

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:

Subchapter 13. Coerced Debt

9 § 2495a. DEFINITIONS

10 As used in this subchapter:

11 (1) **“Domestic abuse”** has the same meaning provided in 15 V.S.A.

12 § 1101(1).

14 (A) a police report that identifies the coerced debt, or a portion

15 thereof, and describes the circumstances under which the coerced debt was
16 incurred;

17 (B) a Federal Trade Commission identity theft report;

19 findings of coerced debt;

20 (D) a sworn written certification from a qualified third-party
21 professional; or

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

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

5 (A) has been incurred as a result of:

6 (i) the use of the debtor's personal information without the
7 debtor's knowledge, authorization, or consent;

8 (ii) the use or threat of force, intimidation, undue influence, fraud,
9 deception, coercion, or other similar means against the debtor; or

10 (iii) economic abuse perpetrated against the debtor;

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

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

15 (D) with respect to secured debt, only includes the debtor's liability
16 for any deficiency after the foreclosure, repossession, or surrender and
17 disposition of the subject collateral.

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

20 (5) "Debtor" means a person who:

1 (A) is a survivor of domestic abuse, economic abuse, or human
2 trafficking;

3 (B) is a vulnerable adult who is a survivor of abuse, neglect, or
4 exploitation as those terms are defined under 33 V.S.A. chapter 69;

5 (C) owes coerced debt.

6 (6) “Economic abuse” means behavior in the context of a domestic
7 relationship that controls, restrains, restricts, impairs, or interferes with the
8 ability of a debtor to acquire, use, or maintain economic resources, including:

9 (A) withholding or restricting access to, or the acquisition of, money,
10 assets, credit, or financial information;

11 (B) interfering with the debtor’s ability to work and earn wages; or
12 (C) exerting undue influence over the debtor’s financial and
13 economic behavior or decisions.

14 (7) “Human trafficking” has the same meaning provided in 13 V.S.A.
15 § 2652 or 2653.

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

18 (9) “Qualified third-party professional” means:

19 (A) an officer of the court or law enforcement personnel;
20 (B) a licensed staff member of a program that provides assistance to
21 persons regarding domestic violence, sexual assault, stalking, human

1 trafficking or abuse of children, a crisis worker, as defined in 12 V.S.A.
2 § 1614(a)(1); a licensed social worker; or a clinical mental health counselor, as
3 defined in 26 V.S.A. § 3261(3), at a program the provides assistance to older
4 adults, or dependent adults or to persons regarding domestic violence, sexual
5 assault, stalking, human trafficking, or abuse of children, and who has relevant
6 training or expertise; or
7 (C) a licensed attorney or a health care provider as defined in 18
8 V.S.A. § 9402(7).

(10)(A) “Statement of coerced debt” means a written or oral statement by a debtor provided by mail to a creditor that includes the following information:

(i) identification of the debt, or portion of the debt alleged to be coerced debt;

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

(iii) a statement by the debtor disclosing that the debtor did not willingly authorize the use of the debtor’s name or personal information to incur such debt;

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

5 (vi) the debtor's preferred contact method and information such as
6 a telephone number, email address, physical address, or safe address for either
7 the debtor or a third party whom the debtor designates to receive information
8 about the coerced debt, which shall be specified by the debtor in writing; and
9 (vii) any other documents the debtor deems appropriate to support

10 the statement.

11 (B) As used in this subdivision, “mail” means certified mail,

12 certificate of mailing, or any other similar first-class mail tracking method used

13 or approved by the U.S. Postal Service, including Intelligent Mail barcode

14 Tracing (IMb Tracing). The term also includes any electronic or digital

15 transmission that provides a verifiable date, timestamp, or tracking capability,

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

17 (11) “Sworn written certification” means a statement by a qualified
18 third-party professional in the following form:

CERTIFICATION OF QUALIFIED THIRD-PARTY PROFESSIONAL

20 I, (name of qualified third-party professional), do hereby
21 certify under penalty of perjury as follows:

1 1. I am a qualified third-party professional as defined in 9 V.S.A.
2 § 2495a(9) who has had in-person contact or face-to-face contact through an
3 electronic medium with (name of debtor).

