

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Commerce and Economic Development to which was  
3 referred House Bill No. 385 entitled “An act relating to remedies and  
4 protections for victims of coerced debt” respectfully reports that it has  
5 considered the same and recommends that the bill be amended by striking out  
6 all after the enacting clause and inserting in lieu thereof the following:

7 Sec. 1. 9 V.S.A. chapter 63, subchapter 13 is added to read:

8 Subchapter 13. Coerced Debt

9 § 2495a. DEFINITIONS

10 As used in this subchapter:

11 (1) “Adequate documentation” means at least one of the following:

12 (A) a police report that identifies the coerced debt or a portion thereof  
13 and describes the circumstances under which the coerced debt was incurred;  
14 (B) a Federal Trade Commission identity theft report a copy of an  
15 official, valid report filed with a federal, state, or local law enforcement  
16 agency, the filing of which subjects the person filing the report to criminal  
17 penalties for filing false information if, in fact, the information in the report is  
18 false;

19 (C) a court order finding that the debt was coerced an order from a  
20 court of competent jurisdiction setting forth findings of coerced debt; or

1                   (D) a sworn written certification from a qualified third party  
2                   professional regarding the debtor's claim of coerced debt, based on  
3                   information gathered by the third party while acting in their professional  
4                   capacity.

5                   (E) any other document that demonstrates a person was subject to  
6                   coerced debt and that supports a debtor's statement of coerced debt.

7                   (2) "Coerced debt" means all or a portion of secured or unsecured debt  
8                   in a debtor's name that:

9                   (A) was incurred as a result of:  
10                   (i) the use of the debtor's personal information without the  
11                   debtor's knowledge, authorization, or consent; or  
12                   (ii) the use or threat of force, intimidation, undue influence, fraud,  
13                   deception, coercion, or other similar means against the debtor;  
14                   (iii) economic abuse perpetrated against the debtor;

15                   (B) was not subject to a final judgment in an action for dissolution of  
16                   marriage or a collection matter that occurred prior to the debtor requesting the  
17                   creditor to cease all collection efforts against the debtor for such debt;

18                   (C) is not a "mortgage loan" as defined in 8 V.S.A. § 2101(15);  
19                   (D) is not a commercial loan; and

1                   (E) with respect to secured debt, only includes the debtor's liability  
2                   for any deficiency after the foreclosure, repossession, or surrender and  
3                   disposition of the subject collateral.

4                   (3) "Creditor" means a person, or the person's successor, assignee, or  
5                   agent, claiming to own or have the right to collect a debt owed by the debtor.

6                   (4) "Debtor" means a person who:

7                   (A) owes coerced debt; and  
8                   (B) is a survivor of domestic abuse or human trafficking; or  
9                   (C) is a vulnerable adult who is a survivor of abuse, neglect, or  
10                   exploitation as those terms are defined under 33 V.S.A. chapter 69.

11                   (5) "Domestic abuse" has the same meaning provided in 15 V.S.A.  
12                   § 1101(1).

13                   (6) "Economic abuse" means behavior that controls, restrains, restricts,  
14                   impairs, or interferes with the ability of a debtor to acquire, use, or maintain  
15                   economic resources, including:

16                   (A) withholding or restricting access to, or the acquisition of, money,  
17                   assets, credit, or financial information;  
18                   (B) interfering with the debtor's ability to work and earn wages; or  
19                   (C) exerting undue influence over the debtor's financial and  
20                   economic behavior or decisions.

(7) “Perpetrator of coerced debt” means an individual who causes or is alleged to have caused coerced debt to be incurred by another.

5 (8) “Qualified third party professional” means:

7 (B) a court appointed special advocate:

13                   (D) a licensed attorney; or

14                   (E) a health care provider as defined in 18 V.S.A. § 9402(7).

