

Alert: New Remedies to Combat "Revenge Liens"

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Recent amendments to the Uniform Commercial Code (codified as Minnesota Statutes, Chapter 336) provide an immediate remedy for lien notices (financing statements) filed with the intent to harass or defraud a debtor — known as “revenge liens.” The filing system the Minnesota Secretary of State utilizes creates a public notice of liens against a debtor’s personal property upon the filing of a financing statement. Previously, there was no way to challenge a financing statement filed with ill intent other than through the civil court system. A disgruntled party could abuse the filing system to file a bogus lien against an employer, spouse or domestic partner, vendor, government official, or professional to cause embarrassment or financial disruption. Changes to the Uniform Commercial Code now empower the Minnesota Secretary of State to reject a filing based on an affidavit of wrongful filing from the debtor. The amendments provide an alternative to the court process and a more efficient response to revenge liens.

If you need assistance navigating this process, please contact your attorney at Moss & Barnett.

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