

**Testimony of the New York City Department of Consumer Affairs  
Before the  
New York City Council Committee on Consumer Affairs  
  
2016 Preliminary Budget Hearing**

March 21, 2016

**Introduction**

Good afternoon Chairman Espinal, Chairwoman Ferreras, and members of the Consumer Affairs and Finance Committees. I am Alba Pico, Acting Commissioner of the New York City Department of Consumer Affairs (“DCA”), and I am joined by Amit S. Bagga, Deputy Commissioner of External Affairs, Matthew Petric, Executive Director of Data Analysis and Strategic Planning, Nancy Schindler, Associate Commissioner of our Legal Division, Nick Smithberg, Executive Director of our Paid Sick Leave and Commuter Benefits, Debra-Ellen Glickstein, Executive Director of our Office of Financial Empowerment, Jaclyn Jacobs, Senior Director of Finance, as well as additional colleagues who are seated just behind us.

Before we begin, we would like to thank outgoing Commissioner Julie Menin for her service to the agency; a number of initiatives we will discuss with you today are the result of her leadership. We wish her the best in her new role as the Commissioner of the Mayor’s Office of Media and Entertainment. I would also like to acknowledge and thank our entire DCA staff, who come prepared to serve the people of the City of New York every single day with diligence, care, and enthusiasm. We would also like to note that you should have all received packets with copies of many of our materials in several different languages; please let us know if you don’t have one.

We are pleased to offer to you testimony on DCA’s work in the past year that has advanced Mayor de Blasio’s vision of a fairer, more equitable New York; one in which businesses are free from onerous burdens and fines; one in which consumers and businesses have access to a wealth of information no matter the language they speak; one in which consumers are protected from predatory business practices; one in which thousands of employees have had their right to paid sick leave defended and protected; and one in which New Yorkers with low incomes have been given access to crucial services, tools, and products that have enabled them to become more financially stable and build their assets.

As you are undoubtedly aware, DCA is a relatively small agency with a relatively broad mandate. As the largest municipal consumer protection agency in the country, we license approximately 80,000 businesses and individuals across 55 different industries, mediate complaints between consumers and businesses, conduct patrol inspections and legal investigations, educate businesses about laws and rules, engage in policy advocacy on a variety of consumer protection and labor issues, we also enforce key labor laws, such as the Earned Sick Time Act (or the “Paid Sick Leave

Law”), the Living Wage Executive Order, and, as of January 2016, the Commuter Benefits Law. In addition to this work, DCA also houses the Office of Financial Empowerment (“OFE”), which is the first municipal government initiative in the country with the specific mission to educate, empower, and protect New Yorkers with low incomes. I will first provide you with a brief overview of some of the key successes we’ve achieved this year, after which my colleagues Matt Petric, Amit Bagga, Nick Smithberg, Nancy Schindler, and Debra-Ellen Glickstein lead us through a slideshow presentation that will give us an opportunity to explore these successes in greater depth.

In the past year, DCA has continued to build on the small business reforms we began enacting in 2014, reached landmark settlement agreements that secured millions in restitution for aggrieved consumers, and engaged in innovative, inter-agency enforcement that has been extremely successful in protecting the public’s health. We have also secured millions in restitution and fines on behalf of thousands of New Yorkers who were denied their right to paid sick leave, raised the profile of a variety of consumer protection and labor issues through our public advocacy, and facilitated hundreds of millions in savings for low-income New Yorkers through our annual tax season initiative.

DCA has been able to do much of this by harnessing the power of technology, which has significantly optimized our ability to perform many of our core functions and become more business-friendly. I now invite my colleague Matt Petric to begin our presentation.

## **2015 Key Successes**

### **Building on Small Business Reform**

As the City’s primary business regulatory agency, DCA enforces a variety of licensing laws, as well as the City’s Consumer Protection Law, Paid Sick Leave Law, Commuter Benefits Law, and certain State business laws. As part of Mayor de Blasio’s steadfast commitment to easing burdens on our city’s small business owners, DCA has implemented dozens of reforms in the last two years that have resulted in a significant decrease in assessed fines, a significant increase in the amount of information available to businesses in plain English and in dozens of other languages, conducted hundreds of legal and informational trainings, and significantly enhanced our customer service capabilities through our expanded licensing center at 42 Broadway.

