is debt incurred as a result of economic abuse, including but not limited to, by means of fraud, duress, intimidation, threat, force, coercion, manipulation, or undue influence, the non-consensual use of the debtor's personal information] means a debt arising out of a transaction primarily for personal, family or household purposes that was incurred because of duress, intimidation, threat, force, coercion, manipulation, or undue influence within the context of intimate relationships or relationships between family or household

members as defined by section four hundred fifty-nine-a of the social services law, relationships between victims of human trafficking and traffickers as defined by paragraph (i) of subdivision (c) of section four hundred eighty-three-bb of the social services law, relationships between children and their parents or caretakers as defined in subdivisions (b) and (c) of section one thousand ninety-two of the family court act, the elderly or individuals eligible for protective services under subdivision one of section four hundred seventy-three of the social services law, and their caregivers.

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

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

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

[7. "Economic abuse", in the context of intimate relationships or relationships between family or household members as defined by section

1 four hundred fifty-nine-a of the social services law, relationships
2 between victims of human trafficking and traffickers, or relationships
3 between children, the elderly, or individuals eligible for protective
4 services under subdivision one of section four hundred seventy-three of
5 the social services law, and their caregivers, means behavior that is
6 coercive, deceptive, manipulative, or that controls, restrains, or
7 sabotages a person's ability to acquire, use, or maintain economic
8 resources to which they are entitled, including but not limited to using
9 coercion, fraud, or manipulation to:

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

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

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

19 8.] 6. "Personal information" includes, but is not limited to, a name,
20 address, telephone or mobile phone number, driver registration number or
21 non-driver identification card number, social security number, email
22 address, social media profile or screen name, place of employment,
23 employee identification number, mother's maiden name, financial services
24 account number or code, savings account number or code, checking account
25 number or code, debit or credit card number or code, automated teller
26 machine number or code, electronic serial number, any personal identifi-
27 cation number or password of a debtor, and a debtor's personal docu-
28 ments, including, but not limited to, such debtor's driver's license or

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

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

14 10.] 7. "Qualified third party" means any (a) law enforcement officer;
15 (b) employee of a court of the state, court-appointed special advocate;
16 (c) attorney, physician, psychiatrist, psychologist, social worker,
17 registered nurse, therapist, or clinical professional counselor licensed
18 to practice in any state; (d) person employed by or working on behalf of
19 a government or non-profit office, agency, or service that advises or
20 provides services to persons regarding domestic violence, family
21 violence, human trafficking, or abuse of children, the elderly, or
22 dependent adults; or (e) member of the clergy of a church or religious
23 society or denomination.

24 § 604-bb. Notice of coerced debt. 1. [Upon] Within ten business days
25 of receipt of the following, a creditor shall cease collection activ-
26 ities until completion of the review under subdivision three of this
27 section:

28 (a) adequate documentation of coerced debt; and

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

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

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

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

14 1 - A SWORN OR NOTARIZED STATEMENT BY YOU, THE ALLEGED DEBTOR, UNDER
15 PENALTY OF PERJURY, STATING THAT A CERTAIN DEBT OR PORTION OF A DEBT
16 BEING COLLECTED IS COERCED DEBT.

17 2 - "ADEQUATE DOCUMENTATION OF COERCED DEBT"

18 TO PROVIDE "ADEQUATE DOCUMENTATION OF COERCED DEBT," YOU ARE REQUIRED
19 TO PROVIDE ONLY ONE OF THE FOLLOWING DOCUMENTS, BUT YOU MAY PROVIDE MORE
20 THAN ONE.

21 1 - A POLICE REPORT

22 2 - A [FEDERAL TRADE COMMISSION IDENTITY THEFT REPORT] COPY OF AN
23 OFFICIAL VALID REPORT FILED BY YOU WITH A FEDERAL, STATE OR LOCAL LAW
24 ENFORCEMENT AGENCY

25 3 - A COURT ORDER FINDING THAT THE DEBT WAS COERCED

26 4 - A NOTARIZED STATEMENT FROM A "QUALIFIED THIRD PARTY" THAT YOU
27 REPORTED THE COERCED DEBT TO.

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

5 NO MATTER WHICH FORM OF "ADEQUATE DOCUMENTATION OF COERCED DEBT" YOU
6 PROVIDE, IT MUST IDENTIFY THE PARTICULAR DEBT, STATE THAT IT IS COERCED
7 DEBT, AND DESCRIBE THE CIRCUMSTANCES THAT CAUSED THE DEBT TO BE
8 INCURRED.

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

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

20 3. (a) Within ten business days of receiving all the information
21 required under subdivision one of this section, the creditor shall, if
22 such creditor furnishes adverse information about the debtor to a
23 consumer reporting agency, notify such consumer reporting agency that
24 the account is disputed.

25 (b) Within thirty business days of receiving all the information
26 required under subdivision one of this section, the creditor shall
27 complete a review considering all information provided by the debtor and
28 other information available to such creditor in such creditor's file.

