

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON IMMIGRATION

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October 2, 2019

Start: 1:15 p.m.

Recess: 5:58 p.m.

HELD AT: Committee Room - City Hall

B E F O R E: Carlos Menchaca
Chairperson

COUNCIL MEMBERS: Margaret s. Chin
Daniel Dromm
Mathieu Eugene
Mark Gjonaj
I. Daneek Miller
Francisco P. Moya

A P P E A R A N C E S (CONTINUED)

Betsy Plum, Vice President of Policy, New York Immigration Coalition

Natalia Aristizabal, Co-Director of Organizing at Make the Road New York

Jonathan Stribling-Uss, Esquire, New York Civil Liberties Union, NYCLU

Mizuee Aizeki Mizue, Deputy Director of the Immigrant Defense Project

Deynara Del Rio, New Economy Project

Karen Otoni, Director Ecosystem, Limits Foundation

Bishop Mitchell Taylor founder and CEO of Urban Upbound

Bitta Mustofi, Commissioner, Mayor's Office of Immigrant Affairs. MOIA

Sam Solomon, Deputy Counsel to the Chief Privacy Officer, NYC Mayor's Office

John Paul Farmer, Mayor's Office of the Chief Technology Officer

Nicole Perry, Deputy Commissioner, Department of Consumer and Worker Protection, Appearing for DCWP Commissioner Lorelei Salas

Alicia Portada, Director of Communications and
Community Engagement, Lower East Side People's
Federal Credit Union

Nina Duta, American Immigration Lawyers
Association

Tashi Lhewa, Legal Aid Society

2 [sound check] [pause] [gavel]

3 SERGEANT-AT-ARMS: Quiet, please. Find
4 seats and go to those. [gavel]

5 CHAIRPERSON MENCHACA: Buenos tardes
6 everyone. My name is Carlos and we are—we will be
7 beginning the Immigration hearing today. My name is
8 Carlos Menchaca. I'm the Chair of the Immigration
9 Committee. Today, the Committee on Immigration will
10 be hearing Intro 1706 in relation to prohibiting a
11 smart chip from being added to the New York City
12 identity card, IDNYC. At the onset of today's
13 hearing, I want to—I want to make clear that this
14 legislation is the result of many hours of thoughtful
15 deliberation and many, many meetings with advocates
16 and representatives of multiple mayoral agencies. I
17 do not take today's hearing lightly and in many ways
18 I am disappointed that has come to this point. On
19 February 12, 2019 this committee held a hearing to
20 celebrate the success of IDNYC program. First, from
21 a community voiced need and a community led effort
22 for a government issued identification and championed
23 by a diverse coalition of advocates, New York City
24 Council proudly passed IDNYC legislation, Local Law
25 35 of 2014. Without the Herculean effort of the

2 Mayor's Office we could not possibly have seen a
3 January 20, oh, sorry, a January 2, 2019 rollout, and
4 to day the program has over 1.3 million card holders.
5 That's incredibly impressive, and that alone should
6 be celebrated, and I want in this space to do that,
7 but that is worth celebrating and we're in the midst
8 of celebrating that success. IDNYC literally opens
9 doors. It grants access to city services that are
10 difficult or impossible to access without
11 identification. The card itself is secure. The city
12 must purge all personally identifiable information
13 after the cardholder's application is approved. As a
14 result, it is trust...is—it is a trusted program
15 throughout the entire city. In May of 2081, the
16 Mayor's Office released a Request for Information and
17 RFI. For the first time the idea of adding a smart
18 chip and payment application was made public on
19 December—in December of 2018 the Mayor's office began
20 the process of a negotiated acquisition for a smart
21 chip that could be integrated with IDNYC. My office
22 and the committee staff have been in monthly
23 sometimes weekly conversations with the Mayor's
24 office and advocates since then. To better
25 understand the parameters of this proposal after many

2 months I have come to the understanding that the
3 risks associated with the mayor's proposal are too
4 great. By partnering with a financial entity to
5 execute their proposal, the city would subject IDNYC
6 cardholders to a set of privacy standards outside the
7 city's control. The city would necessarily risk the
8 exposure of private cardholder information to
9 subpoena and data sharing among private entities. In
10 fact, the Administration has publicly touted ways in
11 which this very proposal IDNYC with a smart chip
12 could facilitate data collection and data sharing.
13 After years of advocacy, the city finally listened to
14 our most vulnerable residents in creating the secure
15 city ID that develops a bridge of trust between
16 communities and government, bridge of trust between
17 communities and government and brings vulnerable
18 populations out of the shadows. In one fell swoop the
19 Mayor's Office would undermine that trust, the very
20 essence of the program. Be assured this proposal is
21 not about serving the unbanked and under-banked.
22 There are better, safer ways to do that. This
23 proposal is about giving a corporation a captive
24 audience, 1.3 million cardholders whose data is
25 incredibly valuable to the private sector and I

2 cannot in good conscience watch from the sidelines as
3 this program is dismantled. With that, I want to
4 thank the staff who have made this issue a priority
5 for us here at the City Council for many, many months
6 and helped plan this hearing. Committee Counsel
7 Irani Auja (sp?) Committee Policy Analyst Elizabeth
8 Cronk, and my Chief of Staff, Lorena Lucero,
9 Communications Director, Tony Charito, and the rest
10 of the Immigration Committee staff. I want to thank
11 the members of the committee who are here right now,
12 Council Member Mathieu Eugene from Brooklyn, and with
13 that, I want to call the first panel a public panel
14 that will kind of set us off in motion to discuss the
15 topic at hand, and the first panel will be the
16 Immigration Defense Project, Mizue Aizeki, the New
17 Economy Project, Dey Del Rio; NUCLU Jonathan
18 Stribling-Uss from the New York Immigration
19 Coalition, Betsy Plum, and Natalia Aristizabal from
20 Make the Road New York. Please come up to the front,
21 and you can kick us off with your panel. [pause]
22 Hello, and welcome. Who would like to go first?
23 Okay.

24 Betsy Plum: Good afternoon. My name is
25 Betsy Plum, and I am the Vice President of Policy at

2 the New York Immigration Coalition. Thank you to
3 the members of the City Council the Immigration
4 Committee and Chair Menchaca for convening this
5 important hearing on IDNYC and for the introduction
6 of legislation Intro 1706 that would prohibit a smart
7 chip on IDNYC cards. We fully support this
8 legislation, and feel that the addition of a smart
9 chip would jeopardize the integrity of the IDNYC Card
10 and program and the safety of the people who use it
11 and most rely on it. Since its inception in 2015,
12 IDNYC has been a vital and well received tool
13 especially for immigrant and other New Yorkers who
14 have traditionally faced obstacles to securing a
15 government issued form of identification. The card
16 has helped individuals prove their identity at
17 hospitals and government buildings, helped parent
18 enter their child's school, and helped hard-working
19 New Yorkers open bank and credit union accounts to
20 protect their earnings. Barrier after barrier has
21 been overcome to create a more inclusive and
22 welcoming city. Much of IDNYC's success came from its
23 roots in community organizing, and listening clearly
24 to what communities and advocates were calling for to
25 ensure the safest and most inclusive program. The

2 proposed changes to the IDNYC program at the heart of
3 today's hearing go far beyond IDNYC's original intent
4 of providing safe government issued photo
5 identification to New Yorkers who face barriers to
6 securing other forms of government issued ID. In
7 fact, it runs completely contrary to that initial
8 goal of the program. It effectively creates a re-
9 envisioned program that sacrifices the safety and
10 security of the cardholders who most rely on the
11 IDNYC program, and trades that security for potential
12 new benefits that would be best delivered by a
13 completely different program particularly a
14 progressive one. The most important principle of the
15 program that the benefits always far outweigh the
16 risks is lost, and that trust and partnership that
17 you mentioned, chair built between advocates,
18 communities and the city is seriously threatened. In
19 vetting quote/unquote smart chips into IDNYC cards is
20 a dangerous and ill advised solution. There is a
21 reason that no on other municipal or state ID program
22 has implemented this type and kind of technology and
23 broad integration that the Mayor's Office is
24 currently exploring, and it has nothing to do with it
25 being—with there being a lack of innovative

2 initiative and progressive will in these other
3 places, but because of the fact that the risks are
4 too high. Any solution including payment cards the
5 city may wish to develop should not be connected to
6 IDNYC cards. This should be common sense, and is why
7 we support Intro 1706, and while we do not support
8 the integration of a [sound check] into IDNYC cards,
9 we do want to work alongside our municipal leaders to
10 continue to think progressively around solutions to
11 various issues that they are proposing to use IDNYC
12 to attempt to address. We want to work with the
13 City., the MTA and the state who is ultimately
14 responsible for the MTA to ensure that all New
15 Yorkers have access to our vital public
16 transportation system as the MTA transitions from the
17 Metro Card system to a contactless (sic) system. We
18 are especially eager to work with leaders to find
19 solutions around expanding financial access and
20 empowerment. However, finding a one-size-fits-all
21 solution via the IDNYC program for these issues is
22 unacceptable and dangerous. While immigrant
23 communities have been left beaten and bruised by
24 rampant immigration enforcement and one of the most
25 hostile federal environments in the history of our

2 country, parents, children, spouses and friends are
3 left reeling after the deportation of a loved one,
4 the detention of another, an unlawful home raid, and
5 the fear that entire lives and dreams will be
6 shattered in an instant. We must acknowledge those
7 fears of immigrant communities and work together to
8 break them down and build back trust. It is not time
9 to dangerously play with the program that has been an
10 incredible asset to over 1.2 million New Yorkers.
11 Privacy and trust must be maintained. Our desire to
12 uphold these principles especially privacy is not
13 driven by paranoia, though we are right to be so, but
14 by the actual harsh reality that we're living in, and
15 that immigrants must navigate daily. Thank you and
16 we look forward to continuing to work with City
17 Council and the Mayor's Office to expand access and
18 opportunity to all New Yorkers while enshrining the
19 integrity and safety of the IDNYC program. We hope
20 that the City Council will move Intro 1706 to a full
21 vote, and are grateful to the City Council for
22 protecting the IDNYC program and immigrant New
23 Yorkers.

24 NATALIA ARISTIZABAL: Thank you. Good
25 afternoon everyone, and thank you to Council Member

2 Menchaca and the rest of the Council Members present
3 here today for holding this hearing, which is very
4 important for us. My name is Natalia Aristizabal,
5 and I here with Make the Road New York. I'm the Co-
6 Director of Organizing of our team, and Make the Road
7 New York is a community based organization with
8 23,000 members dedicated to building the power of
9 immigrant and working class communities in New York
10 with dignity and justice through organizing policy
11 innovation, transformative education, and survival
12 services. We operate particularly in this context in
13 three of the counties of New York City, and we're
14 here because we're really concerned about the IDNYC.
15 We as a community organization we're part of the
16 initial group that brought together this idea because
17 we understood and because we work on the sides of
18 immigrants, and that they needed an ID that was
19 reasonable and accessible to them. We're very proud
20 of the outcome of our work not only for
21 organizations, but with our partners, and we
22 currently tell everyone to enroll and to get the ID.
23 Our experience working with our members has
24 demonstrated that this program is successful because
25 and even so, we were able to have them enrolled in

2 our offices, and our offices for a while were
3 enrollment centers in Brooklyn and Queens, and for
4 many of our members this is the main source of
5 identification, and for some other folks like myself
6 we've been able to go to museums and be members of
7 museums or public parks that probably we had not done
8 so if it wasn't because of the perks of the ID, and
9 so we're really concerned because we think that this
10 take the identification to another—to another place.
11 When the community members come asking us for
12 guidance about the IDNYC we tell them that even
13 though they have to submit documentation, and they're
14 going to get in the initial database, that all the
15 documents that they're going to hand in to prove who
16 they are and their address will be stored, and we
17 have fought really hard to keep IDNYC as safe as
18 possible. For someone who resides in the city as an
19 undocumented person, it's less risky to get an IDNYC
20 than to walk around with their home passport or a
21 Matricula Consular—Consular ID, which some—some
22 counsel—some embassies from different countries will
23 provide them. So, it's conversations usually with
24 our member are simple and even joyful. Get their ID.
25 It is safe. It's a great initiative, and you don't

2 have to worry about signing up. It's a pretty simple
3 and good conversation, and this allows many of our
4 members to have things that a lot of other people who
5 currently have different forms of IDs don't have to
6 question, which is how to get through security when
7 visiting their kid's school for teacher-
8 parent/teacher night or how to get into a building
9 that won't let them in without identification. As an
10 advocate for the immigrant community and more
11 specifically for undocumented people who live in
12 heightened fear during this particular challenging
13 time, we need to protect the private information and
14 that's our main concern, and it is our job to force
15 the—to think of the worst of this scenario, and the
16 federal administration has been showing us that our
17 worst fears can come true. We have attended numerous
18 meetings led by the Mayor's Office of Immigrant
19 Affairs, and have talked about this some of us for
20 years, some of us longer and we haven't really heard
21 the answers to our concerns. We basically and it's
22 simple, we don't want third parties having our
23 information. We don't want the possibility of being
24 tracked or surveilled when we take the subway. We
25 don't want to further create databases with this

2 program. We don't want up in options. We know that
3 surveillance, data storage or tracking happens
4 already in a lot of way in our lives, but this right
5 now it's not happening due to the ID or to IDNYC and
6 we want to keep it that way. We understand that MOIA
7 wants to help back investors and bring more benefits
8 to New Yorkers, and while we commend this thinking,
9 we don't think that a chip or a contactless
10 technology is the way—is the way to do it, and we
11 also understand that they want to address the problem
12 of why there is a lack of banking in low-income
13 communities, poor or communities of color, but having
14 the chip in the Council list is not going to actually
15 address the problems of that and other colleagues
16 here will address that better. We do want the city
17 to look into expanding the cards, and who signs onto
18 the ID and wanted to be as successfully as possible
19 without jeopardizing right now a program that works
20 really well. And here is also I think an important
21 point for us and our members is that in a moment
22 where there's so much distress in government in
23 general, the IDNYC has shown us that good policies
24 can have good impacts on community members when
25 there's programs that are made thinking about them,

2 and this right now is actually a way that the
3 community members can trust at least local government
4 because of this program. It works really well, and
5 in that time when there's so much mistrust between
6 individuals in government mainly because of the size
7 of our government, we need to preserve any good
8 interactions and relationships there is from
9 civilians or like civilians or individuals to local
10 government. So, we thank you for the time for
11 convening this, and we are happy to continue
12 conversations that include our concerns, and that is
13 thinking about perks and expansions without putting
14 at stake so much for different ID-IDNYC holders.
15 Thank you.

16 JONATHAN STRIBLING-USS: Thank you very
17 much Council Members all and—and Carlos Menchaca for
18 having this hearing. My name is Jonathan Stribling-
19 Uss. I'm from NYCLU, the New York Civil Liberties
20 Union. We're an organization with about 180,000
21 members and supporters here in New York State from
22 across the state, and we are here to really say that
23 we do support Intro 1706, the bill introduced by
24 Council Member Menchaca because it really emphasizes
25 the aspects of IDNYC that have made the ID so

2 successful with over a million—1.3 million people
3 signed up for it, and using it currently, and an ID
4 that really was designed and has continued to serve
5 the most vulnerable population in our city, and those
6 folks that are most at risk, and need the most
7 privacy protections from our city government. The
8 IDNYC works—the IDNYC works because of something that
9 it has community trust, and that trust is something
10 that we and the other coalition members here have
11 been working with city to build since 2014 when the
12 bill was first introduced, and we've gone through a
13 number of different findings along the way in terms
14 of needing to change aspects of the bill to make it
15 something that we could be sure had robust privacy
16 protections, and this is adding to that. So, this
17 Intro 1706 adds only data aspects of the IDNYC bill,
18 and really makes sure that we can secure the
19 documents and the identities of the individuals who
20 are trusting the city to maintain those in the
21 highest way with the most secure standards and
22 privacy protections. Unfortunately, financial tech is
23 both at odds with the purpose of the card and the
24 wishes of the cardholders, and so, adding financial
25 technology, which involves tracking transaction or

2 allowing for contactless technology and smart cards
3 into it. Both of those things undermine key aspects
4 of the trust that has been built since 2014, and it
5 is something that while MOIA has said that they are
6 trying to respond to the community needs, and I
7 respect the fact that the banking access is a very
8 important thing that community members need marrying
9 an ID card and a banking card or a—or a payment card
10 poses huge risks to privacy just by the fact that as
11 you use a card more and more often for transactions
12 for travel it develops what's called metadata, or it
13 develops more and more data surrounding those
14 transactions that can be used to individually
15 identify an individual or give really detail
16 perspective into someone's patterns of life, which
17 can be used to really hurt their privacy and
18 undermine some of the protections that we really have
19 fought for in IDNYC. Academic studies have
20 consistently shown that it take only three pieces of
21 known data to de-anonymize an individual even in an
22 anonymous data set, and so this is metadata generally
23 refers to data about data. So, it's where you used
24 your card, the time, place, sequence or timing of
25 that use along with other transactions or other

2 travel, and this is something that could allow
3 advertising companies, government agencies to undo
4 whatever synonymous numerical identifier would be
5 used to hold the transaction or the transit travel
6 and it would allow those companies or those agencies
7 to go back in time and get a really detailed picture
8 of someone's usage of this card, and the broader
9 point here is really that financial technology no
10 more belongs in the municipal ID than a Master Card
11 logo belongs on a driver's license. These are
12 separate functions. They should be kept separate.
13 We really want to increase financial equity. We want
14 to make sure that people have—unbanked people are
15 able to get access to credit and to a whole host of
16 services that they are in dire straights to—to
17 require. However, you know, adding FinTech to a
18 government ID is not the proper way of achieving
19 those goals as you cited at the beginning of this,
20 and I think the other thing to not here is that this
21 type of metadata collection on a broad scale when
22 you're getting people's transit travel or getting all
23 of the transactions that they're engaging in and
24 tying it to their identity can have Fourth Amendment
25 implications under the Supreme Court's recent holding

2 in *Carpenter v. U.S.* and say individuals have a
3 privacy interest and a record of their physical
4 movements, and that's a strong statement the Supreme
5 Court, and we want to make sure that those—that that
6 statement is something that the city is doing its
7 best to maintain especially in regards to an ID that
8 really at this point has been useful as a shield for
9 communities, and we don't want to turn that shield
10 against communities into a weapon against them,
11 right, and that's what this, um, would add in
12 tracking technology of any sort could really do, and
13 so we want to honor the original purpose of the IDNYC
14 and make sure it's successful in the coming years
15 avoiding risky either contactless or R-F-I-D
16 technology or tracking technology that is involved
17 with financial technology in general and make sure
18 that we don't hurt individuals or undermine the
19 city's original purposes that were really wonderful
20 in creating what has been a successful IDNYC. Thank
21 you.

22 CHAIRPERSON MENCHACA: [off mic] Thank
23 you.

24 MIZUE AIZEKI: Good afternoon. My name
25 is Mizue Aizeki. I'm the Deputy Director of the

2 Immigrant Defense Project. I want to start also by
3 thanking Chair-Chair Carlos Menchaca, and the other
4 Council Members for listening to us today. We were
5 here last February, right, and we basically said the
6 same thing. So, I'm not going to spend my time
7 reiterating that, but I also just want to emphasize—
8 I'm supposed to say what IDP does. Sorry. The
9 Immigrant Defense Project is a New York based non-
10 profit that works to secure fairness and justice for
11 immigrants by focusing on the rights of those caught
12 at the intersection of the Criminal Justice and
13 Immigration system. So, you know, we've thought we
14 are extremely focused on the risks that immigrants
15 face from surveillance. As we know, when all of us
16 here fought for the first IDNYC, as you mentioned,
17 Council Member, the privacy and security were at the
18 forefront of that because even at that time we know
19 that this population of people who would be the most
20 in need of a government issued ID from New York City
21 would, you know, a perfect database of collection of
22 people that could be targeted by police and by—or by
23 immigration and customs enforcement. And I remember
24 the first meeting I had with MOIA right after Trump
25 won, and it was basically about the city telling us

2 about the risk of a potential lawsuit right to have
3 the city make the documents that they had stored
4 FOILable and we were really scared, right, and, um,
5 luckily we won that fight, but we're just here to say
6 like let's not make the same mistake again or a
7 similar mistake, and so, you know, the—we've been
8 talking about this or having conversations about this
9 for a year with the Administration and, you know, it
10 seems to us that now they're landing on the primary
11 features of this proposal is to enable the ID card to
12 be used at the MTA system as a contactless system,
13 and then also as a method of financial inclusion for
14 New Yorkers, and I think we all just want to stress
15 to be really clear we both, we think both of those
16 things are really important for people to have equal
17 and efficient access to public transportation, and
18 also to really think about how to have economic
19 justice and financial inclusion in New York City, and
20 I just want to reiterate the reason why we're here in
21 support of this bill is because with adding the City
22 IDNYC clearly is not the solution, and so we have
23 been mentioning—a number of people mentioned here we
24 asked a lot of questions that haven't been answered
25 yet. So, I don't need to go into that, and I think

2 Jonathan from NYCLU talked about a lot of the
3 surveillance risks. So, I just want to hone in maybe
4 on a couple of things that are different. You know,
5 in terms of the role of data collection and ICE
6 surveillance, one of the things that we've learned
7 over the past three-two and a half years of this
8 Administration is that it's become what ICE calls
9 mission centric to have this kind of data and be able
10 to analyze it, right? And so, companies like
11 Palantir play a big role in helping ICE, you know,
12 amass all this data, analyze it in order to target
13 people. And also we've been learning as we learned
14 about this proposal that data collection is also
15 central to corporations in their efforts to make
16 profits off of people's information. So, I'll get to
17 that more in a minute, but I think that, you know,
18 the point I want to emphasize here is combining that
19 with the need and interest in data by, you know,
20 policing agencies like ICE, and then the interest,
21 the centrality of data right, and the profit mode for
22 financial technology systems is really at the heart
23 of like-of our major concern with merging these two
24 things, and, you know, we've consulted with us with
25 many of us with many different privacy and security

2 experts, and I haven't encountered a single one
3 honestly that has told me this is a good idea, right,
4 and we're happy to provide you the names of all those
5 people, and just to add a little bit more to what
6 Jonathan had mentioned, you know, I think one of the
7 things that's become really clear in terms of merging
8 IDs, identification with integrating different
9 sources is what they call function creep. So, it kind
10 of starts out like well, we're going to use this
11 idea, and it will have some financial options. Then
12 it becomes well now you need this idea. We're going
13 to put all your medical records on it, and the now
14 that you're going to get your Social Security
15 benefits, you have to get this card, right. So, you
16 know, there are examples across the world globally
17 where this has happened, where now people are trying
18 to kind of reel-reel this back in and stop this
19 forward momentum. You know, I think one of the
20 things that we've really struggled with in terms of
21 having like an open and transparent conversation
22 about this with the Administration is it's constantly
23 presented to us that this is a proposal that's coming
24 out of the community, right, but this is something
25 that community poles show this is what IDNYC

2 cardholders want, which is definitely in conflict
3 with how we understand what the community wants, but
4 the purpose is always put out there that this is
5 about improving the lives of New Yorkers, right. Yet
6 at the same time like if you read the financial news,
7 it's no secret that major corporations like Master
8 Card also have made very clear that this is the type
9 of proposal that fuels their business strategy,
10 right? They talk about financial inclusion as a
11 fundamental component. They talk about moving from a
12 cashless society because cash is inefficient. They
13 talk about we need to get a Master Card in the hand
14 of every poor person, right, and so and, you know,
15 the former Chief Technology Officer of New York City
16 who—who set up the agency that issued the RFI now
17 works for this type of initiative, the Master Card,
18 right. So, it's like this all in the news, but this
19 never surfaces in any of our conversations with the
20 city, and I just want to say that, you know, just on
21 the example of Mexico City, it's a really great
22 promo—promo video by Master Card. It's on Bloomberg
23 where they talk about why is this so important to
24 them as a business model, and they're like it's a big
25 urban area, right? Millions and millions of people.

2 Most of them are poor, most of them—it's a huge cash
3 economy. If we get a credit card in all of their
4 hand to use the Metro, which they're all using, then
5 they're to go start that card at the restaurant.
6 Then they're going to start using it at the—you know,
7 when they buy their vegetables and that kind of
8 thing. They're very explicit about that. It's not
9 hidden, and I just want to say that, you know, I have
10 also attached to my testimony a study, which shows
11 how that—their initiative that they did in Mexico
12 with the metric system has been riddled with all
13 sorts of problems. Right, people have had their—
14 their assets frozen, the customer service is
15 terrible. I read somewhere that the interest rate is
16 97%. So, if you borrow 10,000 pesos you have to pay
17 what? \$9,700 extra on top of that, and so I just want
18 to, for us then from seeing in this position when
19 we're hearing, you know, that this is all about
20 financial inclusion, we just keep asking how, why,
21 and we're told that we can't really tell you because
22 it's procurement rules. It's exploratory, right, but
23 so we have to go to the news and figure out what's
24 happening. I also just want to like emphasize the
25 point about how data collection is a really big part

2 of their model. Master Card also led a collaboration
3 with Microsoft called City Possible where they talk
4 about compiling huge amounts of data. It's part of
5 their model. 160 million transactions every hour all
6 over the world, and the is going to give us insight
7 on how people move and interact in a city space. So,
8 I just come here today just say like we've received a
9 lot of conflicting information like thank you very
10 much for continue to open the space for us to get
11 clear about this. There's been a lot of lack of
12 transparency. There's been like mixed messages and
13 misinformation, and it appears to me that there's an
14 evident corporate as you mentioned corporate
15 motivation for this pathway, and that's kind of at
16 the heart of this community concern about it is
17 because that's never been surfaced or held up as the
18 center of what this is, and that's not the path
19 forward for economic justice and security for New
20 Yorkers. You know, I just wanted to say that Chicago
21 also similarly put a Master Card chip or some kind of
22 chip on their municipal ID, and they—they have
23 continued to have a separate option for people to
24 ride the Metro without it being attached to their ID.
25 Because they're very clear of the data risks for

2 people in terms of having that on their ID. So, if
3 you wanted to speak to people in the city, you can
4 speak to that. I think that it's just something
5 that's a principle that other cities have also held
6 that maximum protections requires disaggregating IDs
7 from this kind of chip. So, just to wrap up, let's
8 see. Just reinforcing this point that there is no
9 other government issued ID that offers the same level
10 of protection as the IDNYC does currently and we feel
11 extremely committed to that as a model for New
12 Yorkers and especially people are at risk—
13 particularly at risk of surveillance and targeting,
14 and we also then ask the city for—we're asking in
15 support of this bill to close the chapter on this
16 conversation about this IDNYC becoming a vehicle for
17 financial inclusion. You know, we've been—all of us
18 are extremely busy. As you may know, the president
19 doesn't like the people that we fight for, and it's—
20 it's been incredibly challenging I think for all of
21 us. We really appreciate the space to just—to
22 continue to say the same things over and over again
23 when so many of us have invested so many resources
24 and promoting IDNYC in the first place, and then
25 also, you know, on this piece of economic justice,

2 like every single one of us is committed to that as a
3 principle of our work. We know there's no—not going
4 to be liberation unless there's economic equality as
5 a foundation, and some people have more specialty in
6 it than the rest of us, but I just feel like, you
7 know, our proposed—our hope is that we can close this
8 conversation on the IDNYC with a chip, and move
9 forward to a very like robust conversation with
10 stakeholders in the Administration on how really to
11 find, you know, financial equity and economic justice
12 for New York. That's it.

13 CHAIRPERSON MENCHACA: Thank you for
14 that, and, and I just want to offer, not offer but
15 let you all know that Council Member Danny Dromm,
16 Council Member Moya, Council Member Moya, Council
17 Member Chin are also here today. Thank you.

18 DEYNARIA DEL RIO: Thank you. Good
19 afternoon Committee Chair Menchaca and members of the
20 committee and thank you for holding this hearing and
21 for shining a light on the issues that—and the risks
22 that are inherent in this proposal by the
23 Administration. My name is Deynaria Del Rio. I'm
24 the Co-Director of New Economy Project. We're a
25 citywide organization that works in partnership with

2 community based groups and low-income New Yorkers to
3 fight for economic justice, to challenge economic
4 discrimination, and to build a just economy that
5 works for all. Our opposition to this IDNYC smart
6 chip is rooted in our almost 25 years of work in the
7 city to address bank redlining, to combat predatory
8 lending and secure some of the strongest state laws
9 in the country that guard against predatory lending
10 that have kept pay day lending and other forms of
11 abuse out of the state. We have a legal projects in
12 which we've worked with thousands of low-income New
13 Yorkers to make them aware of their rights, and to
14 fight back against problematic practices by FinTech
15 companies, pre-paid card companies, the banks and
16 many other actors that collectors and so on. We've
17 brought impact litigation through which we've learned
18 quite a bit about some of these companies practices
19 and tactics, and we just have a whole range of
20 experience that we're bringing to the table to oppose
21 this, and we hope that we can bring that expertise
22 and the relationships and partnerships and coalitions
23 that we've brought to the table to move forward and
24 construction some affirmative solutions to challenges
25 that have been identified through exploration. So,

2 like other groups today that are here today, we also
3 have been part of these series of meetings with the
4 Administration with City Council, with other
5 advocates and experts. We've detailed at great risk
6 the—at great length the risks associated with this
7 proposal and the reasons why we're opposed. I am
8 resubmitting testimony from the February hearing as
9 well as memos and sing-on letters and questions that
10 our organizations have jointly submitted to the
11 Administration because I think it's important that
12 you all see that we have been operating in good faith
13 trying to articulate our concerns, trying to get
14 answers to really important questions so that we can
15 drill down to really understand the nuance of the
16 risks with limited success, and we're here today also
17 hopeful. I hope it's no surprise that it's reached
18 this point, and hopeful that we can move forward in a
19 positive way together as a united front of advocates,
20 community groups, City Council and administration
21 because the—the states or that have and we need
22 everyone's engagement. So, I just want to focus
23 with—on a couple of points related to this
24 Administration's stated goal of promoting financial
25 inclusion through embedding financial technology,

2 smart chip into the IDNYC cards. We in addition to
3 all of those dangers and risks and problems that
4 you've heard that others have so effectively
5 detailed, we just want to say that fundamentally,
6 embedding a chip in the IDNYC card does not expand
7 banking access at all. The companies that will be
8 providing that chip as we understand it, would likely
9 not be a bank at all but rather a FinTech or other
10 sort of company, and if it is a bank, there are real
11 questions about why a bank would not open an account
12 for people using IDNYC, but would allow the sort of
13 secondary chip service on the IDNYC cards, and, in
14 fact, we believe that this plan would lower the bar
15 in terms of New York's approach to date to financial
16 access to consumer protection and fair lending, and I
17 detail a few of these things. So, first of all, we
18 feel like the—some of the stated benefits that this
19 chip would provide are a little out of touch with the
20 local landscape and the realities here in New York.
21 So, as an example, we have heard that, um, one of the
22 reasons we need to provide a chip option to people in
23 IDNYC is because we need to give people alternatives
24 to predatory lending to triple and—triple digit
25 interest rate pay day loans, et cetera. So, first of

2 all, the Administration has said that credit will not
3 be provided through the card. So, I don't understand
4 how this would provide an alternative to predatory
5 loans, but more importantly, we do not have triple
6 digit interest rate loans in New York. We have some
7 of the strongest fair lending and consumer
8 protections in the country here in New York that have
9 prevented pay day and other kinds of exploitative
10 lending from targeting New Yorkers. We have most
11 notably a 25% Criminal Usury Cap that prevents
12 lenders from charging more than that amount. It
13 becomes criminal usury after that, and so have just
14 this one example of just some fundamental kind of
15 knowledge of the local landscape that we believe the
16 architects of this, you know, should be under-should
17 understand as well as the whole range of other
18 consumer protections that are relevant in terms of
19 this envisioned service, and related to that FinTech
20 Companies are among those that annually truck up to
21 Albany lobbying directly or through their trade
22 associations to carve holes in our usury cap so that
23 they can innovate and they can have an exemption and
24 a nice carve-out from our laws so they can offer
25 higher interest rate loans to people under the guise

2 of expanding loans and expanding credit to people
3 that the banks aren't serving. So, while we agree
4 with the premise that banks are not doing what they
5 should be doing to serve New Yorkers and their
6 neighborhoods equitably, we do not believe these are
7 the solutions that policy making should be weakening
8 standards in order to expand investments, and when we
9 get to it, hopefully, we can have time to discuss
10 affirmative approaches. There are many ways the city
11 and state can expand and build on non-profit
12 community based cooperatively owned institutions that
13 are doing constructive, affirmative lending in their
14 neighborhoods that is regulated, that is capped in
15 terms of interest rates, that is directly meeting the
16 needs that are articulated by people themselves
17 rather than needs that a company, a corporation has
18 identified as they are going to provide and sort of
19 creating that need itself for its own profit.
20 Finally, groups here are working towards really
21 progressive solutions to financial and economic
22 inequality. There are coalitions of groups working
23 to create public banks across New York City and
24 State. Groups are working to scale up cooperatives—
25 financial cooperatives that put ownership of these

2 financial institutions in the hands of communities of
3 color of low-income and immigrant neighborhoods that
4 have been marginalized by banks. So there is much
5 that could be done to address these problems that
6 doesn't rely on an industry driven approach.

