

1	COMMITTEE ON CONSUMER AFFAIRS	1
2	CITY COUNCIL	
3	CITY OF NEW YORK	
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5	TRANSCRIPT OF THE MINUTES	
6	Of the	
7	COMMITTEE ON CONSUMER AFFAIRS	
8	----- X	
9	March 6, 2017	
10	Start: 10:05 a.m.	
11	Recess: 11:32 a.m.	
12	HELD AT: City Hall - Committee Room	
13	B E F O R E: RAFAEL ESPINAL, JR.	
14	Chairperson	
15	COUNCIL MEMBERS: Karen Koslowitz	
16	Vincent Gentile	
17	Brad Lander	
18	Rory Lancman	
19	Julissa Ferreras	
20	Lorelei Salas	
21	Commissioner New York City Department	
22	of Consumer Affairs	
23	Nicole Smith, Deputy Commissioner for	
24	the Office of Financial Empowerment	
25	Tamala Boyd, General Counsel	
	James Hurst, Director of Enforcement	
	Amit Vaga (SP?)	
	Alba Picco (SP) Deputy Commissioner	
	Liz Lattick (SP)	

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COMMITTEE ON CONSUMER AFFAIRS
APPEARANCES CONTINUED
Sally Alvarez, Cornell University

1 COMMITTEE ON CONSUMER AFFAIRS

2 [gavel]

3 CHAIR ESPINAL: Good morning and welcome
4 to the Fiscal 2018 Preliminary Budget Hearing. I am
5 Rafael Espinal and I am the Chair of the City
6 Council's Consumer Affairs Committee. This morning
7 we will be reviewing the projected budget of the
8 Department of Consumer Affairs for fiscal year 2018.
9 Specifically, we will be assessing DCS programs and
10 activities to ensure that the agency is serving the
11 public in a financially responsible way. Before we
12 begin, well now that we begin, the Mayor's Fiscal
13 2018 Preliminary Budget for the Department of
14 Consumer Affairs is \$41 million. This is a 1.1
15 percent increase from the fiscal 2017 adopted budget
16 of 40.6 million. The funds in the fiscal 2018
17 preliminary budget are primarily allocated to resolve
18 consumer complaints, issues various licenses, educate
19 and protect consumers and ensure that businesses
20 comply with local and state laws. In a few minutes,
21 we will hear from the administration on the specific
22 plans for these allocated funds. I hope to hear
23 specifically on the agency's plans to enforce new
24 legislation, updates on new programs launched,
25 updates of performance measures and targets, how the

1 COMMITTEE ON CONSUMER AFFAIRS

2 agency has implemented the City Council's Financial
3 Empowerment for New York City's Renters Initiative
4 and what the agency has identified in savings as part
5 of a city's fiscal 2017, 2018 savings initiative. We
6 will first hear from DCA and then members will have a
7 chance to follow-up with questions for the
8 Commissioner. After that, members of the public will
9 have an opportunity to provide testimony. I hope
10 that the Commissioner or members of her staff will
11 stay and hear the public's testimony. I look forward
12 to working with the agency and other interested
13 parties to finalize the budget over the next few
14 months. In closing, I would like to thank my staff:
15 Balkeys Mahirid (SP), we have Izzie Martinez and
16 Aliah Ali (SP) for all the work they have done to put
17 this hearing together. We will now hear testimony
18 from the Department of Consumer Affairs. I would
19 like to call up the first -- or the panel we have.
20 We have Commissioner Lorelei Salas, Amit Vaga (SP),
21 Mario Rocul (SP), Aba Picco (SP) and Sandra Abelis
22 (SP).

23 [pause]

24 CHAIR ESPINAL: Please raise your right
25 hand so I can administer the oath?

1 COMMITTEE ON CONSUMER AFFAIRS

2 [OATH ADMINISTERED]

3 COMMISSIONER SALAS: Good morning , Chair
4 Espinal and members of the Committee. I am Lorelei
5 Salas and I am the Commissioner of the New York City
6 Department of Consumer Affairs. On behalf on Mayor
7 de Blasio and my agency colleagues, thank you for the
8 opportunity to testify today. We hope that our
9 budget presentation this year leaves you with a sense
10 of the impact our work has on the lives of everyday
11 New Yorkers from consumers to those starting their
12 own businesses to vulnerable workers who now have
13 within our agency a dedicated voice in city
14 government for the first time. Our presentation this
15 year will explore DCA's new mission, key goals for
16 the upcoming year and we will also provide an
17 overview of how we are seeking to be increasingly
18 strategic with our enforcement work so that we can
19 achieve meaningful results effectively and
20 efficiently. We will begin today with a story of an
21 average New Yorker. Meet Rhoda. Rhoda is a New
22 Yorker. She is a consumer. She needed a car to get
23 to work and take care of her family. Rhoda bought a
24 used car. I will let Rhoda tell you what happened
25 next.

1 COMMITTEE ON CONSUMER AFFAIRS

2 RHODA: Hi [inaudible 00:04:33] my story
3 is that [inaudible 00:04:37] that I purchased a used
4 vehicle from a dealership and when I buy that vehicle
5 I run into a lot of problems that I did not expect
6 [inaudible 00:04:49]. I lost my car [inaudible
7 00:04:52] 2012 and [inaudible 00:04:56] so I decided
8 to [inaudible 00:05:02] when I say my situation
9 [inaudible 00:05:06] and I told him so what happened
10 he works in the same neighborhood so he understood
11 [inaudible 00:05:17 - 00:05:34] went to DCS and
12 explain my situation and then someone called me, a
13 representative called me, and asked me to bring in
14 all the paperwork and everything and actually went
15 over the paperwork and they found the interest rate
16 and other things that was not the way should be.
17 Eventually, they were able to get some of my money
18 back for me. [Inaudible [00:05:57] made sure that
19 they look into the interest rate and ask questions
20 and anything you don't understand a lot. [Inaudible
21 00:06:05] everything she need, you should understand
22 everything, you don't sign if [00:06:12].

23 COMMISSIONER SALAS: Today we will look
24 at some of the ways in which DCA helps consumers,
25 workers and small businesses last year. DCA's new

1 COMMITTEE ON CONSUMER AFFAIRS

2 mission, which we adopted last fall, is to protect
3 and enhance the daily economic lives of New Yorkers,
4 to create thriving communities. We fulfill our
5 mission by protecting consumers and workers,
6 empowering residents to build assets, reduce debt and
7 improve their financial health and by educating
8 businesses as well as enforcing consumer protection,
9 licensing and key workplace labor laws. In 2016,
10 DCAA went after predatory debt collection agencies
11 and secured more than \$1.1 million in restitution for
12 consumers. We helped out city's workers too. In
13 just two and a half years since we have been
14 enforcing the city's basic lead law, we have secured
15 merely \$4.5 million in fines and restitution for more
16 than 15,000 workers across the five boroughs. Last
17 year, we also conducted 14 business education day
18 walks going door-to-door educating businesses in the
19 languages that they speak about how to comply with
20 the law before they get a visit from an inspector.
21 Those inspectors have in the fiscal year to date
22 conducted close to 42,000 business inspections and
23 our consumer service mediators have already resolved
24 almost 1,100 consumer complaints to the satisfaction
25 of both the consumer and the business. We are

COMMITTEE ON CONSUMER AFFAIRS

especially proud to report and this is really big news that through our investment in the city's annual free tax prep and earned income tax campaign we have put half a billion dollars back into the pockets of New Yorkers via safe tax prep fees and refunds from clean tax credits in just the last two years. During that same time, 310,000 New Yorkers filed their taxes for free using our programs and services at approximately 200 sites we operate during the tax season each year. This tax season, New Yorkers who earn less than \$64,000 in 2016 can get their taxes done safely and for free using IRS trained volunteers. Every dollar saved by a resident, particularly one struggling to make ends meet, is a dollar that can be used to bolster a savings account help make a rent or car payment, pay down debt or even help save for college. That is not all. The studies show that every dollar spent in a neighborhood came out as much as an additional 68 cents beyond that dollar to the local economy meaning that the money we've helped New Yorkers save isn't just good for them it is good for local businesses too. We are also proud to report that more New Yorkers are continuing to get one-on-one free

1 COMMITTEE ON CONSUMER AFFAIRS

2 intensive financial counseling, a program that we
3 pioneered. In 2016, we welcomed approximately 7,500
4 clients to our financial empowerment centers bringing
5 the total number of New Yorkers helped by this
6 program over the years to more than 42,000. Our
7 financial counselors work with New Yorkers to set
8 reasonable goals and help them stick to a plan by
9 holding follow-up meetings to check-in on their
10 progress. Throughout the year, we held 12,500
11 counseling sessions at our centers bringing the total
12 number of sessions held since this program started to
13 be only 80,000. Since 2006, financial empowerment
14 centers have helped New Yorkers pay down \$50.4
15 million in debt and build \$4.2 million in savings.
16 Helping New Yorkers access safer financial products
17 so that they can more easily build assets is a top
18 priority for us. Through our partnership with the
19 Mayor's Office of Immigrant Affairs we have a lot new
20 opportunities for IDNYC cardholders to access trusted
21 financial institutions. Today, more than 13
22 financial institutions accept IDNYC as a primary form
23 of identification for opening a new account. DCA
24 worked to bring federal regulators and financial
25 institutions together to negotiate agreements to

1 COMMITTEE ON CONSUMER AFFAIRS

2 accept IDNYC. This past year, DCA and Moya, launched
3 an outdoor and print advertising campaign in ten
4 languages to spread the word about these exciting new
5 opportunities for cardholders. We are always looking
6 out for our city's consumers whether it is at a car
7 dealership or when they walk through the doors of one
8 of our financial empowerment centers. Let's hear
9 directly from two New Yorkers, Celina and Stephano,
10 who both found a path to financial stability and
11 empowerment by accessing our services.