4 2. Based on my professional interactions with the debtor and
5 information presented to me in my professional capacity, I have a reasonable
6 basis to believe (name of debtor) is a survivor of domestic abuse,
7 domestic assault, stalking, economic abuse, or human trafficking and has
8 incurred all or a portion of debt that is coerced debt.

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

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

14 I attest that the foregoing is true and correct.

15 (Printed name of qualified third party)

16 (Signature of qualified third party)

17 (Business address and business telephone)

18 (Date)

19 § 2495b. COERCED DEBT PROHIBITED

20 A person shall not cause another person to incur coerced debt. Coerced
21 debt is not enforceable against the debtor.

1 § 2495c. CREDITOR'S CONDUCT PURSUANT TO A DEBTOR'S

2 STATEMENT OF COERCED DEBT

3 (a) Within 30 business days following receipt of a debtor's statement of
4 coerced debt, the creditor shall notify any consumer reporting agency to which
5 the creditor furnished adverse information about the debtor that the debtor
6 disputes the adverse information.

7 (b) If the consumer provides both a statement of coerced debt and adequate
8 documentation to the creditor, the creditor shall take all of the following
9 actions within 10 business days following receipt:

10 (1) Cease all attempts to collect the coerced debt from the debtor.
11 (2) Refrain from filing any lawsuit to collect the coerced debt or, if a
12 collection action has already been filed, seek a continuance, abatement, or stay
13 of proceedings against the debtor unless the creditor is challenging that the
14 debt is not coerced debt in that action pursuant to subsection 2495d(b) of this
15 subchapter.

16 (3) Cease all garnishment of funds from the debtor.
17 (4) Return to the debtor any payments that were made by the debtor or
18 received as part of a garnishment of funds from the debtor on the coerced debt.

19 (4) Notify the debtor that it is ceasing all attempts to collect the debt
20 from the debtor based on the debtor's claim of coerced debt. The notice shall

1 be provided to the debtor using the debtor's preferred contact method. The
2 creditor shall inform the debtor of the option to receive the notice in writing.

3 (5) Contact any consumer reporting agency to which it furnished
4 information about the debtor and the coerced debt and request they delete such
5 information. Notify the debtor of the creditor's intent to either accept or
6 dispute the accuracy of the statement of coerced debt. If accepted, the creditor
7 shall contact any consumer reporting agency to which it furnished information
8 about the debtor and the coerced debt and request that such information be
9 deleted from the debtor's credit report.

10 (6) Refrain from selling the debt or transferring it for consideration. If
11 the creditor does not own the debt and is collecting the debt for another, then
12 the creditor must notify the owner of the debt that it has ceased collection
13 activities against the debtor because the debt is coerced debt.

14 (c) If the debtor provides to a creditor a statement including some but not
15 all of the information required of a statement of coerced debt or provides an
16 oral statement of coerced debt without adequate documentation, the creditor
17 shall notify the debtor within five business days, using the debtor's preferred
18 contact method, of the additional information needed to complete the statement
19 of coerced debt and of the adequate documentation requirement. If the creditor
20 provides this notice orally, the creditor shall inform the debtor of the option to
21 receive the notice in writing.

1 (d) A creditor who provides the debtor with Model Form A-1 complies
2 with the requirement in subsection (c) of this section to notify the debtor of the
3 additional information needed to complete the statement of coerced debt with
4 adequate documentation.

5 (e) Any written notice under this section ~~must shall~~ be provided to a debtor
6 in both English and Spanish the 12 most common languages in Vermont. If
7 the creditor provides oral interpretation services or otherwise communicates
8 with a debtor in any language other than English, the creditor shall provide the
9 notice, orally or in writing, required under this subsection to the debtor in the
10 debtor's preferred language.

11 (f) The Commissioner of Financial Regulation shall publish Model Form
12 A-1 in English and Spanish the 12 most common languages in Vermont.

13 (g) The Commissioner may publish Model Form A-1 in any other language
14 the Commissioner determines is the first language of a significant number of
15 consumers in Vermont. This determination shall be based, at the discretion of
16 the Commissioner, either on the numerical percentages of all consumers in
17 Vermont for whom English or Spanish is not a first language or in a manner
18 consistent with any rules adopted by the Department of Financial Regulation
19 for this purpose.

