

**Testimony of the
New York City Department of Consumer Affairs
Before the
New York City Council Committee on Consumer Affairs**

**Hearing on Introductions 1085-A, 1086-A, and 1087-A regarding
Consumer Protection Outreach and Education for Women, Seniors, and Immigrants**

June 16, 2016

Good morning Chairman Espinal and members of the Committee on Consumer Affairs. I am Lorelei Salas, the new Commissioner of the Department of Consumer Affairs (“DCA”). I’m thrilled to be here today to introduce today’s testimony on behalf of the agency. While I had the honor of being initially appointed by Mayor Bill de Blasio last month, today is, in fact, just my fourth day on the job.

I am thrilled to be leading an agency with such a broad and important mission, and in particular, I’m honored to take on the task of establishing the Office of Labor Policy and Standards within DCA. The agency’s success is undoubtedly predicated on maintaining a close and proactive relationship with the Council and I hope to continue to build on the strength of our existing relationship.

While I am unable to stay for the entirety of today’s hearing, I eagerly look forward to our close collaboration in the future, from working together in your districts to testifying at additional hearings. With your permission, I would now like to ask Nicole Smith, the Deputy Director of DCA’s Office of Financial Empowerment (“OFE”), to provide testimony on behalf of DCA. Thank you so much for the opportunity to speak with you, however briefly, today.

Thank you, Commissioner Salas. Good morning Chair and members of the committee. I am Nicole Smith, Deputy Director of OFE and I am joined today by my colleagues Amit Bagga, Deputy Commissioner of External Affairs, Mary Cooley, Director of City Legislative Affairs and Casey Adams, Deputy Director of City Legislative Affairs. We thank you for inviting us to testify about important issues related to consumer protection and financial education outreach as they pertain to women, seniors, and immigrants and also extend our thanks to you, the Speaker, and others, for sponsoring the three bills we will be discussing today.

DCA’s overall mission is to empower consumers and businesses alike to ensure a fair and vibrant marketplace. The agency licenses approximately 80,000 businesses across 54 different industries, mediates complaints between consumers and businesses, conducts patrol inspections and legal investigations, educates businesses about laws and rules, and enforces New York City’s Earned Sick Time Act, commonly known as the “paid sick leave” law, and the Commuter Benefits Law. In addition to its licensing, consumer protection, and labor-related work, DCA operates the Office of Financial Empowerment (“OFE”).

OFE was founded in 2006 as the first local government program in the country with the specific mission to educate, empower, and protect individuals and families with low incomes, so they can

build assets and make the most of their financial resources. At its core, the goal of OFE's financial empowerment work is to ensure that New Yorkers with low incomes have the guidance to make crucial financial decisions and access to affordable and safe products and services that will stabilize and improve their finances in the long-term. To achieve this goal, OFE employs several financial empowerment strategies, including: providing high-quality financial education and professional one-on-one financial counseling; connecting New Yorkers to safe and affordable mainstream banking products; improving access to income-boosting tax credits and other asset building opportunities; and engaging in public outreach and legislative advocacy to advance the cause of consumer financial protection. OFE also looks to build the financial empowerment field through technical assistance, partnerships, and cutting-edge research. To this end, OFE works with government agencies, community-based organizations, philanthropic partners, think tanks, and the private sector.

Our network of more than 20 Financial Empowerment Centers provides free, confidential, one-on-one financial counseling to New Yorkers in all five boroughs. Since the inception of the program, our Financial Empowerment Centers have worked with more than 40,000 clients, helping them to reduce over \$37 million in debt and build approximately \$4 million in assets. Additionally, through our annual Tax Season Initiative, which is now 14 years running, we have facilitated the filing of nearly one million free tax returns, which has unlocked tens of billions of dollars in tax prep fees and Earned Income Tax Credit savings for low-income New Yorkers. Many of these New Yorkers are women, seniors, and immigrants, and we are proud to have a long tradition of serving these populations.

As such, we are pleased to offer testimony to you today in support of Introductions 1085-A, 1086-A, and 1087-A.

Before we detail our response to these bills, it is important for us to note that DCA does not inquire about any individual's immigration status, and, like a large majority of City agencies, does not generally inquire about the age, sex, or gender identity or expression of an individual when we receive consumer complaints or conduct enforcement.