12 [pause]

13 CELINA: [Inaudible 00:11:22] neighborhood
14 and I am a retired landlord but I am also a
15 [inaudible 00:11:30] grandson who is eight years old
16 [inaudible 00:11:34-39]

17 [another speaker - inaudible 00:11:40-
18 00:11:58]

19 FEMALE SPEAKER: [Inaudible - 00:11:58-
20 00:12:12]

21 MALE SPEAKER: [Inaudible - 00:12:12-
22 00:12:29]

23 FEMALE SPEAKER: [Inaudible - 00:12:29-
24 00:12:33] manage your own finances and to [inaudible
25 00:12:37]. Feels good.

1 COMMITTEE ON CONSUMER AFFAIRS

2 COMMISSIONER SALAS: As you can see, our
3 financial empowerment centers provide vital services
4 to New Yorkers in need and we are very proud to have
5 pioneered this model of service. Our financial
6 counselors several of whom I have personally met with
7 are well trained and incredibly dedicated. They have
8 told me both heart-wrenching and uplifting stories
9 about New Yorkers facing financial hardships and they
10 ways in which they have overcome them. I should note
11 that the voice you heard at the end of the video
12 isn't a coach, it was actually Celina's financial
13 counselor. Now that we have explored some of our
14 signature consumer financial protection work, I would
15 like to provide you with an exciting update on how we
16 at DCA are helping to improve the lives of working
17 New Yorkers. In 2016, DCA launched the Office of
18 Labor, Policy and Standards, OLPS. OLPS is building
19 on the city's historic brawl as a laboratory for
20 progressive policies with a mission to develop and
21 implement a new generation of minimum labor standards
22 by conducting regional research to advance new
23 policies, educating workers and employers and the
24 public about workplace protections, enforcing key
25 municipal labor laws, collaborating with government

1 COMMITTEE ON CONSUMER AFFAIRS

2 agencies and communities to improve enforcement and
3 focusing in [inaudible 00:14:07]. OLPS is a
4 dedicated staff of 34 including its own deputy
5 commissioner, several attorneys, investigators,
6 outreach specialists as well as research and policy
7 analysts. OLPS continues to build on DCA's key
8 successes enforcing the basic lead law among others
9 to ensure workers in our city are afforded the
10 protection they deserve. A few key highlights from
11 the work OLPS has been doing in the last few months
12 include preparing to implement the first of its kind,
13 Freelance Isn't Free Act, and we will start taking
14 complaints on May 15th, the law's effective date. In
15 working closely with others in the administration and
16 a variety of stakeholders to draft in advance fair
17 work week legislation which as you all know we
18 testified on just last Friday. We are tremendously
19 excited about the prospect of the Mayor's Fair Work
20 Week Legislative Package becoming law as it will
21 finally bring to our city's 65,000 fast food workers
22 a sense of clarity and consistency around their work
23 schedules meaning that they, like the rest of us, can
24 plan for child or elder care, take classes or even
25 hold a second job, allowing opportunities many of the

1 COMMITTEE ON CONSUMER AFFAIRS

2 rest of us have been fortunate to have. As the Mayor
3 has said, fair scheduling practices are a right not a
4 privilege. We would also like to take a moment to
5 highlight our first paid care convening which took
6 place at Brooklyn Borough Hall this past Saturday.
7 OLPS along with Moya, CCHR, the National Domestic
8 Workers Alliance and other community partners
9 combined dozens of nannies, domestic workers and
10 homecare workers to make the launch of DCA's division
11 of paid care and to discuss strategies for
12 safeguarding worker's rights in the face of new
13 threats to immigrant and other vulnerable workers.
14 This was just the first of several convening we are
15 planning and we are eager to expand our work in the
16 paid care space to provide necessary support for one
17 of New York City's most vulnerable worker groups. As
18 a former domestic worker myself, it was a distinct
19 honor for me to speak at the convening because I know
20 firsthand what some of the immense challenges are
21 that these workers face. In keeping with the theme
22 of hearing directly from workers and aggrieved
23 consumer, a grandmother trying to climb out of debt
24 and take care of her family, a young man trying to
25 start his own business, we would like to share with

1 COMMITTEE ON CONSUMER AFFAIRS

2 you some thoughts on OLPS to one of our closest
3 community partners make the road (?) New York took
4 the time to share with us.

5 SPEAKER: [Inaudible 00:17:00-00:17:13]

6 we are incredibly proud to partner with the
7 Department of Consumer Affairs [inaudible]. We look
8 forward to [inaudible 00:17:20-00:17:40] DCA when the
9 initial outreach and education [inaudible 00:17:44]
10 paid sick leave legislation in New York City and DCA
11 has always been on the ground in earnest reaching out
12 to impact the workers and the businesses that employ
13 them to make sure that everyone understands their
14 rights, how to navigate those rights and how to
15 enforce those rights. We recently have been working
16 with DCA and OLPS on a particular case which is a
17 pretty good example of their work. The young man who
18 has been working for a cleaning service company in
19 New York City and came to make the road (?) because
20 his right to take sick leave had been violated. When
21 OLPS hit the ground, they discovered that not only
22 was he impacted but the entire workforce had been
23 impacted. [Inaudible 00:18:28] and OLPS jumped into
24 action. We know that it [inaudible 00:18:36]

1 COMMITTEE ON CONSUMER AFFAIRS

2 vulnerable for her or being threatened with
3 retaliation and [inaudible 00:18:40 - 00:18:50].

4 COMMISSIONER SALAS: Apologies for the
5 technical difficulties in the video. We managed to
6 sail through the first two. Convenient paid care
7 workers is a prime example -- [music played]. All
8 right, we needed some music there. Convenient paid
9 care workers are a prime example of the type of
10 public engagement we want to further amplify. In
11 here is how we've done that. While we host
12 [inaudible 00:19:21] close to 500 events this past
13 year, we wanted to ensure that those we weren't
14 necessarily hearing from knew about us. So we run
15 some numbers. We looked at high need neighborhoods in
16 New York City from where we were not receiving many
17 complaints and we made a plan. We figured the New
18 Yorkers in these places are probably even more
19 susceptible to predatory business practices or more
20 in need of services that we provide and we
21 prioritized hearing from them. That's where our
22 listening tool comes in. Starting last fall, just a
23 few months after I came to the agency, I personally
24 begun visiting these high need neighborhoods across
25 the city. To date, I have attended nearly 30 events

1 COMMITTEE ON CONSUMER AFFAIRS

2 in these neighborhoods and have heard directly from
3 more than 1,000 New Yorkers about the issues
4 affecting them where they live, work or shop. I have
5 had the opportunity to talk with English language
6 learners, NYCHA [inaudible 00:20:19] associations
7 members, union members, seniors, faith groups, and
8 parent-teacher associations. The stories I heard
9 and information I learned from the listening tour
10 will help make DCA a better more responsive agency
11 for both consumers and workers. Through a
12 combination of this to work the complaints we
13 received, the patrol enforcement and investigations
14 we've done and based on our experience serving
15 consumers and workers, we have learned a few things.
16 First, we have found that predatory lending
17 [inaudible 00:20:54] that can have any combination of
18 very high interest rates, shorter payment periods and
19 very unclear terms is one of the most permissive and
20 prevalent threats to the health of New Yorkers and
21 our city's economy. Second, we have found in order
22 to effectively regulate hundreds of thousands of
23 businesses across the city, we will need to devise
24 and implement enforcement plans that are as strategic
25 as possible. Finally, serving New Yorkers the best

1 COMMITTEE ON CONSUMER AFFAIRS

2 that we can means that we need to leverage
3 partnerships and strive for more agency and community
4 collaboration and have that happen quickly. And
5 while these lessons apply to only our cause broadly,
6 we don't want to forget about individual New Yorkers
7 and how our work touches their lives. So let's go
8 back to Rhoda for a moment. Rhoda came to us with a
9 car she described as junked. It was essentially
10 unusable. We wanted to help her get her money back
11 so we launched an investigation into the dealership
12 which we happened to license. Here's what we found:
13 Rhoda was being crippled by her high interest loan,
14 the terms of which were never clearly disclosed to
15 her in a way that she understood. The dealership
16 pressured and pushed her through the purchasing
17 process. She was never walked through her financing
18 contract or even asked for proof of income to qualify
19 for the loan. Instead, dealership staff simply
20 assured her that she was getting a great deal. And,
21 Rhoda isn't alone. In fact, we have had at least 650
22 New Yorkers come to us in the last few years with
23 complaints about SHADS, our terms for Second Hand
24 Auto Dealers. Rhoda's experience combined with our
25 own research, investigations, complaints and

1 COMMITTEE ON CONSUMER AFFAIRS

2 reinforced by national media reporting about the
3 scope of the problem made clear that predatory
4 lending by second hand auto dealers is a major
5 problem in New York City. DCA currently licenses,
6 inspects and regulates almost 800 SHADS operating in
7 New York City. This pre-existent regularity
8 relationship means that DCA can leverage all of its
9 existing tools to target predatory lending while
10 working with our legislative partners to develop new
11 policy approaches that better protect consumers. And
12 if you want a sense of the size and scope of this
13 industry, we should note that as of November 2016
14 some estimates put the total value of subprime auto
15 loans nationwide at \$1 trillion. While we can't
16 bring down predatory lending nationwide single
17 handedly, we can try to attack it here in New York
18 City. We plan to tackle predatory lending in this
19 industry with a three prong approach: education,
20 enforcement and legislation. In terms of educating
21 New Yorkers, we plan on leveraging our extensive
22 experience with direct outreach, consumer education,
23 air and paid media investments as well as
24 partnerships with community organizations to raise
25 the alarm about the dangers one faces when walking

