Legislation Details (With Text)

File #:	Res 0048-2024	**Version:**	*	**Name:**	The purchase of claims by corporations or collection agencies and to certain instruments calling for payment of a monetary obligation by a foreign state (S.05623/A.05290).
Type:	Resolution			**Status:**	Filed (End of Session)
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On agenda:	2/28/2024				
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Title:	Resolution calling upon the New York State Legislature to pass, and the Governor to sign, S.05623/A.05290 in relation to the purchase of claims by corporations or collection agencies and to certain instruments calling for payment of a monetary obligation by a foreign state.				
Sponsors:					
Indexes:					
Attachments:	1. Res. No. 48, 2. February 28, 2024 - Stated Meeting Agenda, 3. Hearing Transcript - Stated Meeting 2-28-24, 4. Minutes of the Stated Meeting - February 28, 2024				

Date	Ver.	Action By	Action	Result
2/28/2024	*	City Council	Introduced by Council	
2/28/2024	*	City Council	Referred to Comm by Council	
12/31/2025	*	City Council	Filed (End of Session)	

Res. No. 48

Resolution calling upon the New York State Legislature to pass, and the Governor to sign, S.05623/A.05290 in relation to the purchase of claims by corporations or collection agencies and to certain instruments calling for payment of a monetary obligation by a foreign state.

By Council Members Avilés and Cabán

Whereas, Sovereign debt is the money a nation's government owes to individuals, organizations or other governments; and

Whereas, Sovereign debt plays a crucial role in financing governments worldwide by allowing them to make long-term investments and to smooth their consumption through periods of temporary hardship; and

Whereas, Many countries have been struggling under the burdens of unsustainable international debts for years; and

Whereas, Creditors known as vulture funds buy up defaulted debts at very low prices when a country is

in economic distress and aggressively litigate to recoup the debt's full value plus interest, regardless of the debtor's ability to pay; and

Whereas, Vulture funds often refuse to renegotiate sovereign debt to level that is more easily managed by the debtor country; and

Whereas, In order to pay the vulture funds, countries may be forced to increase taxes, reduce public services, and curtail spending on economic development and poverty-reducing programs; and

Whereas, According to Eric LeCompte, a member of the United Nations debt working group, more than half of all sovereign debt contracts are governed by New York State Law, putting New York in a unique position to stop vulture funds from profiteering at the expense of countries in financial distress; and

Whereas, Champerty is an English common law doctrine that prohibits the purchase of debt with the intent, and for the purpose, of bringing a lawsuit; and

Whereas, Section 489 of the New York Judiciary Law codifies champerty by prohibiting creditors from bringing claims to court if they purchased the claim with the sole aim and express intention of pursuing a legal action; and

Whereas, In 2004, the New York State Legislature amended section 489 of the Judiciary Law to effectively eliminate the champerty rule for any debt purchases or assignments having a value of more than $500,000; and

Whereas, S.5623, introduced by State Senator Liz Krueger and pending in the New York State Senate, and companion bill A.5290, introduced by State Assembly Member Jessica González-Rojas and pending in the New York State Assembly, would strengthen champerty by eliminating the safe harbor for transactions over $500,000; and

Whereas, S.5623/A.5290 would require creditors to participate in good faith in a qualified restructuring of debt for foreign states with debts that have been assessed as unsustainable by the International Monetary Fund; now, therefore, be it,

Resolved, That the Council of the City of New York calls upon the New York State Legislature to pass, and the Governor to sign, S.5623/A.5290 in relation to the purchase of claims by corporations or collection agencies and to certain instruments calling for payment of a monetary obligation by a foreign state.

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01/18/2024

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