



DEBT RESULTING FROM ECB JUDGMENTS: --- AN OVERVIEW

June 2014

Executive Summary



- The Environmental Control Board (ECB) sends some of their outstanding debt to the Department of Finance for collection. The current amount of this debt is \$1.48 billion and represents 1.5 million in outstanding violations, of which 24%, or \$350 million, is interest.
- The judgments sent to Finance includes both compliance and non-compliance debt.
- 83%, or \$1.2 billion, of the debt is more than 24 months old. The older the debt, the more difficult it is to collect.
- There are a number of reasons why this debt is difficult to collect including age of violation, incorrect name or no name at all on summons, lack of unique identifier such as SSN, EIN, BIN or Borough Block and Lot, etc...

What is ECB?



- The Environmental Control Board (ECB) is a part of the Office of Administrative Trials and Hearings (OATH). It is an independent administrative court and is not part of the state court system. ECB judges hear cases on alleged violations of the City's laws that protect the City's quality of life. Violations that are filed at ECB can be issued by 13 different City enforcement agencies.

Types of Violations Sent to ECB

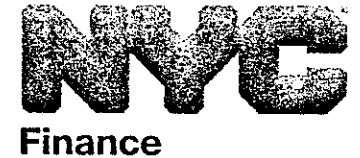


- These violations come from 13 different agencies and include, but are not limited to:
 - Dirty sidewalks
 - Littering
 - Failure to remove snow and ice
 - Posting of posters or signs where they are not permitted
 - Work without a permit from the Department of Buildings (DOB)
 - Failure to comply with DOB building code
 - Failure to file a Certificate of Correction with DOB
 - Failure to comply with a DOB order

Types of ECB Judgments

- There are two types of Violations Sent to ECB:
 - Compliance – the issuing agency requires a correction to be made to rectify the violation.
 - Non-compliance – the issuing agency does not require corrective action.

Agencies That Send Violations to ECB



- ❖ Business Integrity Commission
- ❖ Department of Buildings
- ❖ Department of Consumer Affairs
- ❖ Department of Environmental Protection
- ❖ Fire Department
- ❖ Department of Health & Mental Hygiene
- ❖ Department of Information Technology and Telecommunications
- ❖ Landmarks Preservation Commission
- ❖ Department of Parks & Recreation
- ❖ Police Department
- ❖ Department of Sanitation
- ❖ Department of Small Business Services
- ❖ Department of Transportation

ECB Debt by Agency



Agency Code	Agency Name	Compliance		Non-Compliance		TOTALS	
		Count	TOTAL	Count	TOTAL	Count	TOTAL
ASB	ASBESTOS CONTROL PROGRAM	1,610	\$ 14,746,455	0	\$0	1,610	\$14,746,455
BAR	AIR AND NOISE	2,788	\$ 4,818,759	0	\$0	2,788	\$4,818,759
DOB	DEPARTMENT OF BUILDINGS	122,897	\$ 769,644,779	0	\$0	122,897	\$769,644,779
FIR	FIRE DEPARTMENT	48,863	\$ 101,636,496	0	\$0	48,863	\$101,636,496
LPC	LANDMARKS PRESERVATION	351	\$ 792,249	0	\$0	351	\$792,249
055	NYPD INTELLIGENCE DIVISION	0	\$ -	5,160	\$14,031,409	5,160	\$14,031,409
056	POLICE DEPARTMENT	3	\$ 5,021	41,066	\$37,518,280	41,069	\$37,523,301
774	BUILDINGS DEPARTMENT	0	\$ -	1	\$134	1	\$134
775	POLICE DEPARTMENT	0	\$ -	7	\$7,698	7	\$7,698
802	HPD	0	\$ -	3	\$2,022	3	\$2,022
803	DEP HAZARDOUS MATERIALS	0	\$ -	1,143	\$6,872,858	1,143	\$6,872,858
804	DEP RIGHT TO KNOW	0	\$ -	129	\$1,440,916	129	\$1,440,916
810	DEPARTMENT OF BUILDINGS	0	\$ -	25	\$168,988	25	\$168,988
816	DOH/MENTAL HEALTH	0	\$ -	20,990	\$16,720,300	20,990	\$16,720,300
823	FIRE DEPARTMENT	0	\$ -	14	\$23,167	14	\$23,167
824	DEP IWC	0	\$ -	1,933	\$13,028,832	1,933	\$13,028,832
825	DEP BUREAU OF CUST. SERVICE	0	\$ -	55	\$32,765	55	\$32,765
826	DEP BUREAU OF ENV. COMPLIANC	0	\$ -	213	\$436,311	213	\$436,311
827	DOS ENFORCEMENT AGENTS	0	\$ -	688,819	\$223,295,851	688,819	\$223,295,851
828	SANITATION POLICE	0	\$ -	63,141	\$28,254,844	63,141	\$28,254,844
829	SANITATION OTHERS	0	\$ -	357,986	\$124,665,925	357,986	\$124,665,925
830	SANITATION PIU	0	\$ -	1,495	\$2,293,314	1,495	\$2,293,314
831	SANITATION RECYCLING	0	\$ -	81,201	\$32,060,018	81,201	\$32,060,018
832	SANITATION ENVIRON. POLICE	0	\$ -	505	\$1,084,617	505	\$1,084,617
841	DEPT OF TRANSPORTATION	0	\$ -	30,986	\$75,466,601	30,986	\$75,466,601
842	DCAS	0	\$ -	2	\$19,517	2	\$19,517
845	ENVIRONMENTAL PROTECTION (DEP)	0	\$ -	1	\$230	1	\$230
846	PARKS DEPARTMENT	0	\$ -	28,181	\$14,882,670	28,181	\$14,882,670
850	BIC	0	\$ -	960	\$1,895,384	960	\$1,895,384
858	DOITT	0	\$ -	3	\$1,280	3	\$1,280
866	DEPT OF CONSUMER AFFAIRS	0	\$ -	22	\$11,771	22	\$11,771
901	ANIMAL CARE AND CONTROL	0	\$ -	3	\$1,117	3	\$1,117
980	HUNTS POINT DEVELOPMENT	0	\$ -	86	\$119,186	86	\$119,186
985	SEAGATE POLICE	0	\$ -	176	\$76,910	176	\$76,910
989	DEPOLICE	0	\$ -	332	\$338,773	332	\$338,773
999	MISCELLANEOUS AGENCIES	0	\$ -	1,902	\$1,272,220	1,902	\$1,272,220
Total		176,512	\$ 891,643,759	1,326,540	\$596,023,908	1,503,052	\$1,487,667,667