We are proud to report that in Fiscal Year (“FY”) 2016 to date, we have continued to reduce the amount of fines issued to our city’s small businesses, collecting only \$5.5 million in fines compared to \$6.2 million in the same period of time last fiscal year. This reduction comes on the heels of the more than \$15 million reduction in fines we were able to achieve between fiscal years 2014 and 2015. This reduction has been achieved through a variety of reforms and improvements, including ensuring that our inspections are now conducted more equitably than at any time in the recent past.

In addition to these reforms, DCA has been focused on ensuring that we can serve as many New Yorkers as possible closer to where they live and work. While most DCA licenses can be applied for or renewed online and we have made dozens of checklists and brochures available on our website, many of our licensees and licensees of the Department of Health (“Health”), on whose behalf we accept license applications, either prefer to or must still physically visit our headquarters to file new or renewal applications. To ease this burden, in January of this year, in partnership with the Department of Small Business Services (“SBS”), we launched the NYC Small Business Support Center in Jamaica, Queens. Situated at the nexus of several major modes of transportation and other government offices, our Queens center has already serviced hundreds of businesses in just two months. The state-of-the-art facility offers nearly every service also offered at our main Licensing Center at 42 Broadway and will allow thousands of Queens, Brooklyn, and Long Island licensees to save precious hours that they can now devote to servicing their businesses and customers.

Our commitment to serving our city’s small businesses is further evidenced by our ongoing outreach, education, and language access work. In calendar year 2015, we held or participated in nearly 200 events during which we provided information or training on paid sick leave, commuter benefits, or a variety of our licensing and the City’s Consumer Protection Laws. Many of these events were held in languages other than English, including but not limited to Mandarin, Cantonese, Spanish, and Korean. A key innovation in our outreach and education efforts is the creation of the position of Legal Ombudsman, who is an agency attorney dedicated almost exclusively to providing licensees legal training on legal compliance. We are also proud to be the agency leading the City in ensuring language access is a priority in all of our work. Our customer-facing staff, which spans our enforcement, consumer services, licensing, paid sick leave, external affairs, and communications divisions, as well as our Office of Financial Empowerment, speak at least 20 different languages and routinely leverage their linguistic capabilities with businesses and consumers alike during the course of their work. Not only do we strive to serve our immigrant small business owners, but also all of New York City’s many immigrant communities through our consumer-focused campaigns, which has featured advertising or print materials in Spanish, Bengali, Arabic, Simplified Chinese, Haitian Kreyol, Korean, Russian, and many other languages.

### Strong Consumer Protection

As we ease burdens on our city’s small neighborhood businesses, we continue to pursue our core mission as a consumer protection and conduct serious legal investigations against industries or businesses that are engaged in predatory behavior. Since January 2015, we have investigated 13 secondhand auto dealers securing more than \$200,000 in fines and restitution for consumers. DCA licenses more than 800 secondhand auto dealers across the five boroughs, and as they remain a top source of complaints from consumers annually, we carefully monitor their business practices. During the course of our investigations into dealer practices since 2014, we also found evidence that they have engaged in dangerous predatory lending in New York City, putting some of New

York City's most vulnerable consumers at great financial risk. It is our intention to continue to explore predatory lending in this industry this year.

In addition to our investigations into secondhand auto dealers, we have investigated 105 employment agencies in the past year. Employment agencies, which we also license, have also long been a source of complaints, particularly from the advocacy community, and we know that they have often preyed on New York City's most vulnerable job-seekers, often promising employment that doesn't exist in exchange for large fees. We are proud to report that since January 2015, we have secured more than \$810,000 in fines and consumer restitution from employment agencies.

Home improvement work is another area where vulnerable consumers are often subject to harm by unscrupulous businesses. With approximately 14,000 licensees, home improvement contractors consist of DCA's largest license category. In addition to mediating complaints and bringing cases on behalf of individual consumers, DCA conducts investigations and brings cases against contractors who show a pattern of taking advantage of consumers. Our two most notable examples of this in the past were cases against two contractors: Patriot Home Remodeling, Inc. and Madison Construction and Development. Between the two companies, DCA found compelling evidence demonstrating that these companies engaged in a variety of predatory conduct, from performing shoddy work, to illegally arranging credit, and even luring consumers into illegal refinancing of their homes to pay for construction work. We are proud to report that our investigations into these two companies resulted in them having to pay a combined amount of approximately \$610,000 in fines and consumer restitution.