7 Secondly, there's—we believe that this proposal
8 represents dangerous experimentation. You've heard
9 about the risk with experimenting with linking to an
10 ID card. These are not actually abstract or new
11 solutions. This has been attempted in many other
12 cases, and it's worth noting a similar proposal—a
13 similar effort was attempted by Oakland, California.
14 When it rolled out it's municipal ID card it
15 partnered with a company to have a pre-paid card
16 option on that card, and it promised economic access
17 and inclusion. It did not deliver. It was riddled
18 with high fees and problems for people not being able
19 to access their money. Oakland no longer offers that.
20 New York City at different points has offered through
21 the Summer Youth Employment Program access to bank
22 accounts or access to a pre-paid card. We heard from
23 many of the workers at that time that they were
24 unable to withdraw their wages from the cards. They
25 had trouble taking anything less than \$20 off, and so

2 they were very upset that they weren't able to get
3 their money. they didn't know where to—where to call
4 and who to go to get assistance. There are
5 international examples that Mr. Zui (sp?) and other
6 can talk about. There was a worker center pre-paid
7 debit card pilot that was attempted years ago funded
8 by Ford and other foundations that was attempting to
9 give worker centers and unions an ability to
10 automatically deduct the dues from its members, and
11 what that card ended up doing after much money and
12 investment and research and promotion was put into it
13 was it ended up leading to people again paying high
14 fees to conduct basic transactions, loading money,
15 spending their money, swiping their money, and the
16 company eventually pulled out of that business
17 completely, and there's many more. So, we've asked
18 the Administration among our many questions what are
19 the positive examples, the proven examples that not
20 what the company is telling you, but what are the
21 examples that are inspiring and information this
22 exploration, and we have not received real detailed
23 concrete information about that. We've been told
24 there are models in other countries, and we don't
25 think that that is sufficient. It's a different

2 context, different regulatory environment, et cetera.
3 Finally, we believe that it's really important that
4 if the city is going to be putting its resources, its
5 name, its, you know, its reputation behind an entity,
6 behind a financial inclusion approach, that it should
7 be what New Yorkers have asked for, what they have
8 articulated for themselves as their needs, and the
9 city's own materials about IDNYC cardholders has made
10 extremely clear to us that they want access to banks
11 and credit unions. They want the IDNYC card to be
12 accepted by a broader range of institutions. That is
13 not the same as putting a chip on and raising all of
14 these other risks and concerns. We've heard the
15 Administration say that they're required by the
16 enabling legislation to pursue this route. Our
17 reading of the law is that it-it requires the city to
18 encourage institutions to accept it including banks
19 and credit unions. That again, is not the same as
20 partnering with a financial company whether a bank or
21 FinTech to embed a chip in the card. This is an
22 approach that is not tested and is dangerous, and
23 finally, I think that the reputational risk to New
24 York City is great. So, in addition to jeopardizing
25 the trust and confidence that people have right now

2 in IDNYC, you know, I think it's really a dangerous
3 move for the city itself to be steering people, which
4 is what it effectively would be doing to a company
5 with this untested program. When things go wrong as
6 they inevitably will, people are not going to
7 understand that this is not the city of New York that
8 this is actually this other company. They are not
9 going to understand that the protections that they
10 have been so well educated about on the privacy and
11 security of their data don't apply to this optional
12 feature. We have not been able to get clear,
13 concrete answers to so many of our questions. We
14 don't see how the average New Yorker will be informed
15 by the Administration of the myriad unknown risks
16 related to this experimentation. So, thank you so
17 much and we look forward to further conversation.

18 CHAIRPERSON MENCHACA: Thank you for—for
19 your testimony and the rest of the testimony that was
20 given here today. I'm going to—I'm going to ask one
21 question, and then hand it over to Council Member
22 Dromm who is also an architect, the chief architect
23 working with the community to build this card, and so
24 I want to make sure that he gets his questions, but
25 really my first question, Ms. Del Rio and really the

2 whole team here is you presented incredible testimony
3 that's filled with expertise and information, and how
4 and when did you in this process get invited to share
5 that information with the Administration very
6 specifically before the RFI came out. Were you
7 invited to the table to discuss these issues with the
8 Administration before the RFI came out and maybe
9 that's a question for everyone.

10 DEYNARIA DEL RIO: I will say that when
11 I—when we were part of the Coalition that originally
12 helped to create an promote IDNYC in 2015, at that
13 point this idea, a very similar idea was floated by
14 some in the Administration and the Coalition was
15 informed and engaged and was unified in saying this
16 should not be branded. The IDNYC card for
17 undocumented for homeless for vulnerable New Yorker
18 should not be co-branded with a company. It should
19 not include this feature, which at that point
20 especially the protections that apply to those kinds
21 of cards were even weaker than they are today. We
22 successfully pushed back, and were listened. I think
23 there was an understanding at that point that we—
24 there needed to be a buy-in of groups in order to get
25 the ID sort of used and—and to encourage people to

2 apply for it. This time around we found out about
3 this--this exploration after the RFI was issued when
4 someone notified us about that and we looked at--we,
5 you know, looked it up. We read about it. Betsy and
6 I reached out immediately and had a conversation with
7 MOIA and others in the Administration, and hence
8 kicked off this long series of conversations,
9 although we'll say with many months of gaps in
10 between, and so, no, we were not meaningfully
11 consulted in this--before this RFI was issued at all.

12 CHAIRPERSON MENCHACA: Okay, that's
13 across the board here? None of you were invited pre-
14 RFI to inform the RFI. The RFI goes out, and that's
15 when you first engage the conversation--in the
16 conversation of the smart chip.

17 DEYNARIA DEL RIO: Correct.

18 CHAIRPERSON MENCHACA: Okay.

19 MIZUEE AIZEKI MIZUE: I just want to add
20 to that that yes we found out that, too, yeah, but we
21 were invited in the past for conversations about the
22 possible expansion that included, you know, we're in
23 the age if we have the ID like for example to giving
24 the ID to middle schools because they don't have
25 their own school ID. So, there was sort of

2 conversations that I believe was—took like maybe a
3 year ago. I don't remember the time, but definitely
4 before this, but none of those meetings or at least
5 these conversations at that moment talked about the
6 expansion like the banking expansion of the ID. That
7 only came afterwards, that today brought it to our
8 attention.

9 CHAIRPERSON MENCHACA: Got it. So, I
10 just want to get that clear. The conversations that
11 were happening with the Mayor's Office of Immigrant
12 Affairs about expanding uses of the card never
13 mentioned the chip, but it mentioned other things
14 like lowering age and other things, but never the
15 chip itself, posts that original early on
16 conversations that were met with a lot of resistance
17 and the understanding at that point was that weren't
18 even going to touch it, and then here comes RFI. Like
19 I have a lot more questions, but I want to give it to
20 Council Member Dromm.

21 COUNCIL MEMBER DROMM: Thank you very.
22 Good to hear from all of you. I remember that during
23 the negotiations for the IDNYC the Administration
24 also said that they wanted to keep the card pure, and
25 for that reason they didn't want to have any credit

2 card companies coming in and I think we all agreed on
3 that at that time, but here's my question: So, the
4 opposition to this is based primarily from what I'm
5 hearing on security reasons about name, address,
6 identification for cardholders from what I'm hearing.
7 There are other concerns about the financial
8 institutions as well, but we have been telling people
9 to bank, and those same institutions have a chip on
10 their card. So, if-if they have a chip and our
11 immigrant communities are carrying those usually in
12 the same wallet or whatever, I don't understand the
13 difference between urging them to bank with it, and
14 then they have chip on that card. So that's going to
15 go everywhere with them, too. So, can somebody just
16 tell me what-what how-what that looks like or what
17 it's about.

18 JONATHAN STRIBLING-USS: Thank you for
19 your question. It's definitely a very good one, and
20 one that has come up a lot. When you marry an ID
21 card with a financial card, it actually creates a lot
22 more data, and there's a-because there's a lot more
23 points of contact where you would either use an ID or
24 a financial card whether that's to do, you know, buy
25 something at the store or whether that's to get on

2 the train. That means that there's a lot more data
3 generated, which actually especially for the
4 companies, the third parties that would be—maintain
5 most of that data. They have a much more detailed
6 picture of what an individual might be doing during a
7 day, and can get access to—to data that would
8 otherwise they wouldn't get just from the usage of
9 the ID itself. Also, when someone is signing up for
10 a bank, right, they're making a decision, but the—but
11 the bank is getting no information about the—the
12 transactions that they're making, right? That's how
13 banks work. We understand that. that's a different
14 question than when someone is signing up for IDNYC,
15 which is where we've—as—as community members, as a
16 coalition, as the city, folks have said this is an ID
17 that's especially for what's going on—

18 COUNCIL MEMBER DROMM: [interposing] I
19 still don't understand because the objective—part of
20 the objective of IDNYC was to get people banked.

21 JONATHAN STRIBLING-USS: Uh-hm.

22 COUNCIL MEMBER DROMM: So, if we wanted
23 to get people banked, they're going to—they're—
24 sending them to those banks outside of the banks that
25 are currently working with us, and then they even be

2 collecting that same information or sharing that same
3 information, we're still encouraging them to get
4 banked, and they're going to collect that
5 information. So, this is the question I have is that
6 I just don't understand what the difference is.

7 NATALIA ARISTIZABAL: So, if I may, I
8 think one is that our-our regular debit card doesn't
9 have a home address for example. It's just what--

10 COUNCIL MEMBER DROMM: [interposing] I'm
11 sorry, Natalia just--

12 NATALIA ARISTIZABAL: Our debit cards
13 currently don't have our home address. This would
14 make it so that you have your home address and that
15 the card all in one place, which actually makes it a
16 more dangerous document to lose, but the actual-to
17 like really answer your question is that when someone
18 goes to open up a bank account they need two forms
19 of ID. The first piece here is that the
20 Administration told us that they were going to work
21 with all banks so that it was taken as a primary
22 source of ID, and currently it isn't. Right, like
23 the big banks don't take it as a primary source of
24 ID. They take it as a secondary one. So there still
25 is some work to be done.

2 COUNCIL MEMBER DROMM: Except for like
3 Amalgamated, right?

4 NATALIA ARISTIZABAL: But those are local
5 or smaller banks. I'm talking about Citi Bank, Bank of
6 America, Chase. If I tell someone who is
7 undocumented to go and open up that account, they
8 actually need to take their home passport and the ID
9 as a secondary one and actually adding a chip to
10 their current ID doesn't sell for what you need to
11 present to open up your bank account and I think back
12 to this point is they—it's not enough to be a primary
13 source of ID when you open up the bank account, but
14 it would be enough then to put in your chip with that
15 same ID that you can open up a bank account. Like
16 that still doesn't make sense, but the basic point
17 there is that the reasons why more people are not
18 opening bank accounts, it's not the chip. It's
19 whether the banks are in their neighborhood, whether
20 they take the source of information, whether they
21 need a Social Security Number, and this chip doesn't
22 solve any of those group.

23 COUNCIL MEMBER DROMM: But it's almost
24 like a round about way to force the banks to accept
25 the ID for identification to open the bank account,

2 and it seems like to a certain extent—I'm just
3 playing Devil's advocate here, but, um, we're trying
4 to say to the banks so if you don't accept the ID as
5 identification, but you certainly want the business.
6 So this is the way to get around that, and—and so—but
7 there are some banks that are working with us on
8 this, and I'm wondering if—if-if with a chip at some
9 point, let's just say that doesn't provide all of the
10 information that you have concerns about providing
11 them with, would that be acceptable to our immigrant
12 coalition?

13 DEYNARA DEL RIO: To know this--I don't
14 know if this totally answers your question, but what
15 I do want to say is that you mentioned something
16 about that this gives the possibility for the banks
17 to now be able to open up more bank accounts, and
18 that the city can play a role in mitigating that, but
19 the city is also playing a role in making our
20 population in market. In making our population then
21 like getting to these fees and all of it that the New
22 Economy Project just explained, and I just don't
23 think that that should be the city role, and I
24 mention that in my testimony. Data is being
25 collected. We are being tracked. The NSA is

2 listening to our conversation right now, but the city
3 is not mitigating that, and is not the—the
4 intermediary for those things to happen. If the—if
5 the idea is expanded and that is the role that lots
6 of them then would be playing.

7 COUNCIL MEMBER DROMM: Well, I personally
8 would like to see the banks—first, I'd like to see
9 the city pull all of its accounts from banks that
10 don't accept the IDNYC person, but I don't know that
11 that's going to happen. I thought of these
12 discussions with the Administration in the past, and
13 I'm—but I still am not 100% there on those same
14 people we're—we're telling them to go to banks and
15 every bank today includes that chip.

16 BETSY PLUM: Well, just to be clear, some
17 people have debit cards that are not contactless
18 RFID.

19 COUNCIL MEMBER DROMM: They're not what?

20 BETSY PLUM: They're not the contactless
21 RFID, which NYCLU can elaborate on those specific
22 risks. My bank card, my credit union card they don't
23 have—there are chips they get to insert. They can't
24 be read from afar.

2 CHAIRPERSON MENCHACA: So, it's reading
3 afar is just one of the problems.

4 BETSY PLUM: But the bigger, the bigger
5 difference is that again the city is not steering
6 someone to that. It is not endorsing an entity as
7 its preferred partner, which is effectively what it
8 would be doing, but also the account and the debit
9 card is not coupled with the identity card. It's
10 completely different and separate. When someone is
11 out and about there's no way to detect what
12 underlying documents the bank or the credit union
13 accepted in order to open the account on which the
14 card is then issued. Also--

15 COUNCIL MEMBER DROMM: [interposing] So,
16 essentially, what you're saying is that you want
17 people to make the choice about whether or not they
18 want to open a bank account.

19 BETSY PLUM: And be more protected by
20 having that chip. Their Master Card, Visa, whatever
21 it is, have it disconnected from their identity card
22 especially an identity card that is a target for ICE
23 for law enforcement, et cetera. The other piece is
24 that the kind of institution it could potentially be
25 very different. Again, we don't know who the

2 Administration has been talking to, if it's a bank,
3 if it's a FinTech Company. We've heard a lot about
4 FinTech. So we think it's a maybe in that direction.
5 A credit union or bank is governed and regulated by
6 strong uniform federal regulations and consumer
7 protection. FinTech means a lot of different things,
8 but that industry as a whole right now is not as well
9 regulated or understood by regulators. It is a
10 subject of major enforcement actions right now and
11 the Trump Administration is working actively to
12 deregulate that field--

13 COUNCIL MEMBER DROMM: [interposing] I
14 understand that but we're telling people to tell--

15 BETSY PLUM: --to the kind of
16 institution. It's also--

17 COUNCIL MEMBER DROMM: We're telling
18 people to go to bank.

19 BETSY PLUM: Yes.

20 COUNCIL MEMBER DROMM: Right, so, it
21 doesn't have that information, and that's what I
22 don't understand.

23 BETSY PLUM: Well, law enforcement can't
24 just ask a bank or a credit union give us all your
25

2 information about undocumented people. First of all,
3 the banks and credit unions should not be able to and

4 COUNCIL MEMBER DROMM: [interposing] I'm
5 sure that those banks probably--

6 BETSY PLUM: They're--they're well--

7 COUNCIL MEMBER DROMM: --provide that
8 information even to--for sales purposes. You know for
9 marketing purposes.

10 BETSY PLUM: In certain cases, yes.

11 COUNCIL MEMBER DROMM: To other--to other--

12 BETSY PLUM: We're--we're not necessarily
13 chiefly concerned with cost marketing. We're
14 concerned about broader surveillance--

15 COUNCIL MEMBER DROMM: [interposing]
16 Providing the feds.

17 BETSY PLUM: --and tracking that can
18 happen by connecting that chip to the identity card,
19 and also if that chip provider is the one that's
20 actually holding the data, which is not the case, and
21 it's holding people's underlying documents, which is
22 not the case at a credit union. So there's some
23 credit unit folks also in this next panel. So, maybe
24 they can also explain it in a way that's more
25 resonance.

2 NATALIA ARISTIZABAL: I also just want to
3 say like if there was an elected official here in New
4 York City who's anti-immigrant (sic) and like I guess
5 who tried to get the data that this ID was getting
6 because she ultimately wanted to hand it over to ICE.
7 So, we actually don't have to wait for the federal
8 government. We just have to look for someone who
9 anti-immigrant who wants to run for office to make a
10 statement, and then whatever data we're gathering can
11 be FOILable, and that's actually our fear.

12 COUNCIL MEMBER DROMM: But we prevented
13 that from happening with that Assembly woman, and so--
14 -

15 NATALIA ARISTIZABAL: It was a lot of
16 work. Why would we go back to that?

17 COUNCIL MEMBER DROMM: --could
18 legislation be written. I'm sorry, Natalia.

19 NATALIA ARISTIZABAL: It was a lot of
20 work. Why would we go back to that?

21 COUNCIL MEMBER DROMM: Well, we won no
22 that. so that's done. So, would--would there be a way
23 to write legislation similarly that would protect
24 them particularly with banks that are working with us
25 already. Like a Malcolm like a credit union?

2 JONATHAN STRIBLING-USS: I mean I think
3 that the biggest question here is that individuals
4 when they sign up for an IDNYC should solely get an
5 IDNYC, and they shouldn't have to either decide to
6 opt out or be forced into a smart chip card that has
7 other implications that they may or may not be aware
8 of. When you go to a bank you're deciding on getting
9 a bank account. When you go to the DMV you're
10 deciding on getting an ID that allows you to drive.
11 Those are the choices that we want to give the most
12 vulnerable communities among us, and make sure that
13 those traces are as clear as possible for people so
14 that when they decide to sign up for a bank account
15 that's something that they can do, but that they're
16 not forced into a card and some of the smart chips
17 depending on—smart chip is a broad category, but when
18 we're talking about RFID or radio frequency
19 identification inside of a smart chip, which is when
20 you have a contactless chip or contactless card,
21 those can be read from a distance without the
22 individuals who have the cards knowing that they're
23 being read. So there's a lack of consent that can
24 develop around how those cards are being used and
25 read and surveilled, and that's a much more severe

2 concern that we don't—we know that there's way to
3 avoid that.

4 COUNCIL MEMBER DROMM: [interposing] I
5 hear but I wish everybody on this panel when we were
6 creating the legislation was keeping in mind that one
7 of the purposes of creating the IDNYC was to be able
8 to enable people to bank, and what I still don't get
9 is that if we're encouraging them to bank and the
10 banks are going to have that information on the chip,
11 unless you're telling me that—that solely keep it on,
12 you know, an ID separate from that, but still you're
13 going to encourage them to bank. So it's the same
14 end result.

15 NATALIA ARISTIZABAL: We didn't always
16 encourage them to bank, and actually, I work with
17 immigrant community members both documented and
18 undocumented, and having access to a bank is in the
19 least of their worries right now. Like if we're
20 really going to think about how to—about--

21 COUNCIL MEMBER DROMM: [interposing] But
22 Natalia, one of the best things that you can do--

23 NATALIA ARISTIZABAL: [interposing]
24 immigrants.

2 COUNCIL MEMBER DROMM: --when you're
3 applying for immigration is to have bank record and
4 to have tax records.

5 NATALIA ARISTIZABAL: Right and the chip
6 is not going to get to the issue of like needing to
7 show your ID, that sometimes people don't have
8 another form of ID besides IDNYC. It's actually not
9 going to change the banking practices, and in the—in
10 the realms of what I need to do with community
11 members I need to make sure they know if ICE does
12 come into their doors what to do, that they're going
13 to get legal screenings to see if they qualify for
14 any benefits, that their kids are fine, that they are
15 not a target to ICE. Opening up a bank account for
16 someone who currently doesn't have it, it's not their
17 priority right now.

18 JONATHAN STRIBLING-USS: Well, it's a
19 witness test.

20 CHAIRPERSON MENCHACA: [interposing]
21 Well, I want to follow up, and then hand it over to
22 or hand it over to Council Member Chin. Council
23 Member Dromm came up with a—I think a really
24 important thing that I just want to go back and—and
25 offer an opportunity for clarification, and that

2 really was—was this concept of banking, and
3 connecting communities who are under-banked to—to
4 banking and what Council Member Dromm is bringing up
5 I think an important piece that—that banks are all—
6 are still going to have con—information from—from
7 people who decided to got to banks, and what I see as
8 a difference between banks is also, or there's a
9 difference between banks and FinTech financial
10 technology, which is different, and I think that's
11 important for us because we're not the experts for
12 this. We're trying to bet your expertise, which is
13 why not just from the technology side, but from the
14 community side. So, this is why this first panel is—
15 is up to lay it out, but this is changing the game in
16 terms of how we ask people to connect to banking
17 solutions. Going to a bank is one thing, going to a
18 FinTech option is another, and that they're
19 different, and it's—it's important to note that we're
20 asking—we're asking a question about putting FinTech
21 on this card. And so, can you just point to that
22 because I think Council Member Dromm has a good
23 question that—that we want people to go bank somehow.
24 Five years ago when we put the card together we
25 thought Chase, and Amalgamated, and now we're talking

2 about a third option, which is FinTech, which is
3 different, and that can maybe help us clarify what
4 we're actually talking about here, and what is
5 unknown for us right now is that the chip may go to
6 Chase or it may go to FinTech. We don't know that
7 right now, and we're going to talk to the
8 Administration a little bit about that, but that
9 might help clarify that question.

10 COUNCIL MEMBER DROMM: [off mic] Chase
11 has really--yes, Chase has those equally not so good,
12 but, you know--

13 CHAIRPERSON MENCHACA: Or is it.

14 COUNCIL MEMBER DROMM: --my question is
15 more that if there's a way to find some institution
16 that we could trust to be able to do this is where I
17 was heading with that although I understand the other
18 arguments that were presented.

19 CHAIRPERSON MENCHACA: Okay, that's fair,
20 too. Please.

21 BETSY PLUM: Just a couple of quick
22 points. If someone wants to right now they can take
23 their IDNYC card potentially if this company accepts
24 it and open up their own separate pre-paid reloadable
25 debit card. That will not be connected to the IDNYC

2 card, and we're saying what ever you choose, a bank,
3 a pre-paid company, the check casher, disconnect it
4 from the identity card that was created for
5 vulnerable New Yorkers and that is a target for law
6 enforcement including ICE. I also want to say that
7 New York State has passed driver license legislation,
8 informed and fought for by immigrant communities.
9 That should also go a long way towards securing
10 acceptance at local banks that have been reluctant to
11 accept IDNYC because they say if we accept it from
12 IDNY—from New York City we have to take it from all
13 the municipal IDs across the country. That said, we
14 think, and we would love to work with you on this, we
15 think the banks should be brought to the table to
16 account for why they're discriminating against this
17 form of ID, which is extremely secure. It's actually
18 more secure and harder to get than some state driver
19 licenses that the bank happily accepts to open
20 accounts, and so, you, know, this now has a track
21 record, this program. It's been operating
22 successfully for five years. It has not been proven
23 to be susceptible to fraud in any greater degree than
24 any other identification card program. It has been
25 accepted successfully by 14 institutions, bank and

2 cardings alike, but banks should come to the table
3 and explain why they are not now accepting this ID
4 card when they take other forms of ID that are, in
5 fact, less secure. And so, to us this is a form of
6 discrimination that is a pattern and practice of the
7 bank, discriminating against perceived high risk
8 populations like immigrants, and New York City should
9 not just tolerate that. It should bring it to the
10 table. It should bring the bank regulators to the
11 table to counter the misconceptions that the banks
12 promote as their excuses for not accepting it. So,
13 we are excited. We have a menu of ideas including
14 these that we would like to work with the city on
15 that we think will go far toward this stated goal of
16 expanding banking and card union access. (sic)

17 CHAIRPERSON MENCHACA: Great, and we'll
18 ask the Administration that question. Council
19 Member Chin.

20 COUNCIL MEMBER CHIN: Thank you, Chair. I
21 just wanted to follow up. Like we're spending a lot
22 of time on this, but the major question is that how
23 are we doing to expand IDNYC? Are we signing up
24 everyone that should be signed up? Are we getting
25 people to renew? I mean that's coming up, right. So,

2 we got a lot of work to do, and then here we're
3 talking about a chip. It's like there is—I guess my
4 question to you is that there's not a lot of banks
5 that do take NY-IDNYC to open accounts, right?
6 Coming?

7 NINA DUTA: [off mic] Well, I was looking
8 at that. I was trying to see the—

9 COUNCIL MEMBER CHIN: Fourteen, but
10 there's a lot more banks in New York City, and there
11 are community banks. So, I think that we need to
12 work on expanding that list that every bank that does
13 work, you know, that makes money in New York City
14 should be able to take this card and help people open
15 accounts. I mean we should be working on that versus
16 the chip. I mean it's like okay, you open an
17 account, and then they give you a debit card or you
18 want to apply for a credit card. That's your choice,
19 but it's putting a chip in the—in the ID card that
20 really gives perks, you know, defeats the original
21 purpose. We don't want people to feel like they're
22 being tracked, and, you know, their identity is being
23 watched or whatever. I mean we did so much work to
24 ensure people that it's safe, it's good. I mean I
25 think we should be spending more time getting more

2 cultural institutions just in the first year or two.
3 I mean the cultural institution that I know in my
4 district their membership expanded because of people
5 with the IDNYC. We need to continue to do those
6 things, and the Administration should be working with
7 you and the Council to really expand the benefits,
8 and we're talking about really helping people who
9 really need a bank account to open up, but we ought
10 to make sure we required all the banks that do
11 business in New York City or at least the bank that
12 the city puts their money in that they have to help
13 open up accounts. So, there's so much to work on.
14 Instead we're waiting—like all of a sudden they put
15 out this REFI to distract this whole campaign.
16 Because right now our job is like we're talking about
17 lowering the age, getting more people to sign up.
18 Don't waste our time. I mean I hate to tell the
19 Administration, okay. You're just wasting people's
20 time. We got to make sure that everyone who have the
21 card renew their card, and that is a campaign that I
22 thought I heard the Administration was trying to work
23 with us on, but then I haven't heard anything
24 afterwards. You know, we set up, you know, pop-up
25 site sand all that in the beginning to help people

2 sign up. Now, it's time to renew, and to expand. I
3 mean this is a big job. So, I think that on the
4 Council we really need to work with you to get the
5 Administration back to spend the time to do the right
6 thing, and really expand on this [applause] on this
7 important program. So, I think you, you know, for
8 your testimony. We definitely have to work together
9 on this. Thank you.

10 NATALIA ARISTIZABAL: Just to say, too,
11 that the other areas of MOIA have been reaching out
12 to us as Make the Road New York to do community
13 events to encourage people to renew, and we haven't
14 had those conversations because we're not going to
15 have this conversation until we know what's happening
16 with the expansion of the ID.

17 COUNCIL MEMBER DROMM: Got it. That's
18 important and I just want to because the admin will
19 be testifying next that the admin can kind of testify
20 whether or not the chip concept was part of a way to
21 expand services, and that will be up to them to
22 figure out whether that's true or not, but that might
23 be one of their ways to get more people to sign up,
24 and, um, and really the one question I want to ask
25 before I hand it over to Council Member Miller from

2 Queens is, and this is Natalia what you just
3 basically said. If their chip—if a chip lands on
4 this card and becomes embedded will this coalition
5 and other organizations—you said in your testimony,
6 but I think it's important to say remove your support
7 for the card, and ask people not to join the card.

8 NATALIA ARISTIZABAL: Yeah, because we
9 can't—based on our research, based on the work that
10 this group here and the rest of the coalition have
11 done, we don't—we can say for a fact that now having
12 the ID with a new iteration from the expansion and
13 all of that is going to be safe for everyone. So, we
14 will not only practically stop promoting it, but
15 we'll start telling people disenroll, and actually
16 our analysis is that a lot of people in New York City
17 will stick with the ID versus the driver's license,
18 but if—if this happens, and maybe people need to
19 think about it as driver's license or state ID
20 because that's doesn't have a chip and that doesn't
21 put you additionally at risk. I want to be able to
22 tell people in New York City sign up for this ID
23 because I am really proud of this program. Like I
24 really truly love it, and that's why we want to
25 continue to say.