Compliance Vs Non Compliance Debt



Compliance				
Age Range	Total # of Summonses	Interest Amount	Amount Due	TOTAL
0-3M				
4-6M	1,337	\$47,226	\$6,495,064	\$6,542,290
7-9M	4,757	\$508,708	\$23,856,139	\$24,364,847
10-12M	5,801	\$1,035,251	\$25,091,313	\$26,126,564
13-24M	20,935	\$10,450,072	\$107,735,744	\$118,185,816
25-36M	24,045	\$22,797,472	\$123,645,154	\$146,442,626
37-48M	25,162	\$35,205,952	\$132,292,907	\$167,498,859
49-84M	63,616	\$82,536,547	\$207,626,956	\$290,163,503
>7Yrs	30,859	\$42,424,127	\$69,895,125	\$112,319,252
Total	176,512	\$195,005,357	\$696,638,402	\$891,643,759

Non-Compliance				
Age Range	Total # of Summonses	Interest Amount	Amount Due	TOTAL
0-3M	3	\$789	\$1,100	\$1,889
4-6M	14,321	\$37,187	\$3,950,302	\$3,987,489
7-9M	36,905	\$272,698	\$11,845,877	\$12,118,575
10-12M	37,393	\$565,726	\$13,040,070	\$13,605,796
13-24M	121,693	\$4,326,704	\$43,727,320	\$48,054,024
25-36M	154,031	\$9,529,387	\$51,231,752	\$60,761,139
37-48M	167,161	\$16,203,732	\$57,621,709	\$73,825,441
49-84M	513,529	\$69,623,889	\$160,898,097	\$230,521,986
>7Yrs	281,504	\$59,641,563	\$93,506,006	\$153,147,569
Total	1,326,540	\$160,201,675	\$435,822,233	\$596,023,908

Total				
Age Range	Total # of Summonses	Interest Amount	Amount Due	TOTAL
0-3M	3	\$789	\$1,100	\$1,889
4-6M	15,658	\$84,414	\$10,445,366	\$10,529,780
7-9M	41,662	\$781,405	\$35,702,016	\$36,483,421
10-12M	43,194	\$1,600,977	\$38,131,383	\$39,732,360
13-24M	142,628	\$14,776,776	\$151,463,064	\$166,239,840
25-36M	178,076	\$32,326,859	\$174,876,906	\$207,203,765
37-48M	192,323	\$51,409,684	\$189,914,616	\$241,324,300
49-84M	577,145	\$152,160,437	\$368,525,053	\$520,685,490
>7Yrs	312,363	\$102,065,691	\$163,401,131	\$265,466,822
Total	1,503,052	\$355,207,032	\$1,132,460,635	\$1,487,667,667

Hearings for Violations Sent to ECB



- For both Compliance or Non- Compliance violations, ECB holds a hearing.

If the respondent attends the hearing and is found guilty:

- The judgment amount is the base fine.

- Default means the respondent did not attend a hearing at ECB.

If respondent failed to appear for a hearing:

- ECB imposes a default penalty.

- Judgment amount is either the base fine or the default penalty.