Consumers have also frequently complained to DCA about being subject to illegal practices by towing companies, which we also license. In response to these complaints, we aggressively seek to obtain restitution for consumers harmed by tow companies. In 2015, DCA secured decisions ordering three tow companies to pay nearly \$410,000 in restitution to New York City consumers.

In addition to these investigations, DCA has also had great success in the last year pursuing unscrupulous debt collectors, who often engage in abusive tactics against consumers. DCA investigated numerous debt collection agencies for violating DCA's laws and rules, including agencies that were operating without a license. As a result of these investigations, DCA was able to secure more than \$1 million in consumer restitution for nearly 4,800 consumers, as well as \$1.3 million in fines. The successes of our targeted legal investigations are evidence of DCA's ability to protect consumers from the most harmful business practices while also ensuring businesses that play by the rules are empowered to succeed.

The strength of consumer protection work is not limited, however, to our legal investigations. Our patrol inspection work continues to play a vital role in exposing predatory business practices in the field and it is as a result of our patrol inspection work that one of our landmark cases was ultimately pursued and settled. We are referring, of course, to our case against Whole Foods, which

in December 2015 agreed to pay DCA \$500,000 in fines for what was determined to be persistent mislabeling of pre-packaged products sold in the chain's New York City stores that resulted in thousands of consumers overpaying large amounts for food packaged in Whole Foods' stores. In addition to securing this fine, our settlement agreement required Whole Foods to conduct quarterly in-store audits to ensure weight and label accuracy, implement policies requiring employees to individually weigh each package and only label the package based on actual, not estimated, weight, and conduct trainings for all New York City employees who are involved in weighing and labeling products.

In addition to uncovering these types of serious weights and measures violations, our patrol inspectors are highly trained in engaging in innovative, interagency enforcement that is effective in combating a variety of dangerous or fraudulent business practices.

### Joint Enforcement

As the Council is aware, DCA co-led the extensive interagency effort in the summer and fall of 2015 against the sale of K2, which was beginning to ravage several communities around our city. Working with our partners at the Mayor's Office of Criminal Justice, the New York City Police Department ("NYPD"), the Department of Finance ("DOF"), and Health, DCA's inspectors conducted several inspections that resulted in the confiscation of thousands of packets of K2. We are proud to report that as a result of our City's interagency enforcement efforts, we believe that there has been a significant reduction in the availability of K2 in New York City.

Our inspectors have not only gone to great lengths to protect the public's health, but also to safeguard against the City being taken advantage of. DCA's heating oil truck inspection team, led by the recently-retired, long-serving John Browne, helped the Department of Investigation ("DOI"), the Manhattan District Attorney ("the DA"), and the Business Integrity Commission ("BIC") build a case against 40 companies, principals, and drivers who routinely illegally siphoned heating oil from customers, which included the City of New York. DCA is responsible for inspecting heating oil trucks to ensure that the consumers, be they residential or commercial, are receiving the correct amount of oil that is supposedly being dispensed. Utilizing DCA's inspection expertise, DOI, BIC, and the DA were able to indict companies and individuals for supplying less heating oil than the amount of ticketed orders while consumers were being charged the full amount for the orders. DCA's inspectors help identify the variety of methods used by these companies and individuals to rig meters on tanker trucks, which ultimately enabled the trucks to evade regulatory control and conceal the actual amount of heating oil delivered to customers. We are very proud of the work that our inspectors have done and continue to do every day to pursue our core mission and we would like to thank them for their service.

As the Council knows quite well, the breadth of DCA's enforcement work has continued to widen in the last few years beyond legal investigations and patrol inspections. We now enforce key labor

laws that are high priorities for both Mayor de Blasio and Speaker Mark-Viverito; mostly notably, the Paid Sick Leave Law.

