

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON CONSUMER AFFAIRS AND BUSINESS LICENSING

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July 17, 2018  
Start: 10:46 a.m.  
Recess: 10:52 a.m.

HELD AT: Council Chambers - City Hall

B E F O R E: RAFAEL L. ESPINAL, JR.  
Chairperson

COUNCIL MEMBERS: Margaret S. Chin  
Peter A. Koo  
Karen Koslowitz  
Brad S. Lander

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

2 [sound check][pause] [gavel]

3 SERGEANT-AT-ARMS: Quiet, please.

4 CHAIRPERSON ESPINAL: Good morning. My  
5 name is Rafael Espinal. I'm the Chair of the  
6 Consumer Affairs and Business Licensing Committee.  
7 Today, the committee will be voting on two bills  
8 related to the bail bond industry. Proposed Intro  
9 Bill No. 510-B a local law to amend the  
10 Administrative Code of the city of New York in  
11 relation to disclosures made by bail bondsmen, and  
12 Proposed Intro Bill No. 724-A, a Local Laws to amend  
13 the Administrative Code of the city of New York in  
14 relation to a consumer bill of rights. On May 2,  
15 2018, the committee held a joint hearing with the  
16 Committee on Justice System chaired by Council Member  
17 Rory Lancman to garner feedback on Intro 510-B and  
18 Intro 724-A. During the hearing, the committees  
19 heard testimony from the Administration, advocates  
20 and industry representatives and their feedback and  
21 suggestions were incorporated into the final versions  
22 of the bill. The use of commercial bail bond agents  
23 is a unique practice that only exists in the U.S. and  
24 the Philippines and along with cash bail. It is the  
25 most common form of securing a lease in New York

1 City. While data is scarce, it is estimated that  
2 approximately 11,000 New Yorkers use commercial bail  
3 bonds each year. As a for-profit business, bail bond  
4 companies charge a fee securing the bond, the state  
5 law limits amounts—the amounts the agents can charge  
6 for this premium, generally around 10% of the bill  
7 amount. While state law specifically prohibits the  
8 charging of additional fees, many bail bond companies  
9 circumvent these laws and charge illegal fees.  
10

11 Recently, the Department of Consumer Affairs file an  
12 action against bail bond company Marvin Morgan for  
13 using these illegal tactics. Marvin Morgan has been  
14 illegally charging extra fees designed to look like  
15 add-on services and failed to return collateral to  
16 consumers. They also did not provide consumers with  
17 copies of their bond paperwork, and provided  
18 misleading or inaccurate receipts. While state law  
19 governs licensing the bail bond agents, the city is  
20 empowered to advance legislation to protect  
21 consumers. Today's two bills aim to do that. The  
22 Speaker's bill Intro 724-A creates a consumer bill of  
23 rights to be produced by DCA. This document will  
24 provide bail bond customers with clear information on  
25 how the bail bond process operates, the maximum

2 amount that can legally be charged, and how to make a  
3 complaint if the bond agent is charging illegal fees.

4 The Consumer Bill of Rights will also stipulate that

5 the consumer has a right to negotiate the contract

6 and that the contract will specify the conditions

7 under which collateral can be returned. Prior to

8 signing a contract, the consumer must sign a copy of

9 the Consumer Bill of Rights, and copies must be

10 maintained by the bail bond agent for five years.

11 Council Member Lancman's bill Intro 510-B requires

12 bail bond agents to post signage that outlines the

13 maximum premiums and compensation that can be legally

14 charged that stipulates that ~~the~~that the customer

15 must sign a Consumer Bill of Rights prior to entering

16 into a contract. The pre-trial experience is a

17 particularly stressful time for the defendant and

18 their loved ones, and security a bail bond can be

19 easily burdensome—especially burdensome. The urge to

20 do whatever is necessary to secure the release of the

21 defendants makes these consumers particularly

22 vulnerable to predatory and deceptive practices from

23 bail bond agents. However, upon passing these two

24 bills today, it will ensure to bring greater

25 protections and transparency to the process. Before

1 COMMITTEE ON CONSUMER AFFAIRS AND BUSINESS LICENSING

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2 we begin, I'd like to acknowledge the members of my  
3 committee who have joined us. We have Council Member  
4 Brad Lander, Council Member Margaret Chin, and  
5 Council Member Karen Koslowitz. So, with that said,  
6 I urge my colleagues to vote yes. Can you call the  
7 roll?

8 CLERK: William Martin, Committee Clerk,  
9 roll call vote in the Committee on Consumer Affairs.  
10 The items are coupled. Chair Espinal.

11 CHAIRPERSON ESPINAL: I vote aye.

12 CLERK: Chin.

13 COUNCIL MEMBER CHIN: Aye on all.

14 CLERK: Koslowitz.

15 COUNCIL MEMBER KOSLOWITZ: I vote aye.

16 CLERK: Lander.

17 COUNCIL MEMBER LANDER: I vote aye and I  
18 request to be added as a sponsor onto both of these  
19 two strong pieces of legislation.

20 CLERK: By a vote of 4 in the  
21 affirmative, 0 in the negative and no abstentions,  
22 both items have been adopted by the committee. [

23 CHAIRPERSON ESPINAL: [gavel] The meeting  
24 is adjourned.

25

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 July 27, 2018