1 COMMITTEE ON CONSUMER AFFAIRS

2 into a used car lot. In fact, tomorrow we will be
3 releasing some key information for consumers and we
4 hope that -- we hope to be making some additional
5 important announcements soon. In terms of
6 enforcement, we are going to bring both our patrol
7 and legal resources to there in targeting this
8 industry, leveraging information we have collected
9 from subpoenas we have issued in the last few years
10 as well as aggressively pursuing those we might
11 consider bad actors. Lastly, we seek to work closely
12 with the Council and key stakeholders to craft and
13 pass a thoughtful [audio beep 00:24:40] further
14 tackling predatory lending locally as the regulatory
15 field is already largely occupied by state and
16 federal law. We believe that there is still ample
17 room for the City of New York to fill the gaps left
18 by existing law and we look forward to working with
19 the Council to determine how best to meet those
20 needs. Taking together this three prong approach
21 will protect and empower consumers, serve as a clear
22 warning to predatory businesses and promote healthier
23 lending ecosystem across the city. At DCA, we want
24 New York City to be the first in the country that
25 aggressively tackles its share of this growing

1 COMMITTEE ON CONSUMER AFFAIRS

2 problem in a way that can be a model for other cities
3 and other places around the country. While tackling
4 predatory lending is one of our top priorities, the
5 used car industry is not the only one we have our
6 eyes on. We know that there are problematic business
7 and employment practices present in other industries
8 and we want to focus our efforts on achieving
9 meaningful resourceful New Yorkers. To us, strategic
10 enforcement means using our resources efficiently and
11 effectively to have the maximum possible impact. We
12 aim to create a culture of compliance within
13 problematic industries meaning we want these
14 businesses to begin complying on their own before
15 waiting to be forced to do so. Though we are
16 sometimes constrained or legally preempted from
17 pursuing various enforcement routes, we nonetheless
18 have several different tools in our toolbox to tackle
19 problems faced by consumers and workers. These tools
20 include the authority to enforce New York City's
21 consumer protection licensing and key workplace laws.
22 We also have subpoena power which can give us
23 important access to documents and records.
24 Additionally, our well-honed public engagement tools
25 present us with important opportunities to

1 COMMITTEE ON CONSUMER AFFAIRS

2 communicate with businesses, consumers and workers in
3 a variety of different ways through public awareness
4 and marketing campaigns, our media as well as direct
5 education and outreach. We anticipate the different
6 combinations of these tools are going to enable us to
7 do more in terms of protecting consumers and workers
8 in our city and in terms of helping businesses
9 understand and comply with the law. To determine
10 which problems we are going to tackle and how, we are
11 asking ourselves some key questions right now. What
12 are the ways in which consumers and workers are
13 experiencing the greatest harm, what is the major
14 scope and scale of that harm and what are the most
15 appropriate and effective tools to address these
16 issues in order to achieve meaningful results. We
17 are already beginning to shift from being almost
18 exclusively complaint based to being more proactive
19 on how we do some of our enforcement work. For
20 example to date, we have investigated nearly every
21 single paid sick leave complaint we've received as
22 deeply and comprehensively as possible often
23 expanding our investigation of a single complaint
24 into a workplace wide investigation. As evidenced by
25 the numbers I mentioned earlier, this approach has

1 COMMITTEE ON CONSUMER AFFAIRS

2 been tremendously successful for us and for New
3 Yorkers denied the rights to paid sick leave. Nearly
4 \$4.5 million in fines and restitution obtained on
5 behalf of more than 15,000 New Yorkers in just two
6 and a half years. Now that the law has been in
7 effect for some time and our education and outreach
8 to businesses has been extensive, we believe it is
9 appropriate for us to begin identifying industries
10 where we think no compliance is more widespread
11 across the industry compared to let's say an
12 individual business. Such noncompliance is also a
13 likely indicator of larger labor issues and we intend
14 for our part of investigations into such industries
15 to serve as a warning to them that exploitation of
16 workers will not be tolerated. Focusing our energies
17 in this way will also allow us to get faster and
18 quicker restitution for individual complainants
19 employed in individual workplaces where we do not
20 necessarily suspect their being widespread problems.
21 Ultimately, we believe that our strategic enforcement
22 efforts will help us to be even more effective in
23 tackling ongoing problems that can be heavy burdens
24 on our city's residents. Now that we have covered
25 ways in which we have and will continue to protect

1 COMMITTEE ON CONSUMER AFFAIRS

2 the daily economic lives of New Yorkers, I would like
3 to tell you about how we enhance their lives as well.
4 As you may have noticed, DCA is among the city's most
5 public facing agencies. We produce many materials to
6 educate and inform consumers and workers about issues
7 effecting their lives as we work as hard a possible
8 to ensure these materials are getting into the hands
9 of New Yorkers. Last year, in partnership with the
10 council, Moya the Department for the Aging and the
11 Mayor's Office to combat domestic violence, DCA
12 produced a series of tip booklets for immigrants,
13 seniors and women. These pieces focused on issues
14 particular to those communities. For example, how to
15 protect yourself from telephone scams, from being
16 taken advantage of by unemployment agency, where to
17 go find free legal help and more. We have invested
18 significant resources in a combination of outdoor
19 print, radio and online advertising campaigns on
20 topics from your rights under our commuter benefits
21 law to where to go to get your taxes done for free
22 and more. We seek to publish and disseminate
23 information that helps consumers be savvier,
24 businesses be more compliant and workers be more
25 empowered. To that end, you will see a number of

1 COMMITTEE ON CONSUMER AFFAIRS

2 different resources in the folders you have in front
3 of you. In the past year, we have also made being
4 immediately responsive to emerging treats a top
5 priority. This goal, DCA partnered with Make the
6 Road, Speaker Melissa Mark-Viverito Chairman Espinal,
7 Council Member Julissa Ferreras-Copeland, Moya and
8 community organizations to distribute tips about
9 immigration fraud which we anticipated will be under
10 advise following the presidential election. We
11 distributed 5,000 pieces of literature in just a few
12 short hours during the morning rush hour of subways
13 stops in Corona, Jackson Heights, and Elmhurst
14 reminding New Yorkers about the dangers of [inaudible
15 00:31:17] and that the city makes free, safe
16 immigration legal services available to those in
17 need. Following President Trump's recent travel ban
18 announcement, DCA, CCHR and Moya planned and executed
19 a one New York Day of Action during which we
20 distributed literature from Baywich to Astoria to
21 Jamaica about the many rights New Yorkers have under
22 our human rights law, the paid sick leave law, and
23 about the services that the agencies offer. We were
24 honored to be joined by Council Members Gentile and
25 Menchaca as well as a host of community partners and

1 COMMITTEE ON CONSUMER AFFAIRS

2 volunteers including Make the Road, New York
3 Immigrations Coalition, the [Inaudible 00:31:59]
4 Association and others. Without these partnerships,
5 [inaudible 00:32:03] quickly mobilizing or long-term
6 engagement, DCA would not be able to do the many
7 different types of work we do to help protect and
8 serve New Yorkers. In addition to our extensive
9 partnerships with CCHR and Moya, we partner with many
10 city agencies on a variety of initiatives. DCA's
11 partnership with HPD helps those seeking affordable
12 housing get their finances in order for their
13 application process. Our partnership with SBS
14 ensures that new businesses opening their doors in
15 our city have direct access to key regulatory
16 information. We work with help on a daily basis on a
17 large variety of issues from assisting with the
18 processing of their license applications to having
19 our inspectors enforce out city's important tobacco
20 laws to keep cigarettes out of the hands of minors.
21 DCA financial empowerment centers are made possible
22 by our many partners who provide the day-to-day
23 services that so many New Yorkers depend on. The
24 respect these organizations command in their
25 neighborhoods enables us to serve more New Yorkers

1 COMMITTEE ON CONSUMER AFFAIRS

2 more effectively. We at DCA believe that in order to
3 have an impact and serve New Yorker's needs, we need
4 to work in closely collaboration with the
5 organizations whose work is rooted in these
6 communities. Again, we want to always keep in mind
7 that the work we do everyday touches New Yorker's
8 lives very deeply. This brings us back to Rhoda.