- Docketed means the judgment has been docketed in the NYC Civil Court.

Interest begins to accrue on the judgment amount once a violation is docketed.

Type of ECB Deb Collected By DOF

- ECB sends only docketed judgments to Finance. It also sends un-docketed judgments to the Law Department for collection.
- There are two types of docketed judgments:
 - Default – the respondent did not appear for ECB hearing (default penalty).
 - In violation – respondent had ECB hearing and was found guilty (base penalty).
- 90% of the debt referred to Finance is due to a default judgment.

Current ECB Debt at DOF

- Outstanding Violations - 1.5 million
- Total Debt - \$1.48 billion
- Interest - \$350 million or 24%

ECB Debt: Difficult to Collect



- Many of the judgments referred to Finance for collection are in default because the debtor did not appear at a hearing.
 - It is possible the debtor did not appear because they did not receive notice even though a violation was served.
- Violations that are filed at ECB for hearings are difficult to collect because:
 - Enforcement agencies write summonses to names and addresses.
 - Businesses often go out of business and owners reincorporate in a new name to avoid judgments.
 - Violations are written to “owner of” making legal enforcement impossible.
 - Violations are written to incorrect name or to an entity that has no legal connection to the property.
 - Often violation is handwritten and data entered manually.
 - Human error – name misspellings or typos
 - There is no unique identifier for the violations such as:
 - ❖ EIN or SSN for the respondent
 - ❖ Borough, Block, and Lot (BBL) for the property
 - ❖ BIN for the property

ECB Debt: Difficult to Collect



- The older the debt, the more difficult it is to collect.
- Currently there is outstanding ECB debt that is older than 7 years .
- \$1.23 billion out of \$1.48 billion, or approximately 83%, is older than 24 months.

Aged Debt > 24 Months Total				
Age Range	Total # of Summonses	Interest Amount	Amount Due	TOTAL
25-36M	178,076	\$ 32,326,859	\$ 174,876,906	\$ 207,203,765
37-48M	192,323	\$ 51,409,684	\$ 189,914,616	\$ 241,324,300
49-84M	577,145	\$ 152,160,437	\$ 368,525,053	\$ 520,685,490
>7Yrs	312,363	\$ 102,065,691	\$ 163,401,131	\$ 265,466,822
Total	1,259,907	\$ 337,962,671	\$ 896,717,706	\$ 1,234,680,377

ECB Debt Collection Efforts



- Starting in July 2012, DOF contracted with 3 Outside Collection Agencies (OCAs) to assist with ECB debt collection.
- With more advanced debt collection tools, OCAs are experts at collecting debt.

ECB Collections by OCA



Fiscal Year	ECB Collected by OCA	All Other Collections	Total ECB \$ Collected
2011	\$164,848	\$19,515,218	\$19,680,066
2012	\$7,237,832	\$21,684,001	\$28,921,833
2013	\$20,082,386	\$6,660,463	\$26,742,849
2014*	\$23,762,115	\$182,710	\$23,944,825
Grand Total	\$51,247,181	\$48,042,392	\$99,289,573

OCA ECB Revenue Summary			
Fiscal Year	Revenue	Commission	Netback
2011	\$164,848	\$12,858	\$151,989
2012	\$7,237,832	\$1,317,299	\$5,920,533
2013	\$20,082,386	\$2,670,948	\$17,411,439
2014*	\$23,762,115	\$2,823,437	\$20,938,678
Total	\$51,247,181	\$6,824,543	\$44,422,638

Assignments
\$87,000,000
\$848,316,261
\$468,401,971
\$97,995,669
\$1,501,713,901

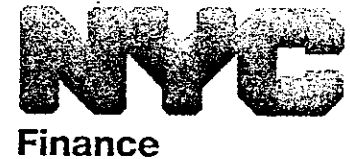
*FY'14 data through May 2014



ECB Debt Collection by Type

Fiscal Year	2011	2012	2013	2014	Total
Sanitation/Non-Compliance	\$8,879,917	\$12,667,941	\$9,704,915	\$8,702,129	\$39,954,902
Air & Noise	\$0	\$103,400	\$206,907	\$222,016	\$532,323
Asbestos	\$246,200	\$360,115	\$683,012	\$260,160	\$1,549,487
Buildings	\$8,870,473	\$12,670,105	\$12,303,837	\$10,615,744	\$44,460,159
Fire	\$1,666,452	\$3,084,278	\$3,814,565	\$4,118,176	\$12,683,471
Landmarks	\$17,024	\$35,994	\$29,613	\$26,600	\$109,231
Grand Total	\$19,680,066	\$28,921,833	\$26,742,849	\$23,944,825	\$99,289,573

Improving ECB Debt Collection



- While Finance has contracted with OCAs to assist in the resolution of ECB debt, we need to address the factors that make it so difficult to collect. These include how violations are issued, and developing a more uniform approach across City agencies. In order to address these challenges, we make the following recommendations.

