

**104TH GENERAL ASSEMBLY****State of Illinois****2025 and 2026****SB2283**

Introduced 2/7/2025, by Sen. Kimberly A. Lightford

SYNOPSIS AS INTRODUCED:

205 ILCS 740/2

was 225 ILCS 425/2

205 ILCS 740/9.6 new

Amends the Collection Agency Act. Provides that a debtor is not liable for any coerced debt, as defined in the Act, and may assert that they have incurred a coerced debt by providing to a collection agency an oral or written Statement of Coerced Debt, as specified. Sets forth provisions concerning notice of coerced debt to a collection agency; duties of a collection agency upon receiving an incomplete statement of coerced debt; affirmative defenses in collection actions or arbitration; civil liability; protections from perpetrators of coerced debt; restrictions on waivers; and liability of collection agencies for violations of the Act. Provides that, upon receiving the debtor's complete statement of coerced debt and specified supporting information, a collection agency shall review and consider all the information received from the debtor as well as any other information available in the collection agency's file or from the creditor related to the alleged coerced debt within 90 days after receipt of the statement of coerced debt. Requires a collection agency, within 5 days after receipt of the complete statement of coerced debt and supporting information, to cease any pre-judgment attempts to collect the coerced debt from the debtor, including refraining from filing any lawsuit or arbitration to collect the coerced debt, and notify any consumer reporting agency to which the collection agency or creditor furnished adverse information about the debtor that the debtor disputes the adverse information. Establishes additional requirements for a collection agency that reviews a statement of coerced debt. Provides that, within 180 days after the effective date of the Act, the Department of Financial and Professional Regulation may design and publish a model coerced debt and third party written verification form in English and any other language it determines, within its discretion, is the first language of a significant number of consumers in the State. Makes other changes.

LRB104 10114 BAB 20186 b

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Collection Agency Act is amended by
5 changing Section 2 and by adding Section 9.6 as follows:

6 (205 ILCS 740/2) (was 225 ILCS 425/2)

7 (Section scheduled to be repealed on January 1, 2026)

8 Sec. 2. Definitions. In this Act:

9 "Address of record" means the designated address recorded
10 by the Department in the applicant's or licensee's application
11 file or license file as maintained by the Department's
12 licensure maintenance unit.

13 "Board" means the Collection Agency Licensing and
14 Disciplinary Board.

15 "Charge-off balance" means an account principal and other
16 legally collectible costs, expenses, and interest accrued
17 prior to the charge-off date, less any payments or settlement.

18 "Charge-off date" means the date on which a receivable is
19 treated as a loss or expense.

20 "Coerced debt" means any debt as defined by this Act or a
21 portion of the debt, except for debt secured by real property,
22 that was incurred by the debtor because of identity theft,
23 fraud, duress, intimidation, threat, force, coercion, undue

1 influence, or the non-consensual use of the debtor's personal
2 identifying information between family or household members as
3 defined in Section 103 of the Illinois Domestic Violence Act,
4 as a result of abuse or exploitation as defined in Section 103
5 of the Illinois Domestic Violence Act, or due to human
6 trafficking as defined in subsections (b), (c), and (d) of
7 Section 10-9 of the Criminal Code of 2012.

8 "Collection agency" means any person who, in the ordinary
9 course of business, regularly, on behalf of himself or herself
10 or others, engages in the collection of a debt.

11 "Consumer debt" or "consumer credit" means money or
12 property, or their equivalent, due or owing or alleged to be
13 due or owing from a natural person by reason of a consumer
14 credit transaction.

15 "Credit transaction" means a transaction between a natural
16 person and another person in which property, service, or money
17 is acquired on credit by that natural person from such other
18 person primarily for personal, family, or household purposes.

19 "Creditor" means a person who extends consumer credit to a
20 debtor.

21 "Current balance" means the charge-off balance plus any
22 legally collectible costs, expenses, and interest, less any
23 credits or payments.

24 "Debt" means money, property, or their equivalent which is
25 due or owing or alleged to be due or owing from a person to
26 another person.

1 "Debt buyer" means a person or entity that is engaged in
2 the business of purchasing delinquent or charged-off consumer
3 loans or consumer credit accounts or other delinquent consumer
4 debt for collection purposes, whether it collects the debt
5 itself or hires a third-party for collection or an
6 attorney-at-law for litigation in order to collect such debt.

7 "Debtor" means a person from whom a collection agency
8 seeks to collect a consumer or commercial debt that is due and
9 owing or alleged to be due and owing from such person.