9 MALE SPEAKER: [Inaudible 00:33:34]

10 COMMISSIONER SALAS: I am going to tell
11 you now. We heard about her challenges and the DCA
12 stepped in but what was the result. Here's what we
13 were able to do. We obtained more than \$4,800 in
14 restitution for Rhoda. This covered the costs of
15 repairs to the car as well as towing which, by the
16 way, can really add up and we know this because we
17 license towing companies. The final restitution
18 amount also included what we will call damages paid
19 by the dealership for putting Rhoda in a debt trap
20 carrying a 23.9 percent interest rate when really she
21 should have received one closer to 16 percent. Even
22 that is a higher interest rate. We also want to take
23 this opportunity to point out the additional
24 incredibly troubling situations people like Rhoda
25 kind find themselves in and how our work can be

1 COMMITTEE ON CONSUMER AFFAIRS

2 really beneficial in addressing them. As you might
3 remember, a few months after purchasing her car Rhoda
4 was unable to drive it. Around this time she stopped
5 making payments on the car since she couldn't use it.
6 Following the successful closure of the case against
7 the dealership, Rhoda ended up being sued by the
8 car's financing company for allegedly missed
9 payments. As we understand it, DCA's successful
10 resolution of Rhoda's dealership case was a
11 significant in the end result of that lawsuit. It
12 was finally thrown out. This example underscores
13 just how much pressure, strain and hardship New
14 Yorkers can face as a result of trying to obtain what
15 is for so many of us a basic necessary asset, a car.
16 Even if Rhoda had been able to somehow successfully
17 disentangle herself from the contract she was in with
18 the dealership, without our intervention she likely
19 never would have received restitution and she might
20 have had to fight a case in court for month's costing
21 her quite a bit of money and also time, stress and
22 fear. It is situations like these that we seek to
23 eradicate the best we can and of course this is all
24 driven by our deep commitment to achieving our goal
25 to protect and enhance the daily economic lives of

1 COMMITTEE ON CONSUMER AFFAIRS

2 New Yorkers to create thriving communities. Before
3 we conclude, I would like to take a quick moment to
4 highlight some key numbers for the Committee. In
5 terms of our overall budget, our preliminary fiscal
6 year 2018 budget stands at \$41,470,839 which is a
7 small increase as compared to the fiscal year's
8 adopted budget which was \$40,598,082. Our head count
9 this year has decreased by two standing at 439 as
10 compared to 441 last fiscal year. We hope that you
11 have enjoyed our presentation today and that an
12 overview of our work in the past year and our goals
13 for the year to come leave you with a sense of the
14 positive impact we seek to have on the lives of
15 consumers, workers and businesses in New York.
16 Again, thank you for the opportunity to testify and
17 will be happy to answer any questions you may have.

18 CHAIR ESPINAL: Thank you Commissioner.

19 Sounds like you have your hands full but I have to
20 say really appreciate the new innovative way of
21 presenting this hearing. It was very insightful and
22 be able to actually hear from our constituents on how
23 DCA was able to change and help their lives. Now,
24 more than ever, I think it is important that we
25 empower our workers, we empower our consumers and

1 COMMITTEE ON CONSUMER AFFAIRS

2 make sure that they keep every dollar in their
3 pocket. People are being squeezed out of their
4 communities because they can't afford paying their
5 rents and the increasing cost of living in the city
6 and, you know, you have shown that DCA has been in
7 the forefront whether it be by making sure that
8 thanks to Council Member's Lander's legislation that
9 freelancers are getting paid, making sure that at
10 auto dealers people are not being ripped off and
11 making sure they are getting more money back in their
12 pockets if they do end up being ripped off, making
13 sure that the working New Yorkers are receiving free
14 help with their taxes and getting every dollar back.
15 We do know that, you know, tax season is a time where
16 working families receive a large chunk of their
17 dollars for the year and want to make sure they are
18 able to save that money and spend it wisely. Making
19 sure that New Yorker's credit scores are healthy and
20 that they are spending their money wisely so that
21 they can qualify for an apartment or stay in their
22 apartments or even buy a home. So I commend you and
23 all the work you've been doing. So in that note, I
24 guess my questions right now would be around the
25 Office of Financial Empowerment. It's playing a

1 COMMITTEE ON CONSUMER AFFAIRS

2 major role in those conversations. Do you -- I'm not
3 sure if you mentioned in your testimony but do you
4 have a total number of plans served through these
5 sensors?

6 COMMISSIONER SALAS: Yes. So in 2016,
7 the financial empowerment served 7,454 clients over
8 12,585 sessions.

9 CHAIR ESPINAL: Is that an increase from
10 2015 or is that comparatively around the same number?

11 COMMISSIONER SALAS: It's about the
12 same. The number is consistent.

13 CHAIR ESPINAL: So it's about the same,
14 consistent. Is there anything used -- well does DCA
15 -- are there any plans to expand OFE programs or is
16 there a need for more resources in order to do that
17 or do you feel that you're covering all the
18 neighborhoods that need that service?

19 COMMISSIONER SALAS: It is certainly an
20 amazing life changing program. I mean really
21 consumer comes in and they are no longer alone in
22 dealing with their finances so we always hope to grow
23 programs like these. We are about to work on a new
24 request for proposals for the next three years so
25

1 COMMITTEE ON CONSUMER AFFAIRS

2 obviously we are considering opportunities to act
3 more.

4 CHAIR ESPINAL: What is the budget for
5 the Office of National Empowerment?

6 UNIDENTIFIED MALE SPEAKER: We don't have
7 it by division at this time so we will have to get
8 back to you on that.

9 CHAIR ESPINAL: Okay. I just see it as
10 one of the most important aspects of the agency and
11 if we can explore expanding those offices and finding
12 ways we can touch more New Yorkers, I think we should
13 look into that. If I may, I would like to introduce
14 Nicole Smith, Deputy Commissioner for Office of
15 Financial Empowerment.

16 NICOLE SMITH: Hi, good morning. For the
17 Financial Empowerment Centers there is approximately
18 2.2 million budgeted each fiscal year for the
19 operations of the Financial Empowerment Centers. In
20 addition to that, there is also a budget for the free
21 tax preparation program that is approximately \$4.2
22 million.

23 UNKNOWN MALE SPEAKER: Would you be able
24 to say what neighborhoods you are currently in?
25

1 COMMITTEE ON CONSUMER AFFAIRS

2 NICOLE SMITH: For the Financial
3 Empowerment Centers?

4 UNKNOWN MALE SPEAKER: Yes.

5 NICOLE SMITH: We are in each of the five
6 boroughs and the neighborhoods that were selected
7 were based on financial insecurity and need within
8 the community so we focused -- several years ago we
9 did a study on the number of unbanked New Yorkers,
10 which we also did two years ago, and the
11 neighborhoods that were selected for the financial
12 empowerment centers were based on the findings from
13 that study.

14 CHAIR ESPINAL: Okay. Thank you. Before
15 I go forward, I would love to give my colleagues a
16 chance to ask questions. I know they have very busy
17 schedules and we're in the middle of budget season.
18 So we are joined by members of the Committee. We
19 have Karen Koslowitz from Queens, we have Vincent
20 Gentile from Brooklyn and my friend from Brooklyn has
21 joined us as well but we have questions from Gentile
22 and Lander. So Gentile?

23 COUNCIL MEMBER GENTILE: Thank you, Mr.
24 Chairman, and good morning. I must say I am very
25 impressed with that very comprehensive testimony and

1 COMMITTEE ON CONSUMER AFFAIRS

2 the high-tech presentation that you made. It really
3 gives a great overview of the agency so good work. I
4 really appreciate that. Two quick questions, I think.
5 Now that you told us about Rhoda I was really
6 concerned about the outcome and good for Rhoda and I
7 am glad that you were there to help her. I am just
8 curious about the tip booklets that you mentioned
9 that help other people, at least give other people
10 that information. Are those booklets available to us
11 for our district offices?

12 COMMISSIONER SALAS: Certainly and we
13 have them in several different languages and if you
14 don't already have a package, we will send you one.

15 COUNCIL MEMBER GENTILE: Yeah, that will
16 be great. Not only for district offices but for
17 street fairs and just for general distributions. I
18 know those are always popular at senior centers too
19 so that is great. I did want to go back to the Rhoda
20 situation in one respect though. That situation
21 involved a used auto dealer; am I correct?

22 COMMISSIONER SALAS: Yes, correct.

23 COUNCIL MEMBER GENTILE: Now is my
24 understanding correct that DCA does not when you
25

1 COMMITTEE ON CONSUMER AFFAIRS

2 license the user or the dealers you do not do
3 licensing for new car dealerships?

4 COMMISSIONER SALAS: Yes, that is
5 correct.

6 COUNCIL MEMBER GENTILE: And what is the
7 reason for that?

8 AMIT VAGA (SP?): Sorry, I was looking
9 for our general counsel who I thought was in the back
10 room. My apologies. Amit Vaga (SP?). I believe
11 that is because we are preempted by federal law; is
12 that correct? Yes.

13 COUNCIL MEMBER GENTILE: Federal law
14 controls new car dealerships?

15 AMIT VAGA (SP?): I believe that federal
16 law generally controls the regulation of the ways in
17 which new cars are produced and sold.

18 COUNCIL MEMBER GENTILE: Okay. Many of
19 the issues that you talk about with used car
20 dealerships, I would almost imagine and predict are
21 happening on new car dealerships also so how do we
22 protect those people?

23 AMIT VAGA (SP?): I am going to introduce
24 Tamala Boyd, our general counsel.

25

1 COMMITTEE ON CONSUMER AFFAIRS

2 TAMALA BOYD: Hi. Sorry. DMV licenses,
3 new car dealerships, federal law regulates a lot of
4 other things having to do with new car dealerships.
5 We are preempted from regulating and pretty much
6 operating in most areas having to do with new cars.

7 COMMISSIONER SALAS: I would like to add
8 that is not going to stop us from educating
9 consumers. The [inaudible 00:44:36] teaches
10 specifically for people who are looking to purchase a
11 car make sure that before they walk into a dealership
12 they know exactly what to do, they know they need to
13 find out what their credit score is, they know they
14 need to explore what other financing options are and
15 they know they need to do some research on the
16 business they try to transact business with. So our
17 consumer tips will be available to all purchasers of
18 used cars or new cars, it will apply to both.