Recommendations



- We recommend creating an inter-agency working group with all of the agencies that issue ECB violations to determine best practices and ensure that violations are enforceable and that fines are collectible. The group will consider the following issues:

- Whether all violations could be written to an entity that has a unique identifier.
- The possibility of allowing issuing agencies to be able to suspend or rescind permits and licenses for entities with unresolved judgments.
- Adding enforcement tools for violations sent to ECB that are in judgment.
- Giving Finance more latitude to offer settlements for judgments when appropriate (for example when the respondent goes out of business or can prove the violation was written in error.)
- Examining the current write-off policy for debt and benchmarking best practices for debt write-off.



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Testimony of Elizabeth Brown
Supervising Analyst, New York City Independent Budget Office
To the New York City Council Finance Committee
On Department of Finance Reporting of Environmental Control Board Delinquent Judgments

October 14, 2014

Good morning Chairwoman Ferreras and members of the City Council Finance Committee. My name is Elizabeth Brown and I am the supervising analyst for housing, environment, and infrastructure at the New York City Independent Budget Office.

Thank you for the invitation to testify today regarding Intro 489-A, legislation that would require the Department of Finance to provide annual reports to the City Council on the number of Environmental Control Board violations it receives for collection, as well as the outstanding debt associated with those violations. While this legislation would enhance transparency and accountability for the collection of a large source of city revenue, IBO would encourage the City Council to expand the information required and to establish even greater transparency in the distribution of the reports.

The Environmental Control Board (ECB), a tribunal located within the city's Office of Administrative Trials and Hearings, is charged with adjudicating the city's "quality of life" violations. This includes tickets issued by 13 city agencies— ranging from infractions for disposing of recycling in a nonrecycling refuse container, to unauthorized vending, to performing construction or demolition work without a building permit. In fiscal year 2014, city agencies sent ECB nearly 567,000 violations for adjudication. ECB holds hearings on the violations when necessary and issues judgments with associated fines and penalties. If the penalties for these judgments remain unpaid for more than 60 days, the outstanding balance is transferred from ECB's jurisdiction to the Department of Finance, the agency charged with collecting funds owed to the city.

In fiscal year 2014, the city collected \$136 million in payments for ECB-adjudicated violations, according to the "Green Book," which are monthly data files created by ECB and shared with city agencies. This figure includes all payments collected during the year, even if the penalties were levied in earlier years. (ECB accounted for about two-thirds of the funds collected in fiscal year 2014, with the remaining third collected by the Department of Finance.) ECB's monthly Green Book provides useful data on the number and types of citations received, as well as revenue collected; all of the information is broken out by the agency issuing the citation. It does not, however, report data on total penalties imposed or debt outstanding.

Our office has looked into this question of unpaid fines several times. In 2011, at the request of then-City Council Member Gale Brewer, IBO published an analysis of the city's delinquent accounts, which

was a bit broader than the legislation we are discussing today. In addition to ECB-adjudicated violations, we also accounted for monies owed for parking and red-light camera violations (which are collected by the Department of Finance), as well outstanding property charges (also collected by the Department of Finance) and certain payments handled directly by the Department of Health and Mental Hygiene and the Fire Department of New York.

IBO found that the city was owed nearly \$440 million in delinquent ECB-adjudicated fines registered in the three years prior to our analysis (2007, 2008, and 2009). Of this, IBO found that the largest share of unpaid fines (\$200 million) was issued by the Department of Buildings, followed by the Department of Sanitation (\$134 million), and Department of Transportation (\$37 million). Violations issued by the fire department accounted for \$27 million of the unpaid fines and outstanding tickets from the Department of Environmental Protection totaled \$15 million. Unpaid balances from the remaining eight agencies that refer violations to ECB totaled \$25 million.

In addition to the ECB fines, IBO also found that \$308 million was outstanding for parking tickets and red-light camera violations (at the time most were for parking tickets but the number of red-light camera violations has grown since then). Given the magnitude of the unpaid parking and red-light camera fines—and given that they are also collected by the Department of Finance—IBO suggests the Council consider including similar data on these and other camera violations collected by the finance department in the reporting required under Intro 489-A. While the total amount of uncollected parking fines is published annually in the Comptroller's Comprehensive Annual Financial Report (although without the interest due on the unpaid balances), the level of detailed information described in Intro 489-A is not available.

In the past IBO has been able to provide snapshots of the city's unpaid fines. However, regular reporting would add another layer of transparency. It would also help provide a clearer picture of the city's financial position and ensure that the city agencies charged with collecting fines are held accountable for their efforts. Under the current draft of the legislation, the new reports would be provided to the Council. In the interest of further enhancing the transparency provided by this legislation, IBO suggests that the Intro be amended to also require that the reports be made available online to the public and other offices.

Thank you for the invitation to testify and I would be happy to answer any questions.

