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March 11, 2026

To: The Honorable Kriselda Valderrama
Chair, House Economic Matters Committee

From: Wilson Meeks
Nora Nichols
Consumer Protection Division
Office of the Attorney General

Re: House Bill 1198 – Civil Actions – Coerced Debt – Debtor Protections (SUPPORT)

The Consumer Protection Division (“Division”) of the Office of the Attorney General supports House Bill 1198, sponsored by Delegates Lesley J. Lopez, Lorig Charkoudian, Elizabeth Embry, and Emily Shetty. House Bill 1198 aims to protect victims of "coerced debt," which includes individuals who experience abuse, exploitation, trafficking, and harassment. House Bill 1198 creates a path for debtors to seek equitable relief against debt collectors when the debt is coerced. House Bill 1198 aims to address a real problem and in a meaningful way by empowering individuals as private litigants to seek equitable relief in the Maryland courts.

House Bill 1198 outlines the actions that a debtor must take if they allege the debt is coerced and includes requirements for creditors once a debt is alleged to be coerced. The bill includes clear definitions and notice requirements for both creditors and debtors. House Bill 1198 outlines the relief that a debtor alleging a coerced debt may seek, which includes: 1) a declaratory judgment that a debt is coerced, 2) an injunction prohibiting the creditor from certain actions such as holding a debtor liable for a coerced debt, enforcing a judgment related to the coerced debt, or reporting the coerced debt to a consumer reporting agency, 3) an order dismissing with prejudice any cause of action brought by a creditor to enforce or collect the coerced debt from the debtor, and 4) an order requiring a creditor to report to a consumer reporting agency the deletion of the coerced debt. House Bill 1198 also includes that a creditor can pursue an action against an individual alleged to have caused the coerced debt. If successful in proving the debt was coerced via a declaratory judgment, House Bill 1198 provides that a debtor can seek damages for payments made or costs related to the coerced debt, attorney’s fees, and court costs. House Bill 1198

establishes that a coerced debt is an affirmative defense in an action to satisfy a debt and that any agreement to waive or modify rights under the subtitle is void. Importantly, House Bill 1198 considers the complexities of abusive relationships and circumstances by its definition of "qualified third-party" – including numerous individuals to whom a coerced debtor may report the coerced debt, and, in turn, who is permitted to author the required sworn statement.

The Division supports House Bill 1198 in its efforts to better protect Maryland consumers who are subjected to often debilitating coerced debt and mitigate the harms from coerced debt. Accordingly, for the reasons set forth, the Consumer Protection Division supports House Bill 1198 and requests a favorable report.

cc. The Honorable Lesley J. Lopez
The Honorable Lorig Charkoudian
The Honorable Elizabeth Embry
The Honorable Emily Shetty
Members, House Economic Matters Committee