19 (ii) if available, a description of the circumstances under which the  
20 coerced debt was allegedly incurred:

4 (iv) any information known by the debtor, including account  
5 information or credit card information and the name of the individual in whose  
6 name such debt was incurred;

11 (vi) the debtor's preferred contact method and information such as  
12 a telephone number, email address, physical address, or safe address for either  
13 the debtor or a third party whom the debtor designates to receive information  
14 about the coerced debt, which shall be specified by the debtor in writing; and

1 transmission that provides a verifiable date, timestamp, or tracking capability.

2 as well as any other written method deemed appropriate by the Commissioner.

3 (10) “Sworn written certification” means a statement by a qualified third  
4 party professional in the following form:

5 **CERTIFICATION OF QUALIFIED THIRD PARTY PROFESSIONAL**

6 I, ..... (name of qualified third party professional), do hereby  
7 certify under penalty of perjury as follows:

8 1. I am a qualified third party professional as defined in 9 V.S.A.

9 § 2495a(8) who has had in-person contact or face-to-face contact through an  
10 electronic medium with ..... (name of debtor).

11 2. Based on my professional interactions with the debtor and  
12 information presented to me in my professional capacity, I have a reasonable  
13 basis to believe ..... (name of debtor) is a survivor of domestic abuse  
14 economic abuse, or human trafficking or who is a vulnerable adult who is a  
15 survivor of abuse, neglect, or exploitation, and has incurred all or a portion of  
16 debt that is coerced debt.

17 3. Based on my professional interactions with the debtor and on  
18 information presented to me, I have reason to believe that the circumstances  
19 under which the coerced debt was incurred are as follows:

20 4. The following debts or portions of the debts have been identified to  
21 me as coerced:

1       I attest that the foregoing is true and correct.

2       (Printed name of qualified third party professional)

3       (Signature of qualified third party professional)

4       (Business address and business telephone)

5       (Date)

6       § 2495b. COERCED DEBT PROHIBITED

7       A person shall not cause another person to incur coerced debt.

8       Substantiated coerced debt is not enforceable against the debtor.

9       § 2495c. CREDITOR'S CONDUCT PURSUANT TO A DEBTOR'S

10       STATEMENT OF COERCED DEBT

11       (a) Within 10 business days following receipt of a debtor's statement of

12       coerced debt and adequate documentation, a creditor shall:

13       (1) cease all collection activities and refrain from selling, assigning, or

14       otherwise transferring for consideration such debt;

15       (2) notify the debtor it has ceased all collection activities; and

16       (3) notify any credit reporting agency to which it furnished adverse

17       information about such debt that the debtor disputes the accuracy of the

18       adverse information.

19       (b) If a debtor notifies a creditor that a particular debt being collected, or

20       portion thereof, is coerced debt, but does not provide all the information

21       required under subsection (a) of this section or provides such notice orally, and

1        if such creditor does not cease such collection activities, then within 10  
2        business days after receipt of the debtor's notice of the coerced debt, the  
3        creditor shall inform the debtor that additional written information is required  
4        and shall provide the debtor with Model Form A-1, as described in subsection  
5        (h) of this section.

6        (c) Within 30 business days following receipt of a debtor's statement of  
7        coerced debt and adequate documentation, the creditor shall complete a review  
8        of all the information provided by the debtor and any other relevant  
9        information available to the creditor and, upon completion of the review, make  
10        a determination as to whether to accept or dispute the accuracy of the debtor's  
11        statement of coerced debt and notify the debtor in writing of its determination  
12        and the good faith basis for such determination.

13        (d) Within five business days of making a determination under subsection  
14        (c) of this section:

15        (1) if the creditor accepts the accuracy of the statement of coerced debt,  
16        the creditor shall contact any consumer reporting agencies to which it  
17        furnished adverse information about the debtor's coerced debt and request that  
18        such information be deleted from the debtor's file and credit report; or  
19        (2) if the creditor disputes the accuracy of the statement of coerced debt  
20        and, as a result, will recommence collection activities against the debtor, the  
21        creditor shall provide the debtor with written notice of the debtor's right to

1 request reconsideration of the creditor's determination as provided in  
2 subsection (e).