Department of Finance Testimony

Before the NYC Council Finance Committee

On Legislation Related to the Reporting of Notices of Violation and ECB Debt

October 14, 2014

Good afternoon/morning Chair Ferreras and members of the Finance Committee. My name is Jeffrey Shear, and I am the Deputy Commissioner for Treasury, Payments and Operations at the New York City Department of Finance. I started in this position last month but I am pleased to have worked with many of you while at the Department of Education and the Office of Management and Budget. I am joined today by Samara Karasyk, Assistant Commissioner of External Affairs at the Department of Finance, Amy Slifka, Deputy Commissioner and Executive Director of the Environmental Control Board (ECB), and Marisa Senigo, Assistant Commissioner of Public Affairs & Communications at the Office of Administrative Trials and Hearings (OATH).

The bill under consideration today would require the Department of Finance to submit an annual report to the Council each May 1st detailing outstanding City agency summonses originally eligible for hearings at ECB, which is part of OATH, and referred to the Department of Finance for collection after becoming judgments. The report would indicate the issuing agency, the base penalty for the violation, any default penalties and interest, and other descriptive information.

We support this legislation. We look forward to working with you to further refine the specifics of the reporting requirements. The reporting requested is not burdensome and we know there is keen interest from the Council after the Department reported that its inventory of judgment debt associated with violations adjudicated at ECB (hereafter referred to as "ECB debt") is \$1.5 billion. This reporting is consistent with our objective to increase our transparency. It is important for the Council and public to have an understanding of the ECB debt owed to the city. The request also is timely as the Department has prioritized a comprehensive review of ECB debt. As you know, the Mayor has noted the need for the City to make every effort to collect on this debt. To this end, the Administration is developing a plan to increase collection of this debt, reduce the inventory of outstanding debt, and divide the inventory into categories that will allow the public to better understand it and what portion of it is potentially collectible.

In the spirit of transparency this bill aims to achieve, I would like to take the opportunity to discuss the current ECB debt inventory as well as explain the process through which an agency summons becomes a judgment and the role of the Department of Finance in collecting this outstanding debt.

Thirteen different city agencies issue violations that are adjudicated by ECB including the Departments of Buildings, Sanitation, and Environmental Protection, among others. These violations vary from minor to major offenses. The Department of Sanitation's tickets include improper recycling and failure to sweep the sidewalk. The Building Department's violations include building occupancy inconsistent with a certificate of occupancy and work without a permit. If found to be in violation after an ECB hearing,

these building code infractions result not only in a monetary fine but also a requirement to address the underlying condition such as applying for a revised certificate of occupancy or obtaining a required work permit. The City's enforcement agencies issue these violations, not to generate revenue, but to preserve the health, safety and order of our City. The ultimate goal is for the public to comply with the rules.

Of course, the fines associated with these infractions provide a disincentive to break these important rules. However, these summonses are intrinsically more difficult to collect than other fines and charges levied by the City. In issuing parking tickets, for example, it is easier to identify the responsible party because vehicle owners are responsible for violations even when they allow others to drive their cars and all vehicles must be registered with the State Department of Motor Vehicles. Therefore, we have the owner name and address associated with each license plate. Also, parking violations that become judgments can be readily enforced against the owner's vehicle through the City's booting program. Another example of charges that are easier to enforce are those related to real estate, which has straightforward ownership information. Thus, it is also easier to collect water and sewer charges. Under State and local law, unpaid real estate charges become a tax lien, which the owner must pay when seeking to sell the property and which the City can sell if the owner fails to do so. As a result, the City's property tax lien sale has become an effective tool in collecting delinquent real estate charges.

For summonses that are adjudicated by ECB, it is not always easy to identify the responsible party. For example, violations of littering may be totally unrelated to the owner of the property where the infraction was observed. Illegal trash or an abandoned car may be found at a vacant lot with no listed address. Even when responsible parties are properly identified and served, the fines are not enforceable against the property (they are judgments against an entity; not liens against the property) and a vehicle or other major asset can only be restrained or taken by the City if the summons has passed into judgment status and it can be proven that the asset belongs to the same party as the one who committed the infraction.

When a violation is issued, recipients are provided a date for an ECB hearing. In most cases, recipients may plead guilty and pay the fine, or participate in a hearing to contest the violation. In calendar 2013, more than 500,000 agency summonses eligible to be adjudicated by ECB were written. Thirty percent were paid or otherwise resolved prior to a hearing and 30% were contested. Of the contested cases, after a hearing at ECB, 43% were dismissed and 57% of cases were sustained. Recipients who do not pay the fine and neglect to participate in a hearing are considered to be in default. 40% of the violations issued in calendar 2013 fell into the default category. Because many of the defaulted violations had an additional penalty assessed for the default itself, we feel it is important to take a closer look at the penalty schedule for various violations. The default amounts vary by issuing agency and violation, and we want to make sure that default penalties accomplish the goal of encouraging respondents to pay or contest their summons, while not being so high as to deter people from taking action. We also are looking at whether there are ways to facilitate the scheduling of hearings for the public.

