

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES
Of the
COMMITTEE ON SMALL BUSINESS

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March 1, 2021
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HELD AT: Remote Hearing (Virtual Room 1)

B E F O R E: Mark Gjonaj
CHAIRPERSON

COUNCIL MEMBERS:
Stephen Levin
Bill Perkins
Ydanis Rodriguez
Helen Rosenthal

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

Jonnel Doris, Commissioner
Department of Small Business Services

Lorelei Salas, Commissioner
Department of Consumer and Worker
Protection

Michael Tiger, Deputy General Council
Department of Consumer and Worker
Protection

Stephen Ettannani, Executive Director of
External Affairs
Department of Consumer and Worker
Protection

Amna Malik, Associate Commissioner of
Business Operations and Regulatory Reform
Department of Small Business Services

Robert Bookman, Attorney
Pesetsky and Bookman

Andrew Rigie, Executive Director
New York City Hospitality Alliance

Ahyoung Kim, Associate Director of Small
Business Programs
Asian-American Federation

Michael Brady, CEO
Third Avenue Business Improvement
District

David Estrada
New York City BID Association

Zach Miller, on behalf of Kendra Hems

Kathleen Riley
New York State Restaurant Association

Susan Grant, Director of Consumer
Protection
Consumer Federation of America

Katherine Wellbeck, Civil Rights Counsel
Student Borrower Protection Center

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3 SERGEANT-AT-ARMS: Good afternoon. Will
4 sergeants please start their recordings?

5 SERGEANT-AT-ARMS: PC recording underway.

6 SERGEANT-AT-ARMS: Thank you.

7 SERGEANT-AT-ARMS: Cloud recording good.

8 SERGEANT-AT-ARMS: Backup is rolling.

9 SERGEANT-AT-ARMS: Thank you. And good
10 morning and welcome to-- Good afternoon and welcome
11 to today's remote New York City Council hearing on
12 the Committee on Small Business. At this time, would
13 all Council members and Council staff please turn on
14 their video? To minimize disruption, please place
15 electronic devices on vibrate or silent mode. If you
16 wish to submit testimony, you may do so at
17 testimony@council.nyc.gov. Once again, that is
18 testimony@council.nyc.gov. Thank you, Chair Gjonaj.
19 We are ready to begin.

20 CHAIRPERSON GJONAJ: Thank you. Good
21 afternoon. I am Council member Mark Gjonaj, Chair of
22 the Committee on Small Business and I would like to
23 welcome you to our virtual hearing today on two
24 bills, Intro 2233 and 2234 that would dramatically
25 improve the relationship between small business

2 owners and our city government. For too long, small
3 businesses in our city agencies have had an
4 antagonistic relationship. Small businesses view our
5 local government as a hindrance to their success and
6 the enemy. According to the 2016 report by the city
7 Comptroller, there are 6000 rules and regulations,
8 250 business related licenses and permits, and 15
9 separate agencies that govern small businesses. As
10 the report notes, the alphabet soup of agencies and
11 regulations can leave even the most knowledgeable and
12 sophisticated business owner frustrated. The
13 Comptroller report found that nearly half of all
14 business owners surveyed did not feel like they had
15 been treated fairly by city inspectors and more than
16 55 percent said agency inspectors had failed to
17 adequately communicate expectations and requirements.
18 Because of the pandemic and through no fault of their
19 own, small businesses have tragically been closing en
20 masse. According to a recent report by the
21 Hospitality Alliance, for example, only 90 percent of
22 surveyed restaurants, bars, and nightlife
23 establishments were unable to pay their December
24 rent. Small businesses are experiencing drastic
25 declines in revenue and must decide whether they can

2 reopen or remain open and continue employing their
3 staff during these challenging times. It is an
4 absolutely shame that during this period, any
5 business would receive a fine from a city agency for
6 breaking an insignificant regulation. We must ensure
7 that during the remainder of this pandemic, our city
8 agencies forge a strong relationship with our small
9 businesses. City agencies shouldn't work with
10 businesses to collect potential violations instead of
11 issuing burdensome fines that small businesses can't
12 afford. As our city finally has been given the
13 conversation of reopening and rebuilding after the
14 pandemic, we must ensure that the administration will
15 not balance the budget on the backs of our small
16 businesses. This is why I'm proud of my bill,
17 Introduction 2234 requiring the waiver and refund of
18 certain civil penalties and allowing of additional
19 civil penalty relief during the Covid 19 pandemic.
20 This bill would provide temporary civil penalty
21 relief for small businesses from certain sanitation,
22 health, transportation, consumer affairs, noise
23 control, and building violations. From the effective
24 date of the legislation, establishing long-term civil
25 and penalty relief until the expiration of New York

2 City's executive order number 98 of 2020 that would
3 allow for additional periods of no penalties for
4 second or third violations to point out that this
5 bill only takes into consideration one third of the
6 agencies that regulate small business. I'm also
7 proud to be a prime sponsor on Intro 2233 which
8 permanently transforms the way that the city enforces
9 many small business related regulations. The bill
10 would set fixed penalties at the bottom of existing
11 penalty ranges, what we're existing penalty ceilings,
12 and low were existing fixed penalties on certain
13 regulations. It would also allow a cure or. For
14 many first violation or it would eliminate the civil
15 penalties and require a warning of first violations.
16 As the Chair of this committee, it has been my
17 priority to make New York City a friendlier
18 environment for small business to start, succeed,
19 grow, and expand. The hearing we are having to is
20 one of the most important hearings we have had during
21 my time as Chair. As we advance these bills through
22 this committee, know that we will be transforming the
23 regulatory environment for small businesses and keep
24 more money in their pockets, allow hardworking
25 business owners, allowing them to reinvest and

2 redevelop their business model to adapt to these
3 challenging and overwhelming times. We can't wait on
4 federal dollars or state action to save our small
5 businesses and I hope the administration will not
6 focus on that aid as a default answer as they have
7 been doing so all along. I remind the administration
8 that the fine penalizing a gotcha' culture existed
9 prior to Covid 19 and continued during the crisis.
10 The small business first initiative that this
11 administration from will cut bureaucracy and remove
12 outdated regulations and remove businesses getting
13 fines and penalties to three years, 37 million
14 taxpayer dollars failed and under the [inaudible
15 00:07:11]. I look forward to hearing the
16 administration's testimony today and to working
17 together on these bills. The purpose of today's
18 hearing is to hear from the stakeholders about these
19 bills and what we can do to remove unnecessary
20 government burdens and create a more business
21 friendly environment that allows our small businesses
22 to survive this crisis as they tried to rebuild so
23 they can thrive in the future. While there would be
24 unscrupulous actors, let me be clear that they, in no
25 way, will be given a free pass to harm consumers such

2 as those who attempted to price gouge vulnerable New
3 Yorkers during the height of the pandemic. We will
4 not give aid and comfort to those who turn their
5 backs on our city and its most desperate time of
6 need. So, I ask the administration not to use fear
7 and exaggerated scenarios to prevent these much-
8 needed reforms. The intent is clear that 6000 rules
9 and regulations, 250 business related licenses and
10 permits, and 15 separate agencies that govern small
11 business make New York City and anti-small business
12 environment. Our small business owners want to
13 comply with the laws. They just want to know the
14 laws and, preferably, in a format that is easy to
15 read and in their own native languages. Not all
16 infractions are in immediate threat to the health and
17 well-being of New Yorkers requiring heavy fines and
18 penalties. A notice of noncompliance with cure.
19 Would have the same result. With that said, I would
20 like to thank the Chief of Staff, Reggie Johnson,
21 legislative aide, Austin Sachar, our legislative
22 counsel, Stephanie Jones, our policy analyst, Noah
23 Miksler, financial analyst, Aliyah Ali, for their
24 work in preparing for this hearing. I will also take
25 this time to extend a special thank you to Indiana

2 Porter, Namika-- Denita John Tangai Wolster [sp?],
3 Mark Chen, and Christopher Gerald for their hard work
4 and the months that they spent on these bills. I
5 want to now take the time to turn it over to my dear
6 friend and colleague, Council member Vanessa Gibson
7 for additional statements on her bill.

8 COUNCIL MEMBER GIBSON: Thank you so much,
9 Chair Mark Gjonaj. Good afternoon, everyone. It's
10 good to have everyone here at today's very important
11 meeting at the Committee on Small Business. I am
12 Council member Vanessa Gibson and I am proud to join
13 with our Chair of Small Business, Chair Mark Gjonaj,
14 in sponsoring Intro 2233 which would overhaul the
15 administrative code to provide relief to so many of
16 our small businesses across the city of New York.
17 First and foremost, I would like to take this
18 opportunity to thank all our small businesses. Our
19 merchants, our business improvement districts, and
20 all of our chambers of commerce for all of the work
21 you have done during this global pandemic known as
22 Covid 19. The fact that you have tried to maintain
23 your business, to provide a critical service under
24 some challenging circumstances between state
25 regulations cope with the city regulations, capacity

2 issues, guidelines, and so many other things that you
3 have been confronted with, we want to recognize all
4 of you. Our frontline essential workers, many of
5 whom operated during this pandemic. We know that it
6 has not been state. We have heard from so many of
7 you over the past year and we truly appreciate your
8 commitment and firm and all the great work you are
9 doing and trying your very best to survive and take
10 care of you and your families. Our neighborhoods
11 feel like home because of our mom-and-pop shops. Our
12 restaurants, our beauty shops, our bodegas, grocery
13 stores. So many of our critical partners are the
14 fabric of our communities. All of you employee 26
15 percent of New Yorkers, hundreds of thousands of
16 jobs. You helped to generate billions of dollars in
17 sales revenue, property tax revenues, sales tax, and
18 income tax alone. Our economy would fail without all
19 of you, our small businesses and so she to this
20 recovery from Covid 19. Our top priority should
21 always be supporting our small businesses. Working
22 to educate all of you and not punishing you. We
23 literally have thousands of laws and regulations
24 today that apply to the school businesses. I bet you
25 that not a single city employee can name or one of

2 the. Many of us can name all, but for some reason we
3 expect small business owners to know about them.
4 That is not fair. It's hard enough to run a business
5 in the city of New York without the worry of surprise
6 inspections and enforcement that could literally wipe
7 out your profits for that day. This past year has
8 been devastating for all of our businesses and for
9 all New Yorkers and I truly, truly know the city can
10 do more. The federal government can do more. The
11 state government can do more. But at all local
12 level, we need to do everything we can within our
13 constraints to fix this problem. It wasn't easy to
14 get. Our staff at the legislative division spent
15 months pouring over laws to identify violations and
16 punishments that simply didn't make sense. Hundreds
17 of hours drafting language just to fix. So, if you
18 don't have the correct sign hanging up in your store,
19 you should get a chance to fix that, right? It
20 shouldn't cost you \$375 because you had to make a
21 delivery in a van that didn't have your name and
22 address on it. That is not fair. That is punitive.
23 Before the pandemic hit, the Department of Health and
24 Mental Hygiene alone issued \$26 million and \$30
25 million a year in fines. Consumer affairs over \$10

2 million. That from tens of thousands of violations.
3 We cannot return to that. We need to do everything
4 we can to give small businesses a real shot. A real
5 shot. A tangible shot at recovery. And even though
6 this bill amends more than 180 different laws, we
7 know that our work is not done. This is a starting
8 point. This is the foundation. This is a
9 steppingstone. This is the beginning point for us to
10 look at all of these existing regulations and somehow
11 find common ground and common balance. I am excited
12 to hear from our small businesses today, our business
13 advocates, I chambers of commerce, our BID's and
14 merchant associations. All of you representing small
15 businesses right here in the city of New York.
16 Certainly about today's agenda, but also about what
17 we can do to help all of you as you survive this
18 pandemic. Finally, I thank, again, our Chair of
19 Small Business, Chair Mark Gjonaj. I want to thank
20 the Speaker. Speaker Cory Johnson and Jason Goldman
21 and the entire team at the Speaker's office for all
22 of their work. Certainly, I want to thank the staff
23 that has been recognized, Indiana Porter, Mark Chen,
24 Tangia Wright, Jonathan Massorino, Zamina Fernandez,
25 Cordero Perez, and I also want to thank Janita John.

2 Thank you, everyone. I certainly also want to
3 recognize my committee staff of the Committee on
4 Oversight and Investigations. Thank you to add
5 Acting and the team and I look forward to today's
6 hearing. Thank you, again, everyone. Thank you for
7 all of your work. Thank you, small businesses. We
8 are here for you every step of the way and I look
9 forward to today's agenda. Thank you, Chair Gjonaj.
10 I will turn it back to you.

11 CHAIRPERSON GJONAJ: Thank you, Council
12 member Gibson. Before I turn it over to our
13 moderator, committee counsel Stephanie Jones to go
14 over some procedural items, I would like to
15 acknowledge that we have been joined by Council
16 members Holden and Rosenthal. Now I pass it to
17 Stephanie Jones, our committee counsel.

18 COMMITTEE COUNSEL: Thank you, Chair
19 Gjonaj. I am Stephanie Jones, Counsel to the
20 Committee on Small Business and I will be moderating
21 this hearing. Before we begin, I would like to
22 remind everyone that you will be on mute until you
23 are called on to testify. At which point you will be
24 on muted by the host. During the hearing, I will be
25 calling on panelists to testify. Please listen for

2 your name to be called as I will periodically be
3 announcing who the next panelist will be. At this
4 hearing, we will first be inviting testimony from the
5 Department of Small Business Services followed by
6 testimony from the Department of Consumer and Worker
7 Protection and then from members of the public.
8 During the hearing, if Council members would like to
9 ask a question of the administration or a specific
10 panelist, please use the zoom raise hand function and
11 I will call on you in order. For all panelists, when
12 called on to testify, please state your name in the
13 organization that you represent, if any. We will now
14 call representatives of the administration to
15 testify. We will be hearing testimony from Jonnel
16 Doris, Commissioner of the Department of Small
17 Business Services and from Lorelei Salas,
18 Commissioner of the Department of Consumer and Worker
19 Protection. We will also be joined for questions by
20 Amna Malik, Assistant Commissioner of business
21 operations and regulatory reform at SBS, Mike Tiger,
22 Deputy General Council of DCWP, and Stephen
23 Ettannani, executive director of external affairs at
24 DCWP. At this time, I will administer the
25 affirmation. Panelists, please raise your right

2 hands. Do you affirm to tell the truth, the whole
3 truth, and nothing but the truth before this
4 committee and to respond honestly to Council member
5 questions? Commissioner Doris?

