

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON CONSUMER AFFAIRS

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March 11, 2009
Start: 10:35am
Recess: 10:45am

HELD AT: Council Chambers
City Hall

B E F O R E:
LEROY G. COMRIE, JR
Chairperson

COUNCIL MEMBERS:
Daniel R. Garodnick
James F. Gennaro
G. Oliver Koppell
John C. Liu

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

Eric Ulrich
Newly selected Council Member
New York City Council

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CHAIRPERSON COMRIE: Good morning.

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My name is Leroy Comrie. I'm chair of the

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Committee on Consumer Affairs. This morning we

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will be holding our third hearing on proposed

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Intro bill 57-A, a local law in relation to the

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creation of a bed bug advisory board as well as

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our second hearing on proposed Intro bill 660-A, a

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local law in relation to buyers of consumer debt.

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We will be voting on both bills today.

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Before we continue I'd like to

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acknowledge the hard work of Council Member Gale

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Brewer who brought the proposed Intro 57-A and

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Council Member Dan Garodnick who brought the

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proposed Intro 660-A. Bed bug is the common name

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given to a parasite that preys on its victims

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during the night by piercing the skin as they

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sleep. Because bed bugs are wingless these

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insects generally proliferate by attaching

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themselves to clothing, luggage, furniture and

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bedding. In the early stages of an infestation,

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bed bugs are found in the seams and folds of

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mattresses and bed covers but they quickly spread

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to the cracks and crevices in bed frames.

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These insects are reportedly immune

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2 to standard pesticides and are extremely difficult
3 to eliminate. If just one bed bug survives a
4 fumigation, the area can quickly become re-
5 infested as an adult female can lay up to five
6 eggs per day and each egg takes as little as 17
7 days to hatch.

8 To combat this disturbing trend,
9 proposed Intro 57-A introduced by Council Member
10 Gale Brewer would create an advisory board
11 comprised of members of the public and
12 representatives from city agencies to make
13 specific recommendations on the prevention,
14 treatment, tracking and reporting of bed bug
15 infestations in New York City.

16 Proposed Intro 660-A combats a
17 nuisance of a different type: consumer debt
18 buyers. Debt buyers purchase debt owed to credit
19 card companies and other financial institutions at
20 a discount and then engage in heavy handed
21 collection campaigns and earn a profit by
22 collecting the original value of the debt. In
23 fact it is estimated that 90% of consumer credit
24 collection actions are not actually filed by
25 credit card companies or financial institutions

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2 but by debt buyers or other third party collection
3 agencies.

4 The City of New York requires that
5 any debt collection agency be licensed by the
6 Department of Consumer Affairs prior to engaging
7 in any collection activities. Despite this, a
8 report by the Urban Justice Center found that less
9 than one-third of the debt buyers referenced in
10 the report were actually licensed. The debt
11 buyers claim that since they outsource the
12 collection duties to other parties such as debt
13 collection law firms, they were exempt from the
14 licensing requirements.

15 Proposed Intro 660-A seeks to close
16 this loophole by amending the definition of debt
17 collection agency to include debt buyers who use
18 third party agencies or attorneys to collect such
19 debt from a debtor. The bill would also impose
20 additional regulations on debt collection agencies
21 to ensure consumers are protected from
22 unscrupulous, confusing or harassing collection
23 practices.

24 It is my firm belief that once
25 passed, both bills will help raise the standards

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2 of living for the millions of New Yorkers who are
3 either mired with unreasonable levels of debt or
4 whose health is being compromised by the ongoing
5 bed bug epidemic. I urge my fellow committee
6 members to vote in the affirmative on both bills.
7 I would now like to give an opportunity to the
8 sponsor of bill 660-A, Council Member Dan
9 Garodnick, an opportunity to speak.

10 First I want to thank my committee
11 members for being here on time, Council Member
12 John Liu, Council Member Oliver Koppell and
13 Council Member Jim Gennaro.

14 Council Member GARODNICK: Thank
15 you Mr. Chairman. I very much appreciate your
16 leadership on the issue of consumer debt. I am
17 very encouraged that this committee has taken up
18 the matter of Intro 660-A, which as you properly
19 noted in your intro is a bill to close some
20 loopholes relating to debt collection practices.
21 The issues of debt collection and problems related
22 to debt collection are the number one complaint to
23 the Department of Consumer Affairs.

24 There was a 70% increase in the
25 number of complaints that they received between

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2 2004 and 2006 and then again there was another 70%
3 increase in the number of complaints from 2006 to
4 2008. There are 300,000 cases brought against New
5 Yorkers every year. Many, if not most, about 80%
6 result in a default judgment against New Yorkers
7 to the tune of about \$800,000 million per year
8 with a devastating effect on the working poor.