2 BETSY PLUM: Yes, just to echo Natalia,
3 this idea has been amazing. To Council Member Chin's
4 point, we need to and want to be working with the
5 city to really figure out how we can double down on
6 renewals. Communities need this ID more than ever
7 right now, and need it to be safe and secure and
8 simple, and it would be an incredibly sad moment if a
9 chip gets added to the IDNYC and we have to go back
10 to at least the NYC's membership, which is about 175
11 organizations working with immigrant communities in
12 New York City, and counsel them to either stop
13 actively promoting the IDNYC program or to perhaps
14 counsel against signing up for an IDNYC. I do not
15 want us to be in that situation. We feel that the
16 risks are too high right now and this is why we have
17 been in opposition to the IDNYC smart chip
18 integration. We don't want to be in that situation.
19 We want to rebuild the trust with the city, and we
20 want to find safe ways to expand this program and
21 really encourage renewals.

22 CHAIRPERSON MENCHACA: I hear that, I
23 hear that. Council Member Miller.

24 COUNCIL MEMBER MILLER: Thank you, Chair.
25 Good afternoon. So, so obviously there's a lot of

2 conversation about technology, the use of technology,
3 and—and this chip being implemented. I don't think
4 and the Chair just mentioned whether or not we had
5 really engaged the idea of the enhanced benefits of
6 the cards, and—and like everything else, we like
7 clear and scale and see whether or not communities
8 are being protected in a way that—that was intended,
9 but there's a lot dynamics about the card and the
10 benefits of the card the initial IDNYC bringing
11 access to folks who did not have access, and—and so
12 without getting into the numbers of documented or
13 undocumented folks who—who hold the card, I know that
14 their communities, communities of color who did not
15 have access to a lot institutions throughout the city
16 of New York that now have access whether it's banking
17 or any number of other things. It just did not have
18 traditional identification. So, this certainly, um,
19 enhanced that access, and I also know that those same
20 communities are vulnerable when it comes to predatory
21 practices of—of—of institutions, financial
22 institutions and they have to be protected as well,
23 right. No one more vulnerable than those
24 communities. What's the balance, and if, in fact,
25 there is some technological concerns that we have,

2 how do we make sure that they're not only mitigated,
3 but that they are addressed and that they're just not
4 happening. That if there is a significant benefit
5 that—then why should our community not take a part of
6 it? Why should we not say that we are deserving just
7 as deserving and we need as equitable opportunities
8 as everybody else, and should that opportunities not
9 be diminished based on lack of access to
10 identification, right. Because this is not a new
11 phenomena in our communities. It has happened
12 forever, and I think that IDNYC was it grits that—in
13 that direction, and—and you know, as the Councilman
14 said, it was being proved, but there are a plethora
15 of ways that that can happen, and just what kind of
16 conversations are we having around security,
17 technology and the benefits, and whether or not those
18 benefits never could outweigh security in—in this—of
19 the individuals, but secure—security around financial
20 documents certainly, and, um, but what are we doing
21 to protect the individuals? Are the individuals can
22 they remain protected, and at the same time have
23 access to these improved benefits that this chip
24 allegedly would bring forth? So, I'm interested in—
25 in hearing that myself, but I know that when

2 something that has been—that we've been—spent decades
3 looking at is the predatory practices that happen in
4 communities of color, and—and so, whatever
5 opportunity we get to shine lights on it, and
6 honestly to move them out of our community then we
7 should do—that should be a big part of it, too. So,
8 it, and then we can address technology that we're
9 looking at that may be acceptable, and then perhaps
10 the other part is for the Administration.

11 NATALIA ARISTIZABAL: I can start by just
12 saying our organization has been working on this for
13 about 24 years. I've been in this field at the
14 organization elsewhere for about 22 years myself, and
15 I want to say that this motion that technology is
16 going to solve bank redlining and discrimination is
17 not new, and there have been promises that this is
18 what's going to happen and they do not deliver, and
19 so while this permutation of an identity card linked,
20 a piece of financial technology is new. This is not
21 a new concept. You see bank branches not only
22 continuing to exist, but proliferating in affluent
23 and predominately white neighborhoods while they are
24 closing down in communities of color including
25 middle-income neighborhoods in Southeast Queens and

2 elsewhere. We agree with you fully on the problem of
3 banking access, and how it is a—something that
4 contributes to broader economic inequality. We don't
5 think that the solution is exposing people to risks
6 through the ID connection, through a Fintech company
7 that right is a very dangerous let's just say
8 industry for the city to partner with. We think
9 that, you know, we're out in—we're out in
10 neighborhoods dozens of times a month doing community
11 workshops, talking with community groups and their
12 members. We have yet to have someone in a community
13 say to us I want a pre-paid card or I want a chip in
14 my community. They want bank branches. They want
15 credit unions. They want access to not just a
16 payment thing that they can use to swipe or a check
17 casher. What we hear people want is actually what
18 many of us take for granted, which is access to
19 people that speak their language, an institution that
20 they can walk into when they need assistance, if
21 they've been a victim of fraud, which is increasingly
22 common. They want access to a full range of services
23 that they need. You're going to hear from community
24 development financial institutions upcoming that have
25 been created by people in neighborhoods of color and

2 immigrant neighborhoods in response to bank
3 redlining. They don't just offer people a card and a
4 chip, which is pretty easy to do. They give people
5 financial counseling, free tax preparation. They
6 help them apply for Tax ID numbers. They help them
7 understand how to create a budget on their means.
8 They help them tap into public benefits. They offer
9 loans, remittances. So, this kind of like one, you
10 know, this like okay let's give people a card because
11 it's better than nothing, we think is not what we
12 hear people asking for, and we don't think it's the
13 sound public policy approach that New York City should
14 be taking to address these very critical problems
15 that you're very correctly outlining.

16 COUNCIL MEMBER MILLER: And finally and-
17 and this forgive my ignorance, is this kind of
18 enhanced travelers like? Can you opt in? Can you opt
19 out? [pause] Is-is the chip going online? It does
20 mean everyone who has a card has to have a chip?

21 JONATHAN STRIBLING-USS: Um, well I mean
22 the-the current proposal in terms of the, um, 1706 is
23 to make it so that a chip could not be put on the
24 IDNYC, which is what we're supporting. I think that
25 there in the past we've heard different things from

2 the city. We don't have much in writing in terms of
3 whether or not there is going to be an opt in or opt
4 out or whatever the different proposals have been,
5 but one thing that we were very concerned about and
6 continue to be concerned about is the integration of
7 RFID or a contactless into the chip that is by
8 default—into the card that is by default and can't be
9 turned off, and so that's something that we have
10 significant concerns about, and that provides a lot
11 less security for people because of the tracking
12 risks involved with that.

13 COUNCIL MEMBER MILLER: Would an opt in
14 or out be the—a suitable?

15 JONATHAN STRIBLING-USS: I think that the
16 current 176 is the best option in terms of making
17 sure that we both—

18 CHAIRPERSON MENCHACA: [interposing] Yes,
19 I'm going to pause you here. You guys did answer
20 this question opt in/opt out. What are the issues
21 with that option?

22 JONATHAN STRIBLING-USS: In general we
23 support many, you know, as many options as possible
24 for people if people are being offered bank accounts
25 or things like this, we do think that for vulnerable

2 communities it's great to have different options.
3 However, the—we want the most robust privacy and
4 security for these communities as well both for the
5 fraud risks and for the, the kind of risks of
6 tracking and—and surveillance tech, and so I think
7 that in—in general the opt-in option is not a deal
8 for this situation. We much prefer just having a
9 separate ID card that's different from your banking
10 card. That's a more secure option.

11 CHAIRPERSON MENCHACA: What makes it
12 ideal?

13 JONATHAN STRIBLING-USS: Because of the
14 concerns around metadata that I was referencing in a
15 sense that as you use a bank card for more and more
16 things rather it's buying your groceries, whether
17 it's going and getting on the train, those
18 transactions are being, you know, depending on the
19 type of company you're dealing with, if it's a
20 Fintech company their main job is basically to sell
21 those transactions to advertisers or to other banks
22 or to other entities.

23 CHAIRPERSON MENCHACA: Well, let's just
24 be clear. We're talking about essentially every card
25 will have a chip--

2 JONATHAN STRIBLING-USS: Uh-hm.

3 CHAIRPERSON MENCHACA: --but you can opt
4 in to turn it on or are you saying that--that the
5 option of having a card with no chip and there's a
6 card with no chip. By the way, we don't even know if
7 that's--we'll ask the Administration that right, but
8 let's look at the options here. A card 2.0--IDNYC--
9 IDNYC 2.0, two cards come out, one without a chip and
10 one with a chip.

11 JONATHAN STRIBLING-USS: Yes.

12 CHAIRPERSON MENCHACA: Let's go there
13 first.

14 JONATHAN STRIBLING-USS: Yes.

15 CHAIRPERSON MENCHACA: What's your
16 response to that?

17 JONATHAN STRIBLING-USS: We had
18 significant concerns with that because of some of the
19 things that Natalia was raising in the sense that to
20 properly educate community members about the
21 differences between that is--are very--is very
22 difficult and takes a lot more energy, and we would
23 have to be. We'd have to offer or the community
24 members have said, and I think we--we support this
25 general perspective that it's, um, they would have to

2 do a lot more education for individuals before they
3 recommend getting an IDNYC so that individuals can
4 better understand the lists that they were opening
5 themselves up to, by having a card that had tracking
6 embedded in it. If we have a card that has RFID in
7 it, it can't be turned off. Right, there's different
8 types of smart chips. So, when people say smart chips
9 they're talking about a bunch of different things,
10 but there's a contact smart chip and a contactless
11 smart chip. The contact smart chip conceivably could
12 be turned off, but the contractless smart chip cannot
13 be turned off. So, one of the most concerns about.
14 If it's opt in or opt out we think that regardless of
15 that, you're going to be creating a huge amount of
16 data that's tied to an ID. That—that is something
17 that we don't want individuals to have that—that data
18 being grabbed up by these Fen Tech companies or these
19 banks in a way that makes it all of their detailed
20 information about how they're conducting their lives,
21 and that would be easily surveilable, and would open
22 them up to actions from immigration or from other
23 entities that these vulnerable communities are really
24 need support from the city in protecting themselves
25 against it. For those reasons we think that we—that

2 1706 is the correct approach in terms of making sure
3 that there isn't a confusing opt in opt out option
4 that will ultimately make it harder for community
5 members to recommend these IDNYC to or community
6 organizations to recommend this to community members.

7 BETSY PLUM: Can I also say something.
8 There are two ways to think.(sic) I think we
9 appreciate—we've heard a few different options from
10 the city of what could happen moving forward. We
11 appreciate the city trying to come up with a
12 solution. I think in our own conversations
13 particularly with communities, with the Coalition
14 there are three top line things. I think Jonathan
15 touched on two of them. First, if we create separate
16 cards, and often opt out, there is no—we're crossed
17 the river common. There's no guarantee that a future
18 administration won't say we really just like this
19 excess. We need to consolidate down to one, and then
20 we have this chip card that we are all very worried
21 about. The second piece is the risks still remain
22 and we really feel that those risks are universal,
23 and so having an opt in or opt out doesn't solve that
24 problem, and I think for my organization and I would
25 gander for Natalia's as well that community education

2 piece is perhaps the number one reason for us, why
3 this is problematic. Because we go back to the same
4 problem. We would have to counsel the immigrant
5 communities and the organizations that we work with
6 that we do not feel it is secure to use that chip
7 option, and what you're really doing then is you're
8 counseling against a part of the IDNYC program, and I
9 think the amount of time that that takes it's—I'm
10 worried that if that condenses down to oh, someone
11 just said not to sign up for the IDNYC program. I
12 don't want to be in a situation where we're telling
13 someone to not do something with the IDNYC program
14 because I think that really is understood and
15 interpreted as there are problems with this program
16 when it—we could with Intro 1706 maintain the program
17 as it is, and work as broader city and community to
18 solve these huge problems particularly around banking
19 that we all agree on. We just do not see this as—we
20 see this as an insufficient solution. You know I
21 think Natalia made this point the other day, but do
22 you want to make it about the two-tiered cards?

23 NATALIA ARISTIZABAL: yes.

24 BETSY PLUM: Yes.

2 NATALIA ARISTIZABAL: That's actually
3 what I wanted to say. So, like to put it in more
4 terms that if you and I go to any place they ask us
5 for an ID, but for whatever reason decided to do the
6 update and she has the chip. I may not. You're on
7 the other side. You're getting the ID. That's
8 already telling your story, and there--there is that
9 story about she can access banking or she wants to
10 have banking or there's the story about like I don't
11 want to access banking or can't access banking.
12 already creates a sort of two-tier, and I thin for--
13 for folks who are our friends fine. You decided not
14 to have your chip. That's great. For folks who are
15 looking at ways to profile us and that happens a lot,
16 and target us and--and treat us differently, it's
17 given--it's given us all sorts of information, and you
18 could I guess argue right that if I have a driver's
19 license or my municipal ID if I use my municipal ID,
20 people can already say like well, why are you using
21 this ID instead of your driver's license. I actually
22 use the municipal ID in New York City all the time.
23 That was in my driver's license because I want to
24 make the point about like I'm with the city, I'm with
25 this ID. I don't care if you think that I'm

2 undocumented, but actually for someone who is
3 undocumented say like I have the lower version of
4 this ID, it's telling a story that they should not be
5 walking around with because there's other stories
6 they already have, but like to find them without them
7 even saying a word.

8 CHAIRPERSON MENCHACA: Got it.

9 BETSY PLUM: I have one more point that I
10 wanted to add. You know, I think in terms of the
11 community education piece like how many people when
12 you get that privacy notice like Apple has changed
13 the terms of privacy, actually reads it. I always get
14 through like one paragraph and then I'm like forget
15 it. Like I want to bet the app, right? And so this
16 I think a real concern when we think about like
17 financial and, you know, Dave is the expert on this,
18 but I think part of it is we don't know what we're
19 getting, and there—there is no example that we've
20 been told where people are getting something, and
21 they're getting actual more financial security, right
22 or they actually have some past deliberation for
23 economic justice. What we hear is I put my paycheck
24 into this card. When money got frozen, I couldn't
25 pay my rent. I got kicked out. I called this number

2 and nobody answered right? so, it's like these
3 stories just abound everywhere. Walmart has a big,
4 what's it called green dot? The same thing. You just
5 Google it. Like this is what is happening to people,
6 and I think part of the issue about the two-tier
7 thing is like the security experts would talk to cell
8 bases. Once you start doing anything with that,
9 you're whittling down in terms of surveillance a
10 population that becomes much more marked, right. So,
11 do we all remember when this first ID came out.
12 Everyone was like everybody get an ID, right so this
13 doesn't become the ID of undocumented people,
14 homeless people or people who want to cheat their
15 gender identity right? It's the same idea. If you
16 ask anybody who as a driver's license or has a bank,
17 do you want a chip on your IDNYC? I haven't
18 encountered a single person. It's like hell yeah like
19 that sounds great, you know. Everyone was like no.
20 So then—then it's going to whittle down that pool.
21 Whoever is going to have that chip is going to be the
22 people who like Natalia was saying, oh, you can't get
23 a bank account, huh? Like you must have some issue
24 that's preventing you from having some other form of
25 security, and so that's one piece. The other piece is

2 I just want to add this notion of function creep,
3 which I think is really a real thing when it comes to
4 technology is, you know, right now the Administration
5 somebody really wants this to happen, right. So,
6 then it's going to be like okay, now we have this
7 two-tiered system. Advocates are saying don't use
8 that one with the chip on it. So, let's make it
9 really appealing to some community that has no other
10 choice, right. If you're going to start accessing
11 some kind of healthcare provided by the city we can
12 only provide it for you if you have this ID with a
13 chip. If you're going to start accessing some other
14 kind of benefit provided by the city. I'm not saying
15 this is part of the plan, but I'm just saying this is
16 how things have played out historically. If you look
17 at places like India and elsewhere where all of a
18 sudden, you know, there is an investment for the
19 government to give people IDs and also to track them
20 as well, and so, you know, I think part of this is
21 just to reinforce look, we're not making this stuff
22 up. Like there's—there's evidence for both kind of
23 the Fintech and the failures of that how we need to
24 push banks definitely. That's something that's clear,
25 but there's nothing in here that strikes me as

2 something as a pathway like I said before for some
3 kind of equality. People are not going to leave
4 poverty because they have this chip on their card.
5 Like let's not pretend that's what it is, right, and
6 so can we enter into a serious conversation about
7 like we've outlined all these risks. The benefits
8 are still really fuzzy to us. You know, can we just
9 keep it as it is because we all support it that way.

10 CHAIRPERSON MENCHACA: Thank you. I—we're
11 going to move on to some more panels. There's a lot
12 of folks that are here to continue the conversation.
13 I think we—we've kind of set the tone for the
14 discussion, and at the request of the Administration,
15 I'm agreeing to bring two members of the public and
16 organizations to talk a little bit about a different
17 perspective on this card, and I've agreed to do that,
18 and here's my last thing before you leave. A lot has
19 been discussed and really my last question is
20 revolving around this—this last topic, which is there
21 are a lot of other ideas to move forward. Are you
22 willing to continue to engage with us at the
23 committee level, the City Council and the
24 Administration on solving this issue of banking
25 because the things that we have all talked about

2 including Council Member Miller exists. There are
3 barrier to access for financial services that we have
4 to solve. Now, we're talking about one option, and
5 we're going to have to make a decision about what
6 that is. Will you continue to engage with us at the
7 city level, the Mayor's Office and the Council on
8 solutions? Yes? Great. That's a yes from
9 everybody, and I think that's it, and if you have—do
10 you have solutions? I don't want them now, but do
11 you have solutions that you're ready to talk about
12 and put on the table?

13 NATALIA ARISTIZABAL: [off mic] Yes.

14 CHAIRPERSON MENCHACA: Yes. Great.
15 Sounds positive and productive. Thank you, thank
16 you. Okay, so, we are having Bishop Mitcher—Mitchell
17 Taylor from Urban Upbound and Karen Otoni from the
18 Limits Foundation Please come on up, and we'd like
19 to hear from you before we hear from the
20 Administration. Hi. Who—who would like to start?
21 And when you do, make sure that the red light is on
22 at the—at the microphone.

23 MALE SPEAKER: [off mic] Ladies first.

24 CHAIRPERSON MENCHACA: Ladies first.

2 KAREN OTONI: Okay, thank you. Alright
3 thank you for having me here today. It's been a
4 very interesting discussion to listen to. So, my
5 name is Karen Otoni and I'm the Director Ecosystem at
6 the Limits Foundation and work on the Hyperledger
7 Project there. The Limits Foundation supports and
8 promotes the development of open source technology,
9 and open source communities around the world.
10 Hyperledger focus is specifically on building
11 production grade, blockchain technologies for
12 business organizations and governments to be used in
13 initiatives that seek to leverage distributed trust
14 by a distributed network for business and societal
15 value. There are many use cases where blockchain
16 technology is applicable, but one of them is that is
17 being explored significantly is financial inclusion.
18 The reason for this is that the barriers that exist
19 here in the U.S. and around the world while they may
20 vary in degree are in many ways similar. Financial
21 inclusion exists due to lack of access to services, a
22 lack of verifiable credit history, predatory
23 practices and a lack of formal identification.
24 Initiatives that tackle these issues in a privacy
25 preserving identity enabling manner are gaining—

2 gaining traction and success in communities typically
3 excluded from the financial system. One example of
4 our technology being used for financial inclusion is
5 being led by Kiva in Sierra Leone. Kiva is a
6 501(c)(3) non-profit organization that allows people
7 to lend money via the Internet to low-low-income
8 entrepreneurs and students in over 80 countries.
9 Kiva's mission is to connect people through lending
10 to alleviate poverty. In Sierra Leone, millions of
11 citizens do not have formal identification and hence
12 cannot access financial services. For example,
13 people in Sierra Leone who want to open bank account
14 might be asked to bring utility bills or information
15 on their credit history, which they may not have.
16 Kiva is working with the National Civil Registration
17 Authority in Sierra Leone to establish and EKYC or E,
18 know your customer identity platform. They can enable
19 in two seconds a KYC check to happen, which would
20 normally have take two weeks. A credit check can
21 happen in real time in a way that allows the consumer
22 to be in control of what information is shared, and
23 allows the bank to get a complete and unaltered
24 version of his or her credit history. The effort to
25 create a digital identity, gather and store

2 individuals' transaction information is secure and
3 tamper proof environment, provides transparency to
4 the stored information and created a credit history
5 will dramatically increase access to capital at
6 reduced costs. Another example closer to home is at
7 the city of Austin who also wanted to tackle a
8 similar problem amongst the homeless population in
9 the city. A widespread fragmentation of health data
10 is exacerbated and individuals who use emergency
11 services frequently while lacking the IDs necessary
12 for threading their history together. There's a
13 common occurrence among the homeless population. So
14 the city of developed a pilot project called My Path
15 which is a blockchain enabled platform that
16 facilitates resident access to vital, social an
17 health services by digitizing their identification
18 and other key records. They started up small to see
19 how it could work and are looking to expand it
20 currently. In a case study by Dovelooop.com they
21 state that the principles underlying My Pass have
22 obvious public sector applications coordinating
23 services for refugees or those displaced by a natural
24 disaster for example. Given the Hyperledger
25 community's activities and financial inclusion we

2 support this effort in modernizing the IDNYC Card in
3 a way that helps those who want to seek expanded
4 services. While I-D-IDNYC isn't using the technology
5 as advances that I cite in my examples, it is a
6 worthwhile initiative on further inclusion for the
7 city to provide its citizens with an identification
8 alternative that provide increased access to city
9 services and financial services. The IDNYC proposal
10 to host and execute a banking access feature on dual
11 interface smart chip card is a first step in
12 leveraging known and privacy preserving technology
13 for financial inclusion. Without storing personal
14 identification information, it would provide New
15 Yorkers with an option that facilitates interaction
16 with financial services, access to financial enabling
17 services and greater protection from predatory fees
18 and practices which can cripple a vulnerable
19 population without much wiggle room for surprised
20 costs. It could allow them to participate in a
21 system that others benefit from and has typically not
22 cared to see un or under-banked populations as
23 potential customers. The opt-in feature for this
24 smart chip gives people the option to leverage those
25 services or not, but having the city of New York

2 offer that capability is an option that can really
3 help these communities connect to the formal
4 financial system and access services and technology
5 that doesn't leave them behind the rest of the
6 population in basic services. Thank you.

7 CHAIRPERSON MENCHACA: Thank you and
8 before you go next, the program that you've had, what
9 is it called again? My Pass?

10 KAREN OTONI: My Pass by the city of
11 Austin.

12 CHAIRPERSON MENCHACA: Okay. Got it, got
13 it, okay. Thank you. Yes, please. Sorry.

14 BISHOP MITCHELL TAYLOR: Good afternoon
15 Chairperson and distinguished members of the NYC
16 Council Committee on Immigration. On behalf o Urban
17 Upbound myself Bishop Mitchell Taylor founder and
18 CEO, I would like to thank you for this opportunity
19 to speak about the benefits of adding a smart chip to
20 the New York City ID Card. Urban Upbound works to
21 break cycles of poverty in New York City Housing
22 Authority developments and surrounding low-income
23 areas around the city by providing employment
24 services, financial counseling, income supports,
25 entrepreneurship, development and access to safe and

2 affordable banking. We work with NYCHA residents and
3 many of whom are unbanked as much as 40% . Many
4 NYCHA residents spend in their lifetime on average
5 about \$40,000 in transaction fees to local check
6 cashers for purchases of every day items like
7 groceries, Metro cards as well as paying rent and
8 utility bills. To increase residents' financial
9 capabilities we opened the Urban Upbound Federal
10 Credit Union in 2010 to provide a critical connection
11 to the U.S. financial system. Today we have over
12 1,500 members. Last year the credit union processed
13 \$2.5 million in NYCHA rent payments at no cost to
14 community residents saving them hundreds of thousands
15 in transaction fees. Hence, we are in support of
16 initiatives like the smart chip on NYC ID that will
17 save residents money and restore faith in the U.S.
18 financial system. Our beneficiaries trust the ID
19 system put in place by the city, which has
20 facilitated access to critical programs and services
21 and municipal buildings. When Urban Upbound opened
22 in NYCID processing center last June, we helped more
23 than 1,200 Queensbridge residents get an ID in less
24 than a month. By adding a smart chip to the NYC ID
25 card, two important things can happen. Firstly, we

2 can quickly scale the number of people who are
3 participating in the U.S. financial system.

4 Secondly, we make it easier, and less costly for low-
5 income and NYCHA residents to pay bills and conduct
6 financial affairs. For residents who are not trusting
7 of commercial financial institutions the smart chip
8 would bring a level of confidence so that people do
9 participate in the financial system. In my
10 conclusion, on behalf of Urban Upbound I want to
11 thank the New York City Council Committee on
12 Immigration for the opportunity to testify. We hope
13 you consider this testimony in your deliberations.
14 We look forward to working closely with you to ensure
15 NYCHA and low income individuals and families have
16 the resources and opportunities needed to achieve
17 economic prosperity.

18 CHAIRPERSON MENCHACA: Thank you both for
19 your testimony today and for offering, you know, a
20 broader perspective. Are you open for questions from
21 myself.

22 BISHOP MITCHELL TAYLOR: Yes.

23 CHAIRPERSON MENCHACA: It's just me right
24 now. Thank you. So, I think one of the—one of the
25 first questions that I have in terms of the—the kind

2 of positioning for options, and—and I hear that both
3 from a connection to programs that have already been
4 launched like in Austin and I'm kind of reading up
5 quickly about that the My Pass initiative looks like.
6 Just tell us a little bit, Ms. Otoni, is this a—is it
7 an identification card with financial or is it rally
8 just a financial product that has been kind of
9 tailored for city residents to--

10 KAREN OTONI: [interposing] What the City
11 of Austin did?

12 CHAIRPERSON MENCHACA: Yeah, the city of
13 Austin.

14 KAREN OTONI: It—it—it's different. It
15 was more focused on connecting healthcare records.

16 CHAIRPERSON MENCHACA: Healthcare
17 records?

18 KAREN OTONI: Yes, because they were
19 accessing emergency services.

20 CHAIRPERSON MENCHACA: Got it.

21 KAREN OTONI: And those records are all
22 disbursed.

23 CHAIRPERSON MENCHACA: And the records
24 are helpful for people—what's the—what's the—the goal

2 and the value of kind of pulling all of that together
3 from your perspective from the Limits Foundation?

4 KAREN OTONI: so, the advantage would be
5 that, you know in stead of, you know, having some
6 sort of medical history, right. Like any time you go
7 to a new doctor they receive your medical history and
8 so, therefore can better evaluate what you need, what
9 issues you might be having, and—and provide better
10 diagnosis. If you don't have the pulled together in—
11 in one place, it's—it's like going brand new to a new
12 doctor each time who has no background on what you've
13 experienced before and you have to remember to
14 explain every medical intervention or medication
15 right to that doctor that you've had. So, it's the—
16 you know, these might be in a population where people
17 don't remember or write things down, or, you know. I
18 mean I don't remember the name of the medications
19 I've taken, right so, um, that's the advantage of it.

20 CHAIRPERSON MENCHACA: Thank you for that
21 and I've just reminding myself I, yeah I have a
22 condition myself, and I'm trying to figure out how to
23 get stuff that I got from a doctor a long, long time
24 ago and it's almost impossible and—and I hear that
25 there's value in kind of pulling everything together.

2 How do you speak to folks that have this need to pull
3 things together about risks? What are—like what are
4 the risks to the documents that are pulled together
5 around this I guess it's a chip as well, right? Chip
6 technology.

7 KAREN OTONI: I'm not sure about if they—
8 if they use the chip in the—in the city of Austin for
9 example.

10 CHAIRPERSON MENCHACA: In the Austin
11 program?

12 KAREN OTONI: Yes.

13 CHAIRPERSON MENCHACA: Then how does—how
14 does the testimony that you're giving today apply to
15 IDNYC and the conversation that you just kind of sat
16 and listened to, and—and really are there any
17 concerns that were raised by advocates that have
18 billed IDNYC that you are compelled by or want to
19 address in terms of your knowledge and your
20 experience?

21 KAREN OTONI: Sure. I mean I think the
22 concerns are all—are relevant. From what I've
23 understood about the program, you know, there's—the
24 way it's designed is taken into account. So, among
25 those concerns the fact that it is opt-in, you can—

2 you can argue that well then that's creating two
3 different systems and that's a—that's a separate
4 argument, but if someone doesn't want this service,
5 they don't have to have it, and so I think having
6 that freedom of choice is—is relevant and I think
7 that there's a real advantage here to having the city
8 negotiate on behalf of a large cohort of population.
9 There's some benefits that would come with using
10 this sort of a chip, card or financially enabled
11 digital ID that you wouldn't get with the other types
12 of debit cards the banks—the banks offered us for
13 their protections that they are—are working to make a
14 part of that. You wouldn't need a minimum balance.
15 You wouldn't have overdraft fees, and I think the
16 fact that the city can negotiate is different than
17 these individuals going to events and getting what
18 you can't have that—those same features as you could
19 with a city who has taken into account what this—
20 these populations might—what might be useful, what
21 they might need in terms of financial services. And
22 so I think that benefit is—is something that's
23 worthwhile. From what I understand also as well with
24 the—the way that the chip is designed, um, it's—it
25 would only be—first of all, it wouldn't have an

2 personal identifying information. So, the concern
3 about being able to then extrapolate all kinds of
4 data from that is minimized. In fact, there's very
5 specific specifications on how that contactless
6 terminal what they interact with. So, it's not like
7 you suddenly can have that card read by anyone
8 anywhere. It would only be readable by certain
9 terminals, right so it wouldn't be something that any
10 one could access whatever is on—what the balance is
11 for example on the card.

12 CHAIRPERSON MENCHACA: Got it. So, it's
13 you're kind of commenting on the security stuff and-
14 and how—how it could be secure. Thank you for that.
15 Mr. Mitchell Taylor.

16 BISHOP MITCHELL TAYLOR: My friends call
17 me Bishop, my name is. My enemies don't call me at
18 all.

19 CHAIRPERSON MENCHACA: Bishop. I'm
20 sorry, Bishop.

21 BISHOP MITCHELL TAYLOR: Your heard me.

22 CHAIRPERSON MENCHACA: I'm sorry. Go
23 ahead.

24

25

2 BISHOP MITCHELL TAYLOR: I said my friend
3 call me Bishop when my enemies don't call me at all.
4 [laughter]

5 CHAIRPERSON MENCHACA: Okay, got you,
6 right. The Bishop. We'll go with Bishop. The-the,
7 you know, your testimony kind of spoke to options
8 that are available in terms of populations that you
9 represent including NYCHA residents and-and that
10 really rely on, and-and that kind of word, I wrote
11 down the word trust. We just head from advocates
12 about them having serious concerns that they're
13 balancing, and are challenging the notion that trust
14 can continue with the card, and so what happens in a
15 world where you have a mix of advocates that are on
16 the ground with you to do this work that you're going
17 to run into that are going to be in opposition to
18 this and create a different understanding of the card
19 that really attack it. Probably the most important
20 thing that this card has at this point, which you've
21 laid out very clearly that this is a card that is
22 built on trust.