3 (e) Within 30 days following the date of mailing of the creditor's  
4 determination under subsection (c) of this section, the debtor may request that  
5 the creditor reconsider its determination to recommence collection activities.

6 A debtor requesting reconsideration shall be permitted to submit additional  
7 documentation. Within 30 days after receiving a request for reconsideration,  
8 the creditor shall complete a review of all relevant information, including any  
9 additional adequate documentation submitted by the debtor, and make another  
10 determination. Any further reconsideration of the creditor's determination  
11 shall be at the discretion of the creditor. Submitting a request for  
12 reconsideration of a creditor's initial determination is not a required condition  
13 for initiating a cause of action for a declaratory judgment to determine that the  
14 debt was coerced.

15 (f) All communications from the creditor to a debtor under this section  
16 shall be made using only the debtor's preferred contact method and, in  
17 addition, the creditor shall make every reasonable effort to use the debtor's  
18 preferred language. If the creditor provides oral interpretation services or  
19 otherwise communicates with a debtor in any language other than English, the  
20 creditor's communications shall be in the debtor's preferred language, orally or  
21 in writing, except as otherwise provided in this section.

1                   (g) In connection with a statement of coerced debt, the creditor:

2                    (1) shall not disclose the contact information the debtor provides in the

3                   statement of coerced debt to any other person, including the perpetrator of the

4                   coerced debt or joint account holders, without the debtor's express written

5                   authorization, unless directed to do so by court order; and

6                    (2) may request that the debtor provide the identity of and contact

7                   information for the perpetrator of the coerced debt, if known, unless the debtor

8                   signs a sworn statement that disclosing such information is likely to result in

9                   abuse to the debtor or to a member of the debtor's immediate family.

10                   (h) Model Form A-1 shall be developed by the Commissioner of Financial

11                   Regulation, posted in the 12 most common languages in Vermont English and

12                   Spanish on a publicly accessible website maintained by the Department of

13                   Financial Regulation, and shall be substantially in the following form:

14                    MODEL FORM A-1 FOR CREDITORS TO PROVIDE DEBTORS

15                   [Creditor name:

16                   Address:

17                   Email address:

18                   Telephone number:

19                   Website URL where this form can be filled out online]

20                   [Debtor's name]

1       [Debtor's preferred contact information: debtor may provide a telephone  
2       number, email address, physical address, or the address of a third party]  
3       You have given us information about a debt that may have been taken out  
4       because someone used your personal information without your permission or  
5       because someone intimidated, threatened, forced, or manipulated you into  
6       taking out this debt.

7       For example, an abusive partner could have taken out a credit card or loan  
8       in your name without your knowledge or permission or pressured you into  
9       taking out credit to buy a car, television, computer, or other item and  
10       threatened you with harm if you refused.

11       Questions: To stop collection of this debt, you need to answer the questions  
12       below. If you do not know the answer, you can explain why you do not know  
13       the answer.

14       1. Did you sign for or agree to the debt?  
15       2. If you did sign or agree to the debt, was it because someone threatened  
16       you or used intimidation, force, manipulation, theft, or other forms of control  
17       to take out the debt in your name? If yes, please describe how it happened.

18       3. If you did not sign or agree to the debt, do you know who used your  
19       information to take out the debt? If yes, please describe.

20       4. What is your preferred contact method and contact information? You  
21       can provide a telephone number, email address, physical address, safe address,

1       or the contact information of another trusted person you want to receive  
2       information for you because you are concerned about your safety.

3       Supporting Documentation: Please include any one of the documents  
4       below that show that the debt was taken out by someone who you were in an  
5       abusive relationship with and threatened you or used intimidation, force,  
6       manipulation, theft, or other forms of control to take out the debt in your name.

7       You only need to send one, but you may provide more than one.

8       1. A police report that includes information about the debt and how it was  
9       taken out.