Currently, ECB judgments are referred to the Department of Finance after a default or after a contested hearing when it is determined that the respondent has some liability but the respondent fails to remit

payment. Before the judgment is referred to Finance, ECB will send two notices (or three notices, if there was a default) to the respondent. If an outstanding amount still remains, the judgment is docketed in court for the amount due and the case is referred to DOF. Once the judgment is filed, interest begins to accrue at a rate of nine percent annually, which is set out in State law. Nine percent is a high rate of interest in the current economic climate. Were the interest rate to decrease in line with current interest rates, the Department expects the inventory of debt would naturally shrink over time. Currently, about \$370 million of the \$1.5 billion inventory consists of interest. Upon receiving the judgment, the Department of Finance sends its own collection letter to the respondent and assigns the case either to its own staff or to an outside collection agency. DOF faces a number of obstacles in trying to collect this debt. It can be difficult to track down and contact the debtor. Some respondents are improperly identified through handwritten summonses. While the use of handheld devices that automatically look up property ownership has increased in recent years, there are still over 100,000 agency summonses that are handwritten each year, which can lead to improper identification of the respondent. In some instances, ownership of a property has turned over since the summons was issued, making contact with the respondent challenging especially if the respondent has moved out of the City. As referenced earlier, some violations are issued against individuals who are not the owner of the property where the violation was observed.

DOF has also struggled with the sheer volume of cases. We did not begin to use outside collection agencies extensively for ECB debt until FY2012. Currently, we have about \$1 billion of the inventory assigned to outside collection agencies. However, much of the referred judgment debt was older than two years at the time of the referral, making collection difficult. While the collection agencies are required to contact debtors by mail and by phone, we are taking steps to ensure that all the judgment debt assigned is sufficiently worked. We are implementing a policy that all judgment debt must be worked by two collection agencies in sequential fashion. Judgments that have been assigned to one collection agency longer than a prescribed period will be recalled and assigned to a different agency. When our staff or our collection agencies contact a judgment debtor, we also face the challenge of asking payment from individuals and businesses who refuse to pay or who are unable to pay. Many summonses are written against "paper companies" listed as the owners of City properties. These companies do not have staff, income sources, or assets. For debtors with insufficient assets to pay, we have the ability to settle outstanding amounts by reducing or eliminating default penalties but only for summonses that have no public health or safety risk that must be addressed. Also, many of the respondents we contact ask us for a comprehensive bill of their pre and post judgment debt but that currently requires staff to use two different computer systems.

DOF collected \$41 million on judgment debt in FY14. As part of our comprehensive review of this matter, we are looking to segment our inventory. We plan to work the easiest debt most intensively, take enforcement action against debtors with identifiable assets, ensure that all debt is reviewed in some manner, and proactively identify cases pertaining to deceased, out of business, bankrupt, or unfound respondents as uncollectible so that the revenue potential from this judgment debt is not exaggerated.

Before concluding, it is important to note that the matter of Finance's ECB judgment debt inventory has been raised before and that progress that has been made. In September through December 2009, the City ran a "penalty relief" program in an effort to increase revenue by settling default penalties and interest. Violations with an underlying condition (e.g. DOB violations) were only eligible if the underlying condition was addressed prior to filing an application. That program produced one-time revenue for the City of \$14 million. Since that time, ECB has moved from quarterly to monthly docketing of its judgments to speed the referral of cases to DOF. The amount of judgment debt collected by DOF has increased from \$21 million in FY09, the year before the amnesty program, to \$41 million in FY14. Still, more needs to be done. We think it may be time to consider another amnesty program for judgment debt if it is combined with extensive public outreach and then followed by tougher enforcement. We look forward to sharing our plans with you as they take shape.

Thank you for the opportunity to testify on the bill before the committee today. We appreciate the Council's attention to this issue and its engagement in working together to improve our debt collection. We have begun working closely with ECB and the agencies that issue the highest volumes of violations on a plan to improve our effectiveness in collecting debt associated with those violations. We look forward to working with you as we present and carry out our proposals. We will be relying on you to help us educate the public so that they understand the true universe of this debt. We will be reporting back to you with the specifics about our plan for improvements.

At this time, I would be happy to answer any questions you may have.

parkingticket.com

16 Arcadian Avenue • Paramus NJ 07652
tel: 201-291-7878 • fax: 201-291-0504

MEMORANDUM OF SUPPORT

RE: Proposed Int. No. 489-A

By Council Members Ferreras, Kallos, Gentile, Koo, and Palma

Parkingticket.com fully supports the proposed amendment to the administrative code so that the Council shall receive from the Department of Finance the important information that is outlined in the proposed introduction.