We would also like to note that the agency already conducts targeted outreach to populations with unique consumer protection challenges. For example, pursuant to Local Law 28 of 2015, DCA created tips on student loans, auto financing, enrolling in a school or training program, credit repair scams, and credit card debt targeted toward young adults that we then made available through partnerships with the Department of Education ("DOE") and the City University of New York ("CUNY"). In addition to making this information available in plain English, we also have made it available on our website in Spanish, Arabic, Bengali, Haitian Creole, Korean, Russian, and Traditional Chinese.

I would also like to take this opportunity to note that were the bills being considered today to pass, one of the key messages that we would be sending to all three populations is how they can avoid predatory or payday loans that, while largely illegal in New York State, are nonetheless often available to New Yorkers online. In fact, it is our understanding that there are proposals being considered by the State legislature that would make it easier for low-income New Yorkers to access the very same types of loans that have ensnared so many low-income Americans in

other states in endless cycles of debt. DCA is deeply committed to ensuring that State and City laws continue to prevent access to these types of loan products, and we seek to work with all of our government, advocacy, and elected partners to block efforts that would ease access to such products.

I will now provide an overview of the agency's consumer protection work and advocacy, starting with our activities geared towards women.

Women

According to a 2013 study by the New York Women's Foundation and the Center for Research and Policy in the Public Interest, one in four women is economically vulnerable, which means women are more likely to face poverty, have lower earnings, and suffer longer spells of unemployment as compared to men. Black and Latina women are 25% more likely to live in poverty than their white counterparts. Approximately 50% of women find it difficult to talk with others about personal finances, and only one-third of all women have a detailed financial plan.

Women are also more responsible for caregiving as compared to men, and therefore are more likely to work part-time or take time off, which impacts their overall earnings as well as ability to build long-term assets. According to a 2014 National Women's Law Center study of data from the Bureau of Labor Statistics, 76 percent of workers in the 10 largest low-wage occupations, such as childcare workers, home health and personal care aides, and food service workers, are women, and they make, on average, less than \$10.10 an hour. DCA is particularly sensitive to these issues, as we are the agency that enforces New York City's Paid Sick Leave Law, which mandates that most employers in the five boroughs provide sick leave. While, as we mentioned earlier, we do not collect data on the sex or gender identity of individual complainants, as women are more likely than men to be caregivers, the Paid Sick Leave Law likely has a disproportionately beneficial impact on the women of our city.

Two of OFE's key programs – the Financial Empowerment Centers and the NYC Free Tax Prep campaign – also have particularly positive impacts on women. In 2015, Financial Empowerment Centers conducted more than 16,000 financial counseling sessions, 64 percent of which were provided to women. Since 2009, these programs resulted in \$37 million in cumulative debt reduction and \$4 million in accumulated savings, and two thousand clients improved their credit scores by at least 35 points. Additionally, we estimate that 62 percent of the more than 135,000 filers using NYC Free Tax Prep in 2015 were women.

DCA has also leveraged its enforcement and advocacy power to highlight the issue of gender-based pricing of consumer goods in New York City. In December 2015, DCA released a study on gender-based pricing of products: *From Cradle to Cane: The Cost of Being a Female Consumer*. As part of the study, DCA compared prices of close to 800 "identical" or "nearly-identical" products marketed differently to men and women across 35 different product categories, such as bikes and scooters, onesies, jeans, razors, and canes. The products selected had similar male and female versions and were the closest in branding, ingredients, appearance, textile, and construction.

Our study found, on average, products for women cost seven percent more than similar products for men. Additionally, women's products were priced higher 42 percent of the time across the entire sample. These findings suggest that over the course of a woman's life she pays thousands of dollars more than a man to purchase similar products. Although there may 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.

While current law does not prohibit gender-based pricing of consumer goods, it does prohibit gender-based pricing of services. In the past two years, DCA has issued approximately 250 violations for gender-based pricing for services at laundries, dry cleaners, hair and nail salons, and shoe repair stores.

I will now turn to our work focused on senior citizens.

Seniors

Seniors are vulnerable to a wide spectrum of deceptive practices and financial exploitation schemes. While they might not be the only types of victims of such scams, seniors often fall prey to home improvement contractor scams, “phishing” and other internet scams, predatory lending, and identity theft. Some scams are targeted toward seniors because they are older, including reverse mortgage fraud, power of attorney/fiduciary abuse, and Medicare and Veterans benefits fraud, through which a senior citizen's eligibility for Medicare and Veterans benefits might be misused to defraud the federal government.