6 COMMISSIONER DORIS: I do.

7 COMMITTEE COUNSEL: Thank you.

8 Commissioner Salas?

9 COMMISSIONER SALAS: I do.

10 COMMITTEE COUNSEL: Thank you.

11 Assistant Commissioner Malik?

12 ASSISTANT COMMISSIONER MALIK: I do.

13 COMMITTEE COUNSEL: Thank you. Deputy

14 General Counsel Tiger?

15 MIKE TIGER: I do.

16 COMMITTEE COUNSEL: Thanks. Deputy

17 Director Ettannani?

18 DEPUTY DIRECTOR ETTANNANI: I do.

19 COMMITTEE COUNSEL: Thank you. At this
20 time, I would like to invite Commissioner Doris to
21 present his testimony.

22 COMMISSIONER DORIS: Good afternoon,
23 Chair Gjonaj and members of the Committee on Small
24 Business. Jonnel Doris, the Commissioner of the New
25 York City Department of Small Business Services or

2 SBS. I am joined by Lorelei Salas, our Commissioner
3 of the Department of Consumer and Worker Protection,
4 DCWP and from my senior leadership team, Assistant
5 Commissioner of business operations and regulatory
6 reform, Amna Malik. At SBS, we aim to unlock
7 economic potential and create economic security for
8 all New Yorkers by connecting them to quality,
9 building stronger businesses, and fostering thriving
10 neighborhoods across five boroughs. I am pleased to
11 testify on the work SBS and partner agencies are
12 doing to reduce the regulatory burden on small
13 businesses. At the beginning of the administration,
14 Mayor de Blasio tasked SBS, the Mayor's Office of
15 Operation, and regulatory agencies to find ways to
16 ease the city's regulatory environment for small
17 businesses. The city launched Small Business First,
18 a multi-agency initiative with four key goals.
19 Provide clear information and coordinated services
20 and support, help business owners understand and
21 comply with regulations, reduce the burden imposed by
22 complex regulations and penalties, and in sure equal
23 access for all business owners. Using these
24 principles, Small Business First worked with more
25 than 600 business owners, CBO's, chambers of

2 commerce, local economic development corporations,
3 BID is, industry professionals, elected officials,
4 and over 15 city agencies to identify 30
5 recommendations to target and implement. SB1
6 streamlined the permitting processes and created an
7 online business portal where businesses can complete
8 applications, make payments, and get status updates.
9 To date, there have been more than 7.2 million
10 visitors to the portal with over 45,000 accounts
11 created. We also produced 29 plain language guides
12 and launched our compliance advisors program.
13 Additionally punitive practice is needed to be rooted
14 out and prioritized for change through the lens of
15 equity. Although the city was successful in
16 implementing all the recommendations from SB1,
17 altogether the city was successful in implementing
18 all the recommendations from SB1. These changes save
19 businesses more than 50 million annually by reducing
20 fees for licenses and permits, reducing processing
21 times for applications, reducing penalties and
22 educating businesses on how to avoid penalties. In
23 total, SB1 reduced small business penalties by over
24 40 percent. Building on the success of SB1, the
25 Mayor committed to expanding civil penalty relief

2 further for small businesses, including eliminating
3 penalties for first-time violations and expanding
4 curable offenses. Ensuring that public health,
5 safety, and quality of life were maintained, SBS
6 worked with our partner agencies and identified 73
7 additional violations for cure or first penalty
8 elimination improve the business environment in the
9 city. Expanding curable violations and eliminating
10 first-time offense penalties allow enforcement
11 agencies to prioritize education and compliance over
12 financial penalties. To date, small business
13 services have helped save businesses 118 million and
14 penalties through education. Our compliance advisors
15 and business advocates have completed over 8000
16 consultations working with business owners on a
17 recurring basis to help them navigate and succeed in
18 the complex regulatory environment. We provide
19 targeted guidance through our on-site consultations
20 of and learn how to avoid common violations across
21 city agencies. The advisors are able to conduct
22 consultations on site and in a business owners
23 preferred language. They cut through bureaucracy and
24 red tape to bring equity and consistency to business
25 as. You can be assured that we are taking it all--

2 taking in all of this field information and using it
3 to inform our work going forward, now and in the
4 future. In the midst of this work, we were thrown
5 into the taps of the pandemic. SBS and city agencies
6 had to adapt quickly and collaborate the design
7 programs and services to support small businesses
8 during the health and economic crisis. Brand-new
9 programs like Open Restaurants and Open Streets were
10 created to reduce the public health risks and create
11 opportunities for businesses. And although SBS is
12 not a regulating agency, we work with many of our
13 partner agencies who made concerted efforts to the
14 prioritize outreach and education over penalties and
15 enforcement for businesses struggling during the
16 pandemic. The number of civil summonses issued by
17 the city's enforcement agencies fell significantly in
18 2020. For example, compared to 2019, DOT issued 42
19 percent fewer summonses this past year. NYPD issued
20 56 percent fewer, and DOHMH issued 75 percent fewer.
21 Despite the challenges of the pandemic, the city has
22 successfully implemented changes to nearly 60 percent
23 of the targeted 73 violations and we expect to
24 complete the remaining changes this year. We
25 estimate this will reduce penalties by an additional

2 10 percent, creating a total reduction in penalties
3 of 50 percent by the end of this year. During the
4 pandemic, we have seen the stark inequities our
5 society calls and its framework laid bare. At SBS,
6 we have witnessed this challenge in the city's
7 neighborhoods because of the businesses that are
8 impacted every day. From the 55,000 calls to our
9 hotline, to the 74 business quarter towards visiting
10 thousands of businesses across all five boroughs, to
11 a deep collaboration with our BID's, chambers of
12 commerce restaurant organizations and business
13 groups, we recognize the problem and moved to address
14 them. This work will not end with the pandemic. As
15 you know, as laws are created, they need to be
16 continually reviewed, modified and eliminated to
17 ensure the remaining-- and remain relevant and
18 uphold their intent. We have an obligation in
19 government to continually search for laws and
20 violations that lead to a deeper inequity and moved
21 to correct them. This past year, we launched over
22 two dozen programs and initiatives, fielded over
23 55,000 phone calls, hosted over 350 webinars with
24 nearly 50,000 attendees. We have done 74 walks
25 reaching thousands of small businesses. Our focus

2 has been on supporting the needs of our small
3 businesses and the hardest hit communities, including
4 minority and immigrant owned businesses. Before
5 closing, I would like to turn to the two bills being
6 heard today, sponsored by Chair Gjonaj and Council
7 member Gipson. We share the Council's goal to help
8 small businesses by cutting penalties and allowing
9 individuals to cure violations. We are still
10 reviewing the extent of the proposals and look
11 forward to working with the Council in coming up with
12 a balanced approach that achieves our mutual goals
13 while still giving our agencies the tools needed to
14 deter those who seek to take advantage of New
15 Yorkers. Commissioner Salas will go into more detail
16 on the implications of the legislation on the city's
17 consumer protection law. I and my testimony with the
18 commitment from SBS to make the regulatory
19 environment easier for small businesses, while
20 protecting the public health, safety, and quality of
21 life of all New Yorkers. We know there is always
22 more work to be done and we look forward to continued
23 partnership with the Council to identify new
24 opportunities to reduce the regulatory burden on

2 small businesses across the city. Thank you and I am
3 happy to take your questions.

4 COMMITTEE COUNSEL: Thank you,
5 Commissioner. At this time, I would like to invite
6 Commissioner Salas to present her testimony.

7 COMMISSIONER SALAS: Good afternoon,
8 Chair Gjonaj, Council member Gibson, and members of
9 the Committee on Small Business. I am Lorelei Salas,
10 Commissioner of the Department of Consumer and Worker
11 Protections, or DCWP. I am joined today by my
12 colleagues, small business services Commissioner
13 Doris and my colleagues, Michael Tiger, our Deputy
14 General Counsel, and Stephen Ettanani, our Executive
15 Director of external affairs. Thank you for the
16 opportunity to testify today before the committee. I
17 agree with an echo my colleague, Commissioner Doris
18 and his testimony in support of the intent of both
19 introductions and their consideration, but we oppose
20 the proposal-- the dilution of DCWP's foundational
21 law, the consumer protection law, also known as CPL.
22 Diluting the CPL and not improving its protections it
23 will have tremendously negative consequences for the
24 most vulnerable of our cities constituents and stifle
25 our agency's mission during a time of extreme crisis.

2 In fact, we look forward to working with the Council
3 to strengthen the protections of the CPL. There is
4 no question that the administration and DCWP supports
5 small business relief. We have prioritized giving
6 small businesses the tools they need for compliance
7 and work with the Council to cut red tape for license
8 fees and other businesses. Prior to the pandemic,
9 our agency instituted robust language access and
10 educational collateral to serve our small businesses.
11 We established the visiting inspector program to
12 educate licensees about the laws and rules applicable
13 to their businesses with one-on-one personal visits
14 where we provide businesses with plain language
15 checklists so they know exactly what we will be
16 looking for in the future. We have eliminated
17 redundant license categories, fanned business is up to
18 \$9.8 million through 31,000 cure legible violations
19 issued since 2014 and have proactively approached the
20 Council with the new cure legible violations we
21 believe should be implemented. At the onset of the
22 Covid 19 crisis, we partnered with Council to refund
23 \$12 million in consent fees to restaurants and
24 extended the license and renewal periods for more
25 than 50,000 licensees. We also suspended patrol

2 inspections at the start of the state of emergency
3 and our team has actively been on the ground,
4 educating more than 3500 small business is door-to-
5 door on safe reopening guidance. This is all to say
6 that the goals of these bills are broadly in step
7 with our own efforts to support our cities small
8 business as however, we can achieve the goals of
9 providing relief to small brick-and-mortar businesses
10 without abandoning our most vulnerable consumers.
11 Likewise, we do not believe that businesses who
12 egregiously decided to price gouge consumers on goods
13 used to treat, prevent, and limit the spread of Covid
14 19 should have their civil penalties returned to
15 them. Since 1969, the CPL has been an essential
16 component of our city government obligations to
17 protect our constituents from harm, including from
18 the minority of businesses and corporations that
19 would seek to deceive our consumers. Significantly,
20 before the Council's consideration is Introduction
21 1622 which modernizes the CPL to reflect the
22 Council's commitment to guard New Yorkers from
23 deceptive online transactions, required documents be
24 translated in a consumers language of preference, and
25 provide penalties that are effective deterrence of

2 predatory conduct. That bill has the support of
3 Council member Ayala, Chair of the Consumer Affairs
4 and Business Licensing Committee, along with the
5 majority of members with that committee. In 1969,
6 the cost of bread for the consumer was \$0.20. Since
7 that time, the CPL penalties have remained unchanged.
8 Now they are among the lowest consumer protection
9 penalties in the entire country and are not an
10 adequate deterrent for businesses. Fair penalties
11 that protect New Yorkers from real harm makes sense.
12 Much like the civil penalties in Council's recently
13 passed legislation to protect our small businesses
14 from unreasonable fees from online delivery apps to
15 require small businesses to disclose their collection
16 of biometric data or to require hotels to report
17 their service disruptions. The CPL enjoys broad
18 support from labor and immigrant legal service as an
19 economic development organizations. The youth
20 organization made up of every day New Yorkers now the
21 impact of the CPL on our lives. They know it is the
22 shield that deters nefarious from praying on
23 immigrant New Yorkers who are in search of the
24 American dream. It is the safeguard that allows us
25 to pursue cell phone companies who deceive consumers

2 into buying used phones marketed as new or for-profit
3 schools to deceive students and taking grants that
4 convert to private loans without the student's
5 knowledge. In sum, the CPL gives the agency standing
6 to pursue predatory practices citywide. Take, for
7 example, price gouging. This is a work that we
8 pioneered after public outcry for more than 12,000
9 New Yorkers. Businesses that use the darkest hours
10 of the pandemic to exploit their consumers should not
11 be given a reprieve from those acts. We, at the
12 city, should strengthen the CPL protections and we
13 should be concerned by measures to reduce them or
14 forgive pass penalties issued under its authority.
15 DCWP supports the intent and efforts to help our
16 small businesses, but are strongly opposed to
17 weakening the nation's first-ever municipal consumer
18 protection law. DCWP at its core is dedicated to
19 protecting our consumers and workers and diluting
20 this law would go against this very mission.
21 Intrinsically tied to this is the work we have done
22 to protect our city from endemic price gouging that
23 arose during the pandemic. We encourage the Council
24 to include Intro 1622 or its corporations with this
25 legislative package. An update to the consumer

2 protection law is needed now more than ever. Thank
3 you for the opportunity to testify and I look forward
4 to any questions you may have.

5 COMMITTEE COUNSEL: Thank you,
6 Commissioner. I will now turn it over to questions
7 from Chair Gjonaj. Panelists, please stay on muted
8 if possible during this question and answer period.
9 Thank you. Chair Gjonaj, you may begin your
10 questions.

11 CHAIRPERSON GJONAJ: Thank you so much.
12 First, I want to thank both commissioners for
13 participating and testifying today. In my opening
14 statement, I referred to making sure that we look at
15 the 6000 rules and regulations that truly are a
16 burden on our small business as. Not all 6000 rules
17 and regulations or all 250 license as that are
18 required, and the 15 agencies that oversee 6000 rules
19 and regulations are all life-threatening immediate
20 hazards to the life New Yorkers. Not all 6000 rules
21 and regulations are protecting consumers from ill
22 intended small businesses. I put that into my
23 opening statement. Make sure that we didn't get off
24 the path. These two bills and know where they are
25 meant to protect small business owners that

2 maliciously have taken advantage of or potentially
3 risk New Yorkers or take advantage of vulnerable New
4 Yorkers to price gouging. I put that in there and I
5 don't want this hearing to become what we have to
6 protect. We know our responsibilities. We know what
7 our jobs require us to do and that is to protect New
8 York. New Yorkers. I am looking at the 6000 of
9 which only a little over 180 rules and regulations
10 are highlighted in these two bills. The importance
11 of this hearing is to hear from stakeholders
12 including the agencies and small businesses on what
13 more we can do. Commissioner Doris, you pointed
14 out-- I believe it was Department of Health, NYPD,
15 and DOT as the three agencies that reduced the number
16 of summonses that were issued. Am I correct on that?
17 You are on mute, Commissioner.

18 COMMISSIONER DORIS: Thank you, Mr.
19 Chair. We just listed those three, but we did see a
20 decline in summonses across the city. In all
21 summonses across the city since last year.

22 CHAIRPERSON GJONAJ: Thank you for that,
23 Commissioner. Although, there was a reduction in
24 summonses that were issued, and DOT, in calendar year
25 2020, when most of our businesses were shut down, New

2 Yorkers were ordered to shelter in place, they still
3 issued 28,703 violations Department of Health, and a
4 dramatic decrease, still issued 16,558 violations.
5 BASNY issued 258,977 violations during a period of
6 which most businesses were forced shut down. So I
7 appreciate you mentioned a reduction in summonses,
8 but as you can clearly see and as evident by the
9 number of violations that were issued that the city
10 continues to issue summonses at an alarming rate.
11 Would you like to respond on that, Commissioner?

12 COMMISSIONER DORIS: Yeah. You know, I
13 believe that your reviewing of the actual numbers,
14 you know, we believe last year there was significant
15 decrease in, look, we are working towards continuing
16 to decrease. I think, you know, as you issue a
17 summons, you know, there is a process where some of
18 these can be cured, etc., and were still analyzing
19 all of those numbers. But, certainly, we are here
20 and support the intent of this bill and you know we
21 have sort of taken towards around, as well and spoken
22 to some of these businesses about some of these
23 concerns and I think our concerns are aligned when it
24 comes to making sure that we begin to streamline even
25 further some of these, as well. We mentioned, also,

2 in our testimony about the additional 73 or so that
3 we found that we are working on right now, over half
4 of them completed, that we are also seeking to have
5 changed and reduced input into cure periods, etc.
6 So, we certainly are aligned on the intent here.

7 CHAIRPERSON GJONAJ: Thank you,
8 Commissioner. Commissioner, would you happen to know
9 which inspections have been put on hold during the
10 pandemic?

11 COMMISSIONER DORIS: I'm sorry? Me?
12 Yeah. So, what types of inspections have been put on
13 hold?

14 CHAIRPERSON GJONAJ: Yeah.

15 COMMISSIONER DORIS: pardon?

16 CHAIRPERSON GJONAJ: Yes. What types of
17 inspections, which departments have been put on hold
18 from enforcing and overseeing whether it be expired
19 licenses and permits, signage regulations? How many
20 have been on hold in calendar year 2020 or, more
21 specifically, during the pandemic.

22 COMMISSIONER DORIS: I know most of the
23 agencies were focused on health and safety and then
24 the Mayor, as you know, had declared that we were in
25 in education first posture and for the changes that

2 were made to restaurants and other types of
3 businesses. So, I do know that agencies were
4 reviewing when health and safety and certainly
5 focusing on those particular violations.

6 COMMISSIONER SALAS: If I may jump in, I
7 can speak from DCWP's perspective, Chair Gjonaj.
8 First, I just want to acknowledge that the remarks
9 that you made at the opening of your introduction of
10 this hearing and we are sure to hear that you are
11 concerned also about price gouging, but I want to
12 talk a little bit about the question that you just
13 posed. From our data, I can tell you that when we
14 compare 2019 to 2020, we have issued 50 percent less
15 summons as during the year 2020 and we suspended
16 patrol inspections right at the outset of the
17 pandemic. So, the typical inspections where you
18 would see DCWP, we suspended the house. The majority
19 of our inspections where we respect to price gouging
20 and respond to those complaints and also in our role
21 working with other agencies during the business
22 reopening work under that Office of [inaudible
23 00:41:12] enforcement umbrella.

24 CHAIRPERSON GJONAJ: Thank you,
25 Commissioner Salas. Case in point. Year-over-year,

2 calendar year 2020 over 2019, the city still issued
3 529,732 summonses, a major reduction from the
4 previous year, but that is still almost 530,000
5 violations that were initiated and they all came with
6 penalties and fines. So, I thank you for your
7 response, Commissioner, but the question that I had
8 asked was if we knew what inspections had been put on
9 hold-- I understand your priority on health and
10 safety and education with Covid. The reason I asked
11 that question is if there were a hold on agencies in
12 the department from enforcing, why didn't the city
13 feel that these particular inspections could wait?
14 Any better Commissioner can answer that question.