### Protecting Employees in New York City

Our enforcement of the Paid Sick Leave Law began with an unprecedented \$3 million outreach, education, and advertising campaign in 2014. DCA distributed more than 2 million pieces of literature in as many as 26 different languages, and participated in more than 1,000 events. We also advertised in subways, buses, and local and foreign-language print media, radio, and on television. Our efforts culminated in a first-of-its-kind “Day of Action” that reached millions of New Yorkers with the message that workers in our city now had the right to use sick time to take care of themselves and their loved ones.

In 2015, our public engagement efforts began evolving into more serious enforcement activities. We are very proud to report that we have now closed approximately 680 cases, securing nearly \$1.7 million in fines and restitution for more than 9,500 employees. These results demonstrate our deep and unwavering commitment to aggressively enforcing this law. Our cases have come most commonly from lower-wage professions, such as security guards, home health aides, restaurant workers, and retail workers.

DCA also enforces the Commuter Benefits Law that went into effect just three months ago. This Law requires employers in New York City with 20 or more employees to offer workers the ability to use pre-tax income to pay for their commuting expenses, a benefit available under federal tax regulations. DCA has publicized the new law through an innovative, humorous subway, bus, and print advertising campaign. You should have examples of our ads in your folders. To date we have distributed more than 37,000 pieces of Commuter Benefits literature, and participated in nearly 200 events. At this point our primary focus is on outreach and education, as the Law’s penalties cannot be enforced until later this calendar year.

Though we are a municipal agency, our long history of engaging all of New York City’s businesses and consumers through outreach, education, and advertising campaigns has set us up to deliver critical messages about laws or services, even if we are not the agency enforcing such laws or directly providing these services. Naturally, our long-running campaign around the Earned Income Tax Credit is a key example of this type of engagement. In May 2015, we also had the opportunity to leverage our experience with awareness building to host a “Nail Salon Day of Action,” during which 500 volunteers and City representatives, including the Commissioners of the Mayor’s Office of Immigrant Affairs, the Mayor’s Office to Combat Domestic Violence, SBS, and, of course, DCA, visited nearly 1,000 nail salons across the City, distributing important information about the rights of nail salon workers and the obligations of nail salon owners under certain City, State, and federal laws in many different languages, including Spanish, Simplified Chinese, Bengali, and Nepali.

We are proud to have partnered and to continue to partner with many different advocacy and social service groups, as well, of course, as the Council, on all of these efforts, and we look forward to continued joint collaboration to raise awareness about important labor-related issues. DCA's advocacy extends, of course, far beyond labor issues, and includes highlighting a variety of consumer protection issues and fair business practices, some of which we will explore with you now.

### Ongoing Advocacy

DCA has been able to successfully utilize our combination door-to-door, advertising, and earned media "Day of Action" model to help raise awareness about issues as diverse as paid sick leave, minimum wage, and even greenhouse gas emissions. In the heat of the summer of 2015, DCA held a "Shut the Front Door!" Day of Action to inform business owners across the five boroughs that leaving the front door or windows open while the air conditioning is running contributes dangerously to greenhouse gas emissions, as cooling systems need to use much more energy to cool a given amount of space when a large amount of cool air is escaping such space.

On this Day of Action, more than 200 volunteers walked close to 45 different business strips, distributing window clings, examples of which you should also have in your folders, as well as information about the detrimental environmental and financial impact of leaving doors and windows open while the air conditioning is running. On this day, we also reminded very large stores and chain stores that existing law prohibited them from leaving their doors open when the AC was on. The enforcement of the existing law, as well as the eventual expansion of this law, which passed the Council in fall 2015, were top priorities for Mayor de Blasio and we are proud to report that our Day of Action contributed to public momentum to support the expansion of the law to cover nearly all retailers in New York City.

Beyond our Days of Action that have focused on a variety of issues, DCA has also leveraged our in-house policy and research teams to further examine key consumer protection issues that are identified in the course of our work. A prime example of this is the release of our gender-based pricing study, "From Cradle to Cane: The Cost of Being a Female Consumer," DCA's first study of gender pricing disparities between goods sold in New York City.