19 AMIT VAGA (SP): If I may just also add
20 to that answer? While we don't have statistics on
21 exactly what the challenges are with respect to
22 financing in the new car context, what we do know is
23 that many of the larger, new car dealerships are
24 associated with financing companies that are either
25 larger financial institutions or financing companies

1 COMMITTEE ON CONSUMER AFFAIRS

2 that provide -- that have agreements with the
3 manufactures themselves and so these might be
4 agreements that they have with Ford or with Toyota or
5 whomever and it is our understanding that these scope
6 and scale of the predatory lending that might exist
7 in that context is perhaps different than what it is
8 in the used car context.

9 COUNCIL MEMBER GENTILE: So you're saying
10 it is not as prevalent in the new car dealership
11 financing?

12 AMIT VAGA (SP): Certainly there is
13 subprime auto lending in the new car context. I
14 don't have statistics on it. But we know for a fact
15 that in the used car context it is definitely an
16 issue.

17 COUNCIL MEMBER GENTILE: I don't know.
18 Again, I don't have data but it seems to me there are
19 about a thousand Rhoda's out there that even with the
20 information are going to end up paying far more in
21 interest whether it be a new car or a used car so it
22 just seems odd to me that we can't protect purchasers
23 of new cars as we seem to be able to do on used cars
24 and I guess that is just federal law that preempts
25 you otherwise, I would imagine, you would be in

1 COMMITTEE ON CONSUMER AFFAIRS

2 [audio stops 00:46:38]. Okay. I am done. Thank you
3 very much. Thank you --

4 UNKNOWN SPEAKER: Too much.

5 CHAIR ESPINAL: Brad?

6 COUNCIL MEMBER LANDER: Mr. Chair, thank
7 you for offering the members questions before. I
8 know you have many, a good long list so it is much
9 appreciated. Commissioner, great to see you again
10 after Friday's good hearing and I just wanted to
11 share my colleagues appreciation for all the work the
12 agency has stepped up to do and the growing ways in
13 which you are communicating about it, being
14 proactive. You know, it is one of the not -- still
15 under sung accomplishments of this administration and
16 still in development but thank you for it. So I saw
17 that you mentioned in the testimony the new
18 responsibilities the agency is taking on around the
19 Freelance Isn't Free Act which is being implemented
20 in May and hopefully this budget year for a fair work
21 week as well. Obviously we have to pass the
22 legislation and set an implementation date. But I
23 don't see any headcount increase to implement and
24 enforce those laws. Is that in the budget, did I
25 miss it? I see there has been great growth in OLPS

1 COMMITTEE ON CONSUMER AFFAIRS

2 to be able to step up and do the paid sick days but
3 it is hard for me to imagine that you can take on
4 enforcement of substantial new laws without some
5 additional resources.

6 COMMISSIONER SALAS: Thank you so much
7 for your question. We have, since the office was
8 launched in the fall, we began retraining our
9 existing staff that was enforcing the paid sick leave
10 law to also -- and commuter benefit law to make sure
11 that our staff is cross-trained and is able to help
12 enforce the [inaudible 00:48:27] laws that we have on
13 our plate. We had two additional lines when the
14 office was created and especially with the new
15 freelancers law taking effect in two short months and
16 we clear for the work progress on the Mayor's Fair
17 Work Week legislation, we are always in conversation
18 with the Office of Management and Budget about
19 appropriate staff levels for our agency and are
20 confident that should additional staff be required
21 for this legislation there would be sufficient
22 resources provided to DCA.

23 COUNCIL MEMBER LANDER: Good. I am glad
24 to hear you are in those conversations. Look, we all
25 want to do as much as we can without spending more of

1 COMMITTEE ON CONSUMER AFFAIRS

2 course and this is as scary time for the city given
3 changes in Washington. At the same time, these are
4 important new laws that will really go far to protect
5 the rights of New Yorkers and we have to make sure
6 that we can achieve them. I did notice, without
7 nitpicking too much, that the processing times on
8 sick days cases is up this year over last year so,
9 you know, let's make sure that we have the resources
10 that we need to, you know, achieve the proactive and
11 reactive investigations and enforcements. It sounds
12 like Director of Lad I guess.

13 UNKNOWN FEMALE SPEAKER: Do you want to
14 add anything?

15 UNKNOWN FEMALE SPEAKER: Council Member
16 Lander, I am glad you noticed that statistic about
17 our processing time and that we have an opportunity
18 to tell you about that. In fact, what we saw in our
19 first year of enforcement is that cases often close
20 very quickly because they were simple. It had a lot
21 to do with employers still learning the requirements
22 of the law and upon being confronted with here's the
23 law, here's what you're supposed to do, they resolve
24 very quickly. We also had a far higher number of
25 unsubstantiated cases in our first year again in our

1 COMMITTEE ON CONSUMER AFFAIRS

2 view because we are still engaged in efforts to
3 educate about the law. The kinds of cases we see now
4 are more complex, involve more recalcitrant
5 employers, more difficult legal issues and so I
6 believe it would be -- I do not conclude that out the
7 speed of our work has slowed down but merely the type
8 of work that is coming in the door requires different
9 resources.

10 COUNCIL MEMBER LANDER: So that is a
11 great explanation but it is consistent with my first
12 point which is that it sounds like we may need some
13 additional resources to be able to have OLPS be able
14 to do its job in a timely way we want to. I won't
15 push you anymore on it here. I appreciate you are in
16 dialog with OMB. This process is for the Council to
17 identify the things that we think are priorities and
18 I would submit that from my point of view at least it
19 should be a council priority to make sure this agency
20 can implement the laws that we are passing and asking
21 you to enforce in the timelines that we want to so I
22 won't go any further there. I was encouraged to hear
23 your interest in doing more proactive enforcement.
24 It doesn't look to me like we yet have in the MMR
25 measures of that and so I would just suggest one

1 COMMITTEE ON CONSUMER AFFAIRS

2 thing it might be worth thinking about as all the
3 other things you are thinking about in growing OLPS
4 is establishing some new MMR metrics and thinking
5 about this around the freelance law and hopefully the
6 fair work week law as well that capture our work to
7 let people know about those rights and the proactive
8 work as well as the case processing on violations.

9 NICOLE SMITH: Yes. We absolutely agree
10 with that. One of my priorities as Director since
11 coming on at the end of August has been to make sure
12 that we are restricting how our office functions to
13 enable us to conduct this proactive enforcement work
14 and so we are just about completed with that
15 reorganization and ready to start conducting
16 proactive enforcement and we are preparing the
17 corresponding metrics to start reporting once we are
18 really in the field doing it so we are on it.

19 COUNCIL MEMBER LANDER: Great. Switching
20 gears, the Car Wash Accountability Act, can somebody
21 give me an update on where that legislation is? Not
22 legislation, litigation. We passed a good bill and
23 not it is stuck in court.

24 UNKNOWN FEMALE: The litigation is
25 ongoing. I believe that they are right -- they just

1 COMMITTEE ON CONSUMER AFFAIRS

2 did a new briefing schedule. The last update I had
3 was that we would have another update in March. So
4 everything is still on hold because of the
5 litigation.

6 COUNCIL MEMBER LANDER: Huh. I will just
7 remind you that, you know, that is a bill this
8 council passed that we are enthusiastic about that we
9 believe can be a good strong protection for some of
10 our most vulnerable workers. The campaign to advance
11 and support and strengthen their, you know, working
12 conditions is not abated and I hope we will continue
13 aggressively to continue to get that law to the point
14 where we can enforce it.

15 COMMISSIONER SALAS: I would just like to
16 reassure you that we will be ready to start licensing
17 the moment the litigation is resolved.

18 COUNCIL MEMBER LANDER: My last question
19 is just that it is clear from your presentation you
20 have grown into much more than the New York City
21 Department of Consumer Affairs. So Mr. Chair I don't
22 know whether we should -- I don't know if it is the
23 Department of Consumer Labor and Economic Affairs or
24 some other but, you know, it strikes me that there is
25

1 COMMITTEE ON CONSUMER AFFAIRS

2 a good disconnect between the title of the agency and
3 the committee and the broad and expansive work its --

4 CHAIR ESPINAL: I wouldn't mind the
5 promotion to the Chair of the New York City Consumer
6 Department of Labor Chair.

7 COMMISSIONER SALAS: Just on that point,
8 we have conducted a couple of focus groups just in
9 the last couple weeks to explore exactly that whether
10 a name is necessary at this point. Thank you.

11 CHAIR ESPINAL: Karen?

12 COUNCIL MEMBER KOSLOWITZ: Thank you. I
13 am going to go back to the Department of Consumer
14 Affairs. How many inspectors do you have?

15 COMMISSIONER SALAS: We have 50
16 inspectors.

17 COUNCIL MEMBER KOSLOWITZ: How many?

18 COMMISSIONER SALAS: 50, 5-0.

19 COUNCIL MEMBER KOSLOWITZ: And do you
20 still have inspectors throughout the boroughs?

21 COMMISSIONER SALAS: Yes, we do.

22 COUNCIL MEMEBR KOSLOWITZ: Because I know
23 there used to be inspectors on Queens Boulevard.

24 What are some of the issues that come back to you

25

1 COMMITTEE ON CONSUMER AFFAIRS

2 that they go out? What is one of the biggest issues
3 that appears to happen?

4 UNKNOWN MALE SPEAKER: We are going to
5 invite James Hurst, our Director of Enforcement to
6 answer that questions.

7 JAMES HURST: Specifically from our
8 borough inspectors there are a variety of violations
9 that they will see while they are in the field,
10 everything from failing to post prices, operating
11 unlicensed so without a license, including parking
12 garages that exceed their capacity and the sale of
13 tobacco, flavored tobacco, or other tobacco products
14 below the price floor as provided by the law.