15 COMMISSIONER SALAS: Again, I would just
16 say that the inspections that DCWP conducted were
17 mostly in response to complaints regarding price
18 gouging situations. We had over 12,000 complaints
19 from consumers regarding price gouging, so we
20 actively were looking into that and that business
21 reopening inspections that we did as part of the work
22 with the Office of Special Enforcement. We were not
23 actively patrolling and looking for other types of
24 compliance reviews since March. The focus for us was
25 price gouging and business reopening and I am not

2 aware of the other agencies use enforcement
3 strategies going back.

4 CHAIRPERSON GJONAJ: Thank you,
5 Commissioner Salas. Of the 12,000 reported incidents
6 of price gouging, how many violations or how many
7 small business as did you find that were in violation
8 of our price gouging laws?

9 COMMISSIONER SALAS: Yeah. So, we
10 received over 12,000 complaints and I am just looking
11 for that information right now. We assured
12 approximately 1100 summonses in response to those
13 complaints. The 1100 summonses were about 300. Each
14 in Manhattan, Queens, and Brooklyn, 200 in the Bronx,
15 and 23 in Staten Island.

16 CHAIRPERSON GJONAJ: So, roughly 10
17 percent of the complaints found ill intended small
18 businesses.

19 COMMISSIONER SALAS: We may have
20 received, you know, several complaints against the
21 same business, right? So, yes.

22 CHAIRPERSON GJONAJ: The readings and I
23 picked up on what you had brought up as an issue is
24 because we keep focusing on price gouging and, again,
25 I want to reiterate that these two bells are not

2 intended on undermining the laws that we have for
3 price gouging, nor are they asking for refunds for
4 two small businesses for the finds that they received
5 and paid were price gouging? I'm hoping that we can
6 stay away from that conversation altogether. That is
7 not the intent. We want to keep away from that
8 focus. There are 6000 other rules and regulations
9 out there and not all of them are in immediate threat
10 to the health and safety of New Yorkers or involve
11 price gouging.

12 EXECUTIVE DIRECTOR ETTANNANI: I just
13 want to-- and, again, I want to reiterate what the
14 Commissioner mentioned. You know, your remarks were
15 clear as day and we appreciate that. I think what
16 our intent with testimony was to clarify something
17 that a lot of folks don't know is that our price
18 gouging laws were promulgated under our consumer
19 protection law which is our foundational law. We
20 completely agree and have, in fact, forwarded over 40
21 cure violations to the Council that were incorporated
22 in this package. We believe full heartedly in
23 support the small business package by and large, but
24 as it speaks to our consumer protection law and ipso
25 facto as related to our price gouging work, that is

2 where our contention is because that law, in and of
3 itself, is outdated as is and hasn't been updated
4 since 1969 and I think was mistakenly implicated in
5 the bill. But your intent and introductory remarks
6 were clear and we appreciate that, as well.

7 CHAIRPERSON GJONAJ: Thank you. We will
8 continue to work on strengthening the consumer
9 protection act and keeping it up to date, that there
10 is more out there that can be done. And, quite
11 frankly, 15 agencies-- and I just got your agency,
12 Commissioner, that we are focused on. There are a
13 total of 15 agencies that are issuing tickets and
14 violations on a daily basis. That's the point that
15 I'm making. But the reason I asked a question about
16 how many inspections have been put on hold during the
17 pandemic and why did the city feel that these
18 particular inspections could wait, is it also sees
19 that perhaps those requires could also be candidates
20 as to what regulations we would be looking at to
21 extend a period or cure period that don't necessarily
22 require a fine or a penalty. And in this case, it
23 takes two to tango to get this done. If there is a
24 willingness for the City Council and this
25 administration to truly sit down and collaborate on

2 where we can agree, then we have a slew of laws that
3 we can focus on and they are not focused on the
4 consumer protections that we want to strengthen.
5 There are slew of other laws with 14 other agencies
6 and departments that we can look at to make sure that
7 we still protect consumers, give small businesses a
8 fighting chance. And I'm always underscoring
9 whatever is not an immediate threat to the health and
10 well-being of New Yorkers. A sign fine is not an
11 immediate threat. A sign that is put behind the
12 register instead of in front of the register is not
13 an immediate threat. A wall that just to comply with
14 the number of notices that the city mandates every
15 employer should have posted in a conspicuous place,
16 which means you have a wall that is 10 feet high and
17 10 feet wide, is not an immediate threat. There's
18 plenty of more things that we can focus on. So, my
19 question continues and I'll ask this of Commissioner
20 Salas, Intro 2233 reforms DCWP's notice of violation
21 process. Will you please explain the current process
22 and describe how the changes for [inaudible 00:48:51]
23 were affecting enforcement in your agency?

24 COMMISSIONER SALAS: Thank you for the
25 question, Chair Gjonaj. We are still looking at the

2 language, the proposed legislation and I just want
3 to, again, reaffirm our commitment to working with
4 you and the rest of the committee on finding ways to
5 relieve small businesses from burdensome regulations
6 that do not harm consumers or workers. Certainly, we
7 are aligned and that intent. We do think that some
8 of the sections that saved our enforcement process,
9 like do processing data, tracking, and more, we want
10 to work with you on ensuring that the process that
11 you are attempting to get to, it's not unduly
12 creating burdensome issues for businesses themselves,
13 right? We have currently a curable process for a
14 number of other violations that work well in our
15 opinion and expanding just the types of violations
16 that can be included in that I think is something we
17 can work with and I'm not sure if Mike or Steve want
18 to add anything else to that.

19 EXECUTIVE DIRECTOR ETTANNANI: Yeah. I
20 think there is probably some, on the operational side
21 of things, I know there are probably some tweaks that
22 we would like to be made so that we can effectively
23 enforce and fulfill our mission and as an agency to
24 protect consumers. I think something like a
25 protracted back-and-forth that would inhibit our

2 ability to patrol businesses and remove that posture
3 from our agency is something that we wouldn't want as
4 an unintended consequence of this legislation. But,
5 as the Commissioner mentioned, we are looking at the
6 language actively and we will be happy to work with
7 you and your staff as this bill progresses in the
8 legislative process.

9 CHAIRPERSON GJONAJ: Thank you, Steve.
10 Commissioner, can you explain the current process of
11 the enforcement of your agency? What goes through
12 the day-to-day?

13 COMMISSIONER SALAS: Sure. First of
14 all, just say that, for the last two or three years--
15 actually probably more like four years now, we have
16 had to balance our licensing businesses, right, and
17 having to provide a service to small businesses and
18 also enforcing our consumer protection and worker
19 protection laws. So, we are always trying to find
20 ways to address the need that you pointed to of
21 having businesses that are educated on the laws that
22 they have the tools to comply in their languages. We
23 set up a process-- a new program, actually, called
24 the Visiting Inspector program. It has been in place
25 for the last couple of years and, basically, what it

2 does is, when you obtain a license for the first time
3 from our agency, what you first see it is an
4 inspector who comes to do a purely educational visit
5 to your business. This is a visit arranged with the
6 manager or an owner and we come in and we explained
7 everything you need to comply with. So, we take
8 outreach and education seriously and we have a number
9 of materials in different languages, as well as our
10 checklists. So, when we are coming to educate you
11 and give you a copy of the checklist that our
12 inspectors use when they need to the inspections,
13 right? So, there is nothing hidden. It is in plain
14 language and you will understand exactly what we well
15 be looking for. In addition to that, we also conduct
16 business education days and we have done it with a
17 number of Counsel members who have asked us to come
18 out to commercial corridors to go door-to-door
19 talking to businesses that need information from us.
20 We are required to do 10 business education days in a
21 year. Last year we did 33 business education days.
22 We went to some of the neighborhoods that were
23 hardest hit by Covid 19 knowing that the business as
24 needed a lot of information and education and
25 understanding that there were new state guidelines

2 that were getting published. So, we take this very
3 seriously. Additionally, we have adjusted our
4 strategy for enforcement to focus on areas or
5 industries where there is the greatest harm to
6 consumers if there is no compliance with those laws,
7 right? So, that is sort of the basis from where we
8 start. Now, we do two things. We respond to
9 complaints and we also to patrol inspections. We are
10 supposed to look actively for compliance with the
11 laws and rules of our licensees. Like I said, last
12 year, again, we focused mostly on complaint response.
13 Now, there are a number of curable violations in the
14 law that the Council worked to pass and, you know,
15 establishing the law and make sure that the first
16 time we see a business for some signage and received
17 violations, right, like failing to post a sign that
18 says, you know, what is the minimum purchase for
19 being able to use a credit card, right? Or the fact
20 that a receipt has to include all kinds of
21 information, including the license number. For some
22 of those first time violations, businesses may
23 receive a curable violation which means they get a
24 notice that they are in violation of this particular
25 provision of the law, but they have a chance to cure

2 it and to send us proof that they actually fixed the
3 problem and, in that case, they will not incur a
4 fine. And I just want to check with Mike and Steve
5 to make sure that everything I have said is accurate
6 or if there is anything else that you want to add to
7 that and what is the next step on that?

8 EXECUTIVE DIRECTOR ETTANNANI: Yeah. I
9 mean, yeah. Of course. What you said is accurate,
10 Commissioner. I would also mentioned that, as we go
11 on patrol inspections that consideration is given, of
12 course, to that in any language barriers that we may
13 encounter in the field as we enter a business. Our
14 inspectors are multilingual in many cases and,
15 certainly, if we have information ahead of time that
16 are in our notations or in our software and process
17 that indicate that a particular business owner is
18 fluent in one language or another, we will assign the
19 appropriate inspector with that capacity to go in.
20 We also utilize language line to bridge those gaps
21 and, of course, as the Commissioner mentioned, with
22 our education and compliance work, our plain language
23 checklists, were-- in collateral writ large are
24 translated into all the languages that are designated
25 city languages and, in many cases, we go above and

2 beyond that statutory requirement to ensure that
3 folks have the information in the language that they
4 most completely understand and are comfortable
5 transacting in.

6 CHAIRPERSON GJONAJ: Thank you for that
7 answer, Steve and Commissioner Salas. You mentioned
8 that you historically have to do 10 days of education
9 days per calendar year and last year was 33. How
10 many sites did you actually visit? How many small
11 businesses did you actually visit during those 33
12 days?

13 COMMISSIONER SALAS: Yes. For each
14 business education day, we able to visit anywhere
15 between 70 to 110 or 120 businesses on that day and I
16 am just looking right now at-- okay. The numbers of
17 business as we visited in 2020 were about 2100
18 business as visit it door-to-door. So, that means it
19 is my agency coming in. We often invite other
20 agencies like sanitation. Small Business Services
21 usually comes along, too. This is in addition to the
22 other work that they do, right? And we are simply
23 coming to those corridors based on like the need that
24 we see, but also partnering with Council members who
25 say to us, I want you to come to this particular

2 area. This is where I see a lot of need for more
3 outreach and education. And so, yes. We did 33
4 business education days beginning in June. So, the
5 moment the city started reopening we put our staff
6 out in the field. I am often in the field with them.
7 Business owners have an opportunity to talk to me
8 directly and give me feedback if they see or they are
9 finding that they have issues understanding what we
10 are asking them to do or they have, you know, some
11 constructive feedback which often comes along when I
12 visit. So, you know, we are trying our best and we
13 will welcome more ideas for work to do outreach in
14 the city, but I want to just make a clarification
15 because you asked me about our patrol strategy. You
16 know, as I mentioned before, the consumer protection
17 laws pretty broad, right? It doesn't just capture
18 the types of violations that you see brick-and-mortar
19 business as sometimes, you know, see themselves,
20 right? Like the receipt and the signage. But with
21 this law, we are also protecting consumers from the
22 more deceptive fraudulent practices by some
23 companies, right? I say that an example would be
24 like immigrant New Yorkers who will all our defrauded
25 by immigration service providers or attorneys who are

2 selling them this inexistent visa and charging that,
3 you know, thousands of dollars and putting them in
4 deportation proceedings. That is the type of
5 protection that the immigrants need. We use the CPL
6 to protect them. We use it to protect consumers who
7 go to a used car dealership and ended up buying a
8 lemon, right, and on alone with 24 percent interest
9 rate and signing documents that they didn't
10 understand. So, it is pretty broad in its coverage
11 and all we are saying here today is that there is
12 definitely a balance that we can find together to
13 protect those consumers and also find ways to relieve
14 the brick-and-mortar businesses that we, you know,
15 make the-- make our neighborhoods what they are.

16 EXECUTIVE DIRECTOR ETTANNANI: And I
17 will say that, you know, the I think that, you know,
18 the 2500 businesses that we have visited by way of 33
19 business education days this past year, that is our
20 most intimate level of outreach in a lot of ways.
21 It's our most resource intensive level of outreach
22 that we conduct. And that work is informed
23 particularly this past year, by ZIP Codes that fall
24 within and have informed the racial inclusion and
25 equity task force that the Mayor put together and

2 that the Commissioner serves on. So, we are going
3 and using our limited resources in the most strategic
4 way possible to visit businesses in those communities
5 and corridors that really can't, from a business
6 perspective, can't afford to be nickeled and dined by
7 city agencies, but also whose consumers can't afford
8 to be nickeled and dined by any predatory businesses.
9 So, that is where we are putting our resources, first
10 and foremost. Of course, as I am sure Mike, my
11 colleague, can attest to, the General Counsel
12 division puts on intensive presentations for license
13 categories that we called TCA 101. Future
14 iterations, I'm sure, will be called DC WP 101. Ones
15 that come to mind speak to like the laundry license
16 category. Again, the software borough wide
17 presentations that are put on to give a legal
18 presentation to the owners so that they know the laws
19 and rules that they are being asked to comply to and
20 for, often times after the Council acts two step up
21 regulations. And we have, of course, materials
22 online on our website and broader virtual based
23 presentations that we do with community partners that
24 have a scope and breadth of thousands of businesses
25 citywide. So, I don't want to give the impression

2 that are only outreach is to a very small segment of
3 the population. We highlight the business education
4 days because that is our most intensive outreach and
5 we are going, basically, where folks need us the most
6 in the city.

7 MICHAEL TIGER: And just to add to what
8 Steve said, you know, to give you the example that
9 Steve gave of DCA going to be DCWP 101s, I mean, we
10 gave one in the last couple of years on consumer
11 protection law, but we also gave two very well
12 attended DCA 101s, the home improvement contractor
13 licenses the community in multiple pros and we got
14 very positive feedback on that.

15 CHAIRPERSON GJONAJ: Thank you all for
16 that. I have two more questions and I want to then
17 pass it over to Council member Gibson who I am sure
18 has her own questions and my other colleagues.
19 Before I do, I just want to acknowledge that we have
20 been joined by Council member Levin and Perkins.
21 Commissioner Salas, I have a question for you and
22 then I sure Commissioner Doris will correct me if I
23 am wrong year. I believe the accepted number of
24 small businesses that New York City acknowledges is

2 240,000 in the city of New York. Am I correct,
3 Commissioner Doris?

4 COMMISSIONER DORIS: That is correct.

5 CHAIRPERSON GJONAJ: You have visited--
6 I heard the number to 2100 and 2500. That represents
7 one percent of the total small businesses in New York
8 City. While it is commendable that you are doing the
9 outreach-- and that is on a year that you did 33
10 educational days versus the typical 10 days. We
11 certainly can do a lot more in reaching out to these
12 small businesses and it's in the best interest of New
13 Yorkers, our city, and the small business as so that
14 we can educate them. Commendable on the outreach
15 attempt, but it certainly doesn't go far enough and
16 we should be taking credit for the 2500 businesses
17 that we reach but there are 240,000 businesses out
18 there and there were 500,000 violations issued. My
19 question to you, Commissioner Doris, last year the
20 administration put forward a list of violations that
21 could be amended to give business owners an
22 opportunity to correct their violation and avoid
23 penalty. How did the administration identify or
24 choose the violations on its list? In the second
25 part of that is what were the factors considered when

2 determining what type of relief was appropriate in
3 each circumstance? And that is for you, Commissioner
4 Doris and then I have a follow-up question for both
5 of you and then I will pass it to my other
6 colleagues.