Through a comparison of nearly 800 products with clear male and female versions from more than 90 brands sold online and at two dozen New York City stores, DCA found that, on average, products for women cost seven percent more than similar products for men. In addition, across the entire sample, women's products were priced higher 42 percent of the time. These findings suggested that over the course of a woman's life, she pays thousands of dollars more than a man to purchase similar products. While in some cases there might be legitimate drivers behind some portion of the price discrepancies – such as ingredients, textiles and import tariffs – these higher prices are mostly unavoidable to shoppers.

Evaluated products were selected from multiple industries in order to mirror the average consumer lifecycle, from children's products to products for seniors. In addition to increasing consumer awareness about the issue of gender pricing, DCA sent letters to the major retailers of the products reviewed, encouraging them to reevaluate their gender pricing practices.

### Financial Empowerment

DCA's Office of Financial Empowerment ("OFE") plays a critical role in expanding economic opportunities by identifying and addressing systemic issues that prevent low-income individuals and neighborhoods from building assets and long-term wealth. Our work is centered on ensuring New Yorkers and neighborhoods have the tools they need to achieve greater financial health and economic inclusion.

#### *Financial Empowerment Centers*

Our network of more than 25 Financial Empowerment Centers provides free, confidential, one-on-one financial counseling to New Yorkers in all five boroughs. Since their inception, our Financial Empowerment Centers have worked with more than 40,700 clients, helping them to reduce over \$36 million in debt and build approximately \$4 million in assets. This past year, the network has served more clients and offered more financial counseling sessions than ever before. Our financial counseling model has been replicated in cities across the U.S., and we continue to share our best practices within this field. This year, we are working on increasing awareness of these important services.

#### *Annual Tax Season Initiative*

Since 2002, DCA has coordinated the City's Annual Tax Credit Campaign with a specific focus on the Earned Income Tax Credit ("EITC") and the availability of free tax preparation services in New York City. For the 2015 tax season, the City invested more than \$3 million dollars into the tax credit campaign – a nearly 20-fold increase over prior years, allowing OFE to launch the largest public education and outreach tax credit campaign in the City's history. The advertising and outreach component of the tax credit campaign included transit ads, community and foreign-language newspaper ads, radio ads, a television public service announcement, a direct postcard mailing to targeted households, a digital media campaign and ads, a texting campaign, community events, on-the-ground outreach efforts in targeted neighborhoods, a five-borough trilingual phone-a-thon, and robocalls to 270,000 low-income households. DCA also created an interactive online map of all tax sites, which allowed people to search for the most convenient free tax filing site based on a number of criteria, such as language of service, location, and hours of operation.

In addition, OFE was able to expand the capacity of free tax preparation providers and increase the number of free tax preparation sites from 140 sites in the previous year to 200 sites across the five boroughs. As a result of these efforts, OFE's tax coalition, primarily comprised of participants in the Internal Revenue Service's Volunteer Income Tax Assistance and Tax Counseling for the



Elderly program and online tax providers, increased the number of tax returns completed by more than 50 percent over the previous year, putting an estimated \$250 million in tax refunds and tax-preparer fee savings into the pockets of New York City's families.

As you know, we are currently in the throes of this year tax season initiative. In 2016, we are offering more free tax prep sites than we ever have before – and the locations of some of our new sites – Morrisania and Brownsville – are based on the results of targeted studies we've conducted in the last year, which I will be discussing in a moment. We have also now unified more than a dozen free tax preparation partners under a new "NYC Free Tax Prep" brand identity, making it easier for New Yorkers to identify sites as providing trusted and reliable services. Additionally, for the first time ever, we are partnering with several different employers to offer free tax prep services for their employees on site.

The brand identity and employer partnership program are among the initial recommendations from the [Designing for Financial Empowerment](#) initiative—a collaborative effort between DCA, Citi Community Development, the Parsons Design for Social Innovation and Sustainability (DESIS) Lab, and the Mayor's Fund to Advance New York City that used a human-centered design approach to making free tax preparation services more accessible and effective.

We look forward to reporting on the results of this year's campaign later this season and we thank you for your ongoing support and partnership.