10      2. A Federal Trade Commission identity theft report, which you can  
11      complete yourself online at idtheft.gov. A copy of an official, valid report filed  
12      with a federal, state, or local law enforcement agency, the filing of which  
13      subjects the person filing the report to criminal penalties for filing false  
14      information if, in fact, the information in the report is false.

15      3. A court order that includes information about the debt and how it was  
16      taken out.

17      4. A sworn written certification from a qualified third party professional  
18      you talked with about this debt. The statement should include who they are,  
19      where they work, their contact information, and information you shared with  
20      them about the debt and how it was taken out. The third party may be:

21      (a) an officer of the court or law enforcement personnel;



1       4. Contact the consumer reporting agencies to which we gave information  
2       about you and the coerced debt and request that they remove the information  
3       from your file and credit report. Alternatively, we also have the right to  
4       challenge your claim of coerced debt in court.

5       If you have questions, please contact us at: [Creditor's name, mailing  
6       address, telephone number, and email address]. If you are communicating with  
7       us by email, please confirm with us by telephone our correct email address for  
8       submitting information about the debt so we can ensure a timely response.

9       For more information, see 9 V.S.A. chapter 63, subchapter 13.

10      § 2495d. CIVIL LEGAL REMEDIES

11      (a) A debtor is not liable for coerced debt. A debtor may raise as a defense  
12      in any forum and by any allowable procedure that a particular debt, or portion  
13      thereof, is coerced debt.

14      (b) A debtor establishes a prima facie case that a debt is coerced debt by  
15      providing a statement of coerced debt and adequate documentation. If the  
16      creditor has a good faith basis to believe that the debt is not coerced debt, the  
17      creditor may seek a court order in a court of competent jurisdiction declaring  
18      the debt is not coerced debt. In such a suit, the creditor has the burden to  
19      disprove the debt is coerced debt by a preponderance of the evidence.

20      (c) A person who is found by a court to be a perpetrator of coerced debt by  
21      a court of competent jurisdiction shall be civilly liable to the creditor. The

1 perpetrator of coerced debt may also be civilly liable to the debtor to the extent  
2 that the debtor made payments or incurred costs related to the coerced debt.

3 (d) A creditor may use all legal rights and remedies under state and federal  
4 law to collect the coerced debt from the perpetrator of coerced debt. Nothing in  
5 this subchapter diminishes the rights of a creditor to seek payment recovery  
6 from the perpetrator of coerced debt. However, in seeking such recovery, a  
7 creditor may not compel a debtor to disclose the identity of or the contact  
8 information for the perpetrator of the coerced debt, if known, if the debtor  
9 signs a sworn statement specifying that disclosing such information is likely to  
10 result in abuse to the debtor or to a member of the debtor's immediate family,  
11 unless a debtor is required by court order to provide such information.

12 **[Incorporated from § 2495e(a), which is stricken in this draft.]**

13 (e) In any court action, the presiding court shall take appropriate steps  
14 necessary to protect the debtor or a member of the debtor's immediate family  
15 from an alleged perpetrator of coerced debt by, among other things, sealing  
16 court records, redacting personally identifiable information about the debtor  
17 and any immediate family member of the debtor, and directing that any  
18 deposition or evidentiary hearing be conducted remotely.

19 (f) Any creditor who fails to comply with any provision of section 2495e of  
20 this subchapter is liable to the debtor in an amount equal to the sum of:

1                   (1) any actual damages sustained by the debtor as a result of such

2                   noncompliance;

3                   (2)(A) in the case of any action by an individual, such additional

4                   damages as the court may allow, but not exceeding \$5,000.00 per violation

5                   indexed annually for inflation; or

6                   (B) in the case of a class action:

7                   (i) such amount for each named plaintiff as could be recovered

8                   under subdivision (A) of this subdivision (f)(2); and

9                   (ii) such amount as the court may allow for all other class

10                   members, without regard to a minimum individual recovery, not to exceed the

11                   lesser of \$500,000.00 indexed annually for inflation or one per centum of the

12                   net worth of the debt collector;

13                   (iii) court costs and reasonable attorney's fees as determined by

14                   the court; and

15                   (iv) punitive damages if the court finds the creditor's

16                   noncompliance was willful.