9 Much of this activity is initiated
10 by debt buyers who are exploiting a loop hole in
11 the law to collect debt without a license. We've
12 seen practices of harassment, calls at all hours
13 of the day, threats, intimidation, tracking people
14 down at work. All of which is in violation of the
15 existing law. This bill closes that loophole and
16 it brings debt buyers under the oversight of the
17 Department of Consumer Affairs and protects New
18 Yorkers.

19 It also establishes new laws that
20 strictly regulate what debt collectors can and can
21 not do and which directly responds to the concerns
22 that have been voiced by thousands of New Yorkers
23 that have found themselves preyed upon by
24 unscrupulous debt collectors. In addition to
25 complying with existing anti-harassment laws, debt

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2 collectors now must identify an original creditor
3 and the itemized debt, leave a call back number
4 that would be answered by a live human being,
5 provide background information such as who is the
6 original creditor of the debt and also confirm in
7 writing within five days once a debt has been
8 settled, so that debts can't be re-sold and
9 purchased again, which is something that happens
10 rather frequently.

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12 The Department of Consumer Affairs
13 under this new law will be able to revoke the
14 licenses of collectors who fail to follow those
15 rules. And if you don't have a license, you can't
16 collect from New Yorkers. So I think this is an
17 important piece of legislation which closes a
18 glaring loophole and tightens these regulations.
19 This is an important time for this, especially in
20 light of the challenges faced by working families
21 in this city, many of whom find themselves
22 increasingly deeper in debt. This is a critical
23 piece of legislation, the timing couldn't be
24 better.

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26 I want to thank Chairman Comrie,
27 the Speaker, the Department of Consumer Affairs

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2 for their additional suggestions on this
3 legislation, the Urban Justice Center for
4 initiating the report back in 2007 and concluding
5 their report in 2007 and came up with some of the
6 recommendations as well as to the Council
7 Committee, Lasey Clark and Lucy Joffrey from my
8 office who all have been instrumental in this
9 process. So thank you Mr. Chairman for the
10 opportunity to say a few words and for your
11 leadership on this.

12 CHAIRPERSON COMRIE: Thank you.
13 We've been joined by newly selected Council Member
14 from Queens who is in the back of the room, Mr.
15 Eric Ulrich. Welcome. And he has the president
16 of Palermo that's here. So you want to introduce
17 him real quick for the members?

18 ERIC ULRICH: Thank you Council
19 Member Comrie, your committee members. I'm not
20 sworn in yet so I'm not officially in the City
21 Council but I expect to be very soon. Today we
22 have a very special guest with us. We just met
23 with Mayor Bloomberg and that is president of
24 Palermo, Mr. Giovanni Valanti. He's here from
25 Sicily and represents over 2 million people in

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2 Italy and he's leaving today so we thought it
3 would be nice to bring him by the City Council.

4 I'm also joined today by the
5 president of the Howard Beach Columbus Day
6 Foundation, Mr. Mario Felici, his vice president
7 Angela Garino as well as, I believe,
8 representative from the Italian Consulate. They'd
9 like to take some photos. We'll wait for the vote
10 to be taken and with your permission Mr. Chairman,
11 I'd like to give them a tour of the chambers.
12 Thank you.

13 CHAIRPERSON COMRIE: Thank you and
14 welcome. Welcome Mr. President. With that we'll
15 call the roll. Did any members want to speak to
16 any of the bills? I'm sorry, no? We'll couple
17 the vote.

18 CLERK: William Martin, Committee
19 Clerk, roll call on the Committee of Consumer
20 Affairs Introduction 57-A and 660-A. Council
21 Member Comrie.

22 CHAIRPERSON COMRIE: Aye on both.

23 CLERK: Gennaro.

24 COUNCIL MEMBER GENNARO: Mr.
25 Chairman, with your indulgence I'd just like a

1 moment just to thank the sponsors of these bills.

2 I want to thank you Mr. Chairman for your

3 leadership on it. I also want to congratulate

4 Council Member Garodnick and Council Member Brewer

5 on great work and I proudly vote yes.

6 CLERK: Koppell.

7 COUNCIL MEMBER KOPPELL: Yes on

8 both.

9 CLERK: Liu.

10 COUNCIL MEMBER LIU: Yes.

11 CLERK: By a vote of four in the

12 affirmative, zero in the negative and no

13 abstentions, both items are adopted. Members

14 please sign the Committee reports. Thank you.

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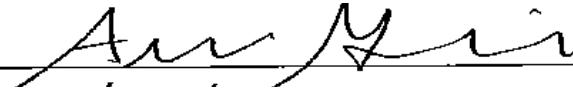
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C E R T I F I C A T E

I, Amber Gibson, certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature

A handwritten signature in cursive script, appearing to read "Amber Gibson", written over a horizontal line.

Date March 24, 2009