23 BISHOP MITCHELL TAYLOR: Uh-hm.

24 CHAIRPERSON MENCHACA: How does that-how
25 does that reconcile for you in terms of the work that

2 you are trying to do on the ground and building
3 something that maintains that trust?

4 BISHOP MITCHELL TAYLOR: Well, I don't
5 want to diminish the concerns of advocates especially
6 those that represent the immigrant populations
7 because obviously there are big concerns about
8 information sharing and things of that nature that
9 may jeopardize one's freedom, but on the other side
10 I'm representing thousands and thousands of residents
11 that live in public housing that welcome this NYC ID
12 card that also welcome the opportunity for scalable
13 negotiations with financial institutions and such
14 alike. Listen, all of us have credit cards. I have
15 several credit cards. I'm sure you have several
16 credit cards. We all bank--

17 CHAIRPERSON MENCHACA: You don't want to
18 know about it. [laughter]

19 BISHOP MITCHELL TAYLOR: We all--we all--
20 all of us that get banked are exposed to identity
21 theft. That's some sort of, yeah. So that all of us
22 actually in this post-technological age are subject
23 to these things. So, when I say these things,
24 identity theft, information, predatory marketing,
25 blah, blah, blah. We all get it. When you enter

2 into the U.S. financial markets, this is part and
3 parcel of what you're going to have to deal with and
4 endure, but I think those are unintended
5 consequences, but the benefits here are so bold and
6 so big, and I think that we have enough brain trust
7 on the ground and in the Cloud to figure out how to
8 make it secure for our vulnerable communities. They,
9 you know, the NYCID card we had it in one of our
10 offices in Long Island City. I couldn't believe, you
11 know, the amount of people that were coming in to get
12 the card, and—and the times they were coming in to
13 get it. So, obviously people want it, and people
14 want to use it. So, I think that the chip really
15 just gives you an opportunity to aggregate as well. I
16 think people are losing the aggregation part, and the
17 scale part.

18 CHAIRPERSON MENCHACA: And you're talking
19 about data?

20 BISHOP MITCHELL TAYLOR: Well, when
21 people—well, my dad used to say if one person speaks
22 you could easily be ignored. If a thousand people
23 speak, you can't be ignored. So I think that when
24 you aggregate and you—you negotiate on behalf of
25 100,000 people, the rate is going to be much cheaper

2 than 10 people advocating on their own behalf of even
3 one person and so--

4 CHAIRPERSON MENCHACA: And how--and how--
5 how are we negotiating that?

6 BISHOP MITCHELL TAYLOR: How would...?

7 CHAIRPERSON MENCHACA: Is that--is that
8 you negotiating that on behalf of your constituents--

9 BISHOP MITCHELL TAYLOR: No, none of
10 those.

11 CHAIRPERSON MENCHACA: --or is that the
12 city?

13 BISHOP MITCHELL TAYLOR: The developers
14 of the NYCID and those--

15 CHAIRPERSON MENCHACA: [interposing] Thus
16 the city of New York would be taking this data and
17 negotiating on behalf of people?

18 BISHOP MITCHELL TAYLOR: Well, I--I don't
19 know if it would be the city of New York per se, or
20 their designates or assignees, but someone would--

21 CHAIRPERSON MENCHACA: [interposing]
22 Would still work in the city of New York.

23 BISHOP MITCHELL TAYLOR: Right.

24 CHAIRPERSON MENCHACA: Would be--would be--
25 would have access to that data.

2 BISHOP MITCHELL TAYLOR: Well, I'm—I'm
3 not sure about having access to data. I don't know
4 about those details. I'm just saying that if there's
5 a smart chip that connects people together, and let
6 me use this simple example. If we all used cable, or
7 like Spectrum, right and say 20,000 people have the
8 smart ID Card and they all want to use the same cable
9 network, I think that that's an opportunity to say,
10 okay, we'll all get it from you if you give it to us
11 at this price point. In my mind I'm thinking in the
12 aggregate that way.

13 CHAIRPERSON MENCHACA: So, I went ahead
14 to the Administration to kind of give us—give us a
15 little bit more in detail, but I think what you're
16 pointing to is, um, stepping outside of the concerns
17 that have been laid out and the positive and the
18 negative fall under its own category of power,
19 economic power, and could be set up for communities
20 separate and apart from the IDNYC that we all trust
21 and we all love. There's nobody in this room I think
22 that is opposed to it, and if you are, I would love
23 for you to testify, and give us that information, but
24 I think we're all in favor of IDNYC. The opportunity
25 that you're speaking to the Council Member Miller,

2 speaking to can exist outside of the card, and I
3 think that's the--that's the thing that is on trial
4 today is that merger of these two concepts that work,
5 and should be fought for, and I think that's where--
6 where we're going to hear from the Administration.
7 It's about what compels us to combine that, and are
8 we ready to do that. All the questions that are
9 pointing to a lack of confidence with advocates and a
10 question about the impact and the opportunity costs
11 that we're going to have on trust, and that's what
12 makes this card sane, and I think that's my--my only
13 point. That's still the question in the air that I
14 want this hearing to push us forward with. So thank
15 you for your time. We'd love to be in contact with
16 you so make sure you leave all your contact
17 information because we want to keep engaging on--in
18 this conversation with you.

19 BISHOP MITCHELL TAYLOR: [off mic] And
20 this project.

21 CHAIRPERSON MENCHACA: [laughter] Okay,
22 alright. Well, thank you, Bishop. Thank you so
23 much. Okay, thank you all for this incredible I
24 think enlightening conversation. I want to invite the
25 Administration up to testify next. We have

2 Commissioner Bitta Mustofi, Sam Solomon from the
3 Mayor's Office, and John Paul Farmer from the Mayor's
4 Office of the Chief Technology Officer; Nicole Perry
5 from the Department of Consumer and Worker
6 Protection. [background comments/pause] And
7 Commissioner, I know that we—we're at like 3:00 and
8 this is an important conversation so thank you for
9 being here today. I will note that I did notice you
10 were not here for the first panel to listen to our
11 public panel. I think you came in at the end of
12 that. I know your staff is here, but I think it's
13 important that these conversations where we have
14 important discussions that—that you're here present
15 for that as part of the design of this, and so thank
16 you for being here. I just wanted to note that for
17 the record, and you may begin.

18 COMMISSIONER BITTA MOSTOFI: Oh, wait.
19 You have to get sworn in first.

20 LEGAL COUNSEL: Please raise your right
21 hand. Do you affirm to tell the truth, the whole
22 and nothing but the truth in your testimony before
23 this committee and to respond honestly to Council
24 Member questions?

2 COMMISSIONER BITTA MOSTOFI: I do.

3 MALE SPEAKER: Yes.

4 LEGAL COUNSEL: Thank you.

5 CHAIRPERSON MENCHACA: Thank you.

6 COMMISSIONER BITTA MOSTOFI: Good

7 afternoon Chair Menchaca and Members of the
8 committee. My name is Bitta Mostofi. I'm the
9 Commissioner of the Mayor's Office of Immigrant
10 Affairs. I'm joined today by Nicole Perry, Deputy
11 Commissioner of the Office of Financial Empowerment
12 of the Department of Consumer and Worker Protections.
13 Sam Solomon, Deputy Counsel to the Privacy—Chief
14 Privacy Officer and the Mayor's Office of Operations
15 and the Mayor's Office of Information Privacy who has
16 served as the point person in privacy matters on this
17 project, and John Paul Farmer the City's Chief
18 Technology Officer who are here to address questions
19 in their respective areas of expertise. Thank you
20 for the invitation to testify on this bill. I welcome
21 the opportunity to discuss the work that the
22 Administration has done to explore this project, and
23 to explain why the Administration opposes the bill as
24 written. The IDNYC program and its partners across
25 the Administration initiated the exploration of a

2 smart chip for purposes of financial access several
3 years ago. This was prompted in part by the City
4 Council's directive in the Local Law that established
5 IDNYC that the Administration expands the benefits
6 associated with the card including at a minimum by
7 promoting acceptance of the card by banks. As I've
8 previously testified before this committee, the city
9 has undertaken significant efforts to this end, and
10 has achieved only modest accomplishments. As of
11 today, just 13, though soon to be 14, banks and
12 credit units have publicly agreed to accept IDNYC as
13 primary identification for an account opening, and
14 none have the citywide scale and accessibility. We
15 have heard repeatedly from cardholders that there is
16 continuing interest in facilitating greater financial
17 access and specifically raising challenges
18 cardholders have experienced with banking.

19 Accordingly, we've considered alternative ways to
20 support New Yorkers in need, and we elected to
21 explore the use of the smart chip to increase
22 financial access and potential MTA integrations with
23 IDNYC. In summer of 2018, we issued a request for
24 information in collaboration—in collaboration with
25 the Office of the Chief Technology Officer seeking

2 input from interested parties. We also held meetings
3 with advocates who have worked on IDNYC for years to
4 brief them on this exploration. In late 2018, we
5 issued a Notice of Intent to enter into negotiations.
6 This did not commit the city to any contracting, but
7 instead permitted us to move ahead with our process
8 of continuing to learn more from potential partners
9 about what might be possible, and what kinds of terms
10 we might be able to negotiate for. In brief,
11 throughout the past 15 plus months of active work on
12 the this, we've conducted number consultations with
13 experts, briefings and meetings and calls with
14 advocates and Council staff, and we've consistently
15 take seriously the feedback that we've received. I
16 want to emphasize that through these endeavors we've
17 maintained a goal of providing New Yorkers with more
18 options to manage their personal affairs with
19 confidence autonomy and dignity. We've learned how
20 challenging it is for so many families to obtain
21 safe, affordable banking services. Too many have
22 lost confidence in traditional options and have been
23 forced to turn to alternative services to manage
24 their finance which exact high fees from already
25 vulnerable people. Further those who engage with

2 existing resources have expressed concerns around
3 access, fee transparency and general education of
4 information. The option of a chip enabled card and
5 associated financial services account could help
6 expand New Yorkers' options by offering an account
7 that is affordable that the cardholder can easily
8 access wherever they are that is insured, and
9 includes stringent consumer protections. What's
10 more, the city has sought to ensure this product
11 would include extensive security protections. It is
12 important to understand that a chip enabled card
13 would be entirely optional. Cardholders could choose
14 whether they want to opt in to receive a card with a
15 chip or whether they would like one without it.
16 Anyone who has any misgivings about holding a chip
17 card could be entirely free to receive one without
18 one just as the IDNYC program exists today. In fact,
19 at this committee's last hearing on this topic on
20 February 11th of this year, Chair Menchaca referred
21 to this opt-in model as a compelling argument in
22 favor of making the option available. First I note
23 that we currently note as I said 13 going on 14
24 financial partners. Our goal with those partners has
25 been broader education on banking options, and it

2 increase financial health. The addition of this of
3 this option would follow that model. We understand
4 that even with an opt-in model there many concerns
5 that cardholders may have that may not be
6 sufficiently understood, the implications around
7 opting into an account that can be accessed using a
8 smart chip. The concern has been raised that by
9 simply offering the product to cardholders some
10 cardholders may believe that the city endorses this
11 financial product as risk free or that the product is
12 subject to the same rules and protections as the
13 IDNYC card program itself. To address this, the city
14 would need to take several measures to ensure that
15 cardholders are informed of all product policies,
16 fees and privacy policies prior to choosing to
17 receive a chip card. First and foremost, we would by
18 contract require certain information to be included
19 in notice documents to customers. We would require
20 the financial provider to make sure that these
21 policies are outlined in clear, understandable plain
22 language translated into the Local Law 30 languages.
23 In addition, we would work with the financial power
24 provider, the Office of Financial Empowerment and
25 Community Partners to conduct citywide multi-lingual

2 public education and outreach on an ongoing bases.
3 This would be instrumental in educating cardholders
4 about options including other options for financial
5 access besides the IDNYC chip enabled card. We
6 remain in the process of exploring this benefit.
7 Unfortunately, as written, Introduction 1706 would
8 deny New Yorkers the ability to make a choice for
9 themselves, and deprives them of an option that could
10 improve their ability to better manage their
11 financial health. That approach represents an
12 unwillingness to engage in the issues and an
13 unwillingness to explore creative and possible
14 solutions to help community members in need even
15 though our resolution could result in positive
16 benefits for New Yorkers. It further undermines the
17 ability of New Yorkers including the most vulnerable
18 to make important and empowered decisions for
19 themselves. In fact with IDNYC conducted focus
20 groups with underbanked and unbanked individuals this
21 April, the results showed that 85% of the
22 participants were interested in obtaining a smart
23 chip on their IDNYC in order to use it for financial
24 service access provided they could receive full
25 information on fees, access, and privacy protection,

2 and that 100% of the participants were interested in
3 obtaining a card that they could use to travel on the
4 MTA while recognizing there would be privacy and
5 security questions. Since the launch of the IDNYC
6 program, the city has sought to increase access to
7 financial services to all New Yorkers particularly
8 low-income New Yorkers. Through partnerships with
9 local banks and credit unions, IDNYC has helped
10 thousands open accounts with their card. The reality
11 is that there's still an immense need for better
12 options. As my colleagues from the Office of
13 Financial Empowerment will explain further, and has
14 estimated that there are hundreds of thousands of
15 unbanked and under-banked households in New York City
16 with more than 11% of the households in entirely
17 unbanked and over 20% underbanked. Those figures are
18 staggering. Living unbanked in a city like New York
19 adds enormous financial strain to low-income
20 families. Individuals without bank accounts must
21 rely on alternative service providers such as a cash
22 checking to manage their money. These providers
23 charge high predatory fees for services, which are
24 unavoidable for those without alternatives. Too many
25 unbanked individuals pay exorbitant fees for check

2 cashing services or other alternatives. An unbanked
3 full-time worker would save \$41,600 over the course
4 of her career by using a low-cost checking account
5 rather than alternative financial service. These
6 savings could generate up to \$360,000 in wealth. We
7 have also learned that fees associated with standard
8 bank accounts driver many low-income individuals away
9 from these services. In focus groups we held several
10 groups and participants reported that they had
11 abandoned their financial accounts after being
12 charged a number of unexpected fees. The lack of
13 transparency and inflexibility of these fees
14 seriously damaged trust in financial products. While
15 continuing to expand our partnership with banks and
16 credit unions, the program continues to look for
17 innovative ways to address the problem. We've learned
18 from other cities and communities that any solution
19 must include a fee structure that is transparent,
20 affordable and flexible to incoming volatility. We
21 learned the city must work to ensure that individuals
22 are thoroughly informed about the responsibilities
23 and risks of joining financial services. We also
24 recognize that designing a product that places the
25 security of the cardholder at its core represents an

2 opportunity for the city to offer cardholders a
3 consumer friendly and accessible option with strong
4 protections negotiated by the city. Providing
5 individuals with options for financial access and
6 services that they understand and trust can be a
7 powerful tool to allow families to save, plan for the
8 future and maintain stability in their lives.
9 Without access to resources individuals are faced
10 with a multitude of pressures that make it
11 exceedingly difficult to overcome poverty. In our
12 work exploring this option, we have focused in
13 particular as I said on access. On a daily basis
14 many people commute across the city for work, for
15 school, for childcare or for other responsibilities.
16 The ability to withdraw, deposit and manage funds at
17 access points around the city can significantly
18 reduce the amount of time and effort required to go
19 about daily activity. With access challenges daily
20 budgeting and planning of expenses is a major source
21 of anxiety for unbanked and under-banked persons.
22 Planning how much cash you may need on hand can be
23 the difference between making it home safely or not.
24 As mentioned, most of IDNYC's existing bank and
25 credit union partners are community based and have a

2 limited number of branches and access points across
3 the city. A chip enabled product would offer access
4 points in neighborhoods across the city. Cardholders
5 could manage their funds at their convenience online,
6 ATMs neighborhood retail locations, at their place of
7 work or in their home. This could substantially
8 alleviate daily pressures of planning and insecurity
9 around access. We also plan to develop a model to
10 grant cardholders the ability to make remittances to
11 family and friends in other countries at lower rates
12 than may currently be available on the market. In
13 addition, the MTA has begun rollout of a contactless
14 payment system that will result in an eventual phase-
15 out of the current metro card. This system will
16 require all commuters to use the contactless payment
17 vehicle to pay for transit. A chip enabled IDNYC
18 card can help ensure equitable access to New Yorkers.
19 Several other major cities that adopted at
20 contactless public transit system subsequently
21 experienced an uptick in merchant adoption of
22 cashless systems. We are already seeing many New
23 York stores follow suit. If this trend continues,
24 the burden will again fall most heavily upon unbanked
25 and under-banked residents. Adding a contactless

2 payment chip to apps to the IDNYC card could address
3 this concern by providing equal access to this new
4 system. We've received road support for integrating
5 MTA transit payments with the IDNYC card. Unbanked
6 and under-banked focus group participants unanimously
7 agree that they would like to use the card to pay for
8 mass transit with participants emphasizing that they
9 felt it would ease their ability to use the subways
10 and buses and one noting that it would save them
11 money by eliminating the difficulties of
12 consolidating multiple Metro Cards with small
13 balances. I want to give a brief overview of the
14 technology that would be used in the proposed
15 product. Chip enabled IDNYC cards would include a
16 dual interface RFID/EMV standard Smart Chip that
17 supports both in-store and contactless transactions.
18 EMV is a global standard for cards equipped with
19 computer chips, and outlines requirements for the
20 technology used to authenticate a chip card
21 transaction. These chips are nearly impossible to
22 clone and contain a number of security features. This
23 technology has been broadly adopted in the U.S. in
24 Europe and around the world. Cardholders would make
25 transactions either by inserting their chip into a

2 chip reader terminal or by tapping their card on a
3 point of sale terminal where contactless payments are
4 permitted. For privacy and security reasons, we
5 determined the card would not include a magnetic
6 stripe as most currently do, and is common with
7 credit and debit cards today. We have learned that
8 magnetic stripes are highly vulnerable to
9 information, theft and duplication, and are the
10 source of much credit card theft today with fee
11 skimming payment details from a magnetic stripe and
12 using this information to make fraudulent purchases.
13 We have had numerous open and frank discussions with
14 advocates about the security of this proposed
15 technology and we've learned a great deal from them.
16 I now work the Chief Privacy Officer, the Chief
17 Technology Officer and a range of experts. We've
18 worked hard to identify the risks and methods to
19 mitigate them. Advocates have raised concerns about
20 what information might be collected by a financial
21 provider, and how this information might be used, and
22 with whom it may be shared. Let me first say that
23 the city would not permit any individual level
24 information to be shared, sold or otherwise disclosed
25 to third parties not involved in providing the

2 financial services to the cardholder unless
3 absolutely required under law. We have been and
4 continue to be extremely clear about the information
5 security requirements we would contractually hold any
6 provider to. Through our contracting process, the
7 city could impose stringent requirements upon a
8 financial services provider to set the terms of its
9 operation of its function, including how it handles
10 privacy and security matters. For example, the city
11 could limit the amount of information being collected
12 and retained to the minimum amount required. We
13 could also require certain security measures to
14 protect against hack, theft or data breach, and
15 require that all access to this information be
16 strictly limited and audited. We could also
17 contractually require the financial provider to
18 notify the city in the event of a subpoena for
19 cardholder information in order to allow the city to
20 attempt to intervene where such notification is not
21 prohibited by law. Through these kinds of contract
22 provisions and others, the city would be able to
23 secure far greater data security protections than may
24 be available in other banking scenarios. We've
25 worked hand in hand with the Chief Privacy officer of

2 and her staff throughout this process in order to
3 ensure that privacy issues are identified, analyzed
4 and addressed appropriately. We're committed to the
5 highest degree of privacy protections that can be
6 imposed at all stages of the project. That means
7 again minimization of data collection, retention and
8 disclosure to the minimum that is required by law
9 making sure cardholder data is not bought and sold by
10 marketers, and requiring any contracting party to
11 give the city the opportunity to intervene in
12 response to a subpoena as authorized by law and other
13 measures. The Chief Privacy Officer has made very
14 clear that the privacy goals of the Administration on
15 this project must be to identify risks and to explore
16 and employ methods to mitigate those risks. Working
17 with the CBO and in conversation with experts and
18 advocates, we've understood that while certain risks
19 may be inherently present in this type of technology,
20 those risks can be mitigated by a variety of measure-
21 measures such as limiting contactless transmitted
22 data to only minimum technical specification
23 information, rather than data points such as name,
24 address account number, and by imposing requirements
25 to ensure cardholders and the city receive notice if

2 information is requested of their records. In some
3 respects we've jointly determined that certain
4 technologies would not be appropriate for this kind
5 of initiative. For example and as I noted, we
6 determined that magnetic stripes and barcode use of
7 unencrypted data was not acceptable. In addition, as
8 with data security issues the city's role as
9 contracting party in this instance would be immensely
10 valuable since it provides the government with the
11 ability to interpose mandatory product design
12 elements as well as comprehensive notice and other
13 privacy protections in the relationship between a
14 cardholder and their financial service provider.
15 Notably, these kinds of heightened security
16 protections beyond the requirements of federal and
17 state law are not generally available to consumers
18 who walk into any bank or credit union branch or a
19 bank branch or who learn of an IDNYC accepting bank
20 from us. This benefit a proceeding by contractor
21 securities protections for card--cardholders rather
22 than taking a hands-off approach to any financial
23 partner cannot be understated. It would be rep-it
24 would represent a truly significant recorded--
25 reordering of the relationship between financial

2 service providers and their clients led by the city's
3 privacy focused example and expertise. In our work
4 to learn about what makes a consumer friendly
5 offering, we've learned from community members how
6 hidden fees, a lack of transparency or clarity about
7 these fees, and inflexible policies have driven many
8 low-income New Yorkers away from traditional banking
9 products. We know that alternative financial service
10 providers charge unreasonably high fees for services
11 and that unbanked and under-banked individuals who
12 rely on these services are often targeted by
13 predatory lenders and may fall victim to fraud for
14 which they're not covered by federal protections. We
15 firmly believe that where we are able, we must help
16 advance better options. In partnership with the
17 Office of Financial Empowerment and informed by the
18 focus groups, experts and conversations with
19 community groups and advocates, we've developed the
20 outlines of a fee structure that would provide low-
21 income individuals with the maximum ability to secure
22 access and manage their money. This would minimize
23 fees overall and entirely eliminate certain kinds of
24 fees that have been expressed as most challenging
25 such as overdraft fees. I already outlined our

2 requirement that access points be available
3 throughout the city. Cardholders would have to be
4 able to load cash, withdraw money and manage their
5 accounts for free or at lower or reasonable cost,
6 predicable costs where fees are required. Customer
7 service support must be available to support all
8 aspects of account management and fraud-fraud
9 resolution. Cardholders must also be able to contact
10 customer service in the language that they speak to
11 ensure that they're able to get the help that they
12 need. We would also require with no exception that
13 any accounts opened with this project are covered by
14 FDIC insurance and protections against fraud, loss
15 and theft just as with any other bank account. We
16 would not permit a financial services provider-
17 partner to market any loan products through this
18 program. Perhaps most importantly we would require
19 the financial providers to take extensive measures
20 to ensure that cardholders are thoroughly informed
21 about all account policies, fees, data collection,
22 retention and disclosure prior to opting into any
23 payment account and impose certain requirements on
24 the content of related consumer notices. In
25 addition, the city would plan to launch a citywide

2 multi-lingual as I noted public education to make
3 sure that cardholders know about these benefits and
4 implications of opening a merchant (sic) account and
5 to offer more comprehensive financial education and
6 empowerment programming offers-options. Concerns
7 have been raised about the possibility of contracting
8 with the financial technology company citing examples
9 of Fin-Techs that have used predatory measures to
10 monetize data, deny access to funds and exploit
11 consume-consumers. This is simply not the case
12 here. Fintech is a very broad term for many kinds of
13 businesses involving finance and some aspects in
14 technology and others. Any money services business
15 is subject to Finson (sp?) and banking based BSA,
16 Banking Secrecy Act Regulations. We have clearly
17 outlined all of our redlines in our negotiations, and
18 are confident that an in a contracting process with
19 any entity whether a Fintech company, a bank or any
20 other platform that the city would be defining by
21 contract the permitted activities with regard to
22 transparency of fees, privacy and security
23 protections and other provisions. The city has also
24 indicated our interest in-in requiring a financial
25 services provider to establish a community

2 reinvestment program. This would mandate that the
3 provider dedicate a percentage of profits to a
4 community reinvestment fund. This fund could be
5 managed by an advisory board of stakeholders to
6 determine the allocation of the fund within
7 parameters to be defined through the contract
8 negotiations such as for financial health education
9 materials, seed funding for new financial empowerment
10 efforts and more. I have described here what we are
11 exploring and we remain in the process of exploring.
12 As you've heard, this project places foremost
13 importance on consumer consent and privacy and
14 security protections. We are committed to exploring
15 whether we can bring crucial services to New Yorkers
16 in a way, which—in which any risks can be
17 appropriately mitigated. Importantly, this project
18 could—would create a much needed additional option
19 for financial access, and it would empower residents
20 to decide if such an option were right for them. I
21 urge the Chair to withdraw Introduction 1706. The
22 Administration would be happy to continue discussions
23 and collaborative work. In addition, we would be
24 happy to discuss the prospect of codifying parameters
25 of what would be acceptable in this area based on the

2 extensive protections we've been developing and
3 recommending for this initiative, and any other
4 considerations the Council and other stakeholders may
5 have. Thank you. [background comments/pause]

6 DEPUTY COMMISSIONER PERRY: Good
7 afternoon, Chairman Menchaca and members of the
8 committee. My name is Nicole Perry, and I am the
9 Deputy Commissioner for the Office of Financial
10 Empowerment at the New York City Department of
11 Consumer Affairs, recently renamed the Department of
12 Consumer and Worker Protection. I would like to
13 thank the committee for the opportunity to testify
14 today on behalf of DCWP Commissioner Lorelei Salas
15 regarding Introduction 1706 related to prohibiting a
16 smart chip in the New York City Identity Card. DCWP
17 protects and enhances the daily economic lives of New
18 Yorkers to create thriving communities. Through the
19 work of the Office of Financial Empowerment, we
20 assist New Yorkers with low-incomes by developing and
21 offering innovative programs and services to increase
22 access to high quality low-cost financial education
23 and counseling, safe and affordable financial
24 products and access to income boosting tax credits
25 and savings. DCWP has served more than 55,000

2 clients through our f DCWP Commissioner Lorelei Salas
3 Financial Empowerment Centers helping them reduce
4 their debt by \$70 million and increase their savings
5 by \$5.8 million. DCWP also conducts research and
6 advocates for policy—public policy that furthers its
7 work to support New York City’s communities. DCWP is
8 committed to making sure access to safe and
9 affordable financial products is a reality for all
10 New Yorkers whether through our programs and services
11 such as the Financial Empowerment Centers, our
12 community partnerships or looking at innovative
13 policies with our colleagues in the Administration.
14 From the inception of the IDNYC program, DCWP has
15 worked hand-in-hand with its sister agencies and the
16 Administration to ensure the card could be a vehicle
17 for financial access. In 2014, we partnered with the
18 Mayor’s Office to see and obtain regulatory guidance
19 ensuring that the card could be used as a form of
20 identification at banks and credit unions to open new
21 accounts including New York City Safe Start Accounts.
22 In the case of New York City Safe Start Accounts, we
23 have collaborated with credit unions and banks to
24 connect New Yorkers to a savings account with no
25 overdraft fees, no or low minimum balance

2 requirements and no monthly fees provided minimum
3 balances are met. In 2016 with the financial
4 institution to agree to accept IDNYC as a primary
5 form of ID many of which are credit unions, we
6 developed a citywide advertisement campaign educating
7 New Yorkers on their options for banking access
8 through IDNYC. We see exploring IDNYC's ability to
9 provide New Yorkers with a safe and affordable
10 financial product as a continuation of this work that
11 seeks to broaden the available tools—tools for
12 improving financial health. In 2015, DCWP
13 commissioned a study by the Urban Institute using
14 data from the Federal Deposit Insurance Corporation
15 to investigate how many New Yorkers are unbanked or
16 under-banked. A key metric used to measure financial
17 access and an indicator of an individual's financial
18 health. The study found at the time that 11.7% of
19 New York City households did not have a bank account
20 while approximately 25.1% of households were under-
21 banked. The study also showcased that those
22 neighborhoods with the highest rates of unbanked or
23 under-banked also had majority Black or Hispanic
24 communities. For these communities, lacking access
25 to safe and affordable financial products has

2 implications on the full range of their financial
3 health impacting their ability to conduct day to day
4 transactions, save money, guard against unexpected
5 financial emergencies and connect to safe credit
6 building and asset building products. Today, DCWP
7 released additional information with updated 2017
8 data from the FDIC revealing only marginal decreases
9 in unbaked and under-banked households, a .5% and
10 3.3% respectively. Moreover, the data continues to
11 show that these households are not evenly distributed
12 throughout the city with communities in the Bronx,
13 and Brooklyn having a higher rate of households that
14 are unbanked and under-banked at 49.2% and 33.7%
15 respectively as opposed to 29.6% in Queens, 27.4% in
16 Manhattan, and 21.6% in Staten Island. These
17 neighborhoods are most often banking deserts or areas
18 with inadequate brick and mortar financial
19 institutions and are often populated by businesses
20 offering high cost alternative financial services
21 such as pawn brokers, check cashers, and money
22 transfers. The individuals and families who come to
23 rely on alternative financial services face
24 challenges every day in managing and improving their
25 financial health. New Yorkers who lack accounts or

2 transaction cards and rely on check cashers pay more
3 in fees or may be forced to keep their cash in unsafe
4 places. The average worker without a bank account
5 can spend more than \$40,000 over the course of their
6 lifetime to cash their pay checks. Every year New
7 Yorkers across the city spend \$225 million in check
8 cashing fees. These are real measures of the amount
9 of money removed from communities who can afford it
10 the least. Furthermore, New York City's unbanked
11 households continue to be highly concentrated in
12 neighborhoods that have higher rates of vulnerable
13 residents who are struggling with other areas of
14 financial health including no or low credit scores
15 and delinquent debt. We have worked extensively with
16 organizations in these communities, and we have met
17 with New Yorkers in these communities, educating them
18 on a range of topics including the dangers of
19 predatory lending and distressful student loan debt
20 or promoting DCWP's Financial Empowerment Centers.
21 New Yorkers who do not have the opportunity to access
22 safe financial resources may find that their only
23 option is an expensive or predatory financial product
24 that adversely affects their overall financial
25 health. These products may not be ensured by the

2 FDIC or may not have built-in protections for loss,
3 theft and unauthorized charges. They may charge fees
4 harmful to working families on a tight budget such as
5 overdrafts, insufficient funds and declined
6 transaction fees. Ultimately, the lack of access to
7 a safe and affordable financial product will have
8 repercussions down the line on the financial health
9 of New Yorkers. Because of these challenges faced by
10 our communities that lack access to affordable of
11 safe financial products DCWP--DCWP believes it is
12 critically important that the city continues to take
13 the lead expanding access and protecting consumers
14 from predatory practices. The city of New York by
15 developing a financial product can provide a critical
16 service to unbanked and under-banked communities that
17 need more safe and affordable solutions than those
18 offered currently in their communities. We hope the
19 Council will reconsider this legislation, and
20 continue to partner with the city to improve
21 financial access for more New Yorkers. Thank you.