10 "Department" means the Department of Financial and
11 Professional Regulation.

12 "Email address of record" means the designated email
13 address recorded by the Department in the applicant's
14 application file or the licensee's license file, as maintained
15 by the Department's licensure maintenance unit.

16 "Perpetrator of coerced debt" or "perpetrator" means an
17 individual who caused coerced debt to be incurred by another.

18 "Person" means a natural person, partnership, corporation,
19 limited liability company, trust, estate, cooperative,
20 association, or other similar entity.

21 "Licensed collection agency" means a person who is
22 licensed under this Act to engage in the practice of debt
23 collection in Illinois.

24 "Multi-state licensing system" means a web-based platform
25 that allows licensure applicants to submit their applications
26 and renewals to the Department online.

1 "Secretary" means the Secretary of Financial and
2 Professional Regulation or his or her designee.

3 (Source: P.A. 102-975, eff. 1-1-23.)

4 (205 ILCS 740/9.6 new)

5 Sec. 9.6. Coerced debt.

6 (a) A debtor is not liable for any coerced debt, as defined
7 in this Act, and may assert that they have incurred a coerced
8 debt by providing to a collection agency an oral or written
9 statement of coerced debt. The statement of coerced debt
10 shall:

11 (1) contain enough information about the debt or
12 portion of the debt to allow a collection agency to
13 identify any account associated with the debt;

14 (2) inform the collection agency that the debtor did
15 not willingly authorize the use of the debtor's name,
16 account, or personal information for incurring the debt or
17 portion of the debt or to claim that a debt or portion of
18 the debt is a coerced debt;

19 (3) if the debtor knows how the debt was incurred,
20 provide facts describing how the debt was incurred;

21 (4) include the debtor's preferred contact method and
22 information such as a phone number, email address,
23 physical address, or safe address for either the debtor or
24 a third party whom the debtor designates to receive
25 information about the coerced debt; and

1 (5) be supported by at least one of the following:

2 (A) an Attorney General ID Theft Affidavit as
3 described in Section 9.4 of this Act;

4 (B) a police report that identifies the coerced
5 debt, or a portion of the debt, and describes the
6 circumstances under which the coerced debt was
7 incurred;

8 (C) a Federal Trade Commission identity theft
9 report;

10 (D) an order from a court of competent
11 jurisdiction setting forth findings of coerced debt;

12 (E) written verification on letterhead or on a
13 form published by the Department from a qualified
14 third party to whom the debtor reported the coerced
15 debt that identifies the name, organization, address,
16 and telephone number of the third party, identifies
17 the coerced debt or a portion of the debt, and attests
18 that the debtor sought the qualified third party's
19 assistance related to the coerced debt, abuse or
20 exploitation under the Illinois Domestic Violence Act,
21 or because they are a victim of human trafficking
22 under Section 10-9 of the Criminal Code; or

23 (F) any other document that individually or in
24 combination with other documents, including an order
25 of protection under Article 2 of the Illinois Domestic
26 Violence Act or a protective order under Section 112A

1 of the Code of Criminal Procedure of 1963, that
2 demonstrates a person was subject to coerced debt.

3 As used in this Section, "qualified third party" means any
4 law enforcement officer; attorney; physician, physician
5 assistant, psychiatrist, psychologist, social worker, nurse,
6 therapist, clinical professional counselor, or other medical
7 professional; any person who advises or provides services to
8 persons regarding domestic violence, family violence, sexual
9 assault, human trafficking, or abuse of children, the elderly,
10 or dependent adults; or a member of the clergy of a church,
11 religious society, or denomination.

12 (b) If a debtor notifies a collection agency orally that
13 the debt it is pursuing is coerced debt or is partially coerced
14 debt, the collection agency shall notify the debtor orally or
15 in writing that the debtor's claim must be in writing and, if a
16 model statement of coerced debt is published by the
17 Department, refer the debtor to the model statement. A
18 collection agency receiving an oral notice of coerced debt
19 must notify any consumer reporting agency to which the
20 collection agency furnished adverse information about the
21 debtor that the debtor disputes the adverse information.

22 (c) If the statement of coerced debt is incomplete in any
23 respect, the collection agency shall notify the debtor using
24 the debtor's preferred contact method within 15 business days
25 of receipt that the statement is incomplete and the type of
26 additional information needed to complete the coerced debt. If

1 the collection agency provides this notice orally, the
2 collection agency shall also provide notice to the debtor in
3 writing via email or first-class mail.

