# SB 975

Protecting Vulnerable Populations from Coerced Debt
Senator Dave Min, 37th District


## SUMMARY

Economic coercion plays a significant role in domestic violence and other forms of abuse, yet current law does not provide adequate protection for victims.

SB 975 will help break cycles of financial abuse by establishing crucial consumer and credit protections for individuals who have been coerced into taking on debt without their knowledge or consent.


## BACKGROUND

Survivors of domestic violence or elder abuse, and foster youth are often victims of coerced or fraudulent debt, with debts taken out in their name without their knowledge or consent. These debts damage individuals' credit and force them into years of debt repayment, reducing their economic stability and leaving them vulnerable to future abuse, poverty, and housing instability or homelessness.

Financial abuse occurs in 99% of domestic violence cases and can include stealing money, credit, property, or identity from a partner. It can also involve forcing a partner to file fraudulent legal financial documents or overspend on credit cards. Abusive partners can incur debt without a survivor's consent, or coerce a survivor into incurring the debt, by threats of harm. The debt and poor credit score resulting from financial abuse can have long-term consequences for survivors, creating barriers to education, housing and employment opportunities.

Further, research illustrates that access to economic resources is the most likely predictor of whether a survivor will be able to permanently separate from their abusive partner. In a 2012 survey, of the 85% of victims who returned to their abusive partners, a significant number cited an inability to address their finances.

The elderly also experience economic coercion at high rates. In cases of elder abuse, family members and other trusted individuals can abuse Power of Attorney, steal money, take advantage of joint bank accounts, misuse ATM cards, and/or steal checks, as well as threaten to abandon, physically abuse, or otherwise harm the individual unless their demands are met.

Youth in foster care are particularly vulnerable to economic coercion. When foster youth are put in multiple placements, numerous adults are given access to their personal information, leaving these children vulnerable to abuse. A pilot project in Los Angeles worked with 104 foster youth children who had 247 separate accounts reported in their names. A large majority of the additional accounts were the result of identity theft. Further, a 2018 survey conducted by the Identity Theft Resource Center and Symantec found that 15% of foster youth surveyed were victims of identity theft.

## THIS BILL

SB 975 provides the opportunity to seek relief from debt repayment for coerced debt. It allows individuals to establish a debt was coerced by providing evidence including, but not limited to, a police report, FTC identity theft report, relevant court orders, and other documents provided by listed professionals.

The measure also provides survivors and creditors the opportunity to settle matters outside of court, if that is preferred by both parties.

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To ensure debts are ultimately collected by the appropriate entity, the bill allows creditors to pursue debts from anyone who used or possessed money, goods, services, or property obtained through a coerced debt.

By freeing individuals from coerced debt, SB 975 will provide individuals' financial stability and help end the cycle of financial abuse.

## SUPPORT

California Partnership to End Domestic Violence (co-sponsor)
Public Law Center (co-sponsor)
Law Foundation of Silicon Valley (co-sponsor)
Futures Without Violence
Gray's Trauma-Informed Care Services Corp
John Burton Advocates for Youth
Little Hoover Commission
National Council of Jewish Women-California
Neighborhood Legal Services of Los Angeles County
Public Law Center

## OPPOSITION

None on File

## STAFF CONTACT

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