Notices of Violation, whether they be for environmental control board tickets, parking tickets or any type of ticket should contain, at the minimum, the required statutory warnings so that your constituents are fully informed of their rights.

For example, the New York State Vehicle and Traffic law requires that the Parking Violations Bureau include on each Notice of Violation (parking ticket) information that your average constituent needs to make an informed decision. For example, that he/she can request an appointment and that he/she can adjourn that appointment. The omissions injure your constituents because they are unaware of the rights the law provides to them.

Thank you.

Respectfully submitted,

Glen Bolofsky
President

This is a computerized parking ticket. The warnings on this document are different from the warnings on a handwritten ticket. Yet, neither version contain the required statutory warnings.

**The City of New York
Notice of Parking Violation**

YOU MUST ANSWER WITHIN 30 DAYS OF THE DATE OF THIS TICKET.
IF YOU DO NOT RESPOND, PENALTIES AND INTEREST WILL BE
ADDED AND YOUR VEHICLE MAY BE BOOTED OR TOWED.

Rev.07/13 N/S-Not Shown
N/A-Not Applicable

Permit Displayed N/S	Permit Number N/A	Type N/A
Name of the Operator, if present. If not present: OWNER OF THE VEHICLE BEARING LICENSE		
Plate 29298JV	CD 5	Exp. Date 04/12/14
State NY	Plate Type COM	
Make HTNO	Color WH	Year 2006
		Body Type DELV
VIN # 5PVNE8JT362S50375		

THE OPERATOR AND OWNER OF THE ABOVE VEHICLE ARE CHARGED AS FOLLOWS:

In Violation of Sect. 4-08 (Subject, Below) of NYC Traffic Rules No Standing (c)					
DAYS/HRS: ALL DAYS/ALL TIMES					
Place of Occurrence Front Of 168-05 Jamaica Ave					
VC 14	Meter #	Operational	Limit	County Q	Pct. 103
Date/Time of Offense 12/20/13 12:15PM			Date/Time 1st Observed N/A		

Complainant's Comments:

FINE AMOUNT: \$115.00

Agency TRAFFIC	Command T-402	Tax Reg # 358946
Complainant's Name Woo, J		
Signature of Complainant <i>J Woo</i>		
I affirm under penalty of perjury (Penal Law 210.45) that I personally observed the offense charged above; if the operator was present I indicated the operator's name or indicated "ID Refused" and personally served this Notice upon him/her; if the operator was not present or refused to accept personal service of this Notice, I affixed this Notice to the vehicle.		

SEE REVERSE SIDE FOR IMPORTANT INFORMATION

TO PLEAD GUILTY AND PAY THE VIOLATION

Visit nyc.gov/citypay, click "Pay a Violation", and follow the instructions to pay online. See the back of the envelope or visit nyc.gov/finance for information on how to pay by mail or in person.

TO PLEAD NOT GUILTY AND REQUEST A HEARING

ONLINE

Go to nyc.gov/disputeticket.

Disputing a ticket online is quick and easy. Step by step instructions help you select your defense and upload your evidence.

BY MAIL

Send your name, return address, defense (signed and dated) and copies of all evidence, along with the ticket, to:

New York City Department of Finance
Hearing By Mail Unit
P.O. Box 29021
Brooklyn, NY 11202-9021

IN PERSON

Bring this ticket and all supporting evidence to any Finance Business Center:

Bronx	3030 Third Avenue	2nd Floor
Brooklyn	210 Joralemon Street	1st Floor
Manhattan	66 John Street	2nd Floor
Queens	144-06 94th Avenue	1st Floor
Staten Island	350 St. Marks Place	1st Floor

Contact 311 for hours of operation.

**DO NOT USE THE ORANGE ENVELOPE FOR ANYTHING
OTHER THAN PAYMENT**

For more information on disputing or paying a ticket,
visit nyc.gov/finance
or contact 311.

Outside NYC: 212 NEW-YORK. TTY: 212 504-4115.



0-428474602

REQUIRED WARNINGS THAT ARE MISSING FROM EACH NYC PARKING TICKET

NYS Vehicle & Traffic Law § 238. Notice of violation. 1. The notice of violation shall contain information advising the person charged of the manner and the time in which he may plead either guilty or not guilty to the violation alleged in the notice. Such notice of violation shall also contain a warning to advise the person charged that failure to plead in the manner and time provided shall be deemed an admission of liability and that a default judgment may be entered thereon. The form and wording of the notice of violation shall be prescribed by the director. A duplicate of each notice of violation shall be served on the person charged in the manner hereinafter provided. The original or a facsimile thereof shall be filed and retained by the bureau, and shall be deemed a record kept in the ordinary course of business, and shall be prima facie evidence of the facts contained therein.