22 CHAIRPERSON MENCHACA: Thank you both,
23 and actually both of you are here for support, and
24 any questions that we might have. Okay, great, and
25 do members of the--

2 COMMISSIONER BITTA MOSTOFI: Not just
3 moral.

4 CHAIRPERSON MENCHACA: What was that?
5 Moral and--?

6 COMMISSIONER BITTA MOSTOFI: I said not
7 just moral.

8 CHAIRPERSON MENCHACA: Not just moral,
9 yes. No, we're—we're—we had some substantive stuff
10 to add to the moral pieces. The, you know, we have
11 some prepared questions, and then before I start
12 that, I want to offer a kind of understanding, and
13 the legislation does a couple things, and I want to
14 offer the opportunity for your response to this that
15 there are some points in the testimony, Commissioner
16 Mostofi that really kind of talked about the
17 unwillingness to engage, and that this is essentially
18 as written would kind of cut choices for New Yorkers.
19 I'd like to differ, and so I want to offer you the
20 opportunity to respond to this. What we have found
21 in this conversation of multiple—well, not just days,
22 almost like weeks of sitting down in this space and
23 in conversation, we still are at this place of
24 disagreement, not just as a city and the Council and
25 myself, but with the advocates, and so that's just—

2 that's the truth and we're trying to get to a point
3 where we can create some common ground. One of the
4 things that has been frustrating for me is this
5 moment that often happens in discussion around the
6 acquisition, the negotiated contract where you are
7 unable to answer questions because you're in a
8 process that legally binds you to information. Is
9 that correct?

10 COMMISSIONER BITTA MOSTOFI: I'm not sure
11 what specific information you're speaking about, and
12 I don't--

13 CHAIRPERSON MENCHACA: In general.

14 COMMISSIONER BITTA MOSTOFI: --I don't
15 know.

16 CHAIRPERSON MENCHACA: There is stuff
17 that you can't tell us when we have questions about
18 because you're in contract. Is that right?

19 COMMISSIONER BITTA MOSTOFI: I think
20 you'll have to ask me the specific question for me to
21 be responsive here in my capacity.

22 CHAIRPERSON MENCHACA: Okay, so I'll have
23 my staff give me two questions as you prepared me for
24 that, but the point I'm trying to make here,
25 Commissioner, is that when we're having conversations

2 that are important to the community about stuff
3 that's—that's integrated into the possible contract
4 that you're going to be signing, you get to—we get to
5 a point where you say I can't answer that, and we'll
6 give you two questions. I'll have my team give me
7 two questions that you will not be able to answer on
8 the—on the record because you're legally bound to not
9 be able to answer that question because you're in a
10 contract. So, that's, I mean you can answer yes or
11 no is that—is that truth that in our meetings we get
12 to a point where there's a firewall in discussion
13 about this program, and how it could impact our
14 community.

15 COMMISSIONER BITTA MOSTOFI: Sure, the
16 number one thing that I can think about is who the
17 entities are that have applied, and that is a part of
18 ensuring that there is, you know, there's no
19 favoritism in the process that there's no outside
20 intervention while it's going on. I think we've been
21 very open in talking about things that are separate
22 from this process including technology, right? I'm
23 very open in talking about what our interests are in
24 what we would see yielded from the process, and I
25 think part of this as we've said from the outset is

2 we are engaged in a process that doesn't bind us to
3 do anything. So, the whole point of the
4 conversations along the way, and the education for us
5 is to allow us to--to--and just to do just that, right.
6 What are the things that people have greatest
7 concerns over? What are the redlines, but also what
8 is it that we would want to see realized, and frankly
9 that hasn't happened in the conversations, and I
10 think from our perspective we've heard clearly the
11 need in building trust in space to have engaged and
12 have conversations, and we've done that. We've not
13 rushed the process. We've not done anything to
14 signal that we've been in a hurry around it. We've
15 continued and expressed a willingness to engage. We
16 actually haven't engaged with a wide array of
17 community-based providers and institutions because we
18 have been in the like learning stages in the process
19 to see really where we're going. So, candidly, I am
20 not, you know, I think sure, can we disclose who the
21 entities are? No. Can we at this juncture disclose
22 like a contract? We don't have one, right. [laughs]
23 So...

24 CHAIRPERSON MENCHACA: That's not one of
25 the questions that I--that I would--

2 COMMISSIONER BITTA MOSTOFI: Sure.

3 CHAIRPERSON MENCHACA: --ask for, but
4 essentially the specifics on the metrics of what is
5 being negotiated like fee structures is not something
6 that you can engage with us on, but that's something
7 that you point to that's going to be good. I don't
8 know if that is. Specific privacy measures that
9 you're going to build in, you can't tell me that
10 because you're in negotiation, and so I think what-
11 what's important here is that there's a firewall
12 with-with the discussion to have a fuller-the fuller
13 conversation that I think has been not only
14 frustrating, but not-not giving us the full
15 opportunity to join you in this effort and-and I
16 think that's the, that's the kind of component here
17 that is offering an opportunity to open up the
18 discussion. So, let's walk through this bill passing
19 in the future. It passes 1706 passes and you are no
20 longer able to move forward with a negotiated
21 contract. What happens then? Do-do you stop the
22 negotiations?

23 COMMISSIONER BITTA MOSTOFI: I mean I
24 don't-I'm not sure I fully understand the question.

2 CHAIRPERSON MENCHACA: Okay, so here's—
3 okay, Commissioner, we're at November 15. The bill
4 has passed on the floor of the City Council making it
5 illegal for you to continue a negotiation around a
6 chip a smart chip on the IDNYC. What happens to your
7 teams that are working on the negotiated contract?

8 COMMISSIONER BITTA MOSTOFI: As I said to
9 you earlier, the whole point in—in choosing this
10 procurement process was that at any juncture
11 certainly there is not one anticipated, but at any
12 juncture where we couldn't meet the means and the
13 goals that we had around this, we could walk away.
14 There was—there's nothing about this process that
15 binds us to it. That was by choice and by design of
16 the Administration, and something that we hope has
17 been heard and understood as why we—there is
18 consistently still room, right, to engage on these
19 questions and these issues, and to put forward what
20 are—what should be and ought to be the goals of the
21 Administration in any contract.

22 CHAIRPERSON MENCHACA: Okay. So, that's
23 not the answer to my question. The question is:
24 Would you still be in a—would you still be in a
25 negotiated contract after a bills says that you can't

2 be in-in contract to the goal of bringing a chip onto
3 the card?

4 COMMISSIONER BITTA MOSTOFI: It's-you're-
5 what you're asking me is moot. What I'm saying is if
6 certainly we have a request to do this with IDNYC,
7 right. If we cannot do this with IDNYC through this
8 process, it's a moot process, but that's-that could
9 be because of this. It could be because we chose to
10 walk away.

11 CHAIRPERSON MENCHACA: No, I'm telling
12 you it's going to be because of the bill. We're in
13 November. It's passed. Okay, so I don't-you're not
14 answering the question, but I'm going to-I'm going to
15 answer it for you and then we can move forward with
16 the line of questioning. The question that I'm
17 asking here is that you essentially will not be able
18 to move into a negotiated or continue the negotiated
19 process either by you backing out yourself or by us
20 forcing you by legal standards to remove that
21 opportunity, and-and process. That then opens up the
22 conversation to have fuller and deeper discussions
23 about what everything that on the table could be
24 talked about, and that's what we are seeking because
25 what I told the Deputy Mayor and yourself right here

2 in the public is that we want to continue these
3 conversations, but in a space that allows for
4 community to build this up from the ground, and not
5 from the top down, and we're—we have some questions
6 that we kind of highlight that other component of my
7 frustration and I think are eventual retailoring of
8 the policy because you're correct. Technically this
9 bill gives you the opportunity to create new options,
10 but you're coming back to us as far as the city of
11 New York and the Council in this interpretation of
12 this bill is that now you're wanting to become a
13 financial institution essentially that the city will
14 enter into a contract to offer a financial product,
15 which is conceivably different from this idea of
16 access, which is what the advocates are—are kind of
17 pointing to. There's a lot of issues with privacy
18 that we can talk about, and what we're—what we're
19 saying is this is a big step, and we're asking you to
20 stop, and get out of this negotiated contract that
21 forces this firewall, that doesn't need to be there
22 if we're having open and honest conversations about
23 where we want to go. I mean that's the main point
24 that I want to—I want to make whether you have a
25 response to that or not, it's up to you, but that's

2 important. That's important to me as a legislator,
3 and as the policy maker, and this is one of the
4 issues I think that I find often with the
5 Administration that thinks of themselves, you all as
6 policy makers. We are the policy makers that you
7 execute the policy, and so we are you're right, we
8 define that policy, and that effort to confine it to
9 a better place so that we can keep building on trust,
10 which is what this card is based on. So, I'll come
11 back and build—build out that ultimate argument, but
12 that's important for us for you to hear today as we
13 move forward. Council Member, do you have questions?

14 COUNCIL MEMBER MILLER: [off mic] Yes.

15 CHAIRPERSON MENCHACA: Perfect.

16 COUNCIL MEMBER MILLER: Thank you, Mr.
17 Chair. So, there are—wow a plethora of questions
18 that we've been mulling over the last few days and
19 the Chair has done a—a fantastic job in really
20 articulating, expressing some of the concerns that
21 our communities bear, and—and I'd—I'd like for you
22 and your team to really be able to speak to that
23 first to all speak to the benefits, and speaking to
24 the benefits of this card and—and some of the
25 research and data that you have that really justifies

2 the work that is being done, the benefits of these
3 communities and certainly we have concerns black and
4 brown communities about the lack of access to not
5 just banking by savings and wealth and—and ow if we
6 don't address now, you know, that we're looking at—at
7 zero wealth as—as we move forward, and as we move
8 along, and—and the benefits of that as also speaking
9 to community reinvestments, what has been done to
10 ensure that that that happens. Certainly that is
11 something that we've all worked towards and it has
12 not really manifested itself as of yet. How do we
13 leverage this moving forward in—in terms of that, but
14 I'd like to begin with how do you speak to
15 communities and how do you speak to advocates that
16 have concerns. Certainly, I had concerns about
17 security surveillance, Cointel, all the things that
18 our communities have experienced throughout our
19 history, what makes this difference and are we
20 talking about something that we can quantify that is
21 absolutely different and not necessarily something
22 that that we have to put on a scale and weigh the
23 differences and as to whether or not the benefits
24 are—are worth it. Can you say as a matter of fact
25 that, you know, our research of that says that this

2 is--this is the benefits, this is the value, and--and
3 that we are pretty sure that we're safe, and
4 accessible and that people aren't going to be
5 violated. Those are our concerns, and--and can you
6 speak to them, please?

7 COMMISSIONER BITTA MOSTOFI: Sure. Thank
8 you for the question, and I'll turn it to my
9 colleagues to jump in if I miss anything. So, I'd
10 say a couple of things. I think as Council Member
11 Dromm stated the goal around the initial program has
12 been to increase access. Right, to increase access
13 to try to address some of these issues for
14 communities and to do so in myriad ways of continued
15 exploration, and by increasing access the sort of
16 focus was on connecting folks with banking options,
17 and we did not do a deep dive into each and every
18 bank. We did not do a deep dive into each and every
19 credit union in terms of looking at all of the
20 different policies or fee scales that they have
21 because it was--we tried as articulated by my
22 colleagues who work with state and federal regulators
23 to get guidance, to get sort of universal acceptance.
24 I think what opened up through that process for us
25 was through surveys with cardholders through work in

2 communities. It's through outreach that we've done to
3 get feedback around the program with a sort of
4 consistent flow of there are banking challenges,
5 right, that speak to issues of access broadly and
6 issues around financial services that are available,
7 the ability for people to use their IDNYC in
8 different ways that they wanted whether it was to
9 present it for purposes of a transaction, or so on
10 and so forth, and so when we began looking at this,
11 we centered the kind of key golden questions that are
12 articulated and pretty clearly stated in our
13 solicitation around this, which is around fees and
14 we—and we do have a fee scale structure there, which
15 is around privacy and security, and issues there and
16 around consumer education. And I think from our
17 perspective, when you're looking at how are you being
18 efficient as an administration, how are you
19 leveraging tools that are existing and the fact that
20 IDNYC carders--cardholders have looked to the program
21 as a way to expand their banking options. We were—we
22 have been trying to identify ways to ensure that
23 people can engage in a banking product, and services
24 not dissimilar to what you're walking into with an
25 Amalgamated or credit union, and opening up an

2 account in terms of sort of the privacy and security
3 scheme that would exist there. So, as I articulated,
4 looking at providers that are subject to the same
5 privacy and security regulations, but also further
6 contracting around key protections including notice
7 to the city of a subpoena, which doesn't exist in
8 other financial institutions. So, from our
9 perspective, in terms of and also prohibiting certain
10 disclosures, right, unless meant—unless required by
11 law prohibit—prohibiting a sale of data and-and
12 private personal data right, et cetera. All these
13 pieces, which we think go beyond what exists
14 currently if you're using your IDNYC to walk into an
15 institution because we're not looking at those things
16 specifically about them. In terms of increased or
17 unique risks around the IDNYC card use itself, we've
18 take that really seriously. We've called—consulted
19 with a lot of different experts on how you can
20 address some of those risks or concerns. Looking at
21 things as I noted in my testimony like not including
22 a magnetic stripe, which is actually on most of
23 financial services cards that are presented today
24 because that's actually where increased privacy and
25 security risks have been reported to be the greatest.

2 That's why globally folks and my colleagues and
3 Commissioner Salas' (sic) office can speak more to
4 this are actually moving towards the use of the
5 contactless technology that we are proposing here.
6 Additionally we are have looked at the fact that it
7 is the ID card, ways that you ensure protections for
8 the individual. So, not actually including on the
9 card your debit card number, which you have on your-
10 ore what's called your PIN number, which is what you
11 have on all of your cards. So, if I picked up your
12 card today, I see your debit card or your credit
13 card, right, I see your full 16 digit account number.
14 I also see your security that's on the back, the
15 three of four digit code. So, we from a design
16 perspective have determined you can't have the 16
17 digit number on the card. You can't also have the
18 security code on the card, and when you use it, you
19 have to punch in your-your chosen sort of debit
20 access number. So there's a number of different
21 measures that we are looking to take that would
22 mitigate any additional risks or unique risks that
23 might be presented and, in fact, in many ways would,
24 as I said, could look better or more secure than kind
25 of your traditional banking service product. What

2 additional advocates have noted that is around sort
3 of the chip itself, right, the sort of inclusion or
4 existence of the chip itself, and any security or
5 additional concerns that that that technology raises
6 because it's contactless. As I said, the sort of
7 global financial services system is moving more
8 broadly in this direction because it's been seen as a
9 more secure option for financial services and what
10 we've been looking at is what are all of the ways
11 that you mitigate or address concerns around use of—
12 have the existence, if you will, of a chip and so
13 that includes encryption, that includes tokenization
14 mandating those things, and ensuring that it's only
15 readable by, as folks testified the certain, the
16 standard, the global standard on transactions. We
17 recognize and—and this is something we've looked
18 really closely at, and talked a lot with a lot of
19 experts around globally and this—and certainly with
20 the advocates that you in very controlled setting,
21 right, with really sophisticated readers what has in
22 academic studies you've been able to maybe read off—
23 you've been able to read the chip, and we recognize
24 that's real. We're not minimizing that reality,
25 however unlikely it might be that that's going to

2 happen sort of on the street or if with any
3 regularity, but what we've concluded from that
4 research and understanding is as I said, you token-
5 you encrypt and tokenize any information that on it.
6 So, what you might pick up is a number and that
7 number if somebody has picked it up enough times on
8 enough cards, and you've drawn sort of A to align
9 from A to B, could point to the fact that you have an
10 IDNYC. So, from our perspective and from the
11 research that we've done on these pieces, we do feel
12 like if you are including in the information that
13 you're providing an individual cardholder, these are
14 the risks, right. We acknowledge these--these are the
15 risks, and are clear in ensuring that anybody that
16 choose to participate in any program, and this should
17 be a best practice widely, right, that the city is
18 looking at and the Privacy Officer takes to heart in
19 anything that we do that New Yorkers know (1) this
20 might be a risk presented that you're, you know,
21 while unlikely you could if--if then your card could
22 be identified as an IDNYC card. If you choose to go
23 to a third party and open up a financial services
24 account, that comes with it's privacy and security
25 measures and we would mandate, as I said, that that

2 be in plain language and in many different languages
3 for folks, and it would be no different than what
4 happens when you walk into an Amalgamated or you walk
5 into a credit union account.

6 CHAIRPERSON MENCHACA: I want to ask and
7 maybe this is where you're going to be--about to hand
8 it over. What are those risks that you understand
9 today to be.

10 COMMISSIONER BITTA MOSTOFI: Sure. Sure,
11 I think I actually articulated them as I was giving
12 the responses. So, if you guys want to--

13 CHAIRPERSON MENCHACA: Yeah, I just want
14 like a bullet here are the risks.

15 JOHN PAUL FARMER: Here are the risks.
16 So, I appreciate the opportunity to speak here, Chair
17 Menchaca and Council Member Miller. John Paul
18 Farmer. I'm in the fourth month now as--as CTO and in
19 the Mayor's Office of the CTO, we work to use
20 technology to improve the lives of New Yorkers and
21 that means resources, services, and it means
22 connectivity, and there are five principles that we
23 bring to every conversation about any technology
24 including this one. The first is equity. We're
25 making sure this tool is available to all New

2 Yorkers. Second is performance. Third is
3 affordability, the fourth is privacy and the fifth is
4 choice. Because we want to make sure that we're
5 giving--

6 CHAIRPERSON MENCHACA: [interposing] Is
7 that in priority?

8 JOHN PAUL FARMER: It's not in priority,
9 no.

10 CHAIRPERSON MENCHACA: The five
11 principles regarding this?

12 JOHN PAUL FARMER: . There's not--there's
13 no list.

14 CHAIRPERSON MENCHACA: They're all equal
15 in priority.

16 JOHN PAUL FARMER: They're all
17 priorities.

18 CHAIRPERSON MENCHACA: That's good.

19 JOHN PAUL FARMER: Yeah. So, um, we--we
20 talk about these publicly and we use them internally
21 as we work with our colleagues on any--any issue
22 related to technology. So, um, the--the point of risk
23 mitigation I think is the right one because at the
24 end of the day I'd be hesitant to call any technology
25 risk free, but when we compare this technology to the

2 technologies that have come before or the others that
3 are out there on the market today, I can't see
4 anything else that was lower risk than what's being
5 discussed here. So, I don't want to dive into too
6 much of the details of IDNYC and conversations that
7 happened before I arrived. So, I'll let my
8 colleagues speak to that, but I just wanted to put
9 that on the record.

10 CHAIRPERSON MENCHACA: When--when did you
11 arrive?

12 JOHN PAUL FARMER: Four months ago.

13 CHAIRPERSON MENCHACA: Okay.

14 JOHN PAUL FARMER: Yeah.

15 CHAIRPERSON MENCHACA: And before you
16 hand it off, I still haven't gotten--I got the
17 priority sense of understanding technology, remitting
18 those risks.

19 JOHN PAUL FARMER: Yeah. It's a great
20 point.

21 CHAIRPERSON MENCHACA: It is and it's
22 safe.

23 JOHN PAUL FARMER: So, I think that--

24 CHAIRPERSON MENCHACA: [interposing] What
25 I'll say, though, is that I think there's a broader

2 question about who gets to determine what's safe or
3 not and how people are feeling something like this.
4 So, we'll—we'll come back to that.

5 JOHN PAUL FARMER: [interposing] I'd like
6 to respond to it. I think I can respond.

7 CHAIRPERSON MENCHACA: So, I'd like to
8 ask what are the risks?

9 JOHN PAUL FARMER: Yes. So, I think it's
10 really important to have clarity about what
11 technology we're actually talking about and
12 throughout the course of the day some things have
13 kind of been conflated a little bit, Smart Chip and
14 RFID, and so specifically we're talking about an EMV
15 Smart Chip. So, this is industry standard. It's being
16 adopted here in the United States. It's actually
17 already reached higher levels of adoption overseas.
18 This is where the industry is heading. There are
19 actually billions of products out there in the
20 marketplace today using this technology. Now, within
21 the—well, what is the EMV? It's an NFC. So when you
22 say RFID, yes that's been around for a long time for
23 decades. Essentially a close cousin of our RFID
24 evolved from it, which is NFC, and that Near Field
25 Communication, and so Near Field Communications when

2 we talk about them are contactless. Now the EMV chip
3 when you're doing—inserting it and as the
4 Commissioner correctly pointed out that's where you
5 actually have a PIN that you know. In a lot of ways
6 that is more secure than a debit card of a than a
7 credit card for instances where you might simply sign
8 it. So, the chip and same combination or swipe, a
9 mag strip with a swipe, exactly. Now, the data
10 that's held on the smart chip this EMV chip it's
11 encrypted, and one of the things that one of the
12 major card companies found is as they switched from
13 the mag stripe to the chip, they saw an 80% reduction
14 in fraud. And so, again, relative to Legacy
15 Technologies this is—this is a big improvement. Now
16 to be clear, I don't think any of us are saying
17 something is foolproof, 100% safe, but we haven't yet
18 found any technology that we would necessarily say
19 that about so, it really does come down to are the
20 benefits of inclusion, which is a priority of all of
21 us I believe and certainly of my office and our work
22 to close the digital divide, are those benefits, do
23 they outweigh those risks, and are those risks
24 manageable? And that's what the team here has been
25 doing. I'll just add one more thing about our focus

2 on the digital divide because you're heard a lot
3 about the financial divide and about the under-banked
4 and the unbanked, and there's a lot of overlap
5 between the folks who are not connected, the folks
6 who are unbanked and under-banked and the folks who
7 lowest income in our communities, and so back to that
8 principle I mentioned. It was the first one I listed,
9 but obviously it's—it's part of that five point
10 package. At the end of the day we're focused on
11 equity, and we want to make sure we're serving all
12 New Yorkers, and we're including them in our economy
13 and included in the platforms the digital platforms
14 that allow them to get access to education, to get
15 access to economic opportunity to engage fully in New
16 York City in the year 2019, and we need to consider
17 the role that technology should play, and we want to
18 make sure that as we consider that, we take into
19 account the risks that do exist.

20 CHAIRPERSON MENCHACA: Okay. I'm going to
21 come back. You haven't answered the question yet.
22 So, here's where you have answered. You said that
23 fraud has gone down, which is different from this has
24 fraudulent capabilities to be—to be fraudulent in
25 some ways. I need you to kind of come in from the

2 other side of the question, and present—lay out
3 exactly what the risks are to this chip and the
4 program itself connected to IDNYC.

5 JOHN PAUL FARMER: So, I'll let Sam
6 answer that because he's working there with the
7 program and the conversations that happen.

8 CHAIRPERSON MENCHACA: Okay. That's
9 fair. What was your name again? Sorry, I didn't—can
10 you just introduce yourself?

11 JOHN PAUL FARMER: John Paul Farmer.

12 CHAIRPERSON MENCHACA: John Paul Farmer

13 JOHN PAUL FARMER: Yes.

14 CHAIRPERSON MENCHACA: Right, okay.

15 Thank you.

16 SAM SOLOMON: Great. Thank you very
17 much. My name is Sam Solomon. I'm Deputy Counsel to
18 the Chief Privacy Officer. I think first of all I
19 think it's important to note here that these
20 conversations about the identity—what the
21 identification at risk and the mitigation methods
22 date back a significant period. The Chief Privacy
23 Officer has been involved with this process since the
24 very beginning, and we've been working on these
25 questions very closely with MOIA, IDNYC, the Chief

2 Technology Officer's office, and others dating back
3 over a year. The risks and the mitigation measures
4 that we've been thinking through fall into roughly
5 speaking two categories, and so I'll describe them in
6 that order. First of all, there are as my colleague
7 said inherent in any technology likely to be some
8 technical risks. With the contactless chip that
9 we're talking about here the information that
10 pertains to an individual such as the name, the
11 address, the account number, contact information that
12 information is encrypted at a very high level. That
13 is the information that the Commissioner was
14 describing as even if you were to obtain that
15 information as a merchant, it comes—it comes through
16 as encrypted file, and so that information is not
17 actually readable. It's not something that you could
18 pick up on the street in the way that some people
19 have talked about with a remote reader. What could
20 be read, and this is where the technical risks that
21 inherent in the technology comes in, what could be
22 read in an unencrypted format are two things. First
23 of all, what's called the unique identifier that
24 pertains to the card's technical specifications, and
25 so what that is a—effectively like a manufacturer

2 code from the chip. So, it displays typically
3 speaking for different types of chips who the
4 manufacture of the chip was, what type of chip it is
5 because there is several different types of technical
6 chips, and other—other facts such as when it was
7 manufactured and who the chip is manufactured for.
8 So, it may disclose this is a chip of type 5. It was
9 manufactured for Chase Bank or this is a chip of type
10 6. It was manufactured for Bank of America. That is
11 one thing that comes through there. The other thing
12 that comes through in the unencrypted format when you
13 read one of these chips is the identification of the
14 type of software applications that are loaded onto
15 the chip. And as we've talked about in the
16 development of this project dating back over a year,
17 that would be limited for this project to only one
18 software application, which would be the payment
19 application that we've been talking—we've all been
20 talking about that would allow for financial
21 transactions to occur. So, the identification of the
22 payment application would simply be the chip telling
23 the reader on this chip there exists a payment
24 application that belongs to American Express, Visa,
25 Master Card, whatever it is. It is the payment

2 application that's loaded. Those are the two things
3 that could be read in an unencrypted format, and that
4 is where we have seen a small measure of technical
5 risk. As we've talked through that technical risk we
6 have planned several measures that we imagine could
7 mitigate that risk, and I'll talk about those
8 briefly. First of all, we believe it may be possible
9 and we've explored different methods to suppress or
10 mask or change the unique identifier that we've been
11 talking about. So that—that was the first thing that
12 I spoke about, that code that identifies who the chip
13 was produced for, the one that might say Chase or
14 Bank of America. If we didn't want that to
15 immediately disclose the program that was involved
16 here so IDNYC or the City of New York, it may be
17 possible, and we're—and that's why we're in the
18 process of exploring this with our vendors and
19 experts, to suppress that information so it doesn't
20 show up immediately to the reader. As the
21 Commissioner said, if there were a very sophisticated
22 party who was interested in discovering which chips
23 belonged to IDNYC and which chips do not belong to
24 IDNYC, that individual might with a sufficient amount
25 of information looking at what kinds of information

2 were disclosed, might be able to guess that
3 suppressed U IDs refer to an IDNYC in certain
4 circumstances or it's U IDs that refer to an IDNYC in
5 certain circumstances or it's U IDs that refer to a
6 particular set of characters like IDNYC, and that
7 doesn't face it on Facebook. We believe that the
8 risk that's associated with that simple fact the
9 disclosure that a card is an IDNYC type card, would
10 be a very small risk, but I think it's important that
11 we here acknowledge and that the—from the Chief
12 Privacy Officer's work acknowledge that we have
13 identified that risk, and as our Chief Technology
14 Officer noted, that is not unique to this project
15 that there may be some form of risk. That is exactly
16 the kind of thing in our view where it's appropriate
17 to provide informed consent to people. I know the
18 Commissioner spoke about a number of different ways
19 that we think we can improve on the existing informed
20 consent processes.

21 CHAIRPERSON MENCHACA: Sam, can I ask you
22 just on that point--

23 SAM SOLOMON: Yes.

24 CHAIRPERSON MENCHACA: --on the--
25 essentially the identification, not the marker at the

2 front end, but, hey there's an IDNYC chip in the
3 vicinity. Are you talking about essentially
4 technology that would allow for a person with high
5 technology ability to walk into a room and be able to
6 say oh, there are five chips in here. There are five
7 people who have IDNYC in their pocket. Is that what
8 we're talking about?

9 SAM SOLOMON: So, the--what we've learned
10 in our work on this is that the, the type of card
11 that was described, the type of chip that was
12 describe here the Near Field Communications Chip
13 really is readable only except in very unusual
14 circumstances, but it's been reproduced by academics
15 in laboratories is only readable up to a very small
16 distance, and that distance as we--as we've learned
17 and the industry standard as it's designed roughly
18 this distance here. So, somebody wouldn't be able to
19 walk into a room, to your point, except in maybe very
20 unusual circumstances, which, you know, have been
21 produced by researchers would not be able to walk
22 into a room and identify who in the room is carrying
23 an IDNYC in their pocket. There may be some scenario
24 in which somebody could read a card and identify that
25 card, that particular card up close as being an IDNYC

2 type of card. I think the additional thing that's
3 important to add on this point is that much in the
4 same way that we worked very hard with you and with
5 others back in 2015, to make sure that IDNYC was
6 adopted broadly so it wouldn't serve as scarlet
7 letter in effect. In the same way here we know that
8 simply identifying somebody as the possessor of an
9 IDNYC card does not necessarily indicate that that
10 person is homeless. Does not necessarily indicate
11 that person is undocumented, has a criminal record or
12 any of those things. It would simply identify that
13 that person is a New York City resident who has
14 chosen to join the IDNYC program.

15 CHAIRPERSON MENCHACA: Again, I'm—I'm
16 really happy that you feel confident about that, but
17 we just heard from a panel earlier today--I think you
18 were in the room--begging to differ about how that is
19 felt in communities, but we'll come back to that. I
20 wanted to ask one more question, and then we're going
21 to keep going back and forth. If you want to jump in
22 with any questions just let me know, but I think, you
23 know, we—we're discussing the risks here, and I still
24 feel like there's a lot more to talk about and the
25 technicalities of the risks, and what you're saying

2 here are the risks that you're exploring today are
3 really about an ability to crack the seal of
4 protection on a card, people who want to access
5 information, and you're saying there's not much
6 information to access. There's this code in the
7 beginning that you're wanting to randomize or—I know
8 I'm putting words in your mouth so I—please correct
9 me if I'm wrong, or that there are—there's a
10 possibility that someone will know maybe at a really
11 close distance, but there is someone who is carrying
12 a card. So, let's talk about the benefits of because
13 I think there's an assumption here that there's a
14 weighing of risks to benefits, and I want to give you
15 the opportunity to talk about the benefits as well
16 because I think that's an important part of this
17 discussion as we—as we enter that realm of weighing,
18 and there's an assumption that we're making here that
19 this will increase inclusion and—and I think that's
20 also important to add. So, can you discuss the
21 research of the Administration that you've done to
22 support how this initiative will actually broaden
23 financial access because that was really a question
24 in the first panel.

