



Legislation Text

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Int. No. 660-A

By Council Members Garodnick, Comrie, Mendez, Mark-Viverito, Barron, Brewer, Fidler, Gennaro, Gentile, Gerson, Gonzalez, Jackson, James, Koppell, Liu, Martinez, Nelson, Palma, White Jr., Seabrook, Avella, Recchia Jr., Vann, Sears, Baez, Eugene, Sanders Jr. and Weprin

A Local Law to amend the administrative code of the city of New York, in relation to buyers of consumer debt.

Be it enacted by the Council as follows:

Section 1. The opening paragraph of section 20-489 of the administrative code of the city of New York is amended to read as follows:

a. “Debt collection agency” shall mean a person engaged in business the principal purpose of which is to regularly collect or attempt to collect debts owed or due or asserted to be owed or due to another and shall also include a buyer of delinquent debt who seeks to collect such debt either directly or through the services of another by, including but not limited to, initiating or using legal processes or other means to collect or attempt to collect such debt. The term does not include:

§2. Paragraph 5 of subdivision a of section 20-489 of the administrative code of the city of New York is amended to read as follows:

(5) any attorney-at-law or law firm collecting a debt [as an attorney] in such capacity on behalf of and in the name of a client solely through activities that may only be performed by a licensed attorney, but not any attorney-at-law or law firm or part thereof who regularly engages in activities traditionally performed by debt collectors, including, but not limited to, contacting a debtor through the mail or via telephone with the purpose of collecting a debt or other activities as determined by rule of the commissioner;

§ 3. Chapter 2 of title 20 of the administrative code of the city of New York is amended by adding a new section 20-493.1 to read as follows:

20-493.1 Required collection practices. In addition to any practices required under any federal, state or local

law, a debt collection agency shall:

a. In any permitted communication with the consumer, provide:

i. a call-back number to a phone that is answered by a natural person,

ii. the name of the agency,

iii. the originating creditor of the debt,

iv. the name of the person to call back, and

v. the amount of the debt at the time of the communication.

b. Confirm in writing to the consumer, within five business days, any debt payment schedule or settlement agreement reached regarding the debt.

§4. Chapter 2 of title 20 of the administrative code of the city of New York is amended by adding a new section 20-493.2 to read as follows:

20-493.2 Prohibited collection practices. In addition to any practices prohibited under any federal, state or local law, a debt collection agency shall not:

a. Attempt to collect or contact a consumer regarding a debt after such consumer requests verification for such debt until such agency furnishes such consumer written documentation identifying the creditor who originated the debt and itemizing the principal balance of the debt that remains or is alleged to remain due and all other charges that are due or alleged to be due;

b. Contact a consumer about or seek to collect a debt on which the statute of limitations for initiating legal action has expired unless such agency first provides the consumer such information about the consumer's legal rights as the commissioner prescribes by rule.

§5. Subdivision a of section 20-494 of the administrative code of the city of New York, as amended by

local law 70 for the year 2003, is amended to read as follows:

a. Any person who, after notice and hearing shall be found guilty of violating any provision of this subchapter, shall be punished in accordance with the provisions of chapter one of this title and shall be subject to a penalty of not less than seven hundred dollars nor more than one thousand dollars for each violation provided further, however, that any such person found guilty of having acted as a debt collection agency in violation of section 20-490 of this subchapter shall be subject to an additional penalty of one hundred dollars for each instance in which contact is made with a consumer in violation of such section.

§6. This local law shall take effect one hundred twenty days after it is enacted into law.

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