15 COUNCIL MEMBER KOSLOWITZ: That's still
16 pretty high?

17 JAMES HURST: We see it, yes.

18 COUNCIL MEMBER KOSLOWITZ: Can you break
19 down like revenues that you get from all these
20 inspections and fines?

21 JAMES HURST: Wow, not off the top of my
22 head but I can give you some numbers. We are
23 continuing seeing a reduction in the fines resulting
24 from these inspections over the course of the three
25 fiscal years. I think our budget -- you have the

1 COMMITTEE ON CONSUMER AFFAIRS

2 numbers? So ever since Mayor de Blasio came to
3 office, we have continued to see an overall reduction
4 in the small business fines that we access. These
5 are the fines that are connected to the violations
6 that are written by our patrol inspectors, do not
7 include our legal fines or paid sick leave fines.
8 Our initial fine reduction in the first fiscal year
9 following the Mayor coming into office resulted in a
10 reduction of more than \$15 million compared to Mayor
11 Bloomberg's last fiscal year in office so that was a
12 reduction from 32 million to approximately 15. Since
13 then we have seen the numbers continue to decline
14 slightly. We anticipate that moving forward now that
15 our tribunal functions have shifted entirely to oath
16 and oath will begin hearing our cases in earnest that
17 we will see the fines level off a bit. That is our
18 anticipation.

19 COUNCIL MEMBER KOSLOWITZ: The furniture
20 industry, do you see it still have problems there
21 with taking money from people and then they go out of
22 business?

23 COMMISSIONER SALAS: So very similar to
24 the second hand auto dealer's industry we see the
25

1 COMMITTEE ON CONSUMER AFFAIRS

2 same issues and it is certainly one of the industries
3 we are going to prioritize next. Do you want to add?

4 UNKNOWN MALE SPEAKER: And like the
5 second hand auto dealerships, the nature of the
6 problem that we see there are the ones that require
7 consumer interviews and investigations that are then
8 conducted by our general counsel's office and they
9 can look into that because that is not something --

10 COUNCIL MEMBER KOSLOWITZ: I see a lot of
11 furniture business opening up all over like for
12 instance in Queens on Queens Boulevard there is a lot
13 of new furniture stores there and I know years ago
14 people used to -- they used to go in and have to pay
15 like almost the whole thing for the furniture that
16 they purchased and then low and behold the store went
17 out of business and they were out 10,000, \$20,000.

18 UNKNOWN MALE SPEAKER: Yes, Council
19 Member, we agree that is certainly an issue and we
20 know that it is an issue in Queens, we know it's an
21 issue in other boroughs as well. I know this is an
22 issue that Chairman Espinal has been very interested
23 in. As the Commissioner mentioned, we are in the
24 process of tackling predatory lending first sort of
25 in the used car industry. We are looking very

1 COMMITTEE ON CONSUMER AFFAIRS

2 critically at the furniture industry. The nature of
3 the financing agreements in the furniture industry is
4 a little different than it is in the used car
5 industry just the way those financing agreements are
6 structured so we are trying to think critically about
7 what the best legal route is for us to address that
8 but absolutely share it as a priority.

9 COUNCIL MEMBER KOSLOWITZ: And the home
10 improvement industry, is it still where people are
11 told to pay like upfront, not total upfront, and then
12 in the middle another portion and then at the end,
13 you know, pay for the whole job? Is that still
14 practiced?

15 UNKNOWN MALE SPEAKER: That is certainly
16 an example of an issue that we continue to see within
17 home improvement contracting. I should note that
18 home improvement contracting remains amongst the top
19 categories of the types of industries about which we
20 receive complaints. We do licensed home improvement
21 contractors so if you are a licensed home improvement
22 contractor and we receive a complaint about you,
23 certainly our ability to go after you, if you will
24 colloquially, is a little bit more developed than if
25 you are unlicensed. One of the challenges we do see

1 COMMITTEE ON CONSUMER AFFAIRS

2 in the home improvement industry is that there are a
3 number of unlicensed contractors who will engage a
4 consumer and often what they will do, and this is not
5 exclusively what they will do, but often what they
6 will do is they will offers perhaps a lower rate than
7 a licensed contractor and they will say something
8 like you can pay me a portion in cash and as a
9 result, you know, the work may start, it may never
10 finish, sometimes the work never starts at all,
11 sometimes the work is done badly. Of course, these
12 issues can be present in the context of licensed home
13 improvement contracting as well but it is an industry
14 about which we continue to receive complaints and we
15 do investigate licensed contractors especially when
16 we are able to.

17 COUNCIL MEMBER KOSLOWITZ: Thank you.

18 CHAIR ESPINAL: Thank you, Karen. We
19 have been joined by Rory Lancman and we were briefly
20 joined by Julissa Ferreras who is chairing a hearing
21 next door. Going back to -- oh, I know there has
22 been a transfer and it appears DCA will no longer be
23 tracking cases or restitutions to complaints. Can
24 you explain how these cases will be tracked going
25 forward?

1 COMMITTEE ON CONSUMER AFFAIRS

2 UNKNOWN MALE SPEAKER: I'm sorry, do you
3 mind clarifying the question. How we are tracking
4 which exactly?

5 CHAIR ESPINAL: So that the cases -- so
6 pretty much the agency will transfer to oath, right?

7 UNKNOWN MALE SPEAKER: The tribunal, yes.

8 CHAIR ESPINAL: The tribunal is
9 transferred to oath. So when it was within the
10 agency, you were able to track the outcomes of these
11 cases. How would you be able to track them now?

12 COMMISSIONER SALAS: We will continue to
13 track the cases because when the cases are handled
14 oath they are continuously sending us the updates on
15 what happens on the case.

16 CHAIR ESPINAL: So when the case is
17 transferred over to oath, the case stays open with a
18 new agency up until you receive some sort of
19 notification that it has received -- that has been
20 closed?

21 UNKNOWN MALE SPEAKER: That's right and
22 our systems communicate pretty seamlessly with each
23 other and of course naturally DCA is in a position
24 where we have to know what the final resolution of
25 the case was and so whatever that resolution is,

1 COMMITTEE ON CONSUMER AFFAIRS

2 whatever the ALJ decides, we receive that full
3 decision.

4 CHAIR ESPINAL: How many positions did
5 you lose within the agency when you transferred
6 tribunal to oath?

7 UNKNOWN MALE SPEAKER: Well in the most
8 recent budget year, we did transfer -- lose one head
9 count that was transferred out to another agency.

10 CHAIR ESPINAL: Now does that salary stay
11 within the agency or was it transferred over to oath?

12 UNKNOWN MALE SPEAKER: It was transferred
13 over. We lose both the head count and the dollars
14 associated with it.

15 CHAIR ESPINAL: So in preliminary budget
16 2018, it shows that you have two positions less than
17 the adopted budget 2017. Is that one of the
18 positions?

19 UNKNOWN MALE SPEAKER: That is correct.

20 CHAIR ESPINAL: Which is the other?

21 UNKNOWN MALE SPEAKER: The other is State
22 funded head count for tobacco enforcement.

23 CHAIR ESPINAL: So you lost one position
24 on tobacco enforcement, any reason behind that?

1 COMMITTEE ON CONSUMER AFFAIRS

2 UNKNOWN MALE SPEAKER: This is just part
3 of natural recurring state adjustment. When they
4 give us the funding sometimes they do make adjustment
5 and it could be a dollar base or a head count base.
6 In this case, it was a loss of a head count.

7 CHAIR ESPINAL: Okay.

8 UNKNOWN MALE SPEAKER: So if I may
9 clarify on that front. We receive through a grant
10 from the State of New York a combination of head
11 count and dollars in order to be able to enforce
12 state related tobacco laws. That grant is reassessed
13 at some annular, bi-annual basis and when that grant
14 is reassessed by the state they make the
15 determination of how much money we are going to be
16 receiving.

17 CHAIR ESPINAL: How do they come up with
18 that determination? Does DCA make any
19 recommendations to the state or?

20 UNKNOWN MALE SPEAKER: I believe we
21 provide information about the number of inspections,
22 et cetera, that we've conducted but we are not
23 involved in that decision making process.

24 CHAIR ESPINAL: If I remember correctly,
25 I think it was last year, we had a big K2 issues over

1 COMMITTEE ON CONSUMER AFFAIRS

2 in the murder Broadway area and the city as a whole
3 and I know that DCA did a lot of work behind that.
4 Were you using your tobacco enforcement agents to do
5 the enforcements for any of those investigations?

6 UNKNOWN MALE SPEAKER: I would like to
7 introduce Alba Picco, our first Deputy Commissioner.

8 ALBA PICCO: Good morning. No, we use
9 mostly our [inaudible 01:04:06] inspectors to do
10 those investigations.

11 CHAIR ESPINAL: The Tobacco Enforcement
12 Unit doesn't go in looking --

13 ALBA PICCO: Tobacco 18 -- so in tobacco
14 we have two units: Tobacco 18 and Tobacco 21.
15 Tobacco 18 is paid by the grant from the state. We
16 don't -- we use them for the 18 (??) Program to do
17 undercover buys. The state actually provides some
18 locations to use that we need to do every year, about
19 2,000 or so a year, plus whatever other inspections
20 we do there and then Tobacco 21, they do the
21 undercover for 21.

22 CHAIR ESPINAL: Okay. Got it. So last
23 year I remember you presented, the agency presented,
24 the new mapping technology where we were able to
25 pinpoint where DCA was doing their investigations or

1 COMMITTEE ON CONSUMER AFFAIRS

2 their enforcements. How is the map working for the
3 agency? Has it made enforcement more equitable
4 across the city?