### *Studies*

As I've just mentioned, 2015 was a year in which OFE released a number of foundational studies. The first two studies, "Where are the Unbanked and Underbanked in New York City?" and "How Do New Yorkers Perceive Their Financial Security?" look at New Yorkers' use of banks and their perception of financial security. The research showed that in 2013, 11.7 percent of households in New York City (or 360,000 households) did not have bank accounts, surpassing the national figure of 7.7 percent. An additional 780,000 households, or one in four, were "underbanked," meaning they had a bank account but also used alternative financial services. Additionally, more than half of New Yorkers reported that they didn't have enough savings to weather an emergency and one in three reported having too much debt. To better understand New Yorkers' use of banks and sense of financial health and develop more effective future programming and products, OFE commissioned the Urban Institute to conduct the studies and develop the accompanying [interactive map](#) depicting the data.

These two studies affirmed the need in specific neighborhoods to address, not only access to banking, but also the financial health of these communities. OFE has used these findings and will continue to do so, to work with variety of public and private partners and communities to develop creative solutions to address financial insecurity on a neighborhood and community level.

In November 2015, OFE released the first study to examine mobile banking and cell phone ownership at a municipal level. The study's findings show that New York City is a unique marketplace for mobile banking and money management innovation, as nearly all respondents owned a cell phone (96 percent), and approximately 80 percent of cell phone owners had a smartphone. OFE is acutely aware of the opportunity that mobile technology has to increase access to banking, expand financial opportunities, and enhance current program, such as our annual tax credit campaign and others. Armed with these three important studies, OFE has already begun developing and implementing new programs that better reach consumers.

#### *Ventanilla de Asesoría Financiera (Financial Empowerment Window)*

OFE's financial counseling model has continued to serve as a critical service to New Yorkers. In addition to the success of our Financial Empowerment Centers, OFE is currently working with the Consulate General of Mexico and Citi Community Development to expand our reach and provide financial education and counseling. While this program is still ongoing, we are happy to report that in just one year we were able to reach more than 17,200 Mexican nationals in New York and helped nearly 1,000 Mexican nationals file taxes for the first time in the United States. The program, *Ventanilla de Asesoría Financiera (Financial Empowerment Window)*, has shown how important our work is for new Americans in New York City.

We are grateful to partner with Ariva, which is providing two financial counselors on site. In one year, these counselors met with 1,235 clients one-on-one and provided more than 16,000 visitors to the Mexican Consulate with *Ventanilla* brochures and other financial education materials. We have recently released early findings and look forward to updating you on future best practices from this important program.

The Mexican community is one of the largest immigrant groups in New York City. Our goal for this program is to empower Mexican nationals so that they can understand and enroll in the banking and financial services available to them. Access to financial services allows them to better integrate in the local economy. We are providing them the tools to achieve tangible goals, like buying a house, saving for their children's education, or opening a business, which will ultimately contribute to economic growth and job creation. We're proud to announce that the *Ventanilla* program will be replicated and implemented in Mexican consulates across the country.

#### Young Adult Outreach

In addition to our financial counseling, tax time, and research work, we are also partnering with the Department of Education and the City University of New York to raise awareness about key financial empowerment issues affecting young adults, such as tips about what to look for when taking out student and car loans and how to monitor and repair credit. We are proud to be putting this information directly into the hands of young New Yorkers as a result of the Council's leadership on this issue. In the coming months, we look forward to further expanding our work with young adults.

I will now ask my colleague Amit S. Bagga, Deputy Commissioner of External Affairs, to speak to you about the many ways in which DCA has partnered with the Mayor's Office of Immigrant Affairs ("MOIA") and others to ensure that access to banking is a crucial part of the City's IDNYC program.

### IDNYC

New York City is home to some 360,000 unbanked households, representing nearly 12 percent of the total households in the city. The lack of access to financial services—due to a range of factors, including some restrictive identification requirements—imposes real costs and harms on immigrant and lower-income New Yorkers. Disparities in access to financial services are particularly pronounced for noncitizens, young adult immigrants, and recently arrived immigrants.

