

CHAPTER 430

AN ACT concerning business financing and judgment by confession and supplementing chapter 16 of Title 2A of the New Jersey Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

C.2A:16-9.1 Business financing not extended to concern containing a judgment by confession.

1. a. (1) No provider of business financing shall extend business financing to a concern in this State that contains a judgment by confession.

(2) No judgment shall be entered on warrant of attorney in any action on a bond or other instrument for the payment of money, except on motion after notice to the defendant served in lieu of summons in accordance with applicable court rules or by registered or certified mail.

b. A provision of any contract for business financing that provides for a judgment by confession that does not meet the requirements of subsection a. of this section shall be invalid and unenforceable against any concern.

c. As used in this section:

“Business financing” means a loan, line of credit, cash advance, factoring or asset-based transaction made for a business purpose.

“Concern” means any trade, business or professional entity conducted for profit, and includes, but is not limited to, individuals, partnerships, corporations, joint ventures, associations and cooperatives.

“Judgment by confession” means a written agreement that accepts liability and specifies damages in cases in which a concern is in violation of a business financing agreement.

C.2A:16-9.2 Violations, civil action.

2. a. The Attorney General shall investigate violations of this act. If the Attorney General finds that a person has violated or is violating this act, the Attorney General may bring a civil action in State or federal court against the person. The Superior Court shall have jurisdiction over a State action brought pursuant to this act.

b. Any person who violates this act shall be liable for a penalty of not more than \$5,000 for the first violation, \$10,000 for the second violation and \$15,000 for each subsequent violation. The court shall also award court costs and reasonable attorneys' fees to the Attorney General.

3. This act shall take effect on the 90th day next following the date of enactment.

Approved January 21, 2020.