7 COMMISSIONER DORIS: Thank you, Mr.
8 Chair. Yeah. So, look. SBS work with our
9 participating agencies: DSNY, DCWP, DOB, DEP, DOT to
10 really go over, again, some of those particular
11 violations that we believe will be pertinent to
12 business is that businesses generally, you know, our
13 find for and also for as to look at where we believe
14 the greatest impact would be. And so, out of the 73
15 that we have, you know, we have already began working
16 through those. More than half of them we intend to
17 have the others completed this year, as noted in my
18 testimony, and, you know, and most cases, legislation
19 and is required to amend the administrative code. I
20 know some DCWPs are in there. A significant number
21 of that list, as well. In some cases, you know, they
22 require amended rules which are associated with those
23 particular violations, as well. In other cases, it
24 is the administrative code. And so, we just were
25 working with the agencies to figure out, you know,

2 what actually, you know, makes sense. And on the
3 list-- and, by the way, on the list that the Council
4 currently has, we have an overlap of about 42 of the
5 181 that you have. So, there is absolutely some
6 additional ones that we have identified that we would
7 love to continue the conversation about working with
8 the Council on adding to your particular list that
9 you have, as well. And so, we put the list together.
10 Everything from, you know, location of the key of the
11 boiler room to the noise from the sound devices that
12 are out there, things that should be curable. Things
13 that we can work with that doesn't impact health and
14 safety and also, you know, real quality-of-life
15 issues. So, that is how we came up with the list of
16 73 and the various, you know, reasons why we have
17 done it. And, again, working with the agencies and
18 what sort of frequented violation and I can make the
19 adjustments on and also where we think we might have
20 a greater impact for the small business.

21 CHAIRPERSON GJONAJ: Thank you,
22 Commissioner. So, my question to each of you-- and
23 I'll start with you, Commissioner Doris before I pass
24 it over-- and he started touching on it. It's a
25 great segue. Are there any other violations that you

2 would suggest relief for which are not included in
3 these bills? Cure periods that would have the same
4 result?

5 COMMISSIONER DORIS: Absolutely. So,
6 again, we have our-- I'm trying to do the math
7 really quickly here. I mean, we have got additional
8 out of the ones that don't overlap with what you
9 presented, and additional 30 plus that we would love
10 to add on to your list, as well that doesn't overlap
11 with our existing 73. So, I think this is a great
12 opportunity for us to work through that.

13 CHAIRPERSON GJONAJ: Thank you,
14 Commissioner and I am looking forward to adding even
15 more to that list. That is the point of this
16 hearing. It's to look at this holistically and
17 collectively to determine and working together to
18 achieve a result ease the burdensome regulations.

19 COMMISSIONER DORIS: Absolutely.

20 CHAIRPERSON GJONAJ: Commissioner Salas,
21 do you have any violations that you would suggest
22 relief for which are not included in this bill?

23 COMMISSIONER SALAS: Chair Gjonaj, I
24 would say, again, that we had identified 40
25 additional curable violations that weren't included

2 in our CPL update, but are now part of your proposal,
3 to. We continue to think about any other violations
4 that, again, approve burdensome to businesses, but
5 are not causing harm to consumers and workers and we
6 will be happy to continue to work with you. In the
7 past, we also worked successfully together to the
8 repeal licenses like the home improvement contractor
9 sales personalized [inaudible 01:08:45] and if there
10 any other ways that we can find, again, ways to
11 relieve businesses, we will be happy to do that.

12 CHAIRPERSON GJONAJ: Thank you,
13 Commissioner and let me pass it back to the committee
14 counsel that will call on my colleagues that have
15 their own questions. I want to thank both of you.

16 COMMITTEE COUNSEL: Thank you, Chair.
17 I will now call on other Council members to ask their
18 questions in the order in which they have raised the
19 zoom raise hand function. If you would like to ask a
20 question, if you've not yet used the zoom raise hand
21 function, please raise it now. Please begin
22 delivering your questions and asking your questions
23 once I have called on you. First we will hear from
24 Council member Holden member Gibson. Council member
25 Holden?

2 CHAIRPERSON GJONAJ: Thank you for that
3 because I also believe that Council member Holden,
4 who is a co-prime on one of the bills would like to
5 give a statement. Is that correct, Council member?

6 COUNCIL MEMBER HOLDEN: Yes. Yes.

7 CHAIRPERSON GJONAJ: Perfect.

8 COUNCIL MEMBER HOLDEN: All right. Thank
9 you, Chair and thank you for this important hearing
10 and thank you, Commissioner's testimony. Even though
11 our businesses could barely function through the
12 pandemic, that has not stopped city regulators from
13 finding restaurants and many other small businesses.
14 According to the Wall Street Journal, from July
15 through October, the city health department which
16 inspects restaurants collected about \$8.4 million in
17 fines. The city Department of Consumer Affairs,
18 which enforces licensing and other regulations
19 collected \$2.9 million during that period. Both
20 agencies handled the most small business finds. The
21 Council understands and not everybody understands
22 that the economic lockdown imposed real costs on our
23 businesses in these bills are an important step in
24 providing them some relief from regulatory burdens.
25 The Department of Consumer Affairs aggressively

2 targets businesses across the city. Intro 2233
3 brings timely raw form to the notice of violation
4 process. By providing businesses a warning and time
5 to correct serious issues, we are removing punitive
6 fines while ensuring businesses are operating safely.
7 During the pandemic, it has been tough to find
8 something to do with your kids, right? Everybody,
9 you know, was complaining about that and is still
10 complaining. Arcades another family fund centers are
11 hurting. They were closed all throughout the
12 pandemic and they still haven't reopened. This bill
13 will remove needless licensing requirements on these
14 types of businesses. We finally need government to
15 listen to businesses and help address their day-to-
16 day needs. We are heading in the right direction
17 with these bills, but I just want to, you know, ask
18 Commissioner Salas because you mentioned to that, you
19 know, you are trying to, you know, protect the
20 consumer and I had a barbershop right across the
21 street from my office which I called your office
22 about and they got \$1000 fine-- it could be up to
23 \$1000-- for not keeping a journal in the proper
24 format. He kept the journal in a copybook of his
25 cleaning process. He didn't put it on official city

2 letterhead or whatever form they had to put it on and
3 this was the type of violation that we saw over and
4 over again with businesses. Across the street, the
5 nail salon got the same fine. We saw so many
6 punitive fines and, Commissioner, these businesses
7 were locked down for months. That means that
8 barbershop-- how many haircuts would he have to do
9 to make up a \$1000 fine? And he was closed for
10 months. I mean, there is no rhyme or reason to
11 defining these businesses coming out of the pandemic
12 because they didn't have a piece of paper on the
13 window or they didn't have a law and a special form
14 that you require or that the agencies require. It's
15 a little disingenuous to not say, yeah, let's work on
16 this bill and let's come up with something that we
17 can agree on. I tried to call your office. I never
18 got a call back. You were too busy. But I had so
19 many businesses that were descended upon by your
20 agency in particular that was punitive and they
21 complained to us and, you know what? We didn't
22 really get satisfaction from the office,
23 Commissioner. I'm not happy with your answers today
24 either. You're saying that we don't really know
25 about this and we don't know if this is going to--

2 you know, this is a problem and this is a problem.
3 You know what the problem is? The problem is when
4 inspectors come out and punish businesses that have
5 already been punished by pandemic. That is the
6 problem and then when you get city agencies not
7 listening, that's a problem. And then when you get
8 commissioners that are saying, we are not sure about
9 this. You know, of course we want to protect them
10 against price gouging. Of course we want to do that.
11 But there are a host of other violations that you
12 could work with us and work with the businesses and
13 you haven't and this bill is necessary. These bills
14 are necessary. So, I would like to hear from the
15 Commissioner explain-- because I was told that we
16 are in a yellow zone. That we were just lumped in
17 and that is why you descended on our businesses.

18 COMMISSIONER SALAS: Thank you, Council
19 member Holden, for your question. So, first let me
20 just say that the \$2.9 million that was reported by
21 the Wall Street Journal, we do not know what that
22 number came from, to be honest. No one asked us. I
23 will repeat what I said earlier that we were
24 focusing-- Again, the decrease in the number of
25 summonses last year by 50 percent. I will also say

2 that often times what people call collections is a
3 combination of it could be fines, it could be license
4 fees, payments that are overdue for years. But,
5 anyway, we will be happy to look at that number and
6 come back to you and explain to you more what that
7 means once we have an opportunity. With respect to
8 the specific situation you mentioned, I, you know,
9 cannot address specific cases, but I have to tell you
10 that if it is a logbook and it was an inspection that
11 we conducted during the business reopening work,
12 right, we were working under the guidelines set forth
13 by the Office of Special Enforcement. That office
14 had help from different city agencies sectors to make
15 sure our businesses were reopening in a Safeway and
16 complying with all of the safety health regulations,
17 guidelines that the state had published. So,
18 therefore, we were trying to follow and we had to
19 follow the same guidelines that were treating
20 businesses equitably throughout the city. We
21 certainly don't make decisions on those guidelines
22 and we will be happy to--

23 COUNCIL MEMBER HOLDEN: So, Commissioner,
24 your inspectors have no discretion?

25 COMMISSIONER SALAS: No, sir.

2 COUNCIL MEMBER HOLDEN: From the office of
3 OS you of what you just mentioned, the Office of
4 Special Enforcement, and your-- they have to give a
5 fine, you are saying?

6 COMMISSIONER SALAS: We follow the
7 guidelines, right? And I have to say, in some cases
8 if, you know, there was a change in guidelines, you
9 know, in some circumstances and, when that happens
10 and if anything was issued in error, we would have
11 corrected that problem. But, in this case, when our
12 inspectors are in the field, they don't have the
13 discretion to go back-and-forth with the owner and
14 try to negotiate any fines. They don't have to issue
15 a fine. Often times what the issue is just a notice
16 of violation. The fine is then set by that Office of
17 Administrative Trials and Hearings. So, our
18 inspectors don't have the discretion to start
19 negotiating what the amount is.

20 COUNCIL MEMBER HOLDEN: Well, that's not
21 what-- And I have spoken to some. That is not what
22 I heard because some inspectors did warn certain
23 businesses and they were from your office. Your
24 agency. And then some businesses, when they did come
25 into the area, were closed, like the barbershop. So,

2 he didn't get a warning. What he did get the next
3 time they visited the next day, was a violation. So,
4 these inconsistencies-- you just said that there is
5 no discretion, but then they did use discretion.

6 EXECUTIVE DIRECTOR ETTANNANI: Can I
7 just jump in? I do want to just make something very
8 clear here. Public health and reopening guidelines,
9 the protocols for enforcement are set by the Mayor's
10 Office of Special Enforcement. Where we go as a
11 regulatory agency, it leverages all the regulatory
12 agencies in a global pandemic to ensure that there is
13 enough sprawl so that we are giving out the
14 appropriate guidance to small businesses if they are,
15 and indeed, in violation of public health guidelines.
16 I know that staff have been in touch with folks in
17 your office, Council member. In early December there
18 were discussions between DCWP and your office and an
19 overwhelming majority of public health inspections
20 that we need to get, and reopening guideline
21 inspections that we did resulted in a warning.
22 However, those warnings were pursuant to protocols
23 and procedures that were set by the administration
24 and the Office of Special Enforcement. We never--
25 As the Commissioner mentioned, we, as an agency,

2 DCWP, do not have the discretion in and of ourselves
3 to decide whether we are going to issue a violation
4 or a warning as it relates to this specific instance.
5 Those protocols, you know, need to change and I
6 understand and we are completely sympathetic to a
7 public health crisis that has evolved over several
8 months and those protocols change perhaps from week
9 to week and we understand and sympathize with
10 frustrations related to that, but in no way was that
11 a DCWP inspector or any kind of directive from the
12 Commissioner on down to target or, quote, to send on
13 any business in your district or otherwise in the
14 city. That is--

15 COUNCIL MEMBER HOLDEN: Well, I don't think
16 anybody-- and I think Council member Gibson
17 mentioned this. We don't even know the rules and
18 regulations because, as you said, they change from
19 day to day and then so some people get warnings and
20 others don't and I would like to see this spelled out
21 and maybe OS E or maybe you could get us the
22 regulations because we are not quite sure. So, I
23 know some of the violations were overturned because
24 they were written wrong or they were interpreted
25 wrong. So, all I'm asking-- and maybe we should

2 talk to OS E, that Mayor's office, but maybe we need
3 a little more cooperation or education from
4 businesses coming out of the pandemic. This is
5 common sense, right? This is common sense. Why
6 would you to send on these businesses and get them on
7 a technicality, a \$1000 fine? I don't care who is
8 responsible, but I think that in your agency has to
9 talk to the Mayor's Office, OSE, and say, look,
10 folks. Let's come together here. Let's figure
11 something out. We can't penalize these businesses
12 like this. We can't. It's the last thing we should
13 be doing.

14 EXECUTIVE DIRECTOR ETTANNANI: So, I
15 completely agree and I think the public health
16 ordinances and the reopening guidelines are very
17 niche issue and I think, in general, on mass, or
18 agency, led by our Commissioner, has done more than
19 anyone in recent history to win short that we are
20 doing education compliance for our small businesses
21 and I think one of the things that we have certainly
22 taken the Councils word on-- certainly Chair Gjonaj
23 in terms of the intent of the legislation put forward
24 today, is to clarify these nuances and I think, on
25 our end, we put to gather 40 curable violations that

2 were adopted in the package before this. That cannot
3 be lost here. Our Commissioner and our staff have
4 put forward and we have rescinded license categories
5 over the last three and four years to ensure that
6 small businesses are not overburdened and we, as an
7 agency, it should seven-- just over 7000 summonses
8 in 2020. That is definitely not the overwhelming
9 regulation of small businesses in New York City.

10 COUNCIL MEMBER HOLDEN: Well, with all due
11 respect, most of the businesses were closed. Come
12 on. You can state that summonses are down, but they
13 are down because the businesses were closed mostly.
14 Right?

15 EXECUTIVE DIRECTOR ETTANNANI: Well,
16 certainly. I think what we are saying is that we
17 just wanted to clarify what was stated in an article
18 that said that DCWP--

19 COMMISSIONER SALAS: I get it everybody
20 is doing a great job. I get it. Everybody's doing a
21 great job. But we wouldn't have had these bills to
22 be introduced at a hearing today if we felt that city
23 agencies were listening and I don't feel they were.
24 Including your agency. I didn't feel that you were
25 listening when you just send it on businesses. And,

2 again, were going to get to the bottom of the OSE,
3 but it's just unfair and whoever is responsible--
4 you know, if your agency is not yet you did give
5 warnings, so I still want to look at this and why our
6 businesses were just stepped on it and kicked in the
7 teeth when they were closed so long and they
8 reopened. Especially the barbershops and the nail
9 salons and the small guys. I mean, you've got to
10 have some compassion here. But, thank you,
11 Commissioner. I appreciate your answers. And thank
12 you, Chair. I don't want to go on too long. Thank
13 you.

14 COMMITTEE COUNSEL: Thank you, Council
15 member. Next, we will hear from Council member
16 Gibson. Council member?

17 COUNCIL MEMBER GIBSON: Thank you so much.
18 Good afternoon, everyone, again. And thank you,
19 Chair. Thank you, Council member Holden. A lot of
20 sentiments I want to echo, as well. And I think, at
21 the end of the day, we are all trying to work
22 together to do the very best. We understand that the
23 city has to continue to operate and we also know that
24 there are rules that need to be followed, but I think
25 we are trying to do our best to find a balance and

2 not be punitive. There has to be some real relief
3 given, recognizing the challenge that businesses have
4 faced. They have been closed fully, then they have
5 been told to open 25 percent, 33 percent, 50 percent.
6 Back down to zero. Back to 25 again. I mean, just
7 to understand all of that is enough in itself and I
8 remind all of us-- and you know many of our small
9 businesses in the outer boroughs are very small in
10 operation. They have a handful of staff. Usually
11 the operators also the lawyer and the accountant, the
12 bookkeeper, and they have multiple roles. So, when
13 you talk about all of these regulations to
14 understand, if we have trouble understanding them as
15 legislators, imagine how are small businesses fail in
16 our communities. So, a lot of questions have been
17 asked and I just have a few that I wanted to raise
18 because I do want to understand that in the midst of
19 this pandemic, our efforts to do outreach. So, all
20 of your agencies I partnered with prior to the
21 pandemic when we were able do to walk-throughs and
22 commercial visits. We have been walking up and down
23 my community. I remember an effort by the Department
24 of Consumer Affairs where we targeted it some of our
25 new businesses and we went in and we gave them like

2 kind of a welcome kit that talked about some of the
3 rules and violations and things of that nature to
4 kind of help them understand almost like an
5 orientation. So, outside of that, what types of
6 education and outreach have we done on the ground
7 during this pandemic, number one, to help the
8 businesses understand some of their capacity issues
9 that they have been experiencing? I remind all of
10 you with a major issue that we have been having just
11 with the commercial waste in terms of the pickup and
12 the frequency of that. So, I want to hear from each
13 of the agencies. If you can just provide me with an
14 understanding of coordinating with all of you and the
15 businesses on the ground and outreach to really
16 streamline things that it's not always the best
17 relationship in terms of cooperative understanding
18 and patience. I mean, a lot of it, sometimes from
19 the business perspective, it comes off as punitive.
20 You were only there when you are there to issue a
21 fine. You pop up, you show up. They don't know
22 you're coming and then you catch people off guard.
23 And so, I just want to understand what the outreach
24 has looked like on the ground in our communities
25 during the pandemic.