4 (d) Upon receiving the debtor's complete statement of
5 coerced debt and supporting information described in
6 subsection (a), the collection agency shall review and
7 consider all the information received from the debtor as well
8 as any other information available in the collection agency's
9 file or from the creditor related to the alleged coerced debt
10 within 90 days after receipt.

11 (1) Within 5 days after receipt of the complete
12 statement of coerced debt and supporting information, the
13 collection agency shall (i) cease any pre-judgment
14 attempts to collect the coerced debt from the debtor,
15 including refraining from filing any lawsuit or
16 arbitration to collect the coerced debt; and (ii) notify
17 any consumer reporting agency to which the collection
18 agency or creditor furnished adverse information about the
19 debtor that the debtor disputes the adverse information.

20 (2) If, after review, the collection agency makes a
21 good faith determination that the debt or any portion of
22 the debt does not qualify as coerced debt, the collection
23 agency shall provide the debtor with a written statement
24 setting forth the determination, along with any evidence
25 relied upon in forming this determination. A collection
26 agency may only resume collection activities after

1 providing debtor with a copy of this written statement and
2 supporting evidence at the debtor's preferred email or
3 mailing address from the statement of coerced debt or, if
4 not provided as part of the statement, at their last known
5 mailing address.

6 (3) If, after its review, the collection agency does
7 not make a good faith determination that the debt does not
8 qualify as coerced debt under paragraph (2), it shall: (i)
9 refrain from any further collection activities, including
10 the filing of any lawsuit or arbitration, to collect the
11 coerced debt from the debtor who submitted the statement
12 of coerced debt; (ii) notify that debtor through their
13 preferred contact method that it is ceasing all attempts
14 to collect the debt from the debtor based on the debtor's
15 claim of coerced debt; and (iii) contact any consumer
16 reporting agency to which it furnished information about
17 the coerced debt and request they delete such information.

18 (4) The collection agency may request that the debtor
19 provide the identity of the alleged perpetrator and the
20 individual's contact information, if known.

21 (5) A collection agency shall not provide the contact
22 information of debtor or a copy of the statement of
23 coerced debt or supporting information to an alleged
24 perpetrator of coerced debt or another person but may
25 summarize the allegations about how the coerced debt was
26 incurred in order to collect the debt from the

1 perpetrator.

2 (e) In any lawsuit or arbitration to collect a debt, it
3 shall be an affirmative defense that the debt is or is
4 partially coerced debt. A debtor establishes a prima facie
5 affirmative defense to any action by a collection agency to
6 collect a debt by submitting a complete statement of coerced
7 debt as set forth in subsection (a) to the collection agency
8 and the court or arbitrator. A collection agency has the
9 burden to disprove the debtor's defense by a preponderance of
10 the evidence.

11 (f) A person found by a court or arbitrator of competent
12 jurisdiction to be a perpetrator of coerced debt shall be
13 civilly liable to (1) the collection agency for the full
14 amount of the debt, less any portion that has been satisfied by
15 the debtor or otherwise, and (2) the debtor for any actual
16 damages incurred for payments, garnishments, or any other
17 costs related to the coerced debt.

18 (g) During any court action or arbitration under
19 subsections (e) and (f), the presiding official shall take
20 appropriate steps necessary to protect the debtor or any
21 immediate family member or household member of the debtor from
22 an alleged perpetrator of coerced debt, including but not
23 limited to sealing court records, redacting personally
24 identifiable information about the debtor and any immediate
25 family member or household member of the debtor, and directing
26 that any deposition or evidentiary hearing be conducted

1 remotely.

2 (h) No agreement between a debtor and any other person may
3 contain any provision that constitutes a waiver of any right
4 conferred or cause of action created by this Act, and any such
5 waiver is void.

6 (i) Any collection agency who fails to comply with any
7 provision of this Section is liable to the debtor for actual
8 damages; additional damages as the court may allow but not
9 exceeding \$2,500 per violation, court costs, reasonable
10 attorney's fees; and punitive damages if the court finds that
11 the noncompliance was willful and wanton.

12 (j) Within 180 days after the effective date of this
13 amendatory Act of the 104th General Assembly, the Department
14 may design and publish a model coerced debt and third party
15 written verification form in English and any other language it
16 determines, within its discretion, is the first language of a
17 significant number of consumers in the State.

18 (k) Nothing in this Section shall reduce or eliminate any
19 other rights or defenses available at law.

20 (l) The provisions of this Section are severable under
21 Section 1.31 of the Statute on Statutes.