5 UNIDENTIFIED FEMALE SPEAKER: It has. It
6 is great and we keep improving it as we come across
7 new initiatives. We had an audit that was done by
8 the controller's office and the results were that
9 they [inaudible 01:05:18] inspect inequitable
10 throughout the five boroughs.

11 CHAIR ESPINAL: Any plan on making that
12 website public or available? We do receive a lot of
13 complaints where businesses feel like they are being
14 targeted on a constant basis whether it be by DCA or
15 Sanitation or other agencies. Is there any plan or
16 is there way to get this information out to the
17 public or is that something you think is best used by
18 the agency and kept confidential?

19 UNIDENTIFIED MALE SPEAKER: Sorry, just
20 to clarify, you're asking if we could make a map or
21 some information about where we've recently conducted
22 inspection public?

23 CHAIR ESPINAL: Yes, over the past year
24 where we're able to see where DCA is doing their
25 inspections?

1 COMMITTEE ON CONSUMER AFFAIRS

2 UNIDENTIFIED MALE SPEAKER: So pursuant
3 to the open data law that was passed by the council,
4 we do already make available online I think in a
5 downloadable format where we have been in the last,
6 you know, x period of time. It is not necessarily a
7 map but it is available. What we don't make
8 available in advance and we can't for a variety of
9 reasons is necessarily where we plan on going in the
10 next week, month, et cetera.

11 CHAIR ESPINAL: Makes total sense, yeah.
12 I just think that -- you already say it is available
13 but I think it is important for businesses who feel
14 like they are being targeted to be able to actually
15 go somewhere and see that they are not victims of
16 just predatory targeting or whatever you want to call
17 it.

18 UNIDENTIFIED MALE SPEAKER: Yes, I think
19 that is a very notable point and I think we will
20 definitely have that discussion internally to figure
21 out if making a map available of that type is
22 feasible.

23 CHAIR ESPINAL: So in 2016, the total
24 resolved consumer complaints is higher than total
25 docketed complaints. How is that possible? Are

1 COMMITTEE ON CONSUMER AFFAIRS

2 complaints rolled over to a new year? So pretty much

3 --

4 UNIDENTIFIED FEMALE SPEAKER: In the PMMR.

5 CHAIR ESPINAL: In the PMMR? You've made
6 note that consumer complaints -- sorry, let me just -
7 - so we noticed you have resolved more complaints
8 than you have received. So I guess we are wondering
9 how that is possible? Is it because you carry cases
10 over from the previous year and then they close
11 within that year?

12 UNIDENTIFIED FEMALE SPEAKER: Yes. So
13 there's going to be a lag of time between the time,
14 obviously, that we receive a complaint and when we
15 close it. So in one particular year we may have
16 resolved more complaints that are coming -- were
17 carried from the previous year.

18 CHAIR ESPINAL: SO looking at your
19 numbers, we noticed that DCA's revenue has increased
20 by \$668,000 in the fiscal 2018 preliminary budget
21 over the 2017 adopted budget. What is the reason for
22 that increase?

23 UNIDENTIFIED MALE SPEAKER: So there is
24 an increase in our revenue and that is a result of we
25 have implemented two new licensing categories, ticket

1 COMMITTEE ON CONSUMER AFFAIRS

2 sellers and industrial laundry. Also there are a
3 couple of licenses that get a renewal period during
4 odd or even years so we are going to see an up take
5 in renewal license coming in and also year round for
6 across all the licensing categories. People are
7 coming in as new, first time licensees so there is
8 some growth in that also and also as well as our
9 scales inspections.

10 CHAIR ESPINAL: So there are certain
11 industries that renew their licenses every two years
12 as opposed to every year?

13 UNIDENTIFIED MALE SPEAKER: That's
14 correct.

15 CHAIR ESPINAL: Last year or you can say
16 this year, the City Council passed an initiative and
17 awarded DCA what I believe was over \$200,000 and I
18 believe the initiative was to support the creation of
19 Financial Empowerment Program for New Yorkers looking
20 to rent housing. Can you update us on the progress
21 of that initiative?

22 UNIDENTIFIED MALE SPEAKER: Once again, I
23 will introduce Nicole Smith.

24 NICOLE SMITH: Hi. Good morning. Yes,
25 that initiative was part of our follow-up to a pilot

1 COMMITTEE ON CONSUMER AFFAIRS

2 program that we did with private funding in
3 collaboration with HPD to provide financial
4 counseling to affordable housing applicants. With
5 the funding that we've received from City Council we
6 have been working with HPD and we have identified a
7 financial counseling provider who will be starting to
8 provide services so they are going to be partnering
9 with HPD who will work with their housing ambassadors
10 to do outreach events and through those outreach
11 events we will identify applicants who will go
12 through financial counseling and the idea is to help
13 them with things in term of preparing or going over
14 their credit but also we found that a number of
15 applicants were calculating their income incorrectly
16 so this will give them the opportunity to be
17 proactive about addressing some of those issues.

18 CHAIR ESPINAL: So we also notice in your
19 numbers that the Department has identified \$375,000
20 of administrative savings, fee savings, in 2018. How
21 were those savings achieved?

22 UNIDENTIFIED MALE SPEAKER: Sure. So
23 previously what DCA was doing is they were actually
24 working with partner agencies, CUNY and Department of
25 Health for example, leveraging their contract in

1 COMMITTEE ON CONSUMER AFFAIRS

2 order to be able to get for advertising and also for
3 tax services so we are actually going to be doing
4 these contracts in-house and then we are going to
5 have administrative savings for those and that's how
6 we are able to come up with those savings.

7 CHAIR ESPINAL: So you are saving by
8 actually not contracting out the work and doing in-
9 house?

10 UNIDENTIFIED MALE SPEAKER: That's
11 correct.

12 CHAIR ESPINAL: Any plans for those
13 savings?

14 UNIDENTIFIED MALE SPEAKER: Right now is
15 just kind of look at operationally, you know, where
16 we are and kind of figure out, you know, how we can
17 best utilize them internally in a more efficient way.

18 CHAIR ESPINAL: DO you plan to have the
19 same number of savings in 2018 or increase in savings
20 or a decrease?

21 UNIDENTIFIED MALE SPEAKER: I think we
22 are in constant conversations with the Office of
23 Management and Budget about how we can achieve
24 appropriate savings and we are always looking at ways
25 to be more efficient and more effective.

1 COMMITTEE ON CONSUMER AFFAIRS

2 CHAIR ESPINAL: Can you speak more about
3 the childhood savings account program? It is
4 something that really sparked my interest. If I am
5 correct, and correct me if I'm wrong, but it is a
6 program that would help children save for college and
7 create bank accounts for them to save money for
8 college?

9 UNIDENTIFIED MALE SPEAKER: So I will
10 give a brief initial answer and then I will ask
11 Nicole to speak a little more about it. It is a
12 program that DCA has worked on. It is largely
13 migrating out of DCA's purview but I would like
14 Nicole to provide a bit of an update of what the
15 structure is.

16 NICOLE SMITH: So the idea behind the
17 Child Savings Account Program was that there were a
18 number of statistics and research to show that with
19 just no more than 100 to \$500 in savings that
20 children were more likely to attend college or to
21 attend studies after high school so with that idea in
22 mind a program was planned to provide a savings
23 account to hopefully all, eventually all, New York
24 City kindergarten students. The program is now
25 designed to start as a pilot program in one

1 COMMITTEE ON CONSUMER AFFAIRS

2 neighborhood focusing on one elementary school in
3 Queens but again the idea is provide a seed
4 investment for a child's education. The program is
5 currently looking to work with the State's 529 Plan
6 account program savings account and it is currently
7 has private funding in which the funder would put in
8 a seed amount, the kids would have an opportunity to
9 get additional contributions based on certain
10 milestones and the idea is to again work very closely
11 with the Department of Education to incorporate
12 financial education into the program along through
13 the academic life cycle, life of a child and to also
14 take advantage of that opportunity to educate parents
15 on financial management. So it presents a great
16 financial empowerment opportunity while also helping
17 kids prepare for college and create a mindset of
18 college readiness for students.

19 CHAIR ESPINAL: It is a great program and
20 I look forward to continuing talking to you guys
21 about it.

22 [pause]

23 CHAIR ESPINAL: Have you noticed any
24 issues with compliance in certain neighborhoods,
25 compliance with laws that we passed over the years?

1 COMMITTEE ON CONSUMER AFFAIRS

2 Are there any problem areas or neighborhoods or
3 businesses that are having trouble? Paid sick leave?

4 UNIDENTIFIED MALE SPEAKER: I will ask
5 Alba to step in and I think Liz should also take a
6 crack at this answer once Alba's done.

7 ALBA PICCO (SP?): Don't know exactly the
8 neighborhood but I do know tobacco sales is an issue
9 and in many neighborhoods people continue selling
10 cigarettes to minors and flavored tobacco they keep
11 selling that. That we know is an issue and also on
12 taxi, charging tax on tax items have increased a lot
13 in the grocery stores and this is like across the
14 five boroughs so that is also an issue.

15 CHAIR ESPINAL: So they are charging
16 taxes on items that shouldn't be taxed?

17 ALBA PICCO (SP): Yes. And we -- when we
18 do the undercover shopping we choose items that
19 people will be buying not like items that people
20 might not buy and one of the things is feminine
21 products because that is something new that is
22 untaxable and they are still charging tax. Expired
23 medicine is an issue also. Businesses continue
24 selling expired medicine but we can get back to you
25 with the neighborhoods that might be more violators.