2 COMMISSIONER DORIS: All take a crack at
3 it, first if that is okay, Council member. I
4 appreciate the question. You know, SBS, I mean, that
5 is primarily, as an advocate for small businesses,
6 that is what we do. We want to also educator small
7 businesses and we have been doing that throughout the
8 pandemic. We have already delivered 110 services to
9 businesses across the city. Primarily, our hotline
10 was instrumental. 55,000 businesses called in and
11 were helped understanding the regulations. The
12 number one thing was 60 percent of what they asked
13 for was about, you know, understanding the
14 regulations and what we need to do to reopen and we
15 took them through that process. Our business
16 advocates are on those lines. Our compliance advisor
17 on those lines. We also did webinars. So, specific
18 webinars for businesses. We have done partnerships
19 with our agencies like DCWP, literally walking the
20 streets with them, as well in the communities to
21 provide different resources and also not only the
22 guides, the easy to read guides so that folks
23 understand, we did also meet with them in the
24 webinars, as well with multi agency webinars to talk
25 a little bit about what the regulations were just to

2 let businesses know. And that is 50,000 attendees to
3 those. And so, we want to, you know, say that. It's
4 a very, very specific. Also, our compliance
5 advisors, who are very specific in what they do, over
6 1000 or so businesses we have already reached out on
7 the ground. And, as you know, I've been around the
8 city, as well in every corner of the city and every
9 quarter, every borough multiple times over 35, 36
10 corridor walks. Thousands of businesses and then we
11 have got our compliance team and outreach team that
12 went to a total of about 70 some odd quarters. If
13 you do just the average about, you know, 20 or 30, 40
14 businesses, depending on the size of the corridor
15 just on one side and the other side, you are talking
16 hundreds of businesses, you know, every other week or
17 so. So, we are touching these businesses. We were
18 on the ground and we were very, very strategic in our
19 outreach efforts. Knowing that we had a hotline, we
20 promoted it at every turn, we also were out in the
21 field and in multiple languages, by the way. Our
22 ERU, or emergency response team, as well, was on the
23 ground. When we had a crisis of looting and also
24 even now with flyers and other types of emergencies,
25 we are on the ground and every time we go, we also

2 bring the resources about the pandemic. So,
3 certainly agree with you on the necessity for
4 businesses to understand regulations, but even with
5 that we understand that there is clearly more that we
6 continue to do and that is what we are doing now.
7 Making sure that that is why we agree with the intent
8 of this legislation, again, to clarify. We have our
9 own list. You have a list, I think, combining them
10 together. It would be great for us to continue to,
11 you know, fight for our small businesses and be
12 advocates for them while also explaining to them what
13 the current rules and regulations are.

14 COMMISSIONER SALAS: And I am happy to
15 just add a couple of things from DCWP's perspective.
16 As I mentioned earlier, we conducted since June last
17 year-- so, when the city began reopening, we
18 conducted 33 business education days. Nine of them
19 were in the Bronx. Another nine in Brooklyn. Seven
20 in Queens and an additional event. Manhattan six.
21 Staten Island two. Those are, again, those business
22 education days are walk-throughs that are purely
23 about education and outreach. Our inspectors, we
24 usually have someone from our visiting inspector
25 program comes with us. I, on those walks. We

2 partner with Council members and elected officials in
3 those areas and it is simply about going door-to-door
4 and giving time to those businesses to ask questions,
5 to get the materials they need, to get contact
6 information from people at my agency that they can
7 email or call directly if they have follow-up
8 questions, right? We did another 510 outreach
9 virtual offense that were purely about communicating.
10 Again, trying to demystify all of the guidelines that
11 have [inaudible 01:30:14] reopen safely and to talk
12 also about, basically, compliance had a very
13 important law that both employers and workers have
14 questions about. Additionally, we did visiting
15 inspector program inspections. That is reserved
16 purely for new licensees. So, anyone who first got a
17 license at the beginning of the year-- believe it or
18 not, some businesses continued to get licenses
19 throughout the pandemic and those businesses all
20 received a visit, dedicated visit from a seasoned
21 inspector to learn about their business compliance
22 with laws and regulations. We did 1500 of the house.
23 Those are all personal touch one on one type of
24 events. That is in addition to any other outreach

2 that we have done or work that we have done together
3 with the Office of Special Enforcement and SBS.

4 COUNCIL MEMBER GIBSON: Okay. I appreciate
5 all of that and I know that your agencies have been
6 doing a lot of these webinars and informational's in
7 multiple languages, but certainly it's great, but you
8 know we always have to strive to do a lot more
9 because there are still businesses that we still have
10 yet to touch and I worry about interagency
11 coordination. Every agency is providing this service
12 unfulfilling its responsibility, but there are many
13 instances where we are not talking to each other and
14 that bothers me to no end. Interagency coordination
15 is so important because you will have many businesses
16 that have multiple agencies that oversee that man I
17 don't know if DSNY is on here, but that has been a
18 grave concern around sanitation. These tickets that
19 are being issued are disturbing. They are enormous
20 and many of them, to me, are punitive and businesses
21 are responsible for their outdoor, as well as
22 interior and they are being find for garbage that is
23 not theirs, for violations that don't belong to them
24 and there has been this system that, you know, we
25 have kind of encouraged that we really have to change

2 the behavior on. So, I wanted to ask two quick final
3 questions. Are there advocacy in the outreach to
4 immigrant owned businesses specifically? And I know
5 some of your agencies have specific initiatives that
6 work with the immigrant owned operators. And then I
7 also wanted to ask about MWBE, one of my favorite
8 topics. Are there any specific programs or
9 initiatives that we have in place pre-pandemic, as
10 well as during the pandemic that will help many of
11 our MWBEs and immigrant businesses that will say they
12 don't have the money to pay these finds, the
13 timeframe on curing that violation. They need
14 extended time. Are we working with them? Are we
15 giving them flexibility? How is all of that
16 happening with many of our immigrant owned and MWBE
17 businesses?

18 COMMISSIONER DORIS: Thank you for that
19 question. So, generally, as you know Being the
20 cities for senior advising director of the Mayor's
21 office on MWBE, where we started a triple utilization
22 of our MWBE and I think by the time we left, 14
23 billion, this is a big concern for us and we know,
24 generally speaking, within the MWBE community and
25 overall, 50 percent or so of the New York City small

2 businesses are foreign-born or immigrants and so a
3 significant portion of our work that we do ties into
4 the Democratic community and we are very clear on the
5 language access component of our work which is
6 critical to what we do, how we communicate out, and
7 also, by doing these outreaches and also providing
8 resources and language is that they do understand and
9 also they are comfortable with, we are able to assist
10 those businesses. From the MWBE standpoint, we need
11 to have here at SBS, we need to have our MWBE program
12 and compliance program and also our capacity building
13 programs. A dozen or more programs where we help
14 these MWBEs. If you are an MWBE with the city and
15 you have a contract with us, how we have adjusted
16 during the pandemic that the, what we call a contract
17 finance loan fund that helps MWBEs to fulfill their
18 requirement with the city to provide the contract and
19 services with where you can get up to \$1 million in
20 accounts and a year at zero percent interest, zero
21 percent. And so, you know, we need to very much work
22 with our MWBE and immigrant owned businesses, in
23 particular. One, the access. Make sure they
24 understand what is available to them. Two, on a
25 capacity building program, three, on the access to

2 capital programs. We have already assisted New York
3 City small businesses, 5000 and 135 or so million
4 dollars connecting them and also working with our
5 CDFI, our community development financial
6 institutions that actually deal with those particular
7 communities such as the Renaissance and axion which
8 is [inaudible 01:35:39] now and true fund and others
9 that we work with that really deal with those
10 specific communities and we will certainly continue
11 to do that and doubled down on our efforts, but we
12 were very strategic, even with the programs that we
13 put out and making sure that we are targeting the
14 areas that we know that need it the most. You know,
15 high Covid impacted areas which also are layered with
16 I am a great communities which are also layered on
17 top of, you know, minority businesses and women-owned
18 businesses. And so, we were very focused on that.

19 COUNCIL MEMBER GIBSON: Okay. Anyone else?
20 I just want to make sure.

21 COMMISSIONER SALAS: This is Lorelei
22 Salas. So, similarly, a lot of other business
23 educator should work was in those same neighborhoods
24 where we saw the highest rates of Covid 19
25 infections. So, the neighborhoods were where black

2 and brown communities live, or immigrants live. And,
3 you know, I am an immigrant myself. I understand how
4 important it is to bridge the language. But not just
5 that. It is also important to make sure that we, as
6 government agencies, are seen as accessible. So, we
7 take that very seriously. A lot of the
8 collaborations with the BID's, you know, we often
9 have to bring and do bring inspectors to our walks
10 that speak multiple languages. We are often a
11 combination of Spanish, Chinese and Urdu and we come
12 out and we are trying to serve every small business
13 owner wants to ask us questions. So, we are very
14 committed to that work. We always go far above the
15 10-- you know, we are required to translate our
16 materials into 10 languages, approximately. We often
17 have 14, 15, 20 languages translated, even some that
18 are indigenous languages because we know how
19 important it is to be accessible and providing
20 information in a way that is understood by our
21 businesses.

22 COUNCIL MEMBER GIBSON: Okay. Great. The
23 final question I have is, obviously the Council wants
24 to work with you, so any suggestions you all have for
25 us on what do to even, you know, strength and this

2 legislation before us, but also the education and
3 outreach. We are starting our budget hearings
4 tomorrow for FY 22, so this is the opportunity for
5 all of you to present your budget priorities and
6 certainly coming off of, you know, FY 21, a lot of
7 painful cuts. Some programs that had to absorb cuts
8 which we were not happy about, we obviously want to
9 have those conversations again moving forward. And
10 in the Covid 19 recovery, I think our work is even
11 more important because we have to be creative now.
12 We can't gather and join in large spaces, but we
13 still have to reach people on the ground. The final
14 question I have is a tough one. Get ready. It is
15 challenging for me to understand as a city how can we
16 better, as a city agency, continue to work with our
17 state partners? So, there are state agencies that
18 also have oversight on our businesses and their own
19 roles that are different from ours and they don't
20 necessarily talk to us. It is frustrating sometimes
21 when I hear from businesses-- my colleagues will
22 allude to this-- that our restaurants another's and
23 they have been visited by the state liquor authority
24 and their licenses have been revoked, they have been
25 fined and, you know, there are things that are

2 happening. So, I wonder from your perspective what
3 can we do as a city to improve our partnerships and
4 collaborations with the state? How can we help as a
5 city Council because it is enough to deal with the
6 thousands of regulations and the city, let alone
7 having to deal with state agencies on your back, as
8 well. So, if you can just give me some ideas and
9 some suggestions in this moment to see how we can go
10 on working better with the state so that there is
11 some coordination, some partnership, conversation so
12 that we are at least on the same page to the best
13 extent as possible.

14 COMMISSIONER SALAS: If you don't
15 morning, Jonnel, if I can jump in first--

16 COMMISSIONER DORIS: Sure.

17 COMMISSIONER SALAS: my computer is
18 dying. Just quickly I want to stay I don't have any
19 brilliant ideas for you, Council member Gibson, about
20 that.

21 COUNCIL MEMBER GIBSON: Me neither.

22 COMMISSIONER SALAS: we do, however, and
23 for some state laws. You know, as DCWP, we have
24 actually the delegation to enforce the state tobacco
25 laws, for instance, right? So there are some

2 synergies there and, you know, we could potentially
3 sit down and discuss some more whether there are
4 other ways to collaborate further with the state so
5 that, yeah, there is more consistency. I appreciate
6 that. And I just want to say one last point is that
7 we certainly think we can accomplish both goals of
8 what you are set out to do which is provide small
9 business relief and strength and our consumer
10 protection law for those types of issues that our
11 consumers-- many times, are limited who are also
12 often times small business owners, right? We are all
13 consumers, right? And the updates of what we are
14 proposing under 1622 would actually make it so that
15 consumers that are targeted in their language get
16 important key contractual documents in their
17 languages and that online [inaudible 01:40:57] can
18 clearly cover under the statute. We know that our
19 small businesses have to compete with the big online
20 retailer. It is just that the online retailers are
21 also subject to our consumer protection law. So, I
22 look forward to working with all of you in achieving
23 that right balance. Thank you.

24 COUNCIL MEMBER GIBSON: Thank you. Thank
25 you. And I agree and appreciate you saying that,

2 Commissioner and I, again, I know that we are moving
3 to these online retailers and flagship stores, but
4 there is nothing that provides a better human
5 connection inconsistency than a local merchant and a
6 local small business.

7 COMMISSIONER DORIS: Absolutely.

8 COUNCIL MEMBER GIBSON: And that will
9 always be the case and I think every effort that we
10 undertake is to really try to find balance to
11 understand rules have to be followed and we can do
12 this in a right way that is fair, that is balanced,
13 that provides equity and certainly Chair Gjonaj and
14 I, as well as Council member Holden, we are outer
15 boroughs and so we don't always get access to
16 everything that comes to a central location, so we
17 need special services. We need extra services. We
18 are very unique in nature in the Bronx and when you
19 look at some of the, you know, loans and grants that
20 we were not given access to, less than 10 percent,
21 that it is alarming and it reminds us that a lot of
22 work must be done. So, I think this is a good
23 conversation and a good way to start. I am looking
24 forward to seeing where this goes. We want to keep
25 working with you because we believe that these bills

2 put forth today are a good platform and a good
3 conversation to take as to an environment where we
4 can provide the much-needed relief to give small
5 businesses the support that they have rightfully
6 deserved all this time during the pandemic. So, I
7 think you, everyone. Thank you to the team and thank
8 you, Chair Gjonaj, for your time today and I look
9 forward to working with all of you. Thank you.

10 CHAIRPERSON GJONAJ: Thank you.

11 COMMITTEE COUNSEL: Thank you, Council
12 member. I will now turn it over to the Chair to say
13 a few words before we move to public testimony.
14 Chair?

15 CHAIRPERSON GJONAJ: Thank you. I want
16 to thank Council member Gibson in Council member
17 Holden for their input. I want to thank both
18 commissioners for the time they spent with us and the
19 willingness that they are showing going forward. Not
20 only look at these 183 opposed pieces of regulations,
21 how many more of the 6000 and can we really look at
22 that would give our small businesses a fighting
23 chance whether it be a cure period or removing
24 outdated regulations that no longer shut apply,
25 including the one that we all highlighted,

2 sanitation. It's one thing for tickets to be issued
3 for dirty sidewalks. Now, the Commissioner of
4 sanitation is not here, so I don't expect either one
5 of you to answer, but during the height of the
6 pandemic, when our businesses were closed and our
7 streets were dirtier than ever, this administration
8 will remove garbage cans from our street corners,
9 well, what did you think the outcome would be? Of
10 course there would be more later. And to penalize
11 property owners and small businesses for the letter
12 in front of their establishments when they were
13 closed, forced closed and shut down is unfair. And I
14 will point out another that was brought to my
15 attention and I'm sure we will hear many more today
16 of unfair practices of violations. There was a small
17 business, a fast food establishment that, during the
18 pandemic, the height of the pandemic, installed
19 plexiglass to protect employees and customers at the
20 register. The fire department-- which the
21 commissioners not here-- made an inspection and
22 issued a \$5000 fine for temporary plexiglass that was
23 put in place to protect the consumer and employee and
24 comply with the Covid policy of protecting both.
25 These are outrageous examples of what is been going

2 on in New York City and I'm going ask that both of
3 you, or your team, stick around that are going to
4 testify today as they share their horror stories
5 during the Covid experience, as well as throughout
6 the decades. Commissioner Salas, can you tell me the
7 revenue that has generated in calendar year 2019 due
8 to fines and issuance of violations? Do you have
9 that information?