17                   (f) The provisions of this subchapter apply to lawsuits filed in this State,

18                   regardless of whether a related contract provides that the law of another state is

19                   chosen.

1                   (g) Nothing in this subchapter shall prevent a creditor from seeking

2                   recourse for a fraudulent claim of coerced debt. [Incorporated from

3                   § 2495e(b), which is now stricken in this draft.]

4                   § 2495e. CREDITOR REMEDIES

5                   (a) Nothing in this subchapter diminishes the rights of a creditor to seek

6                   payment recovery for a coerced debt from the person who caused the debtor to

7                   incur the coerced debt. However, in seeking such recovery, a creditor may not

8                   compel a debtor to disclose the identity of or the contact information for the

9                   perpetrator of the coerced debt, if known, if the debtor signs a sworn statement

10                   specifying that disclosing such information is likely to result in abuse to the

11                   debtor or to a member of the debtor's immediate family.

12                   (b) Nothing in this subchapter shall prevent a creditor from seeking

13                   recourse for a fraudulent claim of coerced debt.

14                   § 2495e. VIOLATIONS

15                   (a) A person who violates this subchapter commits an unfair and deceptive  
16                   act in trade and commerce in violation of section 2453 of this title.

17                   (b) The Attorney General has the same authority to make rules, conduct  
18                   civil investigations, enter into assurances of discontinuance, and bring civil  
19                   actions as provided under subchapter 1 of this chapter.

20                   § 2495f. CONFIDENTIALITY

1                   (a) Except as otherwise expressly provided in this subchapter or required  
2                   by law, any financial and personally identifying information related to a claim  
3                   of coerced debt that is shared by a debtor pursuant to the provisions of this  
4                   subchapter shall not be disclosed by the recipient without the express consent  
5                   of the debtor.

6                   (b) Information or material that is subject to privilege protections under  
7                   federal or state law that is shared by the debtor pursuant to the provisions of  
8                   this subchapter shall not be disclosed by the recipient, unless the debtor  
9                   expressly waives the privilege, or the privilege is waived by an express  
10                   provision of law.

11                   (c) Any records or information produced or acquired by a public body  
12                   pursuant to the provisions of this subchapter that contains financial or  
13                   personally identifiable information related to a claim of coerced debt shall be  
14                   kept confidential and shall be exempt from public inspection or copying under  
15                   Vermont's Public Records Act. This exemption shall not be subject to 1 V.S.A.  
16                   § 317(e).

17                   See. 2. DEBT COLLECTION RULES

18                   On or before January 1, 2027, the Attorney General shall amend Vermont's  
19                   Consumer Protection Rule 104 on Debt Collection to ensure debt collection  
20                   practices conform with the requirements of 9 V.S.A. chapter 63, subchapter 13.

21                   Sec. 2. 9 V.S.A. § 2480d is amended to read:

1       § 2480d. PROCEDURE IN CASE OF DISPUTED ACCURACY; COERCED

2                   DEBT

3               (a) If the completeness or accuracy of any item of information contained in  
4               the consumer's file is disputed by the consumer and the consumer notifies the  
5               credit reporting agency directly of such dispute, the agency shall reinvestigate  
6               free of charge and record the current status of the disputed information on or  
7               before 30 business days after the date the agency receives notice from the  
8               consumer.

9               (b) On or before five business days after the date a credit reporting agency  
10              receives notice of a dispute from a consumer in accordance with subsection (a)  
11              of this section, the agency shall provide notice of the dispute to all persons who  
12              provided any item of information in dispute.