2 COMMISSIONER BITTA MOSTOFI: Sure. I can
3 start and then I'll turn it over to you guys. So,
4 I'll start by saying a couple of things. I think we,
5 and I know that you know, this is probably just a
6 difference of experience candidly in terms of kind of
7 how we are each perceiving the sort of meter interest
8 in them. Part of that has to go to the fact that we
9 conducted surveys in 2015 and 2016, um, 2015 of some-
10 of card-as mix of cardholders and just New Yorkers.
11 2016 just cardholders, and then in April of this year
12 under-banked and unbanked communities with a mix of
13 cardholders and non-cardholders. Across those-those,
14 which were then more sort of scientific, if you will,
15 forays into sort of this exploration. We universally
16 walked away with an interest in New Yorkers seeing
17 efficiencies with the card, right, an ability to do
18 different things with the card including--

19 CHAIRPERSON MENCHACA: [interposing] With
20 Card 1.0?

21 COMMISSIONER BITTA MOSTOFI: Sorry.

22 CHAIRPERSON MENCHACA: With Card 1.0? is
23 that I'll call it--we'll call it 1.0 versus 2.0 just
24 for--

2 COMMISSIONER BITTA MOSTOFI: Yes. We're
3 just talking about what we'll--

4 CHAIRPERSON MENCHACA: [interposing]
5 Origin al card.

6 COMMISSIONER BITTA MOSTOFI: --want to do
7 with and IDNYC.

8 CHAIRPERSON MENCHACA: In theory like the
9 future--

10 COMMISSIONER BITTA MOSTOFI: [interposing]
11 Yes.

12 CHAIRPERSON MENCHACA: --possible to.

13 COMMISSIONER BITTA MOSTOFI: Yes, exactly
14 Um, and so that included MTA or Transit Card as
15 pretty much kind of rising to the top and something
16 that you saw sort of across communities, right? So,
17 Sam's point should not be undertaken, and I both
18 appreciate and--and have heard and--and listening to
19 the advocates' expression of concern around sort of
20 who and how some--this means for immigrant
21 communities, but I think Sam's point is well taken in
22 that from what we saw--what we saw both in that survey
23 in terms of New Yorkers who were interested in the
24 program and also New Yorkers who had the program and
25 also New Yorkers who were unbanked and under-banked,

2 is the universal interest in looking at increased
3 access including for banking services as well as
4 utilization for an MTA. I have to say I and the
5 Chair knows I joined the Administration in 2014 to
6 help launch IDNYC. I've spent a great deal of time in
7 communities talking about IDNYC and why people are
8 receiving it. We have focused very intentionally on
9 outreach and community engagement around this program
10 as a way to have a feedback group around both people
11 being able to access it, but also what's working and
12 what isn't, and consistently, and then as we started—
13 start every year we go through a process of looking
14 at what should we be doing with the program? How
15 could we make it more accessible? How could we make
16 it work for more New Yorkers. We—we raise or elevate
17 sort of the things that have been risen to the top,
18 and what we should be looking at, and without fail
19 these are the things that come to top: Banking
20 challenges and access, the interest in having this—
21 have more utilization or integration specifically
22 with the transit system. So, I do appreciate that
23 folks are saying well, we're not clamoring for this,
24 but I have to say in us doing our job in engaging
25 with New Yorkers more broadly and a cross-section of

2 folks that are interested in the program, and the
3 diversity of who has engaged with this program and
4 how, people are asking us to keep looking at this,
5 and so that's where this--

6 CHAIRPERSON MENCHACA: [interposing] I'll
7 pause you there because I think is an important point
8 in the conversation that should be addressed, which
9 is two things. One is you heard from the first panel
10 that there weren't asked at any point before the RFI
11 to help shape that question, that request for
12 information from the world and that's concerning, and
13 you're saying well, we went to the public. Well, you
14 did go to the public after we asked those questions
15 in April of 2019 about where did you get this idea
16 from? And there's a real question about where this
17 concept came from, and what is important that I want
18 to—I want to emphasize here is that the way that we—
19 and maybe I'll just speak for myself, but shape
20 legislation is from the community. The community
21 really shapes how we think about policy in terms of
22 shaping, and the burden of proof likes on us to prove
23 that we are moving in a good direction, and the
24 community is always the one that's going to check us,
25 and that check has failed from the organizations and

2 advocates that have been building this card from the
3 very beginning. And so, you're saying you are going
4 to the people, but that happened in April of 2019.
5 Even though you do go in 2015, and ask the question,
6 Hey, what do you want? And you got some answers
7 here. So, here's my question: In that conversation
8 that you had with folks in 2015 and maybe even in
9 2019, did you make them aware of the risks that we're
10 talking about today that lead to concern that the
11 community advocates are telling you about, and did
12 they have all of that information when they're
13 answering the question about hey do you want a chip
14 on your card or what do you want on the card? And so
15 that's-that's a-I think an important part of this
16 whole dialogue.

17 COMMISSIONER BITTA MOSTOFI: So, let me
18 say a couple of things about process because you've
19 raised it a couple of time. So, I think we-when we
20 started to look at this, we did brief folks. We
21 actually briefed folks before we did the CTO
22 Challenge, which was very early in us looking at
23 this.

24

25

2 CHAIRPERSON MENCHACA: Can you give us
3 dates and then how did you brief and what did you
4 brief them on and all that.

5 COMMISSIONER BITTA MOSTOFI: Sorry.

6 CHAIRPERSON MENCHACA: Uhm.

7 COMMISSIONER BITTA MOSTOFI: I don't have
8 the dates off the top of my head.

9 CHAIRPERSON MENCHACA: okay.

10 COMMISSIONER BITTA MOSTOFI: We brief
11 folks before that we did—we solicited the CTO
12 Challenge, which was in the summer of 2018 I believe.

13 CHAIRPERSON MENCHACA: And what was the
14 briefing?

15 COMMISSIONER BITTA MOSTOFI: It was this
16 the challenge, right. This is what we're thinking of
17 doing. We've—we've heard and continue to hear around
18 banking access challenges. We want to see if this is
19 possible. What we've set forth in this challenge is
20 we would be looking for a responder or a respondent
21 that gives us a fee scale the looks like this,
22 minimum or no fees, right, and we listed out what
23 those were. We would want somebody to look at and
24 address privacy and security considerations. All of—
25 all of the things we have talked about. We brought

2 folks back in after we reviewed those submissions in
3 August of 2018 I believe and briefed them on that.
4 Now, I by no stretch of the imagination think that
5 anything is perfect in the way that it rolls our or
6 how it rolls out or why it rolls out the way that it
7 does, but we noted to people we were issuing the—the
8 Request for Proposals and the negotiation. We laid
9 out pretty clear things within that in terms of what
10 we were looking for. It has robust language that
11 speaks to fees that speaks to privacy that speaks to
12 all these pieces and said this is the beginning of a
13 process. It's an exploration and we want to engage
14 and I hear you that there's frustration. Trust me.
15 I'm excited on process and I think that's in my mind
16 something I hope would be curable in terms of ongoing
17 communication and engagement and figuring out how you
18 bring in more voices and we have said consistently
19 and been responsive to those frustrations. We're
20 listening. We're not rushing this. We want to make
21 sure that if we are to do this we're getting right.
22 we have not made final decisions, right. Like that's
23 the whole point of this engagement and this process.
24 So, I appreciate that as I said no, no, by no stretch
25 am I saying that engagement is perfect or that things

2 happen exactly as you want it to. By no stretch am I
3 saying that that's a failure on one side or not. You
4 know, only but I am reasserting as we have along the
5 way that we have openness to continuing conversations
6 that we are still looking at some of these questions.
7 We're still trying to figure out have we sufficiently
8 mitigated? Are we bringing in a broader cross
9 section of voices to make sure we're hearing the good
10 and the bad, right? We are hearing proactively what
11 people want to see out of this if it is to happen as
12 well as the security and other concerns that they
13 have. New Yorkers that you talk to about this and
14 the--the surveys are as I said one piece of this. It's
15 not the driving and only piece of this, and Deputy
16 Mayor Thompson has spoken to many folks about more
17 broadly his engagement and work around financial
18 access and his interest in this project as something
19 that he has seen happen in different areas where sort
20 a broader--a larger aggregate group of folks are able
21 to come together and negotiate a deal, and that he
22 has an interest in the city playing a role in that
23 process, and the city actually saying we will
24 contractually obligate you to what you're saying,
25 right. You can't have hidden fees for New Yorkers.

2 and that doesn't mean this is the only road to that
3 work, but that also doesn't mean that you don't
4 seriously take this exploration and see can you
5 mitigate and can you outweigh the benefits from the
6 rest, right, and yes, we might come down with
7 different conclusions, but what we've heard from
8 folks is we don't want to keep having this
9 conversation. And in our minds we're not done having
10 that conversation because we've actually only talked
11 to a small amount of people. We haven't actually
12 talked to a large amount of groups. We've actually
13 heard from more New Yorkers that they have interest
14 here than we've heard groups saying they don't. So,
15 from the Administration's perspective we should
16 continue to have the conversations before we make
17 decisions. We should continue to make sure we
18 understand and hear the good and the bad, and we are
19 doing our own cost benefit of mitigation of risk and
20 then presenting that to folks, of course, before
21 there's a final decision.

22 CHAIRPERSON MENCHACA: Well, Council
23 Member Miller has a question. The one—the one thing
24 I want to say here is during that first panel I asked
25 everybody are you willing to continue the

2 conversation, and all of them said yes. I'm
3 offering a path that removes the-the firewall, and
4 allows us to start from the ground up that the bill
5 defines the opportunity with the real sense of burden
6 of proof, which is on you all that you're still not
7 needing. And so that's-that's-the bill actually
8 begins the conversation anew and removes this
9 pressure point of a negotiated contract and allows us
10 to have an open space, and I'm with you. I want to
11 continue the conversation. This is not the end of
12 the conversation. This is the beginning of a
13 different kind of conversation that allows everybody
14 to be at the table. So, that's my comment to you very
15 publicly that that's what the legislation does. It's
16 not going to kill conversation. It's going to begin
17 it anew, and when we're ready to have this chip we go
18 back to the legislation process, and bring it back.
19 That's my point. Council Member Miller.

20 COUNCIL MEMBER MILLER: Thank you, Chair.
21 So, let me just preface it by-by saying the success
22 of-for IDNYC and a number of the programs that have
23 been led by this committee over the years that-that
24 enhance and support the immigrant extremists and our
25 marginalized communities certainly has been based

2 upon education and engagement and it has been my
3 understanding from sitting here that folks are
4 claiming that we're lacking engagement, lacking that
5 education. My personal experiences and experiences
6 of my constituents and others is not—that is not
7 necessarily the case, right that I have seen folks
8 who have lifted themselves up in—in certain areas
9 that they have been able to gain access in certain
10 areas because of what I deem of the utmost importance
11 is that that for communities of color that we
12 understand the rules or engagement and—and that's
13 what we're trying to get to here that we're
14 understanding really what's going on, the benefits,
15 not just the benefits of it, but—but how do you kind
16 of navigate it, right, and as I said the success—the
17 success of this program is—has been exactly that,
18 right and therefor and so there's an anecdote and a
19 personal story that I would be absolutely remiss if I
20 didn't leave us with, but I wanted—what I want to
21 hear from is—is the conversation about opting in and
22 opting out, and—and we can say that, but—but if you
23 could just hold that, and—and in relationship to it,
24 I know that we now in New York State have enhanced
25 driver's licenses, which are not mandatory. Is there

2 a relation—a relation or correlation between the two?
3 So, let me just say because I think it's very
4 appropriate that. So, I—I—I have a relative who in
5 2014-15 because of the immigration status like that
6 happens often, was forced underground quasi
7 underground, and—and how helpful IDNYC was, right in—
8 in-in-in doing so, but along with that it was
9 education. There were other initiatives that were
10 very supportive, Council initiatives let me say that
11 were very whether CUNY Citizenship Now all these
12 other dynamics that would have took place, and—and
13 being able to understand those rules of the game with
14 all support that we have given in agency support and—
15 and so forth, you know, a few years later they do
16 come back into the fold, right and navigate their
17 immigration status process and—and successfully and—
18 and—and so it culminated with this past Monday they
19 closed on a home, right and there were some dynamics
20 that disturbed me here that—that say that our
21 mobility our existence and—and safety are like
22 mutually exclusive, right that we should go
23 underground and that we should have less and things
24 should happen and that we should not strive to be
25 better, and I get that the security thing is-is-is-

2 is-is the urgency of the moment, but we can walk and
3 chew gum, right, that our communities can continue to
4 grow and progress because if it doesn't happen now
5 we-we don't have five years, ten years and-and
6 things. So, we have to be really aggressive in-in
7 making sure that these opportunities are presented
8 and taken advantage of in our communities. So, we
9 need to dialogue with advocates and folks in the
10 community and-and not stay underground and say that
11 there is--there is a quality of life that you came
12 here for. It's waiting for you if we can do these
13 things and if we can get it right. So I'm looking
14 forward to working with everyone to-to get it right.
15 so that we can have that, and not just sustain a-a-a-
16 a sustained existence, but a real quality of life
17 and---and upward mobility in our community as we see
18 in other communities, but with that I digress and
19 just want to get to the opt in and opt out because it
20 seems like a simple narrative, but it's been made
21 kind of complicated this morning. So, could we--could
22 someone bring some clarity to that?

23 COMMISSIONER BITTA MOSTOFI: Sure. Thank
24 you. I'll try to touch on a few things. So, on the
25 opt-in and opt-out specifically we made that

2 determination as I said, based on learnings from
3 conversations with advocates, experts, understanding
4 the technology, feeling—making sure we were confident
5 in what—in knowing that there was risk even—and even
6 if it was minimal, and even if we all acknowledged
7 that it was unlikely that it would result in
8 anything, but the risk was there that it, but as Sam
9 correctly described, the unique risk being that maybe
10 somebody would be able to know who was nefarious that
11 you have an IDNYC card in your wallet, and the
12 recognition of that made us feel strongly that we
13 didn't want people to feel like they didn't have a
14 choice, right that it was really important for us to—
15 as a goal here, right in being transparent and hoping
16 that the financial services product is transparent
17 for folks, but that included privacy and security
18 risks and so if I as a New Yorker wanted an IDNYC as
19 it is without that increased risk even if it's
20 nominal, I should have that choice. Beyond that, and
21 I think this goes to engagement with communities,
22 we've talked to folks around in communities who say
23 look I have a bank account, right or I have a debit
24 card or I have the chip card in my wallet. I use a
25 Smart Phone, right? I get it, right. Engaging in

2 the financial services, engaging with a bank,
3 engaging with your phone, with the advent of Vinmail
4 and Pay Pal and Apple Pay ritght, New Yorkers as a
5 whole are starting to interface with—with the sort of
6 fast paced speed at which technology is advancing,
7 and which requires a recognition that I know that
8 there is a risk in these things. I don't always know
9 what that risk is, right. So, so where a product can
10 be clear and where I can have informed consent where
11 I can actually understand what I'm reading because
12 it's in my language right, that has an added value
13 for me, and so even in the surveys people recognize
14 there's a privacy and security risk, but the
15 important piece of it being will there been
16 transparency? Will there be disclosure in a way that
17 I can understand and I can choose. I can make a
18 decision for myself. So that is sort of central and
19 core for us in terms of the opt-in/opt-out. In terms
20 of broader sort of benefits and what you want to get
21 out of it, that's one. Honestly, that's a repeat of
22 what you hear and understand just in terms of be it
23 hidden fees, or non-disclosure of privacy or security
24 information right, those are big pieces for us that
25 is where believe that the city actually being the

2 negotiator and having the leverage of over 1.3
3 million cardholders, right. the city being able to
4 contractually obligate above—both understand what the
5 policies are of the financial service provider, but
6 also contractually obligate around those pieces and
7 include in that transparency these pieces is a huge
8 benefit for folks. The reason people have said and
9 this is in research that experts have conducted that
10 they feel good about going to a cash check—check
11 cashing location or what have you because they see
12 what the fees are, right. It's not something that's
13 hidden from them or that they're going to get changed
14 with later. That's hugely important for somebody
15 that's managing a budget really closely right or that
16 doesn't have trust in a system that they're engaging
17 with and then later sees fees.

18 COUNCIL MEMBER MILLER: But simply, what
19 are the mechanics of opting in and opting out?

20 COMMISSIONER BITTA MOSTOFI: Oh, sorry. I
21 was going to your back—back to your question on
22 benefits. [laughs] Which I didn't fully answer. So,
23 I'll—I'll exhaust after it and then I'll go to
24 benefits. So, you could come into the center right.
25 You can, um, we would say you have the option of

2 getting a card and for instance, we're working this
3 out. This is stuff we want to talk about. So, this
4 is early in conversation recognizing we don't have a
5 product or a contract, and that this is what we've
6 been thinking, but want feedback and want to be
7 engaged with folks and making sure we—we would get
8 that right. Right, so, you would be able to walk in
9 a center, and you would have the option to get an
10 IDNYC that is now your current IDNYC, but it has—it
11 doesn't have this technology on it or if you're
12 interested in banking with your IDNYC, which would be
13 a thing that would be—we've been thinking about a
14 sort of the next question, right. Are you interested
15 in banking with you IDNYC? You would be given a
16 brochure that speaks about how you can bank with your
17 IDNYC, and that includes walking into one of our
18 existing financial partners, and presenting it as
19 primary ID. That includes the option of getting a
20 chip, electing to get a chip on your card and if you
21 are electing to get a chip on your card here are the
22 disclosures that—that we are giving you so that you
23 have informed consent around that, and then you would
24 still have to go to a third party to activate that
25 chip. You'd still have to go to the—to the financial

2 service provider to activate that chip in the same
3 way you'd have to walk into a bank and get your bank
4 account. So, for us it's a matter of presenting or
5 providing the options. We have not worked through
6 the mechanics of all of that, but that's been our
7 thinking of how you would do so in a way that gives
8 New Yorkers and option to bank with their IDNYC that
9 looks like I can walk into my credit union or it
10 looks like I can actually opt-in to get a chip and
11 then this is what an account would look like, and I
12 could go online and sign up for that account or call
13 and sign up for that account or what have you. Doss
14 that—is that clear?

15 COUNCIL MEMBER MILLER: [off mic] Yes.

16 COMMISSIONER BITTA MOSTOFI: Okay, great.
17 Should I go back to benefits?

18 CHAIRPERSON MENCHACA: Well, and—and just
19 to follow the line on the opt-in opt-out--

20 COUNCIL MEMBER MILLER: Sure.

21 CHAIRPERSON MENCHACA: --just so we could
22 just be clear about that piece, the—the conversations
23 around financial access to products and essentially
24 we're talking about a product, um, they're—they're
25 not simple or complex. You add those layers of

2 immigration issues and what-not. I'm assuming those
3 conversations are going to be happening in those
4 spaces. Like how to you have that conversation with
5 folks about all the risks? Do you go through all of
6 them? How long is this meeting, and I get that we
7 don't have a solution right now, but these are the
8 questions, right? But we're not—I'm not asking you
9 to have an answer to that, but they do present some
10 very complicated conversations about privacy, about
11 security and data related risks, and these are the
12 hard things that—that we want everybody to
13 understand--

14 COMMISSIONER BITTA MOSTOFI: Sure.

15 CHAIRPERSON MENCHACA: --as we move
16 forward, and—and so how would you manage that kind of
17 education component or begin to understand that and
18 here's where I really want to come back and underline
19 this whole conversation with this idea that we're not
20 a—Well, no? Question mark. Are we a bank? And
21 essentially, we're offering this pathway and taking
22 on that responsibility, and that's where the burden
23 of proof has to be met by us if we're taking on that
24 responsibility. Because there are these other
25 options and—and so, so—and I'm not sure that we're

2 ready to take that responsibility on right now, and
3 this is why I want to cool it off, remove that option
4 as an official pathway so we can begin to think about
5 it with you so we can get people back to the table,
6 and what you're seeing right now is a--is a division
7 or community members that are saying no to the card
8 with a chip, and-and so how-how do you address the
9 education piece in terms of all of these pieces that
10 may or may not be happening right now with, you know,
11 I just got a new credit card. I didn't read one
12 thing, and that's on me, right. That's on me, that's
13 on me. That's on me and now we're taking that
14 responsibility as a community, as a community, as a
15 government, a municipal government and-and I'm not
16 sure that we're understanding the gravity of that-of
17 that issue when we have community members that are--
18 are relying on--on that currency that's not about a
19 dollar or access to financial services. It's trust
20 and that currency is--is at risk.

21 COMMISSIONER BITTA MOSTOFI: So, I'd say
22 a few things in response to that. We and I think
23 Council Member Dromm did a much more effective job at
24 this than I could. We have been saying since the
25 launch of this program that banking is good for your

2 financial health. We have been saying since the
3 launch of this program that here are banking partners
4 that accept IDNYC for purposes of opening-of new
5 engaging in the financial services space. We have
6 through the work of the Office of Financial
7 Empowerment started Safe Start accounts, right, as
8 options to give New Yorkers. The whole purview of
9 this conversation is around creating options and
10 trying to address in the creation of those options
11 ways to surmount challenges people have to banking
12 options, and to increased financial health.

13 CHAIRPERSON MENCHACA: So, what makes it
14 an-an-what makes it a necessity to build this option
15 with the card? What prevents us, and this is part of
16 this concept of more solutions to build a solution
17 separate from IDNYC? What's preventing us from
18 creating this option separate from IDNYC?

19 COMMISSIONER BITTA MOSTOFI: I mean you
20 asked why did you guys start to do this. I mean as
21 the Mayor's Office of Immigrant Affairs we help run
22 IDNYC. We have continuously looked for five years at
23 how you increase banking access and financial access
24 with IDNYC as our lens.

2 CHAIRPERSON MENCHACA: Yes, this is like
3 a nail. [laughter] This is like a nail and a hammer
4 so the hammer is only going to see nails, and that's
5 what you're saying is that--that--that this is, you're
6 kind of in motion by legislative pursuit but again
7 my--my solution.

8 COMMISSIONER BITTA MOSTOFI: [interposing]
9 By just way of community as I describe cardholders, I
10 described, right.

11 CHAIRPERSON MENCHACA: No, it's a--it's a
12 more specific question. Like I'm asking a different
13 question: Can we create the solution separate and
14 apart from this card Is there another card? NYC
15 Care I think is a different card. This could be a
16 different card. This could be a different option. It
17 separates from the thing that we have build together
18 with community--

19 COMMISSIONER BITTA MOSTOFI: I
20 understand.

21 CHAIRPERSON MENCHACA: --but it's telling
22 us that they will say no.

23 COMMISSIONER BITTA MOSTOFI: I understand
24 your question and I--

25 CHAIRPERSON MENCHACA: Okay.

2 COMMISSIONER BITTA MOSTOFI: --and I heard
3 community saying they don't like the idea of the
4 entanglement. I-I hear that and I as I said that's
5 why we've not made decisions. [laughs] That's why
6 we've not made final decisions. We're still looking
7 at this and we have at this moment, right, not
8 concluded as they have that the-the-the entanglement,
9 if you will as an ID program and an increase, and a
10 banking option is a negative thing. In fact, the
11 opposite we have seen, and again, I thought Council
12 Member Dromm noted this correctly. We have seen the
13 ability for the program to increase access and
14 integrations in different ways. We've built an
15 infrastructure within communities. We have a whole
16 system that is producing cards for people, right, and
17 that matters in terms of how people actually get
18 information in terms of how people engage in
19 services, right. People want efficiencies. Part of
20 the duty of the program and what we've always
21 actually looked at in terms of de-stigmatization is
22 how do you continue to make it something that makes
23 sense for all communities, right? And a cross-
24 section of communities including people like me,
25 right, say well, I would use this as a transit card

2 because I don't necessarily want to just use--like to
3 use my credit card. I actually like the idea of the
4 transit system is moving towards be contactless
5 having a separate card in my wallet that's not
6 duplicative. I don't have to get a new card, but I
7 have my IDNYC that I could use for those purposes.
8 So, not to mention the fact that you have 1.3 million
9 cardholders so you have, you know, a body or
10 community that you're--that we're able to use for
11 purposes of negotiation.

12 CHAIRPERSON MENCHACA: Yeah, and that's
13 clear that that's as driver of it.

14 COMMISSIONER BITTA MOSTOFI: Yeah, it's
15 important.

16 CHAIRPERSON MENCHACA: Like you start--you
17 start with 1.3 million people and have juicy is that
18 for a government or a financial institution to start
19 there instead of building one person at a time to
20 create this concept and avenue for informed consent,
21 and like you're starting with a base of fertile--
22 fertile ground, and I think that's part of what is
23 incredibly concerning here that we're--that we're
24 taking advantage of and--

2 COMMISSIONER BITTA MOSTOFI:

3 [interposing] But we're not taking advantage of
4 because you're not saying—we're not saying that
5 because of--

6 CHAIRPERSON MENCHACA: [interposing] is
7 that an opportunity? I thought that was just--

8 COMMISSIONER BITTA MOSTOFI: Because you
9 had IDNYC, you messed up this, right? That's not--In
10 the same way that we go to any bank, and any of our
11 partners, a food bazaar or a City Bike right, the
12 fact that a cross section of New Yorker across all
13 five boroughs engage in this program, is attractive
14 to them, and we use it as a way to negotiate a deal
15 for New Yorkers.

16 CHAIRPERSON MENCHACA: I think we're
17 saying the same thing. I think—I think we're saying
18 the same thing. I think, but we're—we're coming to
19 different conclusions here about what that actually
20 means here, and—and I think what's interesting—well,
21 you know what? I think we—we have some more
22 questions, and I know you have benefits, pieces but
23 we want—we have some other kind of technical
24 components that are really about the surveys that
25 were mentioned in 2015, and 2019.

2 COMMISSIONER BITTA MOSTOFI: Okay.

3 CHAIRPERSON MENCHACA: When you ask a
4 respondent would using IDNYC as a debit card sound
5 like a good reason to apply for a card do not explain
6 the risks associated with IDNYC as a debit card, and
7 that was essentially the question that we understood
8 you asked people. That's concerning in the data that
9 you're offering as a—we asked the people and the
10 people said yes we want—we want a debit card. The
11 second piece is 2019 in April. Advocate organizations
12 wrote a letter to the Administration expressing
13 serious concerns with the smart chip proposal. This
14 was in 2019 of January, and this committee held a
15 hearing in 2019 in February on IDNYC celebrating the
16 incredible stuff that we all are pointing to where
17 many of the advocate organizations testified in
18 opposition to the Smart Card. This survey happened
19 in April of 2019 after that hearing, and it sounds to
20 me like there was a community input and the
21 brainstorming and creating of this proposal, and I
22 mentioned this earlier, and I want you to address
23 that piece because I think that's an important part
24 of this concept of trust that is so integral into
25 this policy making work. We're not banks. Banks

2 don't have—rely on a whole different kind of
3 apparatus of—of injecting tools and financial
4 products. That's not what we are. We're government,
5 and so, we—in the community input and brainstorming
6 that didn't happen. In creating the proposal you
7 waited until after the negotiated acquisition was
8 well underway before you did a deep dive into what
9 our committee members wanted IDNYC 2.0 as we are
10 calling it. I would have expected more robust and
11 thorough research, which is why I'm calling for this
12 point in time, and the law will give us that space to
13 have that conversation and robust to start at the
14 beginning. In April 2019, the survey findings state
15 that after the proposed changes were discussed,
16 almost all participants said that they would apply
17 for it. Findings also state that participants had
18 worries about theft, security and privacy and general
19 distress of the banking institutions. Would those
20 risks associated with the smart chip explained? And
21 how did those—and how did you respond to those
22 concerns when you got them?

23 COMMISSIONER BITTA MOSTOFI: So, I want
24 to draw a clear distinction that I think has been
25 blurred in a lot of these conversations, which is if

2 you're-what-are you talking about risks associated
3 with engaging with the-a financial services account
4 right and-and the financial scheme way and
5 transactions and all of that? Were you talking about
6 risks associated with using your IDNYC for those
7 purposes, and I think that's an important distinction
8 because we have as I said, we-we had assumed-read
9 closely. [laughter] We assumed there was at least
10 shared alignment that engagement with a financial
11 services account or banking account could help
12 people's financial health, could address some of the
13 challenges that low-income and under-banked and
14 unbanked communities have. And so what you're
15 describing in terms of hacking risks or privacy or
16 security risks with the exception of what Sam just
17 articulated, which-which is actually about the
18 technology that you put on the card, and actually not
19 about the account or the service that you're getting
20 are risks inherent in engaging in a financial system.
21 They're inherent in me walking into a bank today and
22 opening up an account. So, from-so from our
23 perspective again rightly or wrongly, right, there's
24 an assumption that none of us are starting from the
25 place of doing none of that, and communities know

2 that. They know, people know that. I think we can't
3 be paternalistic in these conversations, right. I
4 would recognize and agree there should be more
5 conversations. I have said our goal is more
6 engagement, and across section of groups and
7 providers, but the reality is if you're starting from
8 a base point of recognition that it's better for
9 people who are unbanked and under-banked to engage in
10 the financial services and banking protections, right
11 against FDIC insurance. As I talked about, fraud
12 proof, theft proof, all that stuff if those are
13 important and you start from the baseline and you
14 recognize that all of that has with it the privacy
15 and security, the hack ability, the concerns that you
16 are raising. Then what can we do as a city if we're
17 engaging in trying to address some of the key
18 challenges to any banking including some of the ones
19 I mentioned but more like overdraft fees or the
20 targeting of low-income communities with certain loan
21 products, et cetera, can you put in and contracts to
22 ensure that the information about those risks and
23 what disclosures are required by law is given to
24 people in a meaningful way, and is a part of
25 education and communication that you're doing? And I-

2 I—to be responsive to your question around the
3 survey, sure. Like I said, I think we have for
4 better or worse being candid and transparent that
5 we're in a continuous learning process on this.
6 We're talking to tons of experts. We're talking to
7 community groups. We're not done with that. A
8 survey with a piece of that, right, to try to look at
9 these pieces, but even in that people say—said
10 expressed yes I'm already engaging in banks. Yes, I
11 know there's privacy and security risks. Again, I
12 don't think we should be so paternalistic in the way
13 we look at how communities understand these systems.
14 It's actually the challenge is there's a distrust in
15 the systems. So, getting people to engage at all a
16 bigger challenge and making sure that when they do
17 engage they get full clarity and understanding of
18 risks and privacy and security and our fees(sic)
19 should be the role of government.