10 COMMISSIONER SALAS: I had to move to
11 charge my laptop. I'm really sorry. Steve or Mike,
12 do we have that information? I'm not sure that we
13 do.

14 EXECUTIVE DIRECTOR ETTANNANI: So, in
15 terms of finds that were collected--

16 CHAIRPERSON GJONAJ: So, there's a
17 difference between collected and finds that were
18 issued. So, I just want to know the total dollar
19 amount of fines that were issued.

20 COMMISSIONER SALAS: Oh, yeah. Do you
21 have it, Steve?

22 EXECUTIVE DIRECTOR ETTANNANI: Yeah.
23 I'm looking.

24 COMMISSIONER SALAS: Let me--

2 EXECUTIVE DIRECTOR ETTANNANI: One
3 second. I'm looking. So, we have a 2020 number of
4 finds issued, but we may have to get back to you on
5 2019.

6 CHAIRPERSON GJONAJ: What was the 2020
7 fines issued by consumer affairs? What was the
8 dollar amount?

9 EXECUTIVE DIRECTOR ETTANNANI: In 20--
10 I'm sorry, Commissioner. Did you want to--

11 COMMISSIONER SALAS: the only number I
12 had was sort of a number of summonses issued, right?
13 And that is what I said during my testimony is that
14 the number of summonses it should in 2019 were 16,154
15 summonses and in 2020 it was 7176 summonses. That
16 doesn't tell you the fall like the number amount of
17 the finds. I don't have that in front of me and I'm
18 not sure if we do for today.

19 EXECUTIVE DIRECTOR ETTANNANI: Yeah.
20 Four 2020 in terms of finds issued, the number is
21 going to be around 24 million, but I want to catch
22 that in a couple of ways. One is finds issued is a
23 very particular term that doesn't speak to what small
24 businesses ultimately had to deal with on the back
25 and after a fine is adjudicated, for example. There

2 is a hearing process as you know, Chair, at OATH
3 small businesses are given the opportunity to either
4 settle or to argue their case before an independent
5 tribunal and then a majority of those finds issued in
6 2020 related to infractions such as tobacco sales
7 infractions where you are talking about underage
8 sales to minors, ceiling violations, and things of
9 that nature. So, I am happy to, you know-- I want
10 to have a protracted conversation with you about like
11 the breakdown of that and we can certainly work with
12 you and your staff to the kind of gave you a further
13 breakdown and gave you the 2019 number, as well.

14 CHAIRPERSON GJONAJ: Thanks, Steve. The
15 point I was making is you issued 7176 violations
16 which netted a revenue for total dollar amounts of
17 violations issued 24 million looking at calendar
18 year-- am I correct there?

19 EXECUTIVE DIRECTOR ETTANNANI: Well, it
20 is not necessarily revenue for us. Those are like
21 the finds that would be issued, but, again, it
22 doesn't speak to like the--

23 CHAIRPERSON GJONAJ: But issued. We're
24 talking about issued only. Not--

2 EXECUTIVE DIRECTOR ETTANNANI: Right.

3 Revenue would be a much smaller number potentially.

4 CHAIRPERSON GJONAJ: But issued. Dollar
5 amounts of finds issued compared to 2019 which was
6 16,000 which I'm going to assume was double that
7 dollar amount of issued violations which would put it
8 in the neighborhood of 50 million. And I just want
9 to point out that although that is a major reduction,
10 that is a tremendous increase from 2012 when the
11 total dollar amount of finds issued was 14 million.
12 So, before we start patting ourselves on the back to
13 say what a great job we are doing to, you know, stop
14 issuing finds [inaudible 01:49:45] small businesses,
15 and 2012 at the start of this administration, it was
16 14,000. So, in 2019-- and I'm not sure if that was
17 the year at the height, went to 16,000 violations and
18 using basic back, that would be four times at least
19 three times the amount of 2012 and your back down to
20 24 million. We've got a long ways to go. We have
21 plenty to work with and I'm going as both
22 commissioners today keep an open mind, an open
23 invitation as we look at roughly 6000 rules and
24 regulations and which ones we can take off the books
25 and I hope to add a zero to the 183. I am hopeful we

2 can actually make it 1000 violations and regulations
3 that we can remove penalties from that we can give
4 cure. Stu and still achieve the same result. So I
5 want to thank both of you for your time and your
6 input in the work that we have ahead. In the
7 importance of this hearing is to outline the
8 framework that we have moving forward to remove these
9 regulations that are truly crushing our small
10 businesses. Thank you.

11 COMMISSIONER DORIS: Thank you, Mr.
12 Chair.

13 CHAIRPERSON GJONAJ: I will pass it back
14 to the committee counsel.

15 COMMITTEE COUNSEL: Thank you, Chair
16 Gjonaj. We will now turn to public testimony. I
17 would like to remind everyone that, unlike our
18 typical Council hearings, we will be calling on
19 individuals one by one to testify. Each panelist
20 will be given three minutes to speak. Please begin
21 once the sergeant has started the timer. Council
22 members who have questions for particular panelist
23 should use the raise hand function in Zoom and I will
24 call on you after that panelist has completed their
25 testimony. For panelists, once your name is called,

2 a member of our staff will unmute you and the
3 sergeant-at-arms will give you the go-ahead to begin
4 upon setting the timer. Please wait for the sergeant
5 to announce that you may begin before delivering your
6 testimony. I would like to now welcome Robert
7 Bookman to testify. After Robert, I will be calling
8 on Andrew Rigie and then Ahyoung Kim. Robert?

9 SERGEANT-AT-ARMS: Starting time.

10 ROBERT BOOKMAN: Hi. Thank you very
11 much. I will need a couple more than three minutes.
12 My name is Robert Bookman. I am an attorney. I am
13 Council to the New York City Hospitality Alliance, as
14 well as the New York City Newsstand Operators
15 Association. I am also the counsel appointee to the
16 Health Department Advisory Board and the counsel
17 appointee to the Nightlife Advisory Board and I have
18 been dealing with this issue in working with the
19 Council for decades now. A little history I think
20 would be helpful. The legislation is the culmination
21 of over 15 years of work with the city Council which
22 has slowly been moving the ball forward on regulatory
23 reform. Going back to Speaker Gifford Miller when he
24 asked me for a list of silly and outdated laws and
25 regulations to eliminate, to Speaker Quinn who

2 actually passed over the objections for Mayor
3 Bloomberg a number of regulatory reforms, to Speaker
4 Cory Johnson who has made this a priority and whose
5 support we greatly appreciate in this effort, as well
6 as you, Chair Gjonaj. It is important to remember
7 that, in the last year of Mayor Bloomberg's final
8 term, this Council passed legislation very similar to
9 what we are looking at now, requiring multiple
10 agencies that regulate small businesses to report to
11 the Council within six months a list of laws and
12 regulations where finds can be eliminated and
13 replaced with warnings and an opportunity to cure.
14 Having objected to this legislation, Mayor Bloomberg
15 made sure that the agencies gave the most minimal
16 response possible when it reported, listing only
17 signed violations and, even then, the Health
18 Department was excluded altogether by the Mayor.
19 Yet, even that legislation saying to millions of
20 dollars on needless fines on first time violations on
21 the signs. Signs that often no one even reads. At
22 that time, Public Advocate and Mayoral candidate Bill
23 de Blasio was highly critical of Mayor Bloomberg and
24 his agencies for its addiction to finds and even
25 issued a report where he complained that the Council,

2 as well as the Mayor needed to do more to reduce
3 finds, what he called a hidden tax on small
4 businesses. He correctly argued that the laws needed
5 to be changed. He was right then. The laws needed
6 to be changed and, unfortunately, they still do
7 because, while policies of this administration may
8 have reduced fines somewhat in the past seven years
9 in some areas, they are still way too high and
10 policies can change overnight and with every
11 administration. We need the laws to be changed once
12 and for all and that is what you are starting today.
13 A fundamental change of the relationship from the
14 traditional wanted of fines, fines, and more fines
15 the one that stresses compliance as the goal and to
16 have that compliance achieved not with fines, but
17 with education and opportunities to cure and
18 warnings, reserving finds only for the most egregious
19 violations and repeat offenders. The education first
20 makes sense during the pandemic, but it also makes
21 sense every day.

22 SERGEANT-AT-ARMS: Time expired.

23 ROBERT BOOKMAN: Let's put some of this
24 in context. Put some of these findings in context.
25 As cited by the Public Advocates old report from

2 2013, consumer affairs revenue-- and, by the way,
3 they seem to-- It is shocking to me that they came
4 to a hearing today without revenue figures when this
5 is a bill about small fine revenues. In any event,
6 the revenues for consumer affairs was \$4 million in
7 2002. It jumped at the end of 2012 to \$14 million,
8 so if they have come down to about \$10 million in
9 revenue, good for them, but that is still a lot more
10 than 4 million in 2002 when Bloomberg went on his
11 tear and the Health Department is even worse. In
12 2002, they had \$8 million in fines against the
13 restaurant industry, the most famous restaurant
14 industry in the world, that went up to 52 million
15 dollars a year in 2012. The Health Department
16 Advisory Board, which I am on, representing you, that
17 number at the end of 2019, the real number is-- 2020,
18 which is pandemic numbers, they don't mean anything--
19 was around 30 million. So, yes. We went down from
20 52 million, in large part because laws passed by the
21 city Council in the last year of Bloomberg
22 administration over his objection, such as example no
23 fines if you get an A, moving the hearings from the
24 Health Department's own hearing offices to OATH where
25 those hearing offices are more independent. So,

2 those fines have come down to 30 million. They have
3 come down to 30 million from \$8 million when nobody
4 was dropping dead in the streets from domain
5 poisoning in the city of New York and they are still
6 not. So we need to put all that in context. This
7 legislation accomplishes many goals discussed over
8 the decades. It allows for warnings for the most
9 minor violations, it allows an opportunity to cure
10 and, most importantly, it reduces the maximum fine
11 that can be imposed at a hearing on some other
12 violations. This is critical because the agencies
13 over the years, by rule and by policy, have been
14 increasing the fines without Council action and they
15 have been doing that by raising the minimum that the
16 ALJ can impose. So, for example, if you in the law
17 have a fine range of zero to 200, that means it could
18 be anywhere from-- excuse me. No more than 200
19 dollars is what the statute would say. That means it
20 could be anywhere from zero to 200. But what the
21 agencies have been doing by policy and regulation is
22 they have raising that minimum to, let's say, 100
23 dollars. So now it's not zero to 200, it's 100 to
24 200. And by doing that, they've been raising revenue
25 without the Council acting. This bill would end that

2 injustice. It's important to note, by the way, that
3 particular violations listed in the legislation, and
4 you asked these agencies over and over again,
5 especially in health and consumer affairs. It's a
6 good starting point, but only a starting point.
7 There are many, many more small business violations
8 which should be subject to a warning or an
9 opportunity to cure rather than a fine. Hundreds
10 more. And we look forward to working with the
11 committee and your staff in identifying those
12 additional rules and regulations. A couple of quick
13 examples. A sidewalk newsstand got a violation
14 because a bag of potato chips was staking out a
15 couple of inches too far. That, I think, could get a
16 warning. Another sidewalk newsstand one, and it is a
17 consumer protection law, an inspector did an
18 undercover inspection, couldn't find anything wrong,
19 bought a bottle of water and didn't get a receipt, so
20 he gave him a consumer protection law violation for
21 not issuing a receipt. How many times have you ever
22 asked for a receipt from a sidewalk newsstand? I
23 know I never have. Finally, I just want to conclude
24 with a couple of quotes, actually, from then Public
25 Advocate, Mayor de Blasio. And I appreciate your

2 extra time. Because he really said it best when he
3 was advocating for this. He said New York City is
4 less about enforcing the laws than it does about
5 raising revenue any way it can. All these fines
6 belie the myth that New York City hasn't increased
7 taxes in recent years. On the contrary, these hidden
8 taxes have been hurting businesses more and more with
9 every passing budget. City Hall now counts on the
10 annual Hall from fines just like it does any other
11 tax. It budgets for the revenue it needs at the
12 beginning of the year and then it sends out. But
13 when aggressive fines prevent employers from adding
14 new staff or drive them to shut their doors, we can't
15 look the other way. It's long past time to shine
16 some sunlight on what this hidden taxes doing to the
17 struggling business across the city. He wrote that
18 and 2012. And I will conclude with his final
19 statement, we cannot hold small businesses hostage to
20 the city's budget. It's time to start treating small
21 businesses like an ATM and take an honest look at
22 what the fines are really costing the city. We can
23 protect New Yorkers without running neighborhood
24 business into the ground. I couldn't have said it

2 any better myself. Thank you. Happy to answer any
3 questions you have.

4 CHAIRPERSON GJONAJ: Thank you so much
5 for being just a hair over the three minute time
6 allocation. Robert, I just want to correct you on
7 something that the Commissioners team just pointed
8 out. Consumer affairs, calendar year 2020, the total
9 dollar amount of fines that were issued was 24
10 million. That was just made public and that is
11 still, from 2012, I believe you mentioned 14 million.

12 ROBERT BOOKMAN: You know, that's apples
13 and oranges, though. A lot of--

14 CHAIRPERSON GJONAJ: [inaudible
15 02:00:48]

16 ROBERT BOOKMAN: Actual revenue collected
17 went from four to 14 million and it may have gone
18 down a couple of million in the last seven years, but
19 it is nowhere near 4 million. A lot of these
20 violations, you know, Council member Holden said get
21 dismissed. They are written improperly and, you
22 know, so, that figure, to me and what we have always
23 counted as revenue collected against small businesses
24 and that bursts like never before under Bloomberg
25 when we were not a lawless city. We need to get

2 back, as the baseline to fiscal year 2002 where
3 Health department fines were \$8 million, when
4 consumer affairs were \$4 million and other agencies
5 were much lower, as well. When we get back to that,
6 it will be an accomplishment.

7 CHAIRPERSON GJONAJ: Robert, I am
8 looking forward to working on regulations that we can
9 agree that should be reduced and not only removed
10 from the books, but definitely reduced in the form of
11 the penalties that are assessed. So, we've got a lot
12 of work ahead of us, so thank you, Robert.

13 ROBERT BOOKMAN: Thank you. You know,
14 I've been testifying before the Council for over 30
15 years now, ever since I left consumer affairs. I
16 want to tell you that this law has the potential to
17 being one of the most significant pieces of small
18 business legislation that I have ever testified. It
19 could fundamentally change the way small businesses
20 interact with local government and I commend you for
21 it.

22 CHAIRPERSON GJONAJ: From your lips to
23 God's ears, Robert. Let's see what it looks like at
24 the end of the day. Thank you.