According to the Federal Trade Commission, one in five seniors nationwide is impacted by fraud. Senior victims of fraud lose an average of \$350 and many lose much more. It is estimated that more than half a million seniors in New York State have fallen victim to consumer fraud, resulting in a total loss of more than \$180 million. In New York City, more than 200,000 older adults are estimated to have been victimized by fraud, losing approximately \$70 million in total.¹

DCA has partnered with the Department for the Aging (“DFTA”) to produce and distribute a “Savvy Senior” flyer to increase awareness and education around common scams targeted at seniors and equip seniors with the tools to protect themselves. DCA created and distributed an educational flyer about the “10 Worst Everyday Scams,” which included “grandparent” scams, where a senior will receive an email or phone call from someone pretending to represent or be a familial relation with an urgent request for money. DCA also produced a flyer about methods for making seniors' homes safer, more age-friendly, and greener, which was distributed to our home improvement contractor licensees and included in the home improvement contractor license application packet.

Seniors also receive free tax preparation assistance as part of DCA's NYC Free Tax Prep program. In 2015 and 2016, our tax preparation services included more than 200 Volunteer Income Tax Assistance (“VITA”) and AARP Tax-Aide sites citywide, as well as online self-preparation. Through our tax preparation services provided in 2015, more than 30% of filers received valuable income-boosting tax credits. At these tax preparation sites, returns can be

¹ <http://www.gillibrand.senate.gov/imo/media/doc/Senior%20Fraud%20Report.pdf>

prepared in-person by an IRS certified VITA/TCE volunteer preparer or dropped-off to be completed by the preparer. In addition to its direct support for the tax preparation sites, the City has unified more than a dozen free tax preparation partners under a new “NYC Free Tax Prep” brand identity.

In order to target our free tax services to seniors, the annual tax credit campaign had eight season-long tax sites located in senior centers and another fourteen pop-up or mobile days at three different senior centers. DCA partners with AARP, which managed six of the eight full time sites, to provide these services. One of our senior-targeted mobile days was presented in partnership with Council Member Mark Treyger at the Coney Island Seaside Innovative Senior Center. Throughout our network of free tax preparation sites, approximately 38% of filers were over the age of 55.

Beyond DCA’s work, the de Blasio administration is dedicated to providing programming and support services to seniors who may be victims of scams or need assistance with financial planning. Recognizing the seriousness of crimes of opportunity that afflict vulnerable older New Yorkers, DFTA operates the Elderly Crime Victims Resource Center to provide direct resources and referral services to elder abuse victims and older adult crime victims in general, as well as to coordinate DFTA’s education and prevention efforts. DFTA administers the Bill Payer Program, in which screened and trained program volunteers assist low-income older adults with monthly bill payment tasks. DFTA also works in close collaboration with the New York State Office for the Aging (“NYSOFA”), DCA and the NYPD to raise awareness and protect older adults from scams. DFTA’s Outreach Unit distributes information about crimes against older adults from the Center when agencies notify DFTA about a scam, and they publicize that information to their network through comprehensive outreach.

Immigrants

As we all know, immigrants may be exposed to many scams in the course of pursuing employment, education, and immigration services. Immigrants also face unique barriers to banking and financial services. Pursuant to its mission, DCA has done significant work to protect and empower immigrants, which we will now describe for you. At the outset, I will say that DCA is deeply committed to both inclusive outreach to immigrant communities and making our services accessible to New Yorkers who prefer languages other than English. DCA’s staff speaks a combined 17 languages and our outreach and educational materials have been translated into up to 26 different languages.

DCA has also taken steps to make it easier for business owners who prefer languages other than English to comply with rules and regulations. DCA’s inspection checklists are easily available on our website and most have been translated into multiple languages. DCA also allows business owners to have their inspections conducted in their preferred language. This reform was part of DCA’s Small Business Relief Package, announced in July of 2014. Inspectors are equipped with a laminated sheet of language options and business owners can indicate their preferred language simply by pointing. If the inspector does not speak the indicated language, they will access telephonic interpretation to assist them in conducting the inspection.

DCA, in collaboration with MOIA, played a role in the development of IDNYC as an accepted form of identification to allow access to banking and financial services at several institutions across New York City. New Yorkers can now use IDNYC as a primary form of identification to open an account at Amalgamated Bank, Carver Federal Savings Bank, and others.