In 2015, DCA, MOIA, and other partners worked with key federal regulators, such as the U.S. Treasury Department, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Internal Revenue Service, and the National Credit Union Association, to provide guidance to local banks and credit unions regarding the use of IDNYC as an acceptable form of identification for opening a checking and savings account. OFE and MOIA were able to successfully work with dozen banks and credit unions to accept IDNYC as a primary form of identification to open a checking or savings account. OFE and MOIA continue to work to build partnerships with additional institutions, and are expanding education and outreach to communities across the City to inform New Yorkers of the opportunity to use the IDNYC to open bank accounts.

Our partnership with MOIA and others on the IDNYC project is emblematic of DCA's commitment to working with stakeholders of all types to deliver results for New Yorkers, and we hope to expand these partnerships in the coming year to ensure Mayor de Blasio's vision for a fairer, more equitable New York continues to be realized.

In addition to expanding our external footprint, we are going to engage in a process of assessing our internal systems and practices to ensure that we are doing everything we possibly can to fulfill our mission of protecting New York City's consumers.

Essentially, we're going to be taking a look at doing what we do and seeing how we can do it better.

### Doing What We Would – But Better

DCA's licensing functions are critical in enabling us to protect consumers. Obtaining a license from DCA to conduct a business indicates that the City of New York has sanctioned your operation, that you are bound by laws and rules, and that consumers should be able to put their trust in you. Licensing gives DCA the leverage we need to be able to send a clear message: if you don't play by the rules, you won't be able to legally operate your business in New York City. Our

licensing laws are also written in a way that ensures fairness and equity in the application process, which is critical to ensuring that our system maintains high degrees of integrity and transparency.

We believe that the majority of licensees play by the rules set out for them in the law. We know, however, that every once in a while, there are businesses which take advantage of legal loopholes or manipulate the process to secure licenses they perhaps are not qualified to possess. To address this infrequent but important occurrence, DCA plans on clarifying internal processes and procedures that will enable us to more carefully track problematic businesses to ensure that we are only licensing those businesses that fully qualify.

Questions we will be asking ourselves as part of this process include:

- How do we better identify and track complaints against individual businesses?
- How can we set up a system that enables complaints to be implicated in the assessment of fitness to hold a license?
- What changes are needed to enable us to determine whether or not we are being defrauded by applications?

We also plan on ensuring that serious or persistent complaints translate into serious enforcement – whether or not we license a particular business. Though consumers do not necessarily provide us with all the information we need to be able to mediate a complaint or conduct a legal investigation, we plan on utilizing information we get about particular businesses or industries, however incomplete, to more closely monitor the prevalence of predatory conduct.

Questions we will be asking ourselves as part of this particular process include:

- How do optimize our complaint intake and internal communications procedures to ensure that problematic businesses and/or industries are being inspected or are placed under legal investigation?
- How do we identify, monitor, and report on trends?
- How we do utilize this information to propose effective, efficient policy solutions?

While we will optimize our processes to ensure that problematic businesses or industries are being appropriately monitored, we plan on continuing to make life easier for the City's small businesses wherever we can.

For example, we will be assessing:

- How we can optimize our functions to ensure that businesses are not being overly burdened by fines for “minor” violations while ensuring consumers are protected and we are continuing to fulfill our legal obligations;
- How we can improve, diversify, and broaden our communication strategies with respect to businesses and employers; *and*
- How we can better collect and synthesize data to build the case for the right *types* of laws.

Lastly, we believe that there are areas in which our legal authority can be clarified or potentially expanded. We need to assess how we can play an appropriate and effective role, for example, in regulating e-commerce conducted in New York City, and we need to examine our licensing laws, many of which are decades old, to determine how they can be updated to better suit current business environments, ease life for businesses, and protect consumers. We seek to work closely with the Council to ensure that clarification or expansion of our legal authority enables us to pursue our core mission of protecting New York City's consumers.

### Conclusion

As you can see from today's presentation and testimony, the breadth of DCA's work is expansive and our commitment to fulfilling our mission is deep. From legal investigations to outreach and education to financial counseling, we know that our work has a meaningful impact on the lives of New York City residents, particularly those who are lower-income or immigrants.

We strive every day to ensure that every New Yorker can access the wide array of information, tools, and services we offer, and we hope to be a model of effective collaboration for our sister agencies.

Thank you very much for the opportunity to testify before you today; we will be glad to answer any questions you might have.