1 In connection with such review and communication of the outcome of such
2 review, the creditor shall:

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

5 (ii) use only the contact information the debtor provides with the
6 information under subdivision one of this section when attempting to
7 contact such debtor and shall not use any other contact information,
8 even if associated with the account under review, when attempting to
9 contact such debtor; and

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

25 (c) Within five business days of completing the review under paragraph
26 (b) of this subdivision, a creditor who recommences collection activ-
27 ities based on such review shall notify the debtor in writing of such
28 creditor's determination and the good faith basis for such determi-

1 nation[, and shall enclose all documents and information upon which such
2 creditor bases its determination therewith], provided however such
3 documentation shall not include personally identifiable information of
4 another person. [Such] The written notice shall also include a notice
5 of the debtor's right to request reconsideration of such determination
6 to recommence collection activities under subdivision four of this
7 section.

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

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

14 (ii) contact any consumer reporting agencies to which it furnishes
15 information about the debtor and the particular debt and instruct such
16 consumer reporting agencies to delete such information; and

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

21 4. A debtor who receives written notice under paragraph (c) of subdi-
22 vision three of this section that the creditor will recommence
23 collection activities against such debtor based on such creditor's
24 determination under subdivision three of this section may make a request
25 to the creditor that the creditor reconsider such determination to
26 recommence collection activities within thirty days of the date of mail-
27 ing of such written determination. A debtor requesting reconsideration
28 of a creditor's determination to recommence collection activities shall

1 be permitted to submit additional adequate documentation of coerced
2 debt, as defined in this article. A creditor who receives a debtors
3 request for reconsideration shall complete a review of all information,
4 including additional adequate documentation submitted, within thirty
5 days of receiving such request. Any further reconsideration of the cred-
6 itor's determination with regard to such particular debt shall be at the
7 discretion of the creditor. Submitting a request for reconsideration of
8 the determination to the creditor shall not be a condition to bringing
9 an action under section six hundred four-cc of this article.

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

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

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

1 [8. A] 7. (a) If a debtor injured by a violation of this section noti-
2 fies the creditor of such violation, the creditor shall have fifteen
3 days to cure such violation. If the creditor determines the violation is
4 able to be cured, the creditor shall make any and all reasonable adjust-
5 ments or corrections necessary to cure the violation with respect to the
6 debtor. If the debtor notifies the creditor of a violation and the
7 violation is not cured with respect to the debtor within fifteen days,
8 and such inability to cure is not the result of a bona fide error, the
9 debtor shall have a cause of action against the creditor to recover
10 statutory damages of one thousand dollars, actual damages, if any, and
11 the costs and reasonable attorneys' fees [reasonably] incurred in bring-
12 ing such action.

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

16 § 604-cc. Coerced debt cause of action and affirmative defense. 1. [A
17 person shall not cause another person to incur a coerced debt. A person
18 who causes another person to incur a coerced debt in violation of this
19 subdivision shall be civilly liable to the creditor, and/or the debtor
20 in whose name such coerced debt was incurred if such debtor has already
21 paid all or part of such coerced debt, for the amount of such debt, or
22 portion thereof, determined by the court to be a coerced debt, as well
23 as such creditor's and/or debtor's costs and attorneys' fees reasonably
24 incurred in bringing the action. An action under this subdivision shall
25 be commenced within three years of the later of: (a) the creditor's
26 determination that all or part of such debt is coerced debt; or (b) a
27 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
2 any court having jurisdiction to issue a declaratory judgment establish-
3 ing that a debt or portion of a debt asserted to be owed to such credi-
4 tor is a coerced debt. Notwithstanding section one thousand one of the
5 civil 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] debtor has submitted a request for reconsider-
24 ation under subdivision four of section six hundred four-bb of this
25 article of the creditor's decision to recommence debt collection activ-
26 ities based on such creditor's review of the debtor's notice of coerced
27 debt [is not a condition to commencing an action under this subdivision]
28 and the creditor either affirmed the creditor's determination that the

1 debt is not coerced or the debtor has not received written notice the
2 creditor determined that the debt is coerced debt within thirty-five
3 days of submitting the request for reconsideration.

4 [3.] 2. In an action under subdivision [two] one of this section, a
5 debtor shall plead the allegations of coerced debt with particularity
6 and shall attach the documents provided to the creditor pursuant to
7 subdivision one of section six hundred four-bb of this article to any
8 complaint.

9 [4.] 3. A debtor who establishes by a preponderance of the evidence in
10 an action pursuant to subdivision [two] one of this section that a debt
11 or portion of a debt asserted to be owed to the creditor is coerced debt
12 shall, unless the creditor provides information that would otherwise
13 show that the determination that the debt was not coerced was the result
14 of the creditor's bona fide error, be entitled to the following relief:

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

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

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

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

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

3 [5.] 4. In any action by a creditor against a debtor to collect a
4 debt, it shall be an affirmative defense to such action that all or a
5 portion of the debt is coerced debt. Providing notice to the creditor
6 under section six hundred four-bb of this article shall not be a prereq-
7 uisite to asserting such defense; provided, however, the documents
8 described in subdivision one of section six hundred four-bb of this
9 article shall be annexed to the debtor's answer. [A debtor who prevails
10 on an affirmative defense of coerced debt shall be entitled to the costs
11 and attorneys' fees reasonably incurred in defending against the
12 action.] Notwithstanding section one thousand one of the civil practice
13 law and rules, any individual alleged to have caused such coerced debt
14 to be incurred shall not be or become a necessary party to such action.