20 (g) Model Form A-1 shall be substantially in the following form:

21 MODEL FORM A-1 FOR CREDITORS TO PROVIDE DEBTORS

1 [Creditor name:]

2 Address:

3 Email address:

4 Telephone number:

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

6 [Debtor's name]

7 [Debtor's preferred contact information: debtor may provide a telephone
number, email address, physical address, or the address of a third party]

8 You have given us information about a debt that may have been taken out
because someone used your personal information without your permission or
because someone intimidated, threatened, forced, or manipulated you into
taking out this debt.

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

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

11 1. Did you sign for or agree to the debt?

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

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

6 4. What is your preferred contact method and contact information? You
7 can provide a telephone number, email address, physical address, safe address,
8 or the contact information of another trusted person you want to receive
9 information for you because you are concerned about your safety.

10 Supporting Documentation: Please include any one of the documents
11 below that show that the debt was taken out by someone who you were in an
12 abusive relationship with and threatened you or used intimidation, force,
13 manipulation, theft, or other forms of control to take out the debt in your name.
14 You only need to send one, but you may provide more than one.

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

17 2. A Federal Trade Commission identity theft report that you can complete
18 yourself online at idtheft.gov.

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

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

5 (a) an officer of the court or law enforcement personnel;
6 (b) a licensed staff member of a program that provides assistance to
7 persons regarding domestic violence, sexual assault, stalking, human
8 trafficking or abuse of children, a crisis worker, as defined in 12 V.S.A.
9 § 1614(a)(1); a licensed social worker; or a clinical mental health counselor, as
10 defined in 26 V.S.A. § 3261(3), at a program that provides assistance to older
11 adults, or dependent adults or to persons regarding domestic violence, sexual
12 assault, stalking, human trafficking, or abuse of children, and who has relevant
13 training or expertise; or

14 (c) a licensed attorney or a health care provider as defined in 18 V.S.A.
15 § 9402(7).

16 5. Any other document such as [a divorce decree, restraining order,
17 protection from abuse order] or other document that includes information
18 about the debt and how it was taken out.

19 We need to receive your answers to the above questions and at least one
20 document supporting your claim before we stop collecting on the debt.

1 Within 30 days after we receive this information, we will do all of the
2 following:

3 1. Stop all attempts to collect the coerced debt from you.
4 2. Notify you in writing that we are stopping all attempts to collect the debt
5 from you.

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

10 If you have questions, please contact us at: [Creditor's name, mailing
11 address, telephone number, and email address].

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

13 (h) In connection with any communication related to a debtor's statement
14 of coerced debt, the creditor:

15 (1) shall only use the contact information the debtor provides in the
16 statement of coerced debt to contact the debtor and shall not use any other
17 contact information;

18 (2) shall not disclose the contact information the debtor provides in the
19 statement of coerced debt to any other person, including the perpetrator of the
20 coerced debt or joint account holders, without the debtor's express written
21 authorization; and

1 (3) may request that the debtor provide the identity of the perpetrator of
2 coerced debt, if known, and contact information for that person if known,
3 unless the debtor signs a sworn statement that disclosing such information is
4 likely to result in abuse to the debtor or an immediate family member of the
5 debtors, as provided in subdivision 2495a(10)(A)(v) of this subchapter.

6 § 2495d. CIVIL LEGAL REMEDIES

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

10 (b) The debtor establishes a prima facie case that a debt is coerced debt by
11 providing a statement of coerced debt and adequate documentation. If the
12 creditor has a good faith basis to believe that the debt is not coerced debt, the
13 creditor may seek a court order in a court of competent jurisdiction declaring
14 the debt is not coerced debt. In such a suit, the creditor has the burden to
15 disprove the debt is coerced debt.

16 (c) A person who is found to be a perpetrator of coerced debt by a court of
17 competent jurisdiction shall be civilly liable to the creditor. The perpetrator of
18 coerced debt may also be civilly liable to the debtor to the extent that the
19 debtor made payments or incurred costs related to the coerced debt.

20 (d) A creditor may use all legal rights and remedies to collect the coerced
21 debt from the perpetrator of coerced debt.