20 CHAIRPERSON MENCHACA: Okay, and I'm glad
21 you're—you're talking about the role of government
22 here because I think that's what is in question here,
23 and that's what I think we need to better define and
24 understand what is our role in this conversation as
25 we engage in financial institution work, and actually

2 building a financial tool. And you asked an earlier
3 question that you're in motion now because of the
4 legislative agenda that said go forth and access,
5 create access points for banks. It's different from
6 we're creating a financial product, and that's why
7 there is so much scrutiny here, and I want you to
8 understand that, too, is that I'm holding those two
9 things in different ways, and we're not only holding
10 it in different ways, this bill that we are going to
11 be speaking to everyone about is going to help us
12 redefine the terms of engagement so we can bring the
13 people back to the community, to the table and remove
14 that firewall so we can keep talking about it. And
15 so, we're—we're interested in that, and what compels
16 us to do that as representatives of our communities.
17 While on September 12, 2019, 45 now what, 65? Sixty
18 folks have signed a letter labor, immigrant, civil
19 rights organizations and services and economic
20 justice organizations wrote a letter to us expressing
21 the united opposition to this plan that you've talked
22 about that we are all talking about for now a few
23 hours to add a financial technology too. to IDNYC.
24 And so, I take these concerns very seriously. That's
25 why I'm here holding ground the way that I'm doing

2 it, and I'm not only just holding ground, I'm going
3 to change the ground that we're walking on, and we
4 want to make clear that IDNYC was created with this
5 successful approach from the community ground up,
6 ground up, and that's not what's happening. And the
7 very groups that helped us make IDNYC a successful
8 program are now saying that if the smart chip is
9 added to the card, they will tell their constituents
10 not to get it, and so now you're going to be in a
11 world where you're trying to communicate a technology
12 and an opportunity. With that in mind, I think
13 that's the faults that the fuller ground is removed
14 from this possibility, and that's concerning. Right
15 or wrong. We could both decide whether that's right
16 or wrong, but that is the consequence that we're—that
17 we're facing, and so what still compels you to move
18 forward in that direction? What is your response to
19 the critique voiced by the community leaders that you
20 heard in September, and how do you still want to move
21 forward with this program without addressing that
22 head-on in the way that I'm asking and the way that
23 I'm as Chair of the Immigration Committee as your
24 partner in so much stuff is to remove it as official
25 process to remove the firewall, and say let's talk

2 about it because we do want to address those issues.
3 But that's not going to happen because we need to
4 restore trust with the communities, but we're going
5 to do this right.

6 COMMISSIONER BITTA MOSTOFI: Can I
7 respond?

8 CHAIRPERSON MENCHACA: Please.

9 COMMISSIONER BITTA MOSTOFI: I think
10 there should be scrutiny. I think that if there
11 wasn't scrutiny something would be wrong. I think
12 that that's a whole part or purpose of the way that
13 democracy should work is that there is a response and
14 there's a back and forth and at the end of the day
15 hopefully that makes you better. I think that the--
16 what I have noted and what we have said in terms of
17 the process actually doesn't change that. You can--we
18 should and can separately talk about what you mean by
19 the firewall and what hasn't been addressed and what
20 could be addressed. Let's put that aside. Let's
21 have that conversation. I think in terms of a
22 productive path forward, what's concerning about the
23 letter that you articulate is it says a lot of things
24 that are false. It says a lot of things like--

2 CHAIRPERSON MENCHACA: [interposing] Walk
3 us through what's false.

4 COMMISSIONER BITTA MOSTOFI: I
5 understand, but I'm just saying it says a lot of
6 things that are false, and I think a part of that is
7 because we have engaged in open conversations, and a
8 part of that open conversation is brainstorming and
9 throwing out ideas, and we have said we haven't made
10 those decisions. We don't have—right? And some of
11 that is twisted and then used—used against in the
12 letter to say this is what we're trying to do.
13 That's not accurate. I think—and I think it's fair
14 to say there's confusion and miscommunication, all of
15 that. As I said, I think ownership on every side and
16 every angle. [laughs] I think the point is that from
17 our perspective we are still engaging and that's—
18 we've not made decisions. There isn't any final
19 anything, and there—there might be perception and
20 optics around that. We hope we can change that with
21 you. We want people to come in proactively and have
22 conversations. There's been an unwillingness to move
23 around the question of using IDNYC or not using
24 IDNYC. We're still interested in hearing that, but
25 we need to hear from more groups, too. Right, we

2 shouldn't just be engaging with the same four groups.
3 We shouldn't frankly be engaging with the 62 that you
4 have on that list. Most of whom we haven't engaged
5 with. We actually haven't talked to them. They were
6 organized by the four groups that were on your first
7 panel, and so I think it's right for us to engage,
8 and say look this is what we're thinking, right. If
9 you still oppose it, we want to know that after
10 talking to us or talking--and raising with us concerns
11 that you have. That work has to then be done, and I
12 agree and it should be done.

13 CHAIRPERSON MENCHACA: I agree on
14 communication. So if there is anything that you can
15 do in the spirit of communication to tell us what was
16 false in the letter, it would be great. I don't know
17 if you have a copy of it. Do we have a copy of it?
18 We can give you a walk-through what that is. That
19 would be great. I understand you did that analysis.
20 It sounds like you have read it. So that would be
21 great to just put it on record--

22 COMMISSIONER BITTA MOSTOFI: Yes.

23 CHAIRPERSON MENCHACA: --for the
24 committed.

2 COMMISSIONER BITTA MOSTOFI: I said—I
3 think we were responsive to some of it honestly in
4 the testimony—in the testimony.

5 CHAIRPERSON MENCHACA: In the testimony.

6 COMMISSIONER BITTA MOSTOFI: Yes.

7 CHAIRPERSON MENCHACA: Okay, that's fair,
8 but if there is anything that really kind of pops out
9 as saying this false--

10 COMMISSIONER BITTA MOSTOFI: Sure.

11 CHAIRPERSON MENCHACA: --it's just part
12 of trying to get to clarity--

13 COMMISSIONER BITTA MOSTOFI: Yes, yes.

14 CHAIRPERSON MENCHACA: --and that's
15 important here.

16 COMMISSIONER BITTA MOSTOFI: Yes.

17 CHAIRPERSON MENCHACA: The Green Light
18 New York Bill.

19 COMMISSIONER BITTA MOSTOFI: Yes.

20 CHAIRPERSON MENCHACA: I'm so excited. It
21 passed finally and while it currently is being
22 litigated, which is unfortunate, let's assume that
23 its implementation moves forward very soon, this bill
24 for all New Yorkers regardless of their immigration
25

2 status would give them access to driver's licenses or
3 state issued ID. Super exciting.

4 COMMISSIONER BITTA MOSTOFI: Yes.

5 CHAIRPERSON MENCHACA: And is the
6 Administration considering investing in community
7 education to help New Yorkers access that driver's
8 license or state issued ID, and would having the
9 state issued ID help increase financial access to
10 under-banked communities?

11 COMMISSIONER BITTA MOSTOFI: Sure. Thank
12 you for the question. So, we supported this. I was
13 engaged on this as was the Mayor. We did our bugs,
14 we did videos. So we are very excited in the
15 celebration of the passage of this law, and we know
16 how meaningful it can be for so many families across
17 our city. I think we definitely recognize that it
18 will help address some of these challenges. I
19 actually think, however, in the process of us looking
20 at how you expand banking access here, we were like,
21 oh, right, it's more than just walking into your bank
22 and using ID. That's a challenge that needs to be
23 surmounted, but it's one piece of the equation. So,
24 other pieces of the equation include, as I said the
25 transparency, language access. Other pieces of it

2 include the fact that there aren't brick and mortar
3 banks in a lot of the under-banked communities. They
4 left or abandoned those communities. So, how do you
5 create access points across the city at your
6 different ATMs or at different brick and mortar
7 locations or at maybe where you're going in your
8 bodega and do so in a way again that makes it more
9 accessible for folks and makes it more inviting for
10 folks. How do you address some of the sort of
11 perennial challenges that—that people have around fee
12 transparency or around overdraft fees as being one
13 that has continuously come up with folks in
14 conversation and in research. So, while I hope Green
15 Light and I'm hopeful that Green Light helps with
16 this issue. It will cost money for people to get a
17 driver's license. It will be more challenging, less
18 accessible than what IDNYC offers and it might not
19 address these other issues. So, we still believe
20 there is and ought to be a role and space for us to
21 be looking at this, and that if we didn't, we
22 wouldn't be addressing sort of the broader challenges
23 that unbanked or under-banked communities have.

24 CHAIRPERSON MENCHACA: Well, we're also
25 excited about that--

2 COMMISSIONER BITTA MOSTOFI: Great.

3 CHAIRPERSON MENCHACA: --and listening to
4 or watching the litigation. We're going--we're going
5 to join in efforts to get that option available for
6 folks. So there's a couple more questions here: The
7 Deputy Mayor Thompson he's spoken a lot about the
8 smart chip as a way for communities to generate
9 economic power through buying power. How does that
10 happen about data collection on a--and purchasing of
11 information or the data collection that comes from
12 purchasing?

13 COMMISSIONER BITTA MOSTOFI: Uh-hm.

14 CHAIRPERSON MENCHACA: Because in your
15 testimony you said that none of this information will
16 be captured in any way, and you had--the second panel
17 talked a little bit about purchasing power that the
18 card would give, and so there's--this is one of those
19 like really hard things to reconcile--

20 COMMISSIONER BITTA MOSTOFI: Yes.

21 CHAIRPERSON MENCHACA: --because either
22 we're collecting data or we're not--

23 COMMISSIONER BITTA MOSTOFI: Sure.

24 CHAIRPERSON MENCHACA: --and Deputy Mayor
25 Thompson is very vocal about this in his speeches,

2 but this gives opportunities for communities to come
3 together and purchase on mass, and so how do we do
4 that without taking information?

5 COMMISSIONER BITTA MOSTOFI: Yes.

6 CHAIRPERSON MENCHACA: So how do—are you
7 collecting data or are you not collecting data?

8 COMMISSIONER BITTA MOSTOFI: So, thanks
9 for the question. So, I'd say—I'll say a couple of
10 things and not speak for the Deputy Mayor. So,
11 [laughs] you'll appreciate that. Oh, okay. [laughs]
12 So, you know, more broadly I think and what he has
13 been excited about here is that it—it is an
14 initiative that mirrors a lot of the things he's been
15 able to do in other spaces or taught about or learned
16 about in terms of how you advance what he calls
17 economic democracy, how you use sort of economies of
18 scale to dictate a little bit around either what
19 you're negotiating for or what deal you can get,
20 right, and so, we have gone back and forth in what
21 that can look like with this project, how that can
22 look in a way that doesn't compromise the privacy and
23 security considerations and that still allows for the
24 sensoring (sic) of those things, but some realization
25 of this broader goal as well. I talked a little bit

2 about that in my testimony. The main initiative, two
3 main initiatives in our mind include the public
4 education, and that's a piece of this broadly on
5 financial health and this is one option of that, and
6 what I noted about community reinvestments. So
7 requiring that after a certain point of profit a
8 percentage goes to community reinvestment, and having
9 that, again this is initial thinking on our part, but
10 we put in the testimony what our initial thinking has
11 been, which is, is there and advisory board of
12 stakeholders that determine how that investment goes—
13 is used, and how it's used to advance financial
14 health and empowerment for communities. So, those
15 are two sort of visions, and we have talked and we
16 talked about our commitment to prohibit the sale of
17 personal information and data, which is a big concern
18 that people have in engagement with any technology,
19 right or any account that they're opening either
20 digitally or not. You're current bank account I
21 don't know that I know what my bank does with my
22 information. So, you and I need to do some reading
23 on our accounts, but that said, we have talked about
24 what aggregate data could look like. So, if—if you,
25 you know, if everybody I think said that, um, folks

2 previously testified that to cable bills is like an
3 example, right? If everybody is purchasing a cable
4 bill can you negotiate something there in terms of a
5 discount for folks in NYCHA housing? I think that's
6 something we're still talking about. So, it's—it's
7 again feedback.

8 CHAIRPERSON MENCHACA: [interposing] It's
9 unclear—it's unclear whether we're going to be
10 collecting data or not from the purchasing.

11 COMMISSIONER BITTA MOSTOFI: We would.
12 So, I—I will let Sam jump on this because he's
13 thought a lot about this, and has dug really deep,
14 but I'll just say clearly the city would never hold
15 personal information. So, just as now you walk into
16 I don't know the Medford Band (sic) and you open up a
17 membership with your IDNYC. The Medford Band has its
18 private, its policies that indicate you used an IDNYC
19 to open up an account there, right, and then they
20 tell us one cardholder, two cardholders or three
21 cardholders used--

22 CHAIRPERSON MENCHACA: [interposing] But
23 they don't tell you who?

24 COMMISSIONER BITTA MOSTOFI: They don't
25 tell us who, they don't tell us how, right. So, that

2 is what we're talking about here. We're not—the city
3 would never ask for, would never hold or prohibit the
4 disclosure of unless required by law that personal
5 information, and that personal data, and so, what
6 we're only talking about is—is there costs with the
7 rest to the aggregate information.

8 SAM SOLOMON: Yeah, I think I mean I
9 really have very little to add because I think that
10 was a pretty comprehensive answer, but I think it's
11 just important to draw the distinction here between
12 individual level data, and aggregate data. I think
13 as the Commissioner said, as we've looked thought
14 privacy considerations on this, it's the Chief
15 Privacy Officer's advice that individual level data
16 not be shared with the city, and we all know and
17 we've gone through rounds of litigation in recent
18 years, there are risks in having that information
19 with the city. We would advise that we not collect
20 that information at the city level, that it live with
21 the external vendor only, and that the city only seek
22 to receive some level of aggregate data. As we have
23 thought through what that would look like, in terms
24 of the aggregate data, and I think we're still
25 interested in hearing people's feedback on what this

2 could look like, and what would actually be useful to
3 help design the program. We've thought about some
4 consideration such as whether we would want to see
5 that data at the community level at the borough level
6 in terms of evaluating the uptakes of the program,
7 which might help us decide which communities deserve
8 more outreach if they haven't learned about the
9 program yet for instance, or as the Commissioner
10 said, there may be information that's available in an
11 aggregate sense that could help point to particular
12 types of services that people may find useful or may
13 not currently know about that they would find useful.
14 I mean I think in the course of deciding what level
15 of aggregate data that would be appropriate for the
16 city to look at, we will continue to work through the
17 privacy considerations with the advice of the Chief
18 Privacy Officer as well.

19 CHAIRPERSON MENCHACA: So, what I'm
20 hearing is individual data is bad for the city to
21 hold. We're not interested in even considering that.
22 Aggregate data that's interesting. That can help us
23 with purchasing power and economic democracy or
24 economic democracy, and--

2 COMMISSIONER BITTA MOSTOFI: [interposing]
3 I'll be happy that you used it. I'll let him know.

4 CHAIRPERSON MENCHACA: What?

5 COMMISSIONER BITTA MOSTOFI: [laughter]
6 He'll be happy that you used it. I'll let him know.

7 CHAIRPERSON MENCHACA: I know, okay,
8 yeah. I'll use it a couple more times before--before
9 I'm done--

10 COMMISSIONER BITTA MOSTOFI: Okay, okay,
11 good.

12 CHAIRPERSON MENCHACA: --today.

13 COMMISSIONER BITTA MOSTOFI: So, hour
14 exactly in the makeup.

15 CHAIRPERSON MENCHACA: Yeah, it's on the
16 record. It's under economic democracy, and the--here's
17 where the question needs to be asked the third party
18 that's collecting this data still lives within the
19 third party, and the contract that you're building is
20 essentially to create a firewall around a third
21 party, and that's making me nervous, and making a lot
22 of other people nervous, and so, there are questions
23 to be asked about the--like the--how--how strong that
24 is, and there's one question that Sam you were
25 speaking to in terms of fraud. That's one kind of

2 category risk. There is also a category of federal
3 government coming into a financial institution and
4 saying show me your information. Now, if they come
5 to us we know how to do that. We've set some
6 extremely high standards: Judicial warrant, single
7 case, active case. Like we have—we built that in
8 2013, 2014 when we passed the law. That doesn't—that
9 doesn't apply to third-party institution, and so if
10 you can address that piece, I think that's an
11 important--

12 COMMISSIONER BITTA MOSTOFI: Yeah.

13 CHAIRPERSON MENCHACA: --part of this
14 conversation.

15 COMMISSIONER BITTA MOSTOFI: I'll—I'll
16 start and then Sam you can definitely jump in. So,
17 and I think this is one of those sort of confused or
18 confusing I should say things that are being talked
19 about. So, as I said previously we've heard concerns
20 that that a third party wouldn't be subject to
21 federal banking regulations, right. We—we are
22 talking about parties subject to enrollment and
23 deregulation. So, that's important. So--

24

25

2 CHAIRPERSON MENCHACA: [interposing] So,
3 what does that--what does that mean at the end of the
4 day to my question?

5 COMMISSIONER BITTA MOSTOFI: Yes, so
6 that--so that's important because I think it--it
7 addresses what are the legal disclosure and non-
8 disclosure requirements for a third party, and that's
9 something that we need to know and understand right,
10 and that's something that should be clear and
11 transparent to a person who's participating in any
12 account, right, who's choosing to participate that
13 they should know what are their obligations legally
14 to disclose or not disclose information. That isn't--
15 that's I think the distinction.

16 CHAIRPERSON MENCHACA: Is that a known
17 set of understanding?

18 COMMISSIONER BITTA MOSTOFI: In terms of
19 what they are--?

20 CHAIRPERSON MENCHACA: They are, yeah.
21 Can you share that with us?

22 COMMISSIONER BITTA MOSTOFI: Yeah, I mean
23 we did a little again in the testimony in terms of it
24 would not--we are only looking at providers that are
25 subject to the laws to those--to those federal

2 regulations and laws and term sort of Fintech is so-
3 so broad and so broadly used that it doesn't
4 accurately capture all entities that are—it captures
5 to a broader set of entities than just those that are
6 subject to these laws and regulations. So I think
7 that's important, right? Secondly, I think as Sam
8 noted and also noted in the testimony we would seek
9 as the city to impose of extra secure, if you will,
10 through contract those requirements.

11 CHAIRPERSON MENCHACA: And that would
12 usurp a federal regulation?

13 COMMISSIONER BITTA MOSTOFI: It would
14 say—it would say as we have talked with the Law
15 Department and our contract experts, right, that the
16 disclosure would only be permitted where it would be
17 required by law, right. So when and, of course, we
18 would have to fully understand all of the laws where
19 their disclosure is required, and that for any
20 financial entity again like trying to be clear let's
21 draw a distinction between what's unique and what's
22 not. Any financial account that you hold is subject
23 to those same disclosure laws, right, and so that's
24 one piece of it. I think the second piece is and we
25 take this very seriously and have experience on this.

2 It actually mirrors a little bit of the thinking that
3 we've done on the program, right, is are there—are
4 there ways for us to contractually obligate sort of
5 the—the limiting if you will of access and the
6 auditing of that access, which is what we have in the
7 program, right. Are there ways for us to—to
8 contractually obligate notice to us? I think people
9 are most concerned around the subpoena, right, and
10 you can—subpoenas must be particular and must be
11 specific, right for you to have to be responsive to
12 them. So, while we would recognize that any
13 financial services from any bank, any entity could be
14 subpoenaed, right, we would want to ensure that they
15 would fight a subpoena that they wouldn't have to
16 comply with, and as a result, we would ask for notice
17 as the city in the event of a subpoena to us and
18 potentially to the individual, right. So that
19 somebody, the city or the individual could intervene
20 to challenge the subpoena if that was necessary. And
21 again, that's a protection above what exists now,
22 right, you go. My—my—nobody has got my back at my
23 bank. [laughter] And so that's something that we've
24 been looking at. It's something that we've been
25 thinking through in terms of how do you extra secure,

2 taking the learnings from what we have put in place
3 with the program to any account that would be this
4 serious that a cardholder might engage in. Do you
5 want to answer that.

6 SAM SOLOMON: Yeah, I think just to-just
7 to emphasize, I think there are a couple of different
8 aspects of the ways in which we would be securing
9 this information and protecting against those kinds
10 of requests. I think at a very baseline level as
11 we've described informed consent is really crucial to
12 make sure that people understand where there are
13 actually requirements for-under the Federal Banking
14 Laws or other federal laws where information may be
15 disclosed, and that's important, and we need people
16 to be-to understand those issues, and if they feel
17 uncomfortable with those things, they may elect not
18 to participate.

19 CHAIRPERSON MENCHACA: And I just want to
20 understand. Essentially the laws that you're-you're-
21 the conversations pertaining to federal regs and
22 laws, those laws could change, and so there's moving
23 target here that I think all of us are anticipating
24 anyway, a public charge changed is changing October
25 15th. It's on its way. Immigration laws are changing

2 being fueled by a white supremacist president, and so
3 this is—this is part of the—the kind of concern that
4 people are having and so this is—this is important. I
5 want to thank you for that walk-through of how you're
6 thinking about it and I—I don't want to remove that—
7 that sense of urgency that you have/commitment that
8 has been placed in—in law—unlaw through our—through
9 law in our original IDNYC, but that's—that's in our
10 house, right. That NYC municipal government. Now
11 we're connecting a federal government that is
12 encumbrance (sic) and so that's—that's important to
13 understand as well. From the perspective of the
14 Consumer Protection piece, which is the DCWP's
15 opinion about making a debit card, how or—how—is
16 there—is there an opinion that you have about—about
17 making debit card? About making a debit card? Is
18 there—is there like a—a paper that you've written or
19 a determination or an opinion about—about that? You
20 spoke to—Ms. Perry, you spoke to a lot of—a lot of
21 the need for, and no one is going to argue with you
22 here that there's a need for banking in communities
23 for all these things that we are all talking about.
24 But is there a specific question that your office has

2 answered toward the creation of a debit card or
3 financial tool from the perspective of your office.

4 COMMISSIONER BITTA MOSTOFI: Can we
5 respond just briefly?

6 CHAIRPERSON MENCHACA: Sure.

7 SAM SOLOMON: You know, you raised the—
8 you raised the notion of the potential for laws to be
9 changed, which, of course, is possible on any number
10 of topic.

11 CHAIRPERSON MENCHACA: Sir, one at a
12 time. You're talking about the federal?

13 SAM SOLOMON: Yes.

14 CHAIRPERSON MENCHACA: Okay. Go ahead.
15 Start again.

16 SAM SOLOMON: You—you raised this notion
17 of the, you know, the risk of laws changing over
18 time. I—I think the two things that are important to
19 just keep in mind on that front, number one, that
20 actually I think supports the notion that we would
21 want to have contractual protections in place, and it
22 would be even more important in that scenario that we
23 have contractual protections to ensure that New
24 Yorkers' information is really secured and kept

2 private according to all of the restrictions that we
3 would want to put in place.

4 COMMISSIONER BITTA MOSTOFI: Well, a
5 notice is required if change—if there is a change to
6 an individual, right? So, if there is a change that
7 would substantially change or would alter the
8 disclosure requirements of the entities, they would
9 have to give notice to the individual.

10 SAM SOLOMON: And then second--

11 CHAIRPERSON MENCHACA: [interposing]
12 That's a great like congressional project, right?
13 It's not just New Yorkers. It's the entire country
14 should be notified. This is a great, and I'm not a
15 Congress member, but I think that would be a great
16 topic to talk about with Nydia Valazquez, our
17 Congress Member in Brooklyn who is the Chair of the
18 Small Business and is on the Banking Committee as
19 well. Anyway--

20 SAM SOLOMON: I think that--

21 CHAIRPERSON MENCHACA: [interposing] --
22 good point.

23 SAM SOLOMON: I think the only other
24 thing to just mention on that is that I—I think we
25 have been cognizant of the risk of federal laws

2 changing, of course, but that hasn't stopped us from
3 moving forward on a number of progressive fronts. You
4 know, the written—the fact that federal protections
5 exist and that they could change over time I think
6 those are things that we need to respond to and be
7 cognizant of. They can't stop us from doing things
8 like healthcare programs because HIPAA might change
9 theoretically some day in the future even though
10 there are no bill pending on that topic.

11 COMMISSIONER BITTA MOSTOFI: Or census.

12 CHAIRPERSON MENCHACA: Or the census.
13 You know, I think we just have to be careful not to
14 overblow concerns here that may not be present at the
15 current time.

16 CHAIRPERSON MENCHACA: Alright, we're
17 going to agree to disagree on that one. There's a
18 question about DAs, the district attorneys. Have you
19 spoken to the DAs about this. I mean this is their
20 world right We—we should consult with them.

21 COMMISSIONER BITTA MOSTOFI: In terms of—
22 so and I didn't—I wanted to respond to that, but I
23 also wanted the opportunity to respond to--

24

25

2 CHAIRPERSON MENCHACA: [interposing] On
3 the financial, like the financial risks of fraud, et
4 cetera--

5 COMMISSIONER BITTA MOSTOFI:
6 [interposing] We talked--

7 CHAIRPERSON MENCHACA: --in creating this
8 financial product that's associated with IDNYC.

9 COMMISSIONER BITTA MOSTOFI: I mean the--
10 the security partners that we have with the program,
11 we consult on everything around the program or have
12 been consulted, and that includes--

13 CHAIRPERSON MENCHACA: [interposing] The
14 DAs have been consulted?

15 COMMISSIONER BITTA MOSTOFI: No.

16 CHAIRPERSON MENCHACA: Okay.

17 COMMISSIONER BITTA MOSTOFI: The banks
18 would--they have a new name, but the fraud protection
19 folks at DFS as well as the NYPD have been consulted.

20 CHAIRPERSON MENCHACA: Can you consult
21 with the DAs?

22 COMMISSIONER BITTA MOSTOFI: Sure.

23 CHAIRPERSON MENCHACA: Okay.

24 COMMISSIONER BITTA MOSTOFI: Yeah, yep.

25 CHAIRPERSON MENCHACA: Okay.

2 COMMISSIONER BITTA MOSTOFI: But we're
3 willing to talk to anyone. [laughter]

4 CHAIRPERSON MENCHACA: Good, thank you,
5 and then share with us what they say.

6 COMMISSIONER BITTA MOSTOFI: Sure.

7 DEPUTY COMMISSIONER PERRY: So, just so
8 I'm clear you were asking what our offices' opinion
9 is on a debit card or a financial product?

10 CHAIRPERSON MENCHACA: A financial
11 product that's connected to IDNYC. Like have you
12 created a perspective? I think a lot of your
13 testimony really spoke to the need and—and that's
14 right. No one is going to argue with that, but really
15 what I'm looking for is any analysis from your office
16 that's specifically from consumer protection about
17 IDNYC and this financial product being together
18 specifically today.

19 DEPUTY COMMISSIONER PERRY: Okay, thank
20 you for the question, and so I think the Commissioner
21 has highlighted a number of points about the city's
22 role and also the safe commitment to ensuring that
23 New Yorkers have options in terms of accessing safe
24 and affordable products, and for our office we know
25 that access to safe and affordable products is

2 critical to maintaining one's financial health, and
3 so we look at this as another option that is being
4 presented to New Yorkers. When we talked about some
5 of that, an umber of the panelists mentioned that
6 working households can spend \$40,000 over their
7 career or lifetime on check cashing fees. I think
8 our office has always been very attuned to how can we
9 keep money in the hands of hardworking New Yorkers.
10 Just to give a kind of parallel example, our office
11 oversees the NYC Free Tax Prep Program to bring free
12 tax prep-preparation services to New Yorkers. Since
13 2015, we've served over 600 and-helped New Yorkers
14 complete over 660,000 returns, and saving nearly a
15 million dollars in fees, and that's real and that's
16 important because when we're talking about
17 communities who and individuals who are struggling to
18 make ends meet and are living paycheck to paycheck
19 that's money that they can have and keep in their
20 pocket. And so the Commissioner also highlighted
21 points about why aren't more New Yorkers not using a
22 bank account or do not have a bank account? Why do
23 we still have 11.2% of New York City households that
24 are unbanked and another 21.8% who are under-banked
25 meaning they have a bank account, but they can

2 continue to use alternative financial services. So
3 their needs aren't getting me, and we've heard this
4 reason around—multiple reasons around the lack of
5 transparency in fees or fair fees such as overdraft
6 fees. We've also heard reasons around the
7 convenience, financial institutions. The
8 Commissioner talked about the accessibility in terms
9 of language, and then just the fear of financial
10 institutions. I think what the city is trying to do
11 here and what the city is really looking at is how
12 can we address some of those concerns? How can we
13 help remove some of those barriers? And so, playing
14 a role in being able to negotiate a product a safe
15 and affordable product on behalf of New Yorkers.

16 CHAIRPERSON MENCHACA: I'm going to thank
17 you for that and I'm not arguing with any of those
18 points that you just made. I think that it's an
19 important piece to reiterate the—the need, and that's
20 what essentially you're—you're doing what, um, what's
21 important to say is that there are solutions that
22 you're laying out safe, et cetera and that's—that's
23 good. The question here marrying the two things
24 together is the question here. No one is going to—no
25 one is—I'm not. I don't think the advocates are

2 saying no to the financial product. That you are
3 trying to create, safe affordable, et cetera, and so
4 the last few hours of conversation. The question is
5 marrying it with a card that has created turbulence
6 with community members that have had concerns for a
7 while and have not—have not dissipated those
8 concerns. It hasn't happened yet and so—so, really
9 the question is can you do some analysis that speaks
10 to the question about marrying those two because
11 while you might be addressing some of the concerns
12 and issues in general with role of the financial
13 access for communities that are in need, we're
14 creating another problem and that's the trust
15 problem. And so that's—that's the question, and MOIA
16 and team are—are working on that, but this is just
17 more of a question for you and have your—has your
18 team separately and apart answered that question
19 that—that essentially there's a weighing of this
20 concept of lack of trust that will happen from
21 community members and organizations that have been
22 the architects of this program for a while. And does
23 that play into not just creating a good financial
24 product, but a community that's going to reject it?

2 DEPUTY COMMISSIONER PERRY: I'll start
3 and I'll turn it over to the Commissioner. I think
4 one of the things that the Commissioner mentioned in
5 her comments and her testimony is the engagement with
6 different organizations and continuing to engage with
7 different community-based organizations around the
8 the role that this product can play in helping meet
9 the needs of their residents. You heard from on
10 another panel from Bishop Taylor around what role
11 such a product could play in his community. So, I
12 think there is still an opportunity to talk to
13 community members, talk to community-based
14 organizations, and continue to engage with them. I
15 think the Commissioner also mentioned the opportunity
16 to continue to engage with the organizations that
17 express concern about this product, and so really
18 understand and identify where there are common
19 grounds and how this really could be a benefit for
20 New Yorkers.