1 COMMITTEE ON CONSUMER AFFAIRS

2 CHAIR ESPINAL: Does DCA provide
3 businesses with a list of nontaxable items?

4 ALBA PICCO: We provide them with
5 contacts to the state because the state website is
6 the one that determines ones but when we do the
7 undercover we doing something that is not so
8 complicated because it could get complicated. It
9 depends on how many, how much percentage is used in
10 the item or not so we go and do like a normal
11 shopping.

12 UNIDENTIFIED MALE SPEAKER: I would like
13 to add there are a couple issues that we see in
14 certain parts of the city that I think are worth
15 raising and that we hope to be able to work closely
16 with the council on being able to address so one of
17 the issues that is common in many boroughs outside of
18 Manhattan and we have seen this a problem
19 particularly in Flushing, Bay Ridge, Sheep's Head
20 Bay, parts of Richmond Hill and some other places is
21 noncompliance with our Stoop Line Stand Licensing
22 Law. So stoop line stands are those stands, they are
23 generally particle board or wood pf sorts that are
24 placed outside mostly of green grocers but also
25 larger supermarkets and grocery stores. They are

1 COMMITTEE ON CONSUMER AFFAIRS

2 placed immediately adjacent to the outside wall. In
3 order to be able to have one of those stands, you
4 need a license from DCA. There are only certain
5 types of items you are able to sell at these stands,
6 mostly produce, fruits vegetables, et cetera, couple
7 other items are allowed and what we have seen in a
8 lot of different neighborhoods is there are business
9 owners who are extending their stoop line stands much
10 further out onto the sidewalk than they are allowed
11 so in most instances they are allowed up to four
12 feet. We have done business walks in Flushing and in
13 other parts of the city where we have seen stoop line
14 stands extending much past four feet. This creates
15 all sorts of hazards as you can imagine being that
16 there are different widths of sidewalks across the
17 city. There are some places where the stoop line
18 stands are so large and they are overflowing with
19 product that they are creating very serious
20 pedestrian hazards. In addition to that there are
21 some attendant issues and we see this in some key
22 neighborhoods attached with the stoop line stand sort
23 of general problem which is that we have found that
24 there are or we have gotten complaints that there are
25 some stores that will "rent out" this space in front

1 COMMITTEE ON CONSUMER AFFAIRS

2 of their store, the public sidewalk in front of their
3 store to a smaller more independent merchant to a
4 smaller more independent merchant to sell his or her
5 wares. That is frankly illegal. You cannot do that
6 and when you combine sort of the issues that are
7 created by even just noncompliance with our stoop
8 line stand licensing law and the issues created by
9 "renting out your space," you can -- it becomes a
10 complicated problem. We have faced some challenges
11 in terms of enforcing this law as effectively and as
12 comprehensively as we would like which is related
13 primarily to the fact that the administrative code on
14 this particular license code has not been updated in
15 a very long time. So we have some thoughts about the
16 ways in which we'd like to see the administrative
17 code updated. We would love to be able to share
18 those thoughts with you in conjunction with the
19 Mayor's office and, you know, that's -- it is one
20 category that we did want to point out.

21 Commissioner, did you want to add anything?

22 CHAIR ESPINAL: I just want to add some
23 of my colleagues who actually represent Chinatown and
24 Flushing as well have brought up that issue with the
25 stands and we have been having conversations. I

1 COMMITTEE ON CONSUMER AFFAIRS

2 think it -- we should have those conversations and
3 see how we can update those codes and laws.

4 UNIDENTIFIED MALE SPEAKER: We have some
5 specific ideas we would love to share with you.

6 CHAIR ESPINAL: Okay, great.

7 UNIDENTIFIED MALE SPEAKER: I will hand
8 it over to my colleagues Liz Lattick (SP).

9 LIZ LATTICK (SP): Chairman Espinal, I
10 just, with respect to paid sick leave, we do know
11 what the trends are in terms of industries where we
12 see significant numbers of complaints. We especially
13 get a high volume from security guard companies,
14 restaurant, food and hospitality industry, healthcare
15 industry including home health care providers and
16 medical offices and the retail industry as well as
17 industrial and manufacturing industries.

18 CHAIR ESPINAL: Thank you.

19 LIZ LATTICK: Thank you.

20 CHAIR ESPINAL: I guess my last question
21 would be is there any needs within these divisions or
22 within the agency that we can help the agency
23 advocate for? Don't be shy.

24 UNIDENTIFIED FEMALE SPEAKER: Very good
25 question. I think we will definitely come back and

1 COMMITTEE ON CONSUMER AFFAIRS

2 sit down and talk to you if we feel like there is
3 something we would like your help with. Thank you.

4 CHAIR ESPINAL: Okay. Thank you.

5 UNIDENTIFIED FEMALE SPEAKER: Thank you
6 so much. Take care. Have a good day.

7 CHAIR ESPINAL: Thank you so much for
8 coming in. I appreciate it and I appreciate all your
9 work Thank you. I would like to call up our last
10 witness. We have Sally Alvarez from Cornell
11 University.

12 [pause]

13 CHAIR ESPINAL: How you doing? Yeah,
14 whenever you're ready just state your name and
15 present your testimony. Press the button and it
16 should turn --

17 SALLY ALVAREZ: Thank you for the
18 opportunity to speak here today. My name is Sally
19 Alvarez and I work for Cornell University in the
20 School of Industrial and Labor Relations here in the
21 City. In the ILR School we have an institute focused
22 on worker's rights and working conditions called the
23 Workers Institute. We conduct research, training and
24 advocacy in partnership with a wide variety of
25 organizations including unions but also worker

1 COMMITTEE ON CONSUMER AFFAIRS

2 centers and other groups assisting low wage workers
3 such as day laborers, restaurant workers and domestic
4 workers. I am here today because we have been
5 involved in an area of work that I believe is of
6 central concern to the committee, to the council and
7 to New York City as a whole. We have been conducting
8 research on the workforce in the arts and
9 entertainment industry with a focus on younger, early
10 career workers. Coming out of that research we are
11 currently incubating a project that we believe will
12 significantly benefit this workforce. We commend the
13 City Council, the Speaker and the Mayor for setting
14 up the new Office of Labor, Policy and Standards
15 which is a tremendous step forward in recognizing and
16 addressing the problems of the city's workforce
17 particularly low wage and gig economy workers. This
18 office is an important resource in the early stages
19 of their art's careers as is the new regulations
20 around Freelance Is Not Free which we are very, very
21 interested in too. We too often assume that young
22 workers in arts and entertainment should be on their
23 way to a privileged middle class status. Aren't most
24 of them highly educated and skilled? Isn't this an
25 industry that has recognized the need to address

1 COMMITTEE ON CONSUMER AFFAIRS

2 diversity issues? Isn't this an industry that is
3 robust and profitable, a driver of New York's
4 economy? Isn't it highly unionized? Our research
5 has established that the truth is more complex.
6 Changes in technology and culture along with a rapid
7 restructuring of the business of arts and
8 entertainment have made work for many workers
9 dangerous, unstable, low paid and insecure. Newer
10 and emerging segments of the industry like video game
11 production, independent film, reality TV and live
12 immersive theater are where many young workers get
13 their start but these are among the most
14 exploitative, non-safe and non-unionized jobs. Wage
15 theft, overtime violations, misclassification, unsafe
16 conditions, theft of intellectual property are only a
17 few of the issues we have encountered in our
18 research. Young workers don't know their rights and
19 the industry is so competitive they fear they will
20 never work again if they speak up. In response to
21 this situation, Cornell's Worker Institute is
22 partnering with other art support organization's and
23 the art and entertainment unions to create an Arts
24 and Entertainment Worker Resource Center. This
25 center will aggregate and provide resources and

1 COMMITTEE ON CONSUMER AFFAIRS

2 information and community for these young workers
3 across the arts, television and films, fashion and
4 media industries. We look forward to partnering with
5 the Department, the Committee and the new Office of
6 Labor and Policy Standards to address issues facing
7 the arts and entertainment workforce. We wanted to
8 take this opportunity to bring the needs of this
9 particular segment of the workforce to your attention
10 and to express our hope that Cornell and the Council
11 through the DCA can partner in supporting this new
12 initiative. We are sending you each materials about
13 the project and hope to sit down with each of you to
14 explain its value to the city in more detail. We
15 have applied for a discretionary funding from the
16 Council for the next fiscal year and we hope there
17 will be an opportunity to discuss eventually creating
18 a joint initiative to protect this important segment
19 of New York's vulnerable workforce. Thank you very
20 much for your attention and consideration.

21 CHAIR ESPINAL: Thank you, Ms. Alvarez.

22 Have you been working with any council members around
23 this issue?

24

25

1 COMMITTEE ON CONSUMER AFFAIRS

2 SALLY ALVAREZ: Well we have been in
3 touch with some of the council member's staffs. I
4 don't know that we have -- including yours, yes.

5 CHAIR ESPINAL: I would love to have this
6 conversation. This is something that I actually have
7 a lot of friends that work in the industry and I
8 remember the time when they were paying their dues
9 which means working very, very long hours.

10 SALLY ALVAREZ: And couch surfing, yes.

11 CHAIR ESPINAL: So I would love to have
12 this conversation. I will make sure my staff reaches
13 out to you. I think it is an important issue to look
14 at to see how we can help these workers. Thank you
15 so much for coming and testifying and bringing this
16 to our attention. I appreciate it.

17 SALLY ALVAREZ: Thank you very much.

18 CHAIR ESPINAL: With that said, this
19 hearing comes to a close and is adjourned. Thank you.

20 [gavel]

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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 March 22, 2017