13               (c) Notwithstanding subsection (a) of this section, a credit reporting agency  
14              may terminate a reinvestigation of information disputed by a consumer under  
15              such subsection if the agency reasonably determines that such dispute by the  
16              consumer is frivolous or irrelevant. Upon making such a determination, a  
17              credit reporting agency shall promptly notify the consumer of such  
18              determination and the reasons therefor, by mail, or if authorized by the  
19              consumer for that purpose, by telephone. The presence of contradictory  
20              information in the consumer's file does not in and of itself constitute  
21              reasonable grounds for determining the dispute is frivolous or irrelevant.

1 (d) In conducting a reinvestigation under subsection (a) of this section, the  
2 credit reporting agency shall review and consider all relevant information  
3 submitted by the consumer with respect to such disputed information.

4 (e) If, after a reinvestigation under subsection (a) of this section of any  
5 information disputed by a consumer, the information is found to be inaccurate  
6 or cannot be verified, the credit reporting agency shall promptly delete such  
7 information from the consumer's file. For purposes of this section,  
8 "information" shall not include other information in the same item that is not  
9 disputed by the consumer.

10 (f) If any information is deleted after a reinvestigation under subsection (a)  
11 of this section, the information may not be reinserted in the consumer's file  
12 after deletion unless the person who furnishes the information reinvestigates  
13 and states in writing or by electronic record to the agency that the information  
14 is complete and accurate. Such furnisher shall not provide such statement  
15 unless the furnisher reasonably believes that the information is complete and  
16 accurate. Upon such reinvestigation and statement by the furnisher, the credit  
17 reporting agency shall promptly notify the consumer of any reinsertion.

18 (g) A credit reporting agency shall provide written notice of the results of  
19 any reinvestigation under this subsection within five business days of  
20 following the completion of the reinvestigation, by mail or, if authorized by the  
21 consumer for that purpose, by telephone. This notice shall include:

16 (h) If a consumer provides notice to a consumer reporting agency asserts  
17 that a debt or any portion of a debt is the result of coerced debt as defined in  
18 subdivision 2495a(3) of this title and provides the consumer reporting agency  
19 either a court order of relief pursuant to subsection 2495d(b) of this title  
20 finding that the debt was coerced or a statement of coerced debt as defined in  
21 subdivision 2495a(10) of this title and adequate documentation as defined in

1 subdivision 2495a(2) of this title, as those terms are defined in subchapter 13  
2 of this chapter, the consumer reporting agency shall reinvestigate the debt  
3 pursuant to this section. If, after the reinvestigation, it is determined the credit  
4 reporting agency determines that the debt is the result of was coerced debt, the  
5 consumer reporting agency shall remove any reference to the debt, or any  
6 portion of the debt determined to be the result of coerced debt from the  
7 consumer's file and credit report.

8 Sec. 3. 9 V.S.A. § 2480k is amended to read:

9 § 2480k. COMPLAINTS TO LAW ENFORCEMENT AGENCIES

10 A person who has learned or reasonably suspects that his or her the person's  
11 personal identifying information has been unlawfully used by another, as  
12 described in 13 V.S.A. § 2030(a) 2030, may make a complaint about the  
13 unlawful use of personal identifying information to the State Police or to the  
14 person's local law enforcement agency. The law enforcement agency shall  
15 take the complaint and provide the complainant with a copy of the complaint,  
16 the name of the law enforcement officer taking the complaint, and an incident  
17 number or case number assigned to the complaint by the law enforcement  
18 agency. If the suspected crime was committed in a different jurisdiction, the  
19 law enforcement agency shall take the complaint and provide the complainant  
20 with a copy of the complaint, the name of the law enforcement officer taking  
21 the complaint, and an incident number or case number assigned to the

1 complaint by the law enforcement agency and refer the complaint to a law  
2 enforcement agency in that different jurisdiction.

3 Sec. 4. EFFECTIVE DATE; **APPLICATION**

4 This act shall take effect on July 1, 2028, and shall apply to all coerced  
5 debt, including coerced debt incurred prior to July 1, 2028.

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13 (Committee vote: \_\_\_\_\_)

14 \_\_\_\_\_

15 Representative \_\_\_\_\_

16 FOR THE COMMITTEE