DCA also created the Ventanilla de Asesoría Financiera, or Financial Empowerment Window, a program offering free, high-quality financial counseling in-house at the Mexican Consulate. Launched in 2014, this financial empowerment program is based on in-depth, on-the-ground research into the unique needs of the immigrant Mexican community in New York City conducted by OFE in partnership with Citi Community Development, the Mexican Consulate, and the Mayor's Fund to Advance New York City. The Ventanilla program leverages the existing trust and use of the consulate by Mexican families to provide them with the financial information and resources they may need to participate in mainstream financial services. In just one year, the Ventanilla provided financial education or counseling to 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. To date, these numbers have more than doubled. The financial empowerment at the Ventanilla has touched the lives of more than 44,000 Mexican nationals in New York City.

DCA values its robust and productive partnership with MOIA and the work our agencies do on behalf of immigrant New Yorkers. DCA participated in workshops and public fora for MOIA's One NYC One Nation initiative, which brought together New York City's philanthropic, public and community leadership to strengthen immigrant communities. In addition, MOIA has helped to spread the word about DCA services to immigrant communities. For example, the NYC Free Tax Prep campaign included advertisements and materials translated into several languages. MOIA's partnership allowed the agency to produce flyers tailored to particular communities and spread education and awareness about tax prep services and valuable, income-boosting tax credits.

We will now turn to DCA's work to protect immigrants from predatory employment agencies and deceptive immigration service providers. Many of the bad actors in the employment agency industry prey on the most vulnerable — New Yorkers with low incomes and immigrants. In September of 2015, DCA announced the results of a multipronged and aggressive new approach to holding predatory employment agencies accountable as part of Mayor de Blasio's commitment to reduce inequality in New York City. In the first year of the new approach, DCA initiated more than 225 investigations into licensed and unlicensed employment agencies, issued more than 400 violations, and secured more than \$77,000 in restitution for 269 consumers who were charged illegal and predatory fees. The announcement of these results coincided with Labor Rights Week, during which DCA has also released its new multilingual Job Hunter's Bill of Rights, enabling New Yorkers looking for a job at an employment agency to know their rights.

We have also worked with various non-profit organizations to coordinate Paid Sick Leave workshops targeted to immigrant workers. Some of our partner organizations include Adhikaar, Sapna NYC, Emerald Isle Immigration Center and the YMCA New Americans Welcome Center. We have done Paid Sick Leave workshops targeted to Nepalese, Bangladeshi, Chinese, Haitian Creole, Korean, and Latino communities, among others.

DCA is a participant in the Protecting Immigrant New Yorkers (“PINY”) task force, composed of state, federal, and local agencies, and district attorneys, which seeks to combat unscrupulous practices. In addition, DCA, along with MOIA, is a lead agency on a task force targeting immigrant fraud and encouraging victims to speak out that was convened by Mayor de Blasio and Attorney General Eric Schneiderman.

The agency also enforces laws and rules related to immigration assistance services, or ISPs, which are people or businesses without legal training that charge fees for immigration-related services, frequently resulting in harm to the immigrant who is seeking assistance. DCA’s participation in the PINY task force has allowed us to build valuable relationships with community groups and generate complaint referrals to pursue violations against ISPs. Unfortunately, these community groups have indicated that by the time their constituents come to them for help the ISPs have either closed, moved on, or otherwise cannot be located.

This has, in turn, caused great difficulty in successfully mediating complaints and inspecting ISPs. Since January 1, 2015, DCA has received 29 complaints regarding ISPs and issued violations in 32 out of 76 completed inspections. The most common violations issued by DCA were related to signage and contract provisions. ISP enforcement is very challenging due to the transient and evasive nature of the providers; indeed, DCA’s 76 completed inspections were the result of 191 attempts.

Currently, DCA provides tips on “Using an Immigration Assistance Service Provider,” available in Spanish, Bengali, Chinese, Haitian Creole, Korean, and Russian, as well as a sample immigration assistance service contract. We look forward to expanding our outreach and partnering with MOIA and other stakeholders to create additional educational materials.

DCA is proud of the work we have done to reach out to seniors, immigrant New Yorkers, and women about the consumer protection issues particularly affecting their lives. I’d like to thank the committee for the opportunity to testify today about the important consumer protection and financial empowerment issues facing seniors, immigrants, and women. Educating and empowering New York’s consumers is an integral part of DCA’s core mission and we appreciate the opportunity to discuss some of our important efforts to reach these groups here today. My colleagues and I will be happy to answer any questions you may have.