25 ROBERT BOOKMAN: Thank you.

2 COMMITTEE COUNSEL: Thank you, Robert.

3 ROBERT BOOKMAN: Thank you, counsel.

4 COMMITTEE COUNSEL: Thank you. Next,
5 we will hear from Andrew Rigie, Ahyoung Kim, and the
6 Michael Brady. Andrew?

7 SERGEANT-AT-ARMS: Starting time.

8 ANDREW RIGIE: Good afternoon. I am
9 Andrew Rigie, the Executive Director of the New York
10 City Hospitality Alliance. So, you know, I don't
11 know how much hard to follow up after our counsel,
12 Robert Bookman's comment and then couple those with
13 Mayor de Blasio's comments when he was Public
14 Advocate. I think it really says it all. New York
15 City restaurants and other small businesses have felt
16 for too long that they are the personal ATM of the
17 city. It does not have to be this way. We have been
18 advocating for many years to look at the countless
19 fines that are issued to these small businesses and
20 those that don't pose an immediate hazard to the
21 health of the public or the workers should have what
22 is sensible: a cure. Or a warning and that is
23 exactly what this legislation does. That is why we
24 support it and that is why we need to fundamentally
25 change the way city government interacts with our

2 local businesses. When you speak with them, the
3 frustration, the amount of time that they spend
4 paying times, paying people to defend these fines
5 over the years is just astronomical in this
6 legislation is so critically important and we need to
7 use this opportunity. You know, one of the bills
8 today will provide refunds for fines that were issued
9 that shouldn't have been issued, really, during the
10 pandemic, but it also seeks, the other bill, to fix
11 these long-standing inequities. These long-standing
12 regulatory burdens that have plagued our industry. I
13 mean, the numbers really are outstanding if you think
14 about them. Back in early 2000's, less than \$10
15 million in fines issued by the city health
16 department. In 2012, it skyrocketed to over 50
17 million and now it has come down to 30 million?
18 Yeah. The reduction is good, but we are so far past
19 where we should have ever been in the first place.
20 We need to ensure that anything we do with this
21 legislation really gets to the core and, as Rob
22 Bookman said, gets us back to those fine levels in
23 the early 2000's. And I think another part that we
24 need to address is not only the fines, but changing
25 the interactions that are small business owners, our

2 workers, have with inspectors. You hear and I have
3 heard from inspectors that they feel that if they go
4 in and focus on education and training and don't
5 issue fines, it is going to be a problem. It's
6 almost like they are not doing their job. And you
7 hear from restaurant owners and other small business
8 owners who say it's like when the inspector comes
9 and, they just feel like they have to issue me
10 violations because, if they go back and they don't,
11 well, then it appears that they are not doing their
12 job. So, there is this incredible tense relationship
13 that exists between the businesses and the
14 inspectors, but by building in warnings, cure
15 periods, reducing or eliminating fines for basic
16 types of violations, you change the dynamic and that
17 we can focus on education and training instead of
18 jumping to punitive measures. Inspectors who come
19 in, this is why it is a violation. This is how to
20 correct this violation. If I come back in the future
21 and it is not corrected, well, perhaps then you will-

22 SERGEANT-AT-ARMS: Time expired.

23 ANDREW RIGIE: And the fines need to be
24 associated with the level of violation. So, all in
25 all, I just want to say that we are thankful to Chair

2 Gjonaj, Council member Gibson and, of course the
3 Speaker and so many other Council members. I see
4 Holden and others on here that are really fighting to
5 use this as an opportunity to fundamentally change
6 the way city government regulates our small business
7 community and when we are on the other side of this
8 pandemic, we want to be able to look back and say, we
9 took the momentum we had and we made changes to make
10 New York City more supportive of our small businesses
11 because, over the past year, more than 140,000,
12 140,000 New Yorkers work in our city's restaurants
13 and bars and have lost their jobs. Thousands of our
14 beloved local eating and drinking spots have
15 shattered. So many more on the edge of survival. We
16 deserve to pass this legislation for them and for our
17 city and we look forward to working and making sure
18 that all the fines or violations that should allow
19 cure periods, warnings, eliminate fines is included
20 in this legislation. So, I want to thank you all
21 again and, once again, the New York City Hospitality
22 Alliance strongly supports both pieces of legislation
23 and look forward to working to their ultimate passage
24 and being signed by Mayor de Blasio into law. Thank
25 you.

2 CHAIRPERSON GJONAJ: Thank you, Andrew.
3 Thank you so much. We've got our work cut out for
4 us.

5 COMMITTEE COUNSEL: Thank you, Andrew.
6 Next, we will hear from Ahyoung Kim followed by
7 Michael Brady and then David Estrada. Ay Yun?

8 SERGEANT-AT-ARMS: Starting time.

9 AHYOUNG KIM: Thank you, Chair Gjonaj, for
10 this important hearing and the opportunity to
11 testify. My name is Ahyoung Kim and I am the
12 associate director of small business programs at the
13 Asian American Federation. Asian small business
14 owners across the city have consistently contacted
15 the Federation to share their concerns about city
16 agency practices and enforcing regulations, even
17 before the pandemic brought our economy to a
18 screeching halt. And my grant small business owners
19 have been struggling with lack of language access,
20 adequate information and outreach, inconsistent or
21 hostile inspection practice that is, and little
22 guidance on how to navigate the city agencies systems
23 to follow up on violations. While the intent behind
24 city agencies have [inaudible 02:07:51] to assist
25 small businesses are well understood and we must

2 still recognize the level of engagement in such
3 programs for the immigrant small business community
4 remains very low. I appreciate the concerns and
5 every horror story we have heard in this hearing by
6 the Chair and Council member Holden and Gibson. For
7 our community, you can assume the same problems, but
8 double the pain. There is simply not enough
9 meaningful outreach to the EMI grant small business
10 community to overcome the fear of inviting an
11 inspector that they normally see as a figure of
12 authority. There is also no way for our small
13 business owners to hold an inspector accountable in
14 the case of hostile or unfair inspection practices.
15 This struggle for our small business community has
16 only deepened over the duration of this pandemic and
17 in the rush to enforcement of the Covid 19 related
18 regulations, inspectors gave verbal instructions to
19 immigrant small business owners with limited English
20 capacity and then later held them accountable for not
21 adhering to these instructions that they could not
22 understand. Inspectors of various task forces and
23 agencies make multiple routes of inspection in a
24 short span of time and often gave wrong or
25 contradictory information which formed a sense of

2 insecurity and lack of trust in the community. Our
3 business owners would call me to ask how come
4 inspectors are so punitive and so on cooperative when
5 the Mayor is promising support for small businesses
6 to survive this pandemic? So, we welcome this first
7 important step towards lessening the unfair burdens
8 that are small business community faces today. Our
9 community needs the support and recognition for their
10 contribution and the challenges they face. We are
11 encouraged to see this effort in reviewing city
12 regulations and look forward to working closely with
13 you to ensure your immigrant small business
14 communities most pressing regulatory concerns are
15 heard and addressed. We see a lot of room for new
16 regulations to be considered, as well. Going
17 forward, we request that Council to actively reach
18 out to immigrant small business owners through CBO's
19 and business groups who already have established the
20 trusting relationship with the community. We also
21 welcome the discussion of waiving civil penalties on
22 the first time offenses. This is something we have
23 been pushing for for a long time and we are very
24 happy to see this. This effort gives the recognition
25 to the small business owners who have been struggling

2 to survive this pandemic, all the while doing their
3 best to cooperate with this fast-changing--

4 SERGEANT-AT-ARMS: Time expired.

5 AHYOUNG KIM: relations to keep their
6 communities safe. If I may say my recommendations--

7 CHAIRPERSON GJONAJ: Yes, please, Ms.
8 Kim.

9 AHYOUNG KIM: Thank you. We have four
10 recommendations in light of the challenges that we
11 feel for the Asian American small business community.
12 First of all, we urge the Council to actively invite
13 immigrant small business owners or their business
14 groups for and feedback on the regulations under
15 review. Many of these industries in the city are
16 disproportionately represented by immigrant
17 communities of certain ethnicity and a lot of these
18 groups don't have legal counsel or somebody to
19 represent them in every single hearing. We need to
20 reach out to them actively. Second, probably by
21 meaningful language support for the immigrant small
22 business community to ensure timely outreach and
23 information dissemination. We appreciate the
24 appointment of the Asian liaison in the SBS and his
25 outreach work that is shown that it is possible to

2 engage our small business owners more directly. We
3 request to the Council to support this effort and to
4 expand this effort to appoint more liaisons with
5 language capacity with a working directly with small
6 business owners. Third, we request the Council to
7 allow ample time for a cure.. While 30 days may seem
8 like a long time, administrative barriers and lack of
9 procedural assistance requires more time for in my
10 grant small business owners to cure a standing
11 violation. And, lastly, we would like to ask that
12 the Council commit to better informed small business
13 owners of their rights, such as the right to language
14 access or the right to ask for the inspector to show
15 an ID card before entering a business practice or
16 demanding to see the behind-the-scenes of the
17 business itself. We want to make sure that the
18 Council-- we want to make sure that are small
19 business owners have a fair chance and also the
20 access to make sure that they can cure violations as
21 you intend. For this opportunity to testify.

22 CHAIRPERSON GJONAJ: Thank you, Ms. Kim.
23 We're going to continue to dialogue and I look
24 forward to working with you as we look at the bills
25 and the impact that these bills can have on our small

2 business community, especially our immigrant small
3 businesses. Thank you.

4 COMMITTEE COUNSEL: Thank you, Ahyoung.

5 Next, we will hear from Michael Brady followed by
6 David Estrada and then Kendra Hemps. Michael?

7 SERGEANT-AT-ARMS: Starting time.

8 MICHAEL BRADY: Good afternoon, Chair
9 Gjonaj and members of the New York City Council
10 Committee on Small Business, specifically special
11 thanks to Council member Holden, Council member
12 Gibson, and Council member Perkins. I do have to say
13 I am a bit shocked at the lack of attendance by other
14 Council members after the last stated where so many
15 members of the progressive Caucus said that, during
16 the March stated they were going to get serious about
17 small business, but c'est la vie. We see how serious
18 they are. Thank you so much for the opportunity to
19 speak on the recently introduced legislation for
20 small businesses, specifically Intro 2233 and 2234.
21 Before starting, I would be remiss if I didn't
22 acknowledge the anniversary of the first case of
23 Covid 19 in New York City and the catastrophic loss
24 of life that has severely shaped how our city
25 prepares for and reacts to disasters. So many New

2 Yorkers have died and the economic and public health
3 impact of this disease rages on in our communities.
4 My personal thoughts are with every family member who
5 has lost a loved one in every individual that is
6 grappling with the economic fallout of this pandemic.
7 My name is Michael Brady and I am the CEO of the
8 Third Avenue Business Improvement District and
9 Brockton Boulevard commercial corridor located in the
10 South Bronx. Collectively, these organizations
11 represent roughly 1000 S. Bronx, largely immigrant
12 owned mom-and-pop businesses. I am here today to
13 lend our organization supports of Intro 2233 and 2234
14 as part of what I hope will be followed by a series
15 of commonsense policies and rollbacks which genuinely
16 prioritize small businesses and local economies an
17 attempt to counter a decade of punitive measures that
18 have been placed on small and micro business owners.
19 The introduction of this legislation is a significant
20 step forward and must be accompanied by a pro-small
21 business policy which cultivates a message
22 accompanied by actions which clearly state that New
23 York City is open for business. It should be noted
24 that, after hearing the administration's testimony
25 today, out of the 6000 plus New York City regulations

2 for New York City's small businesses, that the
3 administration has been able to come up with a list
4 of approximately 80 acceptable legislations that they
5 deemed curable. That is after they have had over a
6 year and a half to analyze that. I am not a
7 mathematician, but I would say the administration's
8 actions and analysis are slow and disingenuous. In
9 business, we can say that their analysis has no
10 timely value add. Over the past decade, the anti-
11 small business sentiment in New York City has had a
12 damning impact on our neighborhoods and local
13 economies. While educational towards have been
14 refreshing, they are often little more than handing
15 out flyers and facemasks during 2020. The
16 commissioners, as you have heard, call this touching
17 businesses. To compound matters, often these
18 towards, unknown to the agency staff, were followed
19 up by inspectors the next day, which very often fined
20 the very businesses that were being educated just the
21 day before. You can see where this lack of
22 communication between agencies would appear unstable-

23 SERGEANT-AT-ARMS: Time expired.

24 MICHAEL BRADY: and unfair to small
25 business owners. These two bills that are being

2 presented today are a meaningful part of countering a
3 decade of neglect where small businesses were seen as
4 the proverbial piggy bank and not the foundational
5 investment for our city's neighborhoods. I would
6 caution that the success of Intro 2233 and 2234 is
7 all about the rollout and getting into the weeds.
8 Refunds on violations must be easy to submit,
9 language ready, and take into account the severe
10 digital divide that exists in our city. A divide
11 that this administration has not yet fixed. It
12 cannot be owners and refunds must be processed
13 swiftly if these bills have any hope of having
14 positive impact. Education for businesses must be
15 timely, readily available, language ready, online and
16 in person, and speak to the communities that the
17 small businesses serve. They must also include
18 robust communication between agencies which, at
19 present, is sorely lacking. The Covid 19 pandemic
20 and a decade of anti-small business sentiment created
21 a perfect storm that has led to the closure of over
22 30 percent of New York City's small businesses. Only
23 higher and industry specific areas like hospitality
24 and hotels. We need to fix this and fix it quickly.
25 It is time for New York City to put small businesses

2 first, prioritize business needs, grants, and capital
3 over progressive soundbites. This is also a warning
4 for the incoming class of city Council
5 representatives. Legislation has consequences that
6 far outlast your time in government. Smart
7 legislators will evaluate those consequences and not
8 stick their heads in the sand. Climbers, seeking
9 higher office without properly evaluating legislative
10 impact beyond a term in office will continually be a
11 detriment to New York City's growth and ability for
12 small businesses to succeed. Small businesses are in
13 the struggle of their lives. We must mobilize every
14 tool quickly and efficiently to protect as many small
15 businesses as we can and also deeply engaged with
16 entrepreneurs to fill the market left by so many
17 closers over the past year. The public health impact
18 has been great and the subsequent economic impact
19 will have a lasting impact on our city for at least a
20 decade. It is my hope that this body not only
21 understands the severity of Covid 19's impact, but
22 will take meaningful and purposeful steps to
23 implement a comprehensive plan to address it. These
24 two bills represent a step in that direction. Thank
25 you for the opportunity to speak today, Councilman

2 Gjonaj, on a personal note, I was saddened to hear
3 that you will not be running for reelection. You up
4 in a tenacious and fierce advocate for small
5 businesses and I am personally fearful of the next
6 class of council members who are coming in, but I'm
7 grateful for your leadership. Thank you so much.

8 CHAIRPERSON GJONAJ: Thank you, Michael.

9 COMMITTEE COUNSEL: Thank you, Michael.

10 Next, we will hear from David Estrada followed by
11 Kendra Hems and then Kathleen Riley. David?

12 SERGEANT-AT-ARMS: Starting time.

13 DAVID ESTRADA: Good afternoon, members
14 of the New York City Council. My name is David
15 Estrada. I am testifying today on behalf of the New
16 York City BID Association. I am also Executive
17 Director of the Sunset Park Brooklyn Fifth Avenue
18 BID. Thank you, Chair Gjonaj, for holding this
19 hearing. The BID Association represents some 76
20 individual BID's throughout the city and we serve as
21 stewards of our diverse commercial corridor is the
22 neighborhood public spaces. Our mission has always
23 been to support the almost 100,000 local businesses
24 we serve, to keep our neighborhoods clean and safe,
25 and to bring prosperity to our communities. Our work

2 has never been more vital than during the Covid 19
3 pandemic. The BID Association has long called for
4 reductions in overly punitive city measures that hurt
5 small business and that was long before the pandemic
6 hit. However, this last summer, as the pandemic
7 raged, we released a nine point plan to save the
8 small businesses that are the backbone of our
9 neighborhoods and city. That plan will be attached
10 to our testimony. And one key point of it includes
11 the review of outdated and overly burdensome city
12 rules and laws, so we are very, very glad to see the
13 two bills being considered today, 2233 and 2234 which
14 will make some strides in reducing fine severity,
15 lengthening cure periods, and hopefully putting our
16 city on a path toward a less punitive small business
17 policy. You know, if the success of Open Restaurants
18 and Open Streets and open storefronts programs have
19 taught us anything, it's that the city can act
20 quickly to allow small business to operate without
21 unnecessary bureaucracy. You know, simple forms to
22 fill out, mostly easy to understand rules and
23 warnings before findings are issued should be all
24 within the new formula for the city's small business
25 policy moving forward and we should continue to move

2 away from the city's countless arcane and punitive
3 measures, some of which are being addressed by these
4 bills today. The New York City BID Association
5 strongly supports any effort to lessen the
6 administrative burden and operational costs on small
7 businesses, especially now when so many are just
8 barely, barely surviving through tremendous struggle.
9 We hope that these bills will provide a modicum of
10 relief to small businesses that have made it this far
11 in the face of staggering odds and also that it will
12 provide some motivation to the next generation of
13 entrepreneurs who will hopefully open up new
14 storefront businesses and call New York City home.
15 Our city's future depends on it and the New York City
16 BID Association looks forward to being an active
17 partner with the city Council and the administration
18 on these bills and hopefully others and all the other
19 efforts to help our small businesses in the city's
20 economic recovery. I want to thank you for the
21 opportunity to testify and I look forward to more
22 work. Thank you.

23 CHAIRPERSON GJONAJ: Thank you, David.

24 We have got a lot of work ahead and I'm looking
25 forward to really rolling up our sleeves as we take

2 the challenges on together. Thank you for what you
3 doing.