1 (e) In any court action, the presiding court shall take appropriate steps
2 necessary to protect the debtor or an immediate family member of the debtor
3 from an alleged perpetrator of coerced debt by, among other things, sealing
4 court records, redacting personally identifiable information about the debtor
5 and any immediate family member of the debtor, and directing that any
6 deposition or evidentiary hearing be conducted remotely.

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

9 (1) any actual damages sustained by the debtor as a result of such
10 noncompliance;

11 (2)(A) in the case of any action by an individual, such additional
12 damages as the court may allow, but not exceeding \$5,000.00 per violation
13 indexed annually for inflation; or

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

15 (i) such amount for each named plaintiff as could be recovered
16 under subdivision (A) of this subdivision (f)(2); and

17 (ii) such amount as the court may allow for all other class
18 members, without regard to a minimum individual recovery, not to exceed the
19 lesser of \$500,000.00 indexed annually for inflation or one per centum of the
20 net worth of the debt collector;

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

2 the court; and

3 (iv) punitive damages if the court finds the creditor's
4 noncompliance was willful.

5 (g) The provisions of this subchapter apply to lawsuits filed in this State,
6 regardless of whether a related contract provides that the law of another state is
7 chosen.

8 § 2495e. CREDITOR REMEDIES

9 (a) Nothing in this subchapter diminishes the rights of a creditor to seek
10 payment recovery for a coerced debt from the person who caused the debtor to
11 incur the coerced debt. However, in seeking such recovery, a creditor may not
12 compel a debtor to disclose the identity of the perpetrator of the coerced debt
13 or the contact information for the perpetrator if the debtor signs a sworn
14 statement specifying that disclosing such information is likely to result in
15 abuse to the debtor or any immediate family member of the debtor.

16 (b) Nothing in this subchapter shall prevent a creditor from seeking
17 recourse for fraudulent claims of coerced debt.

18 § 2495f. VIOLATIONS

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

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

4 Sec. 2. DEBT COLLECTION RULES

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

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

9 § 2480d. PROCEDURE IN CASE OF DISPUTED ACCURACY

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

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

20 (c) Notwithstanding subsection (a) of this section, a credit reporting agency
21 may terminate a reinvestigation of information disputed by a consumer under

1 such subsection if the agency reasonably determines that such dispute by the
2 consumer is frivolous or irrelevant. Upon making such a determination, a
3 credit reporting agency shall promptly notify the consumer of such
4 determination and the reasons therefor, by mail, or if authorized by the
5 consumer for that purpose, by telephone. The presence of contradictory
6 information in the consumer's file does not in and of itself constitute
7 reasonable grounds for determining the dispute is frivolous or irrelevant.

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

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

17 (f) If any information is deleted after a reinvestigation under subsection (a)
18 of this section, the information may not be reinserted in the consumer's file
19 after deletion unless the person who furnishes the information reinvestigates
20 and states in writing or by electronic record to the agency that the information
21 is complete and accurate. Such furnisher shall not provide such statement

1 unless the furnisher reasonably believes that the information is complete and
2 accurate. Upon such reinvestigation and statement by the furnisher, the credit
3 reporting agency shall promptly notify the consumer of any reinsertion.

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

8 (1) a statement that the reinvestigation is complete;
9 (2) a statement of the determination of the agency on the completeness
10 or accuracy of the disputed information;

11 (3) a credit report that is based upon the consumer's file as that file is
12 revised as a result of the reinvestigation;

13 (4) a description of the manner in which the information disputed by the
14 consumer has been altered, changed, deleted, or modified in the consumer's
15 credit report;

16 (5) a description of the procedure used to determine the accuracy and
17 completeness of the information, including the name, business address, and, if
18 available, the telephone number of any person contacted in connection with
19 such information; and

1 (6) a notification that the consumer has the right, pursuant to 15 U.S.C.
2 § 1681i, to add a statement to the consumer's file disputing the accuracy or
3 completeness of the information.

1 § 2480k. COMPLAINTS TO LAW ENFORCEMENT AGENCIES

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

16 Sec. 5. EFFECTIVE DATE

17 This act shall take effect on July 1, 2026 2028.

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4 (Committee vote: _____)

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6 Representative _____

7 FOR THE COMMITTEE