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

26 [7.] 6. If requested by the debtor, the court presiding over any
27 action in which coerced debt is raised as a claim or affirmative defense
28 shall take appropriate steps necessary to prevent abuse of such debtor

1 or an immediate family member of such debtor, including but not limited
2 to the sealing of court records, the redaction of such debtor's or their
3 immediate family member's personal information, and/or directing that
4 any disposition or hearing be held remotely.

5 [8.] 7. The provisions of this article shall not be construed so as to
6 prevent a creditor from enforcing any claim or collecting judgment aris-
7 ing out of a lawful debt or portion thereof from any other person or
8 entity other than the coerced debtor.

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

14 10. Whenever there shall be a violation of this section, an applica-
15 tion may be made by the attorney general in the name of the people of
16 the state of New York to a court or justice having jurisdiction to issue
17 an injunction, and upon notice to the defendant of not less than five
18 days, to enjoin and restrain the continuance of such violations. If it
19 shall appear to the satisfaction of the court or justice that the
20 defendant has, in fact, violated this section, an injunction may be
21 issued by such court or justice, enjoining or restraining any violation,
22 without requiring proof that any person has, in fact, been injured or
23 damaged thereby. In any such proceeding the court may make allowances to
24 the attorney general as provided in section eighty-three hundred three
25 of the civil practice law and rules, and may make direct restitution. In
26 connection with any such proposed application, the attorney general is
27 authorized to take proof and make a determination of the relevant facts
28 and to issue subpoenas in accordance with the civil practice law and

1 rules. Whenever the court shall determine that a violation of this
2 section has occurred, the court may impose a civil penalty for each
3 violation up to five thousand dollars.]

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

7 § 604-dd. Application to secured debt. 1. Except with respect to
8 section six hundred four-ee of this article, this article shall not
9 apply to debts secured by real property.

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

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

23 § 604-ee. Right of action against person who causes another to incur
24 coerced debt. A person shall not cause another person to incur a coerced
25 debt. 1. A person who causes another person to incur a coerced debt in
26 violation of this section shall be civilly liable to the creditor and/or
27 the debtor in whose name such coerced debt was incurred if such debtor
28 has already paid all or part of such coerced debt, for the amount of

1 such debt, or portion thereof, including for any deficiency after the
2 foreclosure, repossession or surrender and disposition of the subject
3 collateral of a secured debt, determined by the court to be a coerced
4 debt, as well as such creditor's and/or debtor's costs and attorneys'
5 fees reasonably incurred in bringing the action.

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

10 § 604-ff. Attorney general enforcement. Whenever there shall be a
11 violation of this article, an application may be made by the attorney
12 general in the name of the people of the state of New York to a court or
13 justice having jurisdiction to issue an injunction, and upon notice to
14 the defendant of not less than fifteen days, to enjoin and restrain the
15 continuance of such violations. If it shall appear to the satisfaction
16 of the court or justice that the defendant has, in fact, violated this
17 article, an injunction may be issued by such court or justice, enjoining
18 or restraining any violation, without requiring proof that any person
19 has, in fact, been injured or damaged thereby. In any such proceeding
20 the court may make allowances to the attorney general as provided in
21 section eighty-three hundred three of the civil practice law and rules,
22 and may make direct restitution. In connection with any such proposed
23 application, the attorney general is authorized to take proof and make a
24 determination of the relevant facts and to issue subpoenas in accordance
25 with the civil practice law and rules. Whenever the court shall deter-
26 mine that a violation of this article has occurred, unless the creditor
27 has provided information that would otherwise show the violation was the

1 result of bona fide error, the court may impose a civil penalty for each
2 violation up to five thousand dollars.

3 [§ 604-dd.] § 604-gg. Scope. 1. The provisions of this article shall
4 apply only to a creditor to whom a debt is owed, due, or asserted to be
5 due or owed, where such debt is asserted to be [the result of economic
6 abuse] coerced debt.

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

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

11 § 2. Section 2 of a chapter of the laws of 2025 amending the general
12 business law relating to establishing a right of action for claims arising
13 out of coerced debts, as proposed in legislative bills numbers S.
14 1353-B and A. 3038-B, is amended to read as follows:

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

18 § 3. This act shall take effect immediately; provided, however, that
19 section one of this act shall take effect on the same date and in the
20 same manner as a chapter of the laws of 2025 amending the general business law relating to establishing a right of action for claims arising
21 out of coerced debts, as proposed in legislative bills numbers S. 1353-B
22 and A. 3038-B, takes effect.