4 DAVID ESTRADA: My pleasure.

5 COMMITTEE COUNSEL: Thank you, David.

6 Next, we will hear from Kendra hems followed by
7 Kathleen Riley and then Susan Graham. Kendra?

8 SERGEANT-AT-ARMS: Starting time.

9 ZACH MILLER: Good afternoon. In light of
10 spring training and in honor of opening day being
11 around the corner, my name is Zach Miller and I will
12 be pinch hitting for Kendra hems who is the president
13 of the Trucking Association of New York. I would
14 like to thank Chairman Gjonaj as well as the members
15 of the Committee for the opportunity to testify and
16 certainly would like to begin by commending the bill
17 sponsors, as well as the Council for proposing two
18 pieces of legislation that will provide much-needed
19 relief to the small business community. The vast
20 majority of trucking companies are, in fact, small
21 businesses. Many of our member fleets consist of
22 less than 10 trucks and are family-owned and
23 operated. As the Council examines a variety of
24 regulations to temporarily reduce or suspend fines,
25 we ask you to consider the addition of one regulation

2 that is germane to the trucking industry.

3 Specifically, the reconciliation of the New York City
4 Department of Transportation marking laws with that
5 of the federal Department of Transportation. We
6 would like to thank Council member Gibson for
7 mentioning this earlier in today's hearing. Under
8 current federal and state law, commercial trucks must
9 be marked on both sides of the vehicle with the legal
10 business name or DBA as it appears on the US DOT
11 registrations. The lettering must be written in a
12 color that contrasts with the background color of the
13 vehicle and it must be visible from a minimum
14 distance of 50 feet. However, NYC traffic rule
15 mandates an additional requirement that commercial
16 trucks include their full address and characters at
17 least 3 inches high on both sides of the vehicle with
18 such display being in a color contrasting that of the
19 vehicle and placed approximately midway vertically on
20 doors or side panels and, if that is a mouthful to
21 you, imagine what it is to the trucking companies.
22 If the vehicle is not marked in this manner, it is
23 deemed an unaltered vehicle and would not be in
24 compliance with NYC laws for purposes of commercial
25 vehicle parking. The subjects the company to the

2 stacking of tickets for not having an altered motor
3 vehicle, as well as being in violation if that
4 vehicle is parked in a commercial loading zone.
5 Essentially, how does the truck not be, truck if it
6 is unaltered? Additionally, an exception for this
7 marking requirement exists for vehicles which display
8 widely recognized logo type markings such as UPS,
9 FedEx, writer, and other nationally known companies.
10 This truly is a small business specific burden. Many
11 of our members do not operate solely within the
12 confines of New York City and are often not aware of
13 this unique marking requirement until such time as
14 they receive a ticket, even though they are otherwise
15 in compliance with both state and federal
16 regulations. Requiring these companies to pull the
17 trucks out of operation to add additional markings is
18 a tremendous administrative and financial burden, in
19 addition to the tickets and finds that they receive.
20 There is no need for this Street address to be marked
21 on the vehicle as it is easily accessible by looking
22 up the US DOT number four vehicle registration
23 information. This additional requirement has no
24 impact on safety, yet results in a significant number
25 of violations and subsequent fines for our members.

2 We respectfully ask that the bill sponsors examine
3 the additional requirement and consider repealing the
4 full address requirement into Intro 2233. This
5 measure will go a long way--

6 SERGEANT-AT-ARMS: Time expired.

7 ZACH MILLER: to ensuring that our members
8 are not saddled with significant fines for regulation
9 that does not comply with federal and state laws. We
10 look forward to working with the Council to address
11 our concerns with the current legislation. Thank
12 you.

13 CHAIRPERSON GJONAJ: Zach, I want to
14 thank you and I just want you to know that I put NOS
15 request that addresses this exact issue and I had
16 mentioned it at this hearing, but it is important
17 because it allows us to give up other regulations
18 that can be brought in as well and this is one of the
19 ones that I printed out that can be added to the list
20 of 183 and I am hopeful that the list will continue
21 to grow as we really look for real solutions.

22 ZACH MILLER: Thank you so much. And we
23 really appreciate it and we appreciate all the hard
24 work and dedication that you put into helping our

2 small businesses. I'd like to echo what Michael
3 said. You will be greatly missed in this Council.

4 COMMITTEE COUNSEL: Thank you, Zack.

5 Next, we will hear from Kathleen Riley followed by
6 Susan Grant and then Read well back. Kathleen?

7 SERGEANT-AT-ARMS: Starting time.

8 KATHLEEN RILEY: Thank you, everyone.

9 Good afternoon. My name is Kathleen Riley with the
10 New York State Restaurant Association. And now,
11 whole year into the Covid pandemic, our industry has
12 been disproportionately damaged in New York City.
13 The hardships that are experienced by the restaurant
14 industries, specifically mandated closures, rigid
15 limitations on business operations have led to losses
16 in jobs, income, and entire businesses. Even today,
17 indoor dining has only been back for a little over
18 two weeks and we are still operating at a mere 35
19 percent capacity, which is compared to 50 percent in
20 the rest of the state and beholdng to a curfew.
21 Costs incurred by restaurant operators have been
22 immense and, in many cases, operators are finding
23 themselves in debt, unable to pay rent, unable to
24 retain or rehire the staff they had pre-pandemic, and
25 really struggling to see the light at the end of the

2 tunnel. In a recent survey we conducted in early
3 February in partnership with the National Restaurant
4 Association, we found the following: 92 percent of
5 New York operators have lower sales in January 2021
6 compared to January 2020, 46 percent expected their
7 sales to be lower in February and March 2021 compared
8 to January 2021. 83 percent of operators expect
9 their staffing levels to be lower in February and
10 March and they were in January, all of 2021. New
11 York operators are struggling to be optimistic. 32
12 percent think it will take 7 to 12 months before
13 their business returns to typical levels and an
14 additional 29 percent think it will take more than a
15 year. An additional 10 percent doubt it will ever
16 happen. These next few months will be critical to
17 seeing the surviving restaurants through and, in this
18 precarious atmosphere, we are so grateful to the city
19 Council, specifically Council members Gibson, Gjonaj,
20 and the other sponsors for bringing forward In trials
21 2233 and 2234. We are here today to express our
22 wholehearted support for this legislation. The pair
23 of Intros would waive or reduce the fines on
24 businesses and, in some cases, refund fines paid
25 during the course of Covid and increase the ability

2 for businesses to correct violations without penalty
3 by expanding cure periods. These changes would be a
4 welcome relief for the struggling restaurant
5 industry. We applaud an enforcement strategy that is
6 focused more on education and less on extracting
7 fines from small businesses. We find that education
8 focused enforcement to still be very effective at
9 correcting mistakes and it fosters a much more
10 collaborative relationship between enforcement
11 agencies and the business community. At the end of
12 the day, restaurants are working incredibly hard to
13 meet vast and frequently changing regulations from
14 both the city and the state and we welcome the
15 recognition by city Council that businesses are doing
16 their best and eager to fix any errors that come to
17 their attention. Moreover, any dollar that can be
18 kept in the pocket of a restaurant operator can truly
19 be the difference between staying open and rehiring
20 workers or closing for good. The New York State
21 Restaurant Association is so appreciative to city
22 Council and to this committee for turning the
23 necessary attention towards the enforcement strategy
24 used for this small business community. A shift
25 towards education focused enforcement and away from

2 the extract [inaudible 02:29:21] model is the kind of
3 common sense change that can really make a
4 difference. We fully support these two Intros and
5 thank you so much for your time today.

6 CHAIRPERSON GJONAJ: Kathleen, and,
7 again, I invite you to roll up your sleeves so that
8 we can [inaudible 02:29:38] and write so many wrongs.
9 Thank you.

10 COMMITTEE COUNSEL: Thank you,
11 Kathleen. Next, we will hear from Susan Grant
12 followed by Katherine Wellbeck. Susan?

13 SERGEANT-AT-ARMS: Starting time.

14 SUSAN GRANT: Good afternoon and thank you.
15 My name is Susan Grant and I am director of consumer
16 protection and privacy at Consumer Federation of
17 America, which is an association of consumer
18 organizations and state and local consumer protection
19 agencies across the US, including the New York City
20 Department of Consumer and Worker Protection. You
21 have my written testimony, so I am going to depart
22 from that and address some of the really good points
23 that have been made so far in this hearing. Owning
24 your own business is a great way to do what you love
25 and provide for your family, but with it also comes

2 the responsibility to comply with the laws that apply
3 to you. Not all violations of consumer laws are
4 intentional. Sometimes business owners simply don't
5 know what they are doing, but other times they are
6 irresponsible or even incompetent and their actions
7 can still have very serious impacts on consumers.
8 For instance, if you open up a small used car lot and
9 you offer financing and you don't give consumers the
10 disclosures that are required explaining how much
11 they are going to be paying and under what terms,
12 that can have a really serious detrimental effect on
13 consumers or if you are a home improvement contractor
14 and you are incompetent or you overbook yourself and
15 can't do the job, again, that can have a really
16 serious impact on people. Not all violations merit a
17 cure or waiver of the penalty, so I think it is
18 really important for the Council to work with the New
19 York City Department of Consumer and Worker
20 Protection to figure out where a cure is appropriate,
21 where it is not, what is an appropriate penalty.
22 Perhaps son penalty should be raised another should
23 be lowered. But I'm really encourage so far by what
24 I have heard in the back-and-forth that you are
25 willing to work with the Department. Certainly, the

2 last thing in the world that you want to do is impose
3 a new regime that is going to cost the department a
4 lot of time and money that it doesn't have to totally
5 retool. The other thing I heard that is encouraging
6 is that you want more outreach by the department to
7 business owners to make sure that they know what they
8 should be doing and to the extent that the city
9 Council can provide for more funding to help the
10 department do that, I'm sure that they would
11 appreciate it. So, once again, I really appreciate
12 your interest in this and I hope that you can find a
13 solution here that works for small businesses, as
14 well as for the department which is mandated to
15 protect your constituents. Thank you.

16 CHAIRPERSON GJONAJ: Susan, I want to
17 thank you and I truly believe that we can achieve
18 this while protecting consumers and worker rights.
19 And that is the balance. So I'm grateful we have
20 6000 rules and regulations to look at and I'm sure
21 that we can find those that don't have to be punitive
22 with their penalties or fines. So, thank you, Susan.

23 SUSAN GRANT: Thank you. I just would like
24 to say that it is not necessarily the number of
25 regulations or the amount of the fines that is

2 important. To me, clearly, we've had a lot of
3 inflation since several years ago as some of the
4 panelists have alluded to the difference in the
5 amount of fines between then and now. We've got a
6 lot more businesses. There are a lot of factors that
7 have gone into the increase in rules and laws to
8 protect consumers, as well as the amount of fines.
9 So, we wouldn't just look at numbers. I think you
10 really need to dig deeper to understand what is
11 actually necessary to protect your constituents and
12 due to our bad practices and also to win sure that
13 businesses that want to play by the rules know what
14 the rules are.

15 CHAIRPERSON GJONAJ: Thank you, Susan.

16 COMMITTEE COUNSEL: finally, we will
17 hear from Katherine Wellbeck. Katherine?

18 SERGEANT-AT-ARMS: Starting time.

19 KATHERINE WELLBECK: Wonderful. Good
20 afternoon, Chairman Gjonaj, members of the committee.
21 My name is Kat Wellbeck. I am civil rights counsel
22 at the Student Protection Center, a nonprofit
23 organization focused on alleviating the burden of
24 student debt and I want to just start by thanking the
25 Committee for the opportunity to speak today, but

2 also I just want to thank you, Chairman Gjonaj. I
3 appreciate your opening remarks reiterating your
4 support for consumer protection and I would like to
5 echo Commissioner Salas' remarks to the importance of
6 consumer protection and enforcement across the city
7 and just understanding that, although this
8 legislation is specifically intended to provide much-
9 needed economic stimulus to the local businesses in
10 the community, my concern lies with the breath of
11 regulatory and Worker Protection from effectively
12 enforcing the laws against companies that do prey on
13 consumers. I guess, strong consumer protections are
14 essential to a robust economic recovery, keeping
15 dollars in the hands of consumers and out of the
16 reach of predatory companies that are seeking to
17 enrich themselves at the expense of consumers. And
18 so, without meaningful consequences, those companies
19 can and will operate with impunity. So, rigorous
20 consumer protection and enforcement and civil
21 penalties send a message, necessary message to the
22 predatory companies that they will be held
23 accountable for any kind of illegal acts and
24 practices and so, what I want to do is just provide
25 an example in how this operates. For example, the

2 student debt crisis. So, in New York City, more than
3 one in six, approximately 1 million adults have a
4 student loan collectively amounting to \$35 billion.
5 And so, this burden ripples because our financial
6 lives affecting their ability to buy homes, start
7 families, start businesses, and save for retirement
8 and this burden is especially amplified for the most
9 financially distressed borrowers, especially with the
10 consequences that are associated with student loan
11 delinquency and default. And so, what we see is that
12 this crisis affects our local communities and
13 research has shown that, you know, it stymies
14 professional development, professional ability, small
15 business formation. And, again, also what we see is
16 that borrowers aren't bearing this burden equally, so
17 we see that the fall out of this crisis, many of the
18 delinquencies and defaults are really impacting black
19 and Latino borrowers. And so, but this crisis is
20 more than just ballooning balances and monthly bills,
21 but it is also consumer protection crisis where we
22 are seeing predatory companies build entire business
23 models by targeting black and Latino communities that
24 bolster the bottom line. So, we see private student
25 loan companies routinely target communities with high

2 costs, high risk credit products that leave borrowers
3 to struggle. We see student loan companies and debt
4 collectors single out communities of color
5 specifically with illegal and predatory tactics and
6 amplified racial disparities in the student loan
7 system. And as we saw in DCWP's case against Berklee
8 College, for-profit schools routinely engage in
9 reverse redlining practices that exploit communities
10 of color and drive--

11 SERGEANT-AT-ARMS: Time expired.

12 KATHERINE WELLBECK: and leave the
13 borrowers in distress. And so, really pointing out
14 that these illegal practices in the predatory
15 companies that perpetuate them impose billions of
16 dollars in the needless student debt interest and
17 fees on borrowers. And so, that is why any
18 meaningful solution to end the student debt crisis
19 also requires action at every level of government,
20 including the cities that bear witness to this every
21 day. And so, just really want to point out that
22 consumer protection has to be an essential component
23 of Covid 19 recovery efforts and consumer protection
24 is critical to economic growth. And so, with that, I
25 know I am over time, but I think we saw after the

2 last economic crisis, recovery efforts, a lot of them
3 had, unfortunately, ill intended effects of further
4 entrenching economic inequality and so, as you are
5 going down the road and thinking about pandemic
6 recovery, just really prioritizing a relief effort
7 and legislation that centers communities that are all
8 too often forced to the margins and understanding the
9 role of consumer protection in that. And so, a
10 reduction of enforcement mechanisms really can
11 further injury to struggling borrowers. And so, what
12 we see is that the student loan market is not a
13 market that needs less regulation and enforcement,
14 but rather more capacity to employ all the tools to
15 protect consumers in the wake of the pandemic,
16 especially at a point when many families are
17 struggling with dual crises, both the public health
18 crisis in an economic crisis, in many of the same
19 communities that were disproportionately impacted by
20 Covid 19 are also disproportionately impacted by the
21 student debt crisis. And so, really, we just want
22 New York to continue to take this critical step of
23 ensuring that consumer protection is a part of this
24 pandemic recovery. Thank you so much for your time.

2 CHAIRPERSON GJONAJ: Katherine, thank
3 you. Great points and I promise you that we are
4 going to continue [inaudible 02:39:13] and force the
5 consumer protection laws. That is not the intent
6 here and no one that is violated those laws is going
7 to be receiving a refund. We have plenty of other
8 laws that we can look at, but I'm grateful to you for
9 your testimony. Thank you.

10 COMMITTEE COUNSEL: Thank you,
11 Katherine. If we have inadvertently missed anyone
12 who is registered to testify today and has yet to be
13 called, please use the zoom hand raise function and
14 you will be called in the order that your hand has
15 been raised. Seeing no hands raised, I will now turn
16 it over to Chair Gjonaj to offer closing remarks.

17 CHAIRPERSON GJONAJ: Thank you. I want
18 to thank all of you that took the time to participate
19 today to be a part of these incredible hearings.
20 Keep in mind that these are historic bills that can
21 truly shape the way New York City government
22 interacts with small businesses. All of your
23 testimonies are going to be looked at in highlight
24 all of the areas that we can revise our regulations.
25 I'm grateful to you and I'm truly a believer that

2 this is the beginning to a great future, provided
3 that we have the commitment and the wherewithal to
4 continue to look at this and do the deep dive that is
5 necessary. So, thank you, again. This will conclude
6 today's hearing. God bless you.

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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 April 15, 2021