parkingticket.com

16 Arcadian Avenue • Paramus NJ 07652
tel: 201-291-7878 • fax: 201-291-0504

October 14th, 2014

New York State Vehicle & Traffic Law

Article 2-B

§ 240. Hearings, notice and conduct. * 1. Notice of hearing. Whenever a person charged with a parking violation enters a plea of not guilty or a person alleged to be liable in accordance with section eleven hundred eleven-a of this chapter or sections eleven hundred eleven-b of this chapter as added by sections sixteen of chapters twenty, twenty-one, and twenty-two of the laws of two thousand nine or section eleven hundred eleven-d of this chapter, for a violation of subdivision (d) of section eleven hundred eleven of this chapter contests such allegation, or a person alleged to be liable in accordance with the provisions of section two thousand nine hundred eighty-five of the public authorities law or sections sixteen-a, sixteen-b and sixteen-c of chapter seven hundred seventy-four of the laws of nineteen hundred fifty, or a person alleged to be liable in accordance with the provisions of section eleven hundred eleven-c of this chapter for a violation of a bus lane restriction as defined in such section contests such allegation, or a person alleged to be liable in accordance with the provisions of section eleven hundred eighty-b of this chapter for a violation of subdivision (b), (c), (d), (f) or (g) of section eleven hundred eighty of this chapter contests such allegation, the bureau shall advise such person personally by such form of first class mail as the director may direct of the date on which he or she must appear to answer the charge at a hearing. The form and content of such notice of hearing shall be prescribed by the director, and shall contain a warning to advise the person so pleading or contesting that failure to appear on the date designated, or on any subsequent adjourned date, shall be deemed an admission of liability, and that a default judgment may be entered thereon.

Continued

§ 238. Notice of violation. 1. The notice of violation shall contain information advising the person charged of the manner and the time in which he may plead either guilty or not guilty to the violation alleged in the notice. Such notice of violation shall also contain a warning to advise the person charged that failure to plead in the manner and time provided shall be deemed an admission of liability and that a default judgment may be entered thereon. The form and wording of the notice of violation shall be prescribed by the director. A duplicate of each notice of violation shall be served on the person charged in the manner hereinafter provided. The original or a facsimile thereof shall be filed and retained by the bureau, and shall be deemed a record kept in the ordinary course of business, and shall be prima facie evidence of the facts contained therein.

2. A notice of violation shall be served personally upon the operator of a motor vehicle who is present at the time of service, and his name, together with the plate designation and the plate type as shown by the registration plates of said vehicle and the expiration date; the make or model, and body type of said vehicle; a description of the charged violation, including but not limited to a reference to the applicable traffic rule or provision of this chapter; information as to the days and hours the applicable rule or provision of this chapter is in effect, unless always in effect pursuant to rule or this chapter and where appropriate the word ALL when the days and/or hours in effect are everyday and/or twenty-four hours a day; the meter number for a meter violation, where appropriate; and the date, time and particular place of occurrence of the charged violation, shall be inserted therein. A mere listing of a meter number in cases of charged meter violations shall not be deemed to constitute a sufficient description of a particular place of occurrence for purposes of this subdivision. The notice of violation shall be served upon the owner of the motor vehicle if the operator is not present, by affixing such notice to said vehicle in a conspicuous place. Whenever such notice is so affixed, in lieu of inserting the name of the person charged with the violation in the space provided for the identification of said person, the words "owner of the vehicle bearing license" may be inserted to be followed by the plate designation and plate type as shown by the registration plates of said vehicle together with the expiration date; the make or model, and body type of said vehicle; a description of the charged violation, including but not limited to a reference to the applicable traffic rule or provision of this chapter; information as to the days and hours the applicable rule or provision of this chapter is in effect unless always in effect pursuant to rule or this chapter and where appropriate the word ALL when the days and/or hours in effect are every day and/or twenty-four hours a day; the meter number for a meter violation where appropriate; and the date, time and particular place of occurrence of the charged violation. Service of the notice of violation, or a duplicate thereof by affixation as herein provided shall have the same force and effect and shall be subject to the same penalties for disregard thereof as though the same was personally served with the name of the person charged with the violation inserted therein.

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 489-A Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Ellen Bolefsky

Address: 16 ARCADIAN AVENUE PARAMUS, NJ 07652

I represent: Parking Ticket Comm.

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 489 Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Amy Slifka

Address: 66 John St

I represent: OATH

Address: 66 John St

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 489 Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Marisa Senigo

Address: 66 John St. 10th floor

I represent: OATH/ECB

Address: 66 John St. 10th floor

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 489-A Res. No. _____

in favor in opposition

Date: 10/14/14

(PLEASE PRINT)

Name: Elizabeth Brown

Address: 110 William Street 14th Floor

I represent: NYC Independent Budget Office

Address: 110 William Street

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Stanley Kafasyk

Address: _____

I represent: NYC Dept of Finance

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Jeffrey Shear

Address: _____

I represent: NYC Dept of Finance

Address: _____

Please complete this card and return to the Sergeant-at-Arms