21 CHAIRPERSON MENCHACA: Okay. Well, we're
22 going to go to the last panel. Before you go,
23 though, I think what's—what's important here is a
24 couple of things. Thank you for being here for a
25 discussion that is now very public and open and we

2 all have the same information and we're all going to
3 keep digesting this information. I'm still committed
4 to moving forward with this proposal. We're going to
5 talk to committee members and the Speaker and
6 everyone just to ensure that—that we have taken
7 everything. Well, we still have one more panel. That
8 can change everything. You know, we're waiting. I'm
9 open to conversation and understanding as well, but
10 the—the one thing I want to make clear about this
11 legislative action that I'm taking, I'm not saying
12 not to the conversation. I want to reset it and start
13 from the ground up, and -and the person the—
14 essentially the action that will—will be made to
15 mover forward is not going to be a negotiated
16 contract, which is where we are in status quo. It
17 will be inactive, the Council to allow for this to
18 move forward when we're ready, and I don't think that
19 we're ready at this point. And so, let's keep
20 talking and that's the—that's the path I'm offering
21 here as we move forward so we bring everyone back to
22 the table as trusted partners in this bigger question
23 about financial access to products in the world that
24 we live in with financial complexities, and political
25 complexities. Thank you. Okay, so we have if you

2 are still here, ANHD, Jamie, Alicia from the Lower
3 East Side People's FCU; Nina Duta (sp?), the American
4 Immigration Lawyers Association and Fanta Perdana,
5 Families for Freedom. Thank you for being so and
6 staying here in this conversation. [background
7 comments]

8 CHAIRPERSON MENCHACA: Are we have a MOIA
9 staff member stay?

10 MALE SPEAKER: Yeah, I'm here.

11 CHAIRPERSON MENCHACA: Great. Thank you
12 so much for identifying yourself. [background
13 comments] Yeah and just make sure that the—that the
14 red light is on?

15 NINA DUTA: Yeah, it's on over here.

16 CHAIRPERSON MENCHACA: Okay, great.
17 Ready when you are.

18 ALICIA PORTADA: Okay. [background
19 comments/pause] So, thank you so much for this
20 opportunity. So, I want to talk about the need for
21 the ban of the chip on this IDNYC card. So, my name
22 is Alicia Portada. I'm the Director of Communications
23 and Community Engagement from the Lower East Side
24 People Federal Credit Union. My credit union is a
25 local non-profit organization. We offer affordable

2 and quality financial services and when I said
3 affordable I mean real affordable like you can open
4 an account with us for \$25, but also if you want to
5 avoid any monthly maintenance fee, you only need to
6 have \$75 in the account, which is different from

7 CHAIRPERSON MENCHACA: [interposing] I'm
8 going to change my banking to you.

9 ALICIA PORTADA: Yeah. You know because we
10 have to be serious about when we talk about
11 affordability here in New York City. We have
12 branches in East Harllem, the Lower East Side and the
13 North Shore area of the Staten Island. We serve
14 over 500-8,500 members. Most of them are low-income,
15 people of color and immigrants. So, I want to say
16 that we don't need more reloadable cards. Okay, when
17 we—a lot of our work is done through partnership with
18 community organizations that work with this
19 vulnerable community and, you know, homeless
20 immigrants, many undocumented, domestic violence
21 victims and when they reach out to us, they don't ask
22 for do you guys offer pre-paid card, right? They—the
23 ask us for multi-lingual trained professionals who
24 thoroughly answer financial questions. They ask for
25 physical branches where people can meet and reach

2 trusted credit union representatives. They ask for
3 access to quality financial products including low-
4 cost savings and checking accounts, which help people
5 build assets and leads them to economic security.
6 They ask for access to fair and affordable credit.
7 They also ask for immigrant services such as I-10
8 Lending. If you're not familiar with I-10, this is
9 the-the number that the IRS provides to those people
10 who do not have a Social Security Number that are
11 interested in paying taxes, but could also have
12 credit in financial institutions. They ask for DACA
13 Loans, international money wiring, et cetera, but
14 also they ask for acceptance of the IDNYC as a stand-
15 alone ID to open an account, right And so when we
16 talk about consumer protections, we-the city
17 mentioned that they are going to be very careful
18 about having a financial institution that is
19 supported or insured by the FDIC, but we still have a
20 problem because we don't understand how can naturally
21 somebody go from having a pre-paid card to a
22 financial savings account for example, right? I mean
23 what-what happens-happens in the process? We still
24 have concerns. We mentioned about hidden fees,
25 liability for another or a section. (sic) So somebody

2 uses a debit card or a credit card and, you know,
3 that is from a financial institution, and they go,
4 they say that they haven't done that transaction.
5 They're not liable for it, right? They can make a
6 complaint. We say okay, so if we prove that you
7 didn't make a transaction you're not liable for it,
8 right? Also, bank credit units are obligated to
9 provide all current account statements. We have—
10 cannot have overdraft fees. I mean high overdraft
11 fee charges. Like I mentioned before no liability for
12 unauthorized transactions and if any fees or any
13 rates or any change in our policies we are obligated
14 to inform all the members of the credit union. But
15 also we know from experience that since we host a
16 free financial counseling program in each of our
17 branches, they are actually funded by the City that
18 only—it also comes from the consequences of people
19 when—when they are being harmed from corporations
20 that they're being—they have so many fees on it or
21 they have high interest rate, and they just
22 accumulated more fees on the interest rate. But most
23 of the people are feeling powerless, and sometimes
24 they give up and they don't continue because this is
25 where like your credit is like a dead end, right?

2 So, we still have concerns about that. So, we don't
3 understand why sacrifice the confidence of this card
4 among those that really need it by offering this
5 extra pre-paid a chip, a reloadable card, a chip
6 because that's only going to be some errors and
7 mistakes with this software because some institutions
8 you know we—we—we receive complaints or we—we see
9 issues and we have to notify the members and we have
10 to communicate with them successfully. Also partners
11 that come to us they don't—they feel not comfortable
12 recommending it, and I want to say very important
13 this again, these are partners like the New Immigrant
14 Committee on Empowerment that they work with day
15 laborers in Queens, Miss Becka. They work with the—
16 with another community in Sunset Park for example,
17 but they do a lot of this organizing, education and
18 power and work for us, and they don't feel
19 comfortable referring people a card that could be—
20 have security concerns. So, some of the things that
21 we thought is—so what we can do, we don't—we think
22 that it's a mistake to pair the IDNYC with a chip.
23 We can work with banks on getting this ID accepted
24 more broadly and allow people to choose institutions
25 that they—of their choice, and do not provide—not

2 promote one specific financial institution, right?

3 And if the city partners with a bank that is backed
4 by the FDIC, again how to ensure the natural step
5 from having pre-paid cards to having an account
6 because what I see in the-in the field is people for
7 example who have I-10 and they go a financial
8 institution, a commercial financial institution, they
9 are not also necessarily bank accounts, but rather
10 pre-paid cards or, you know, products that are
11 secondary from that they don't help to build assets.

12 So then also I want to say that we have reported to
13 the-to the city hundreds of accounts that we opened
14 with the-with the IDNYC card, and we are already very
15 flexible. I mean we accept passports. We accept the
16 Consulate IDs to open accounts. So we think that an
17 impact would have been a lot higher and our side for
18 example our branches are not IDNYC issue centers,
19 right? Like I know other credit unions are. So we
20 think that the impact is higher, and the thing is
21 that we haven't gotten back the information, the
22 total information on how many accounts in total have
23 been opened? I just know that we report to the-to
24 the city this information. Banks can do a lot more,
25 about serving the communities, and specifically now

2 that immigrant communities like I mentioned before we
3 have ID (sic) lending that provides—allows you to
4 have credit. Allows you to borrow for a car, allows
5 you to borrow for a home, and we have stories about
6 that, and don't—we don't feel that there are more—
7 they are riskier than any other New Yorker, and some
8 of the stuff, too, that I want to mention is that
9 when we say, oh, but the community wants pre-paid
10 cards, right, you know, they want that, we have to be
11 very careful because obviously our communities are
12 frustrated because of the perceived lack of access,
13 right to financial institutions, and [music playing]
14 so, actually pre-paid cards, reloadable cards are
15 promoted as easy. Right as something that is easy to
16 access and that you don't need a bank account to have
17 them. So, if you—if you say well the community wants
18 them, then you have to be very careful because at the
19 same time if you tell somebody hey, I can give you a
20 loan tomorrow, you know, through a loan shark or a
21 payday lender, they're going to be because of their
22 need, they're going to be more prone to say, okay, I
23 need this right now, right? But we know from our
24 financial counseling programs that that is not good
25 because the rates are high, and because after you

2 make that decision getting you back to the financial,
3 you know to be a bank, it's a lot, it's essentially
4 higher. (sic) And finally, we just want to say that
5 again, you know, we want to work more with the city
6 and—and we're happy to share our model with bigger
7 banks to—to get more people integrated into their
8 banking industry, and we don't—we wouldn't want the
9 city to endorse one specific financial institution
10 over the other ones. We prefer that we work hard on
11 getting people to make the decision to choose where
12 they feel more comfortable. Some people have for
13 example I have brought here my privacy policy, and we
14 have about eight companies that we share our
15 information with, third parties that we share the
16 information, and I'm sure the banks have a lot more
17 companies to share information with. Not everybody
18 feels comfortable with that. So, we should be giving
19 the choice to the—to each New Yorker to decide
20 whether they open an account.

21 CHAIRPERSON MENCHACA: Thank you for that
22 overview, and we want to talk to you more about that—
23 the kind of list of brick and mortar specifically
24 kind of credit union options that are going to be
25 important for us to talk about because I think

2 everyone—everyone is okay and focused on stuff that's
3 available today now and, you kind of gave a really
4 great overview of how people are connecting today,
5 but I feel like sometimes the Administration just
6 said that doesn't work any more. We want to go in
7 another direction.

8 ALICIA PORTADA: Right, uh-hm.

9 CHAIRPERSON MENCHACA: And the spirit in
10 what they presented the spirit to as giving more
11 opportunities than we really need to understand the
12 success stories that you presented. So thank you so
13 much for—for sharing that with us today.

14 NINA DUTA: Good afternoon or evening.
15 [background comments] I'm really excited to be here.
16 Thank you for having this hearing. You were on a
17 panel with ANHD a couple of years ago on access to
18 the needs for immigrant populations, and I really
19 appreciated.

20 CHAIRPERSON MENCHACA: [off mic]

21 NINA DUTA: What's that?

22 CHAIRPERSON MENCHACA: [off mic]

23 NINA DUTA: I remember that when it was—
24 yeah and I was going to chime in, but I didn't. At
25 this hour It may—it may come off the page, but you

2 have my written testimony. So, I'm with the
3 Association for Neighborhood and Housing Development
4 who represent about 80 community organizations around
5 the city working on responsible banking, equitable
6 economic development and affordable housing. It's in
7 our roots and our mission is to build power to win
8 affordable housing and thriving equitable
9 neighborhoods for all New Yorkers. We have been and
10 all of our colleagues have really got the IDNYC of
11 the ground and have been strong supporters of it
12 since its inception. We do think it can be a strong
13 way for people to access banking, and have been
14 encouraging banks to accept it as a primary form of
15 identification. I'm not going to rehash all the
16 security concerns. We signed onto that letter and we
17 read it carefully and do-we do believe that it's the
18 right argument. So, I just wanted to reiterate that.
19 So, I'm upset to hear, you know, the strong rejection
20 of it, but I'd be curious to hear what we're missing.
21 We're signed onto it proudly because we agree with
22 all of the security concerns that this card could
23 have. As somebody who has worked with communities
24 for many, many years it's dear to my heart. And I'm
25 also again to come of the page and do access to

2 banking we know this text, we know that the rates of
3 unbaked are higher for low-income, much higher for
4 people of color, and I very much applaud the city's
5 efforts to get more people into banking. What's been
6 striking me during this whole conversation
7 particularly with the city is just there's no magic
8 bullets to getting people into banking. There's not
9 going to be one solution, right? This card, the IDN-
10 we'll talking about the flaws or the frustrations
11 with the card itself in a second, but even if every
12 bank took this card, which they should, that is not
13 going to get everybody into banking. So, the folks
14 that have been working on the ground with people that
15 don't have bank accounts, the numbers are myriad as
16 to why people don't have accounts. You want to-you
17 want to check off the easy ones, right. If it's too
18 expensive make it affordable. If there's no banks
19 like we have in the Bronx and parts of Brooklyn and
20 parts of Queen, right, we need more banks. Banks are
21 closing, they're not opening, right? So, we need to
22 address access to banking. We need banks to take
23 this card. The regulators have already said it's
24 okay and there are regulated banks that are accepting
25 it, credit unions and banks. They all operate under

2 the same regulations. So what, you know what Council
3 Member Chin was saying is like the city could be
4 putting a lot more resources into getting the Chases
5 and Citibanks, the larger banks of the city to accept
6 it. That would be an excellent use of resources. I
7 don't see how having a chip is going to do that, and
8 I don't know why we want to create a whole other
9 system. The city has actually done so because
10 there's no one magic bullet, the city itself has done
11 some interesting programs to get people into banking
12 they had the Youth Employment Program to provide free
13 banking for like youth. They have a direct deposit
14 program to get people into bank accounts, you know,
15 without having to pay a monthly fee. They have the
16 Safe Start Account to get people, you know, do not
17 have to pay overdraft charges. There is now a bank
18 standards that a lot of banks are adopting to provide
19 low-cost, no overdraft accounts. I mean there's a
20 lot of things that have been happening around the
21 country that I think the city could do, but it—but
22 again the IDNYC already is an accepted form of
23 identification, and in terms of more assets to just
24 points of contact, that was another part that was
25 confusing to me. Your bank is on the Co-op Network

2 and I believe Citibank actually allows people to
3 access your account from a Citibank bank. So, access
4 points aren't actually for taking out cash. It's not
5 as big of a problem as it used to be. There are
6 still way too many for-fee ATMs, but still it's an
7 issue. Nothing is solve, but we're seeing creative
8 ways. A lot of the smaller banks are on this Allpoint
9 Network like my husband's business account is at a
10 bank that is nowhere near where we live any more, but
11 we can go to the—the CVS across the street and get
12 money out, but you can't do banking at an ATM. So,
13 we need more brick and mortar banks, and I don't feel
14 any card is going to solve that. So, it's like it's
15 solving a—it's not solving it in the right way, and
16 there are so many risks out there, but those are
17 things that I was thinking about as I was hearing
18 what the city was saying. So I do applaud their
19 effort to want to get people into banking. I don't
20 see how having yet another product out there is going
21 to do it. I think we have some interesting products
22 now and they could be expanded upon whether it's a
23 credit union or banks that are offering low-cost
24 products or ideally fee-free, and some of the work
25 that you're doing is incredible not just opening bank

2 accounts, but providing loans for the IT members is a
3 whole other level. We work with banks to provide
4 credit building, you know, loans. All of like we're
5 trying to get more and more banks to adopt better
6 practices, to accept passports without needing a
7 Visa, right? Bank are not immigration. So, we, you
8 know, there's a lot of ways—things that banks can be
9 doing to accept, to increase access. I just don't see
10 how a chip is going to do it, and I don't think I
11 want the city—I know we don't want the city running
12 another pre-paid debit card. It just—that's not
13 going to help people build wealth, build savings,
14 access loans, access other financial products if they
15 had those goals. So, I'm sure there some stuff I'm
16 missing on my sheet, but those are—

17 CHAIRPERSON MENCHACA: [interposing] Can
18 I—can I--

19 NINA DUTA: And the last thing--

20 CHAIRPERSON MENCHACA: Oh, go ahead.

21 NINA DUTA: Oh, one last thing, sorry. We
22 worked a lot around the community to reinvest in
23 that, but we have to do more after that, but banks
24 are obligated to serve the communities equitably
25 under the CRA. So, we can be doing more to hold

2 banks to that and so even to create another CRA fund
3 it sounded like for Fintech company and look, I think
4 Fintech should be regulated by the CRA, and they're
5 not so great, but why don't we hold banks to the
6 obligations that they actually have under the CRA
7 right now, and the city can be a huge force. I heard
8 it a few times from Councilman Dromm from Council
9 Member Chin about the city does have it. So, I just
10 think there are other ways to do it, and I think I
11 would love to work with the city. I do think they
12 want to have access to it. I don't think they're but
13 I don't think this is the way to do it. So, anyway,
14 thank you.

15 CHAIRPERSON MENCHACA: You made a good
16 point and one of the questions that I had and--

17 NINA DUTA: Yes.

18 CHAIRPERSON MENCHACA: --I--I think I know
19 the answer to this, but essentially we have the power
20 to create a CRA bank. The city has a role, right? Do
21 we have a role to approve a bank?

22 NINA DUTA: You can approve which banks
23 can accept city deposits.

24 CHAIRPERSON MENCHACA: City Deposits? So,
25 the city has deposits--

2 NINA DUTA: [interposing] Yeah, you can't,
3 yeah, it's not a CRA and I could talk to you about
4 why the Responsive Banking Act was challenged in the
5 courts because of preemption, but I think we could
6 still do--there are probably other ways to do it.

7 CHAIRPERSON MENCHACA: To have a role as
8 a city?

9 NINA DUTA: Yes.

10 CHAIRPERSON MENCHACA: and let's explore,
11 too.

12 NINA DUTA: I want to, yes.

13 CHAIRPERSON MENCHACA: One question I
14 have for you before we go to our last panelist.

15 NINA DUTA: Okay.

16 MALE SPEAKER: Sure and I'll be brief.

17 CHAIRPERSON MENCHACA: Well, I'm looking
18 forward to hearing you and I have one--I have one
19 question now. Is the City of New York through this
20 law 1.0 IDNYC 1.0--

21 NINA DUTA: Okay.

22 CHAIRPERSON MENCHACA: --is charged with,
23 the City of New York is Charged with creating access
24 points for banking.

25 NINA DUTA: Right. (music playing)

2 CHAIRPERSON MENCHACA: What they're doing
3 right now is creating an actual financial product,
4 and is that the same thing?

5 NINA DUTA: Uh-hm.

6 CHAIRPERSON MENCHACA: And does that
7 require a different kind of scrutiny a different kind
8 of process and—and I think that's something that I'm
9 landing in this conversation today was—is—is they're
10 saying well you told us to do it so we're doing it.
11 I'm like, well, we told you to do this, but you're
12 doing this--

13 NINA DUTA: Right.

14 CHAIRPERSON MENCHACA: --and—and so how
15 do you understand that in terms of--

16 NINA DUTA: I don't see how it creates
17 new access points. I think we have—and because of
18 the access point you're talking about, if it means to
19 literally take out my money, I don't think we need
20 that. Of course, we need more access points.

21 CHAIRPERSON MENCHACA: [interposing] You
22 said shoot.

23 NINA DUTA: And this is not what people
24 are asking for. I don't know how—I'm trying to answer
25 the question that you're asking, but I don't—I don't

2 think it's the product that people are looking for
3 right now, and I don't honestly like to—we think it
4 works with what we have and people have access to
5 literally take out money, which we have and can
6 always be expanded on, but that's still like ATM
7 networks. If you're talking about a place to like
8 load a card, that's—that's a huge system, and I don't
9 know how you create that. Like I heard a Walmart
10 reference, but that was--

11 CHAIRPERSON MENCHACA: [interposing] I
12 think there are a lot of folks that want to get
13 involved--

14 NINA DUTA: Yeah.

15 CHAIRPERSON MENCHACA: --in that
16 conversation. There's a lot of folks that want to
17 get involved in that conversation--

18 NINA DUTA: Yeah.

19 CHAIRPERSON MENCHACA: --and we're
20 limited in the way that we're able to do that
21 through this negotiated contract process, and I think
22 that's part of that problem that I personally have--

23 NINA DUTA: Yeah.

24

25

2 CHAIRPERSON MENCHACA: --as the Chair of
3 the Immigration Committee, and I think the
4 frustration is shared by others.

5 NINA DUTA: Yeah. No, I share your
6 frustration. I don't know that I answered it quite

7 CHAIRPERSON MENCHACA: [interposing]
8 We'll come back to that.

9 NINA DUTA: --the way that I--

10 CHAIRPERSON MENCHACA: Chew, just chew on
11 that for a little bit. Please finish us off here
12 with your testimony and--and you'll get a question for
13 me.

14 TASHI LHEWA: Sure. Thank you,
15 Chairperson Menchaca and the Committee for the
16 opportunity to testify here. I'm here on behalf of
17 the Legal Aid Society. My name is Tashi Lhewa, and
18 we're the largest and oldest provide of legal
19 services in the country. We have 26 offices in the
20 city throughout--in 26 locations throughout the city
21 with more than 2,000 attorneys and staff. We provide
22 comprehensive legal services to low-income and
23 indigent families and individuals. So, first we'd
24 like to commend the Chair--the Chairperson and the--and
25 the committee for holding this hearing today, and we

2 strongly support this critical bill that's long
3 overdue. We, too, are one of the 65 organizations
4 that are part of the—that have signed onto the
5 letter, but planned integration of IDNYC's financial
6 services for the use of these Smart Chips are deeply
7 concerning for, and plans go far beyond, as others
8 have stated, what was originally intended with the
9 IDNYC card to provide safe government photo ID to
10 immigrants and I think it's critical that the City
11 Council understand the dangers that are there for
12 vulnerable New Yorkers. The proposals have a whole
13 host of risks, and I think others have spoken, other
14 panelists have spoken about this regarding financial
15 surveillance privacy without really expanding
16 equitable access to banking, and that's what I'm just
17 going to talk about briefly. I'm not going to repeat
18 and we agree with what others have stated, but on the
19 point of access to banking, it's difficult to
20 understand how, and we heard testimony earlier from
21 the Department of Consumer and Worker Protection I
22 believe about check cashers and—and—and the
23 challenges that are there, and I'm not sure how this
24 exactly having a pre-paid option addresses that
25 problem the individuals who want to cash checks.

2 There is a problem out there. We testified—I
3 personally testified with this committee and it was a
4 joint hearing with Immigration and Consumer Affairs
5 Committee in 2012, and we—we spoke about this in
6 depth. This is something that we as an organization
7 are deeply worried about, the number—I mean there's
8 the unbanked and under-banked communities are there.
9 The—the challenges to remain we're still working on
10 them, but this is not the solution that would—that's
11 going to address this linking this card to existing
12 bank accounts of cardholders doesn't expand access to
13 banking. Having a pre-paid option where you load
14 funds onto a card to use potentially with retailers
15 of with maybe the MTA, that's not a real banking
16 option that's being created here, and as far as we
17 understand, there's no line of credit, but I think
18 that's sort of off the table as far as we understand.
19 You know, and I'm sure the—the Chairperson is aware
20 and a whole host of other—other jurisdiction and
21 municipalities where there has been a hybrid option,
22 there's been some terrible confusing misleading fees
23 involved. I think in Richmond and Oakland you've got
24 \$4.00 monthly fees, inactivity fees. I mean for the
25 client population that we serve the idea of having an

2 inactivity fee on top of general ATM withdrawal fees
3 now or maybe for us here it may not be much, but it—
4 for all the clients that we serve, these dollar
5 amounts add up, and that's a serious concern.
6 Basically, having a pre-paid option will create a
7 second—as others have said, a second tier or a second
8 level of service, and not really provide people
9 equitable access to banking. Lastly, I'm just going
10 to mention the talk about an opt-in option that that
11 was discussed several times earlier. We think it's
12 problematic because it really is whenever you have
13 IDNYC, or a municipal ID Card, it really is the city
14 endorsing the product that's behind it. So, if you
15 have two separate cards one with—one with the opt-in
16 and one with the opt-out, in either sense, the city
17 is backing one's particular vendor whether it's
18 Master Card, whether it's a bank or a Fintech
19 company, and the project and for our clients many of
20 them assume that because there's some government
21 entity involved that there's some trust there which
22 they—which may lead them to take risks, greater risks
23 than they actually should. So, in conclusion very
24 briefly we support the passage of the bill. We think
25 it's critically important and we think at the same

2 time we support expansion of access to business and
3 other services and integration of services, and with
4 that, I'd like to thank you for the opportunity to
5 testify.

6 CHAIRPERSON MENCHACA: Thank you for
7 that, and I—I just want to go back to your point
8 about check cashing, and that this essentially
9 doesn't solve the cash-check cashing situation and I
10 think— think that might be true. So, I'd like to
11 kind of talk to you a little bit more about that
12 after—after the hearing or if you have a kind of a
13 further analysis about that because that's one of
14 their biggest issues. So, if we're going to solve
15 check cashing issues, and I will say that in some of
16 the conversations that I've had with them, they've
17 said, well, here's how you solve it. It's easy to
18 understand the rebuttal is for full transparency.
19 What you do is you—when you create this, and we don't
20 even know what this is like. We're still not even in
21 it, but you create the opportunity for an employer to
22 be able to do a direct deposit to those botanist
23 Fintech thing and, therefore, you bypass the—the cash
24 checking thing. Now, I see squirming in the room,
25 and—and essentially that's how you solve it, and you

2 save the fee and the \$40,000 a year that people are
3 saving and all this becomes--becomes the--the
4 empowerment piece. Respond to that. It's already
5 6:00--almost 6:00. This is five-hour hearing that we
6 were not expecting to have, [laughs] it's an
7 important conversation so we're going to do it, but
8 please respond to that if anybody has a response
9 beyond the squirming.

10 NINA DUTA: Chances are if you're not
11 deaf and an immigrant, you're not going have an
12 employer that can offer you direct deposit. It's not
13 100%, not 100% but the chances--

14 CHAIRPERSON MENCHACA: [interposing] So,
15 I--I have the privilege with the city of New York that
16 I have a direct deposit.

17 NINA DUTA: I was going to say you have
18 the direct deposit, and honestly for anybody that
19 does have the privilege of direct deposit most banks
20 don't charge you a monthly fee. We can talk about
21 overdrafts later. We can talk about all of that, but
22 there's a ton of like we'd like to know. There's
23 plenty of options out there if you have direct
24 deposit. That's why the city's Direct Deposit Program
25 is really good. So, actually I--I applaud those

2 programs that help people get into, you know,
3 products without monthly fees. I won't say free
4 because of overdraft, but if you don't have that
5 option, you still need to cash a check, and I don't
6 know how they're going to put in a system is it of
7 ATMs where you can deposit checks, but most ATMs
8 don't accept check they, unless it's a bank ATM.

9 CHAIRPERSON MENCHACA: Right.

10 NINA DUTA: So, I don't, honestly don't
11 see how this how a pre-paid debit card that relies on
12 direct deposit—we have those already. They exist.
13 They and I'm not, you know, some of them are good,
14 some are not. It's fine. You can look at each
15 product, but I don't see how the system—do you want
16 to say something?

17 TASHI LHEWA: No, I just want to add
18 briefly. I mean the reason why people go to check
19 cashers and why they're more prevalent than, you
20 know, McDonald's and Burger King combined. You see
21 them on every corner is not—part of it has to do with
22 yes, with the inability to access banking, but part
23 of I has to with bank policies, right. You deposit a
24 check on Thursday, you have to wait 'til Tuesday to
25 'til it goes through. If you're living—if you got a

2 zero balance you got a \$36.00 fee if your, you know,
3 balance goes below zero and that's why a lot of
4 people I think some listed it earlier as well that
5 the amounts are very clear. You look up on the
6 board, you get a specific dollar amount. So, so
7 people who are already partaking in these direct
8 deposit options to their bank accounts, they're not
9 necessarily people who go to check cashing. There
10 are studies out that show like 40 to 50% of people
11 who go to check cashers, they have bank accounts,
12 right. It's just—it's just the confusion that's
13 involved with the entire process, the simplicity of
14 the process that—that attracts them.

15 ALICIA PORTADA: And I want to say
16 something that yes we are privileged to have that
17 direct deposit. A lot of the—of the population like
18 day laborers, domestic workers, they don't get paid
19 like that, and this—it is confusing because this was
20 the intention to get the IDNYC for those people for
21 those communities to start using this card to get
22 access to financial institutions.

23 CHAIRPERSON MENCHACA: Thank you for
24 that.

2 NINA DUTA: Just take the card. It's a
3 regular—it's an accepted form of ID at every—I don't
4 understand.

5 CHAIRPERSON MENCHACA: Okay. There's a
6 lot of questions and—and we're ending without a lot
7 of questions, but I think that I have learned a lot
8 and I want to thank you for staying this long--

9 NINA DUTA: Thank you.

10 CHAIRPERSON MENCHACA: --in this now five-
11 hour hearing and say that I am not an expert in this,
12 and part of what public hearing does is to bring
13 light to questions that we have as a community. This
14 is government. At the end of the day we are not a
15 banking institution. We're not a private
16 corporation. We are government and our currency at
17 the end of the day isn't just policy that we have to
18 kind of bring and promulgate out into the world
19 though our city agencies. The real currency
20 underlying our work is trust, and that is what is
21 described in this conversation is trust, and se heard
22 today from you, and from the panels—most of the
23 panels and the letter that we just got with 60 plus
24 people and it's probably going to grow is that
25 that's—that's the one thing that we cannot lose in

2 this card and that this card functions for a reason,
3 and that there is still not enough reason for us to
4 marry this concept of this financial product that
5 they are so excited about to build on top of a 1.3
6 million person pool of people and—and it begs the
7 question is this the role of government? And I don't
8 know the answer to that, but I do know that we need
9 to restart this conversation, and that the bill that
10 you are supporting will essentially bar them from
11 continuing the negotiated contract, and bring us back
12 to square one so we can do that work that they kept
13 saying over and over again, the Commissioner said it
14 herself we haven't done that work. We're still
15 figuring this out. Let's figure it out this way, and
16 this is not just me doing this because in doing this,
17 I'm getting a lot of support from the community to
18 make this action, and that means something especially
19 not just from any core groups. I think that was a
20 little flippant in the beginning and I—I am concerned
21 about that because those initial groups not just in
22 the panel by the groups that came to us with the
23 concerns were some of the most fundamental pillars of
24 the card itself, and that means something to me, and
25 to the community at large. Questions about profiling

2 and surveillance are real in general not just in in
3 this card question and we-we are taking that
4 seriously and that at the end of the day solutions
5 can emerge, but they have to emerge from a community
6 led—a community-led process. That's what I'm
7 concerned about. That's what I'm excited about.
8 That's what I will continue to advocate. So, continue
9 to join us in this conversation. It's not going to
10 end at all. In fact, it's going to begin anew, and
11 get to your Council Member, get them to support this,
12 get them to get onto the bill. Let's pass this
13 legislation, get back to rooms and talk about
14 stations. With that said, thank you so much.
15 [gavel] (Applause) And this hearing is over.
16 [background comments/pause]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date October 9, 2019