

NEW YORK CITY  
DEPARTMENT OF CONSUMER AND WORKER PROTECTION

DCWP RULES HEARING  
PROPOSED AMENDMENT OF RULES RELATING TO DEBT COLLECTORS

December 12, 2024

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1 [00:06:59] [OFF TOPIC CONVERSTION]

2 HO KARLINE JUNG: Hi everyone. We are going  
3 to be getting started in a couple minutes. I'm just  
4 going to let some more people trickle in. Thanks. In  
5 the meantime, please make sure that your lines are  
6 muted. Thank you.

7 [00:07:34] [OFF TOPIC CONVERSATION]

8 HO JUNG: Good morning, everyone. I am  
9 going to get started. Good morning. My name is  
10 Karline Jung. I have been designated at the -- as the  
11 hearing officer for the public hearing of the  
12 Department of Consumer and Worker Protection on the  
13 proposed rules to amend rules relating to debt  
14 collectors. This hearing is being held by  
15 teleconference call. It is now 11:03 a.m. on  
16 Thursday, December 12, 2024 and I am hereby convening  
17 the public hearing on this proposed rule. The  
18 proposed rule was published in the city record on  
19 November 12, 2024. The published notice and rules are  
20 available online on the NYC rules website and the  
21 department's website. The department has proposed  
22 these rules pursuant to the authority vested in the  
23 Commissioner of the Department of Consumer and Worker  
24 Protection by Sections 1043 and 220f -- 2203f of the  
25 New York City Charter and Sections 20-104b, 20-493a

1 and 20-702 of the New York City Administrative Code.  
2 This hearing affords the public the opportunity to  
3 comment on all aspects of the rules the department has  
4 proposed. The department will carefully review all  
5 testimony and written comments received at this  
6 hearing and will give due weight and consideration to  
7 proposals and recommendations that are submitted for  
8 the record at this hearing. To ensure that everyone  
9 seeking to testify will have an opportunity to do so,  
10 I ask that we all follow these ground rules. During  
11 the hearing, all participants should give due respect  
12 and consideration to the folks offering their  
13 testimony. Please mute your lines if you are not  
14 speaking. Each witness will have a maximum of three  
15 minutes to provide oral testimony. If your comments  
16 take longer than three minutes, please synthesize your  
17 oral testimony and leave a written copy for the  
18 record. Unlike the limit on the time for oral  
19 testimony, there is no limit on the number of pages  
20 you can submit as written testimony or as documents  
21 for the record. The written submission will be made  
22 part of the public record. Now, if you are looking to  
23 testify today and you have not yet let me know, please  
24 do so right now in the chat. Okay. Now, before we  
25 begin, I'll remind everyone to please mute your lines

1 until you're call to provide testimony. I will now  
2 call the first witness. You will have three minutes  
3 for testimony and you may begin whenever you're ready.  
4 I have Danielle Arlowe. Danielle? Danielle, are you  
5 able to hear me?

6 MS. ELORA: Hi. I work with Danielle. I  
7 think she's having some audio issues.

8 HO JUNG: Got it. Okay.

9 MS. ELORA: She is there online. I see her  
10 video is on.

11 HO JUNG: Yes.

12 MS. ELORA: She's getting that sorted right  
13 out.

14 HO JUNG: Okay.

15 MS. ELORA: Thanks so much. Sorry about  
16 that.

17 HO JUNG: Okay. No worries. Whenever she's  
18 ready.

19 MS. ELORA: Perfect. Thank you.

20 HO JUNG: Thank you. Okay. If anyone else  
21 is looking to testify, please let me know in the chat.  
22 Okay. Seeing no one present to offer testimony as of  
23 now, I will wait until Danielle is ready and then we  
24 can hear her testimony and see if anyone else would  
25 like to provide testimony as well.

1 MR. [NAME]: Alright There it goes. Go  
2 ahead.

3 HO JUNG: Alright. Hi, Danielle. Are you  
4 ready? Okay. You may begin whenever you're ready.

5 MS. DANIELLE FAGRE ARLOWE: Thank you so  
6 much. Can you hear me okay?

7 HO JUNG: Yes.

8 MS. ARLOWE: Okay, good. Sorry. I had a  
9 little technical issue earlier.

10 HO JUNG: No worries at all.

11 MS. ARLOWE: Alright. Thank you so much for  
12 the opportunity to highlight our concerns with the  
13 proposed amended debt collector rules. We filed a  
14 much more extensive comment for the record. I'm  
15 Danielle Fagre Arlowe. I'm Senior Vice President at  
16 the American Financial Services Association. We  
17 represent creditors in across a wide array of credit  
18 providers including the traditional installment  
19 lending industry, the vehicle finance industry, the  
20 payments industry, mortgage. We have everyone from  
21 small regional businesses to some of the, the largest  
22 banks in the world as members. But one thing that all  
23 of our members who operate in New York have in common  
24 is that we have grave concerns and we're alarmed about  
25 the conflation here between collectors whose business

1 model is collection. I hear a little feedback on the  
2 line. Can you hear that? Whose business model is  
3 collection and creditors who are collecting their own  
4 accounts that they originated or acquired shortly  
5 after or well before any default was on the account.  
6 Creditors collecting their own debts and collectors  
7 collecting charge off debt is beyond apples and  
8 oranges. And it's a false equivalence to say that,  
9 that, that one could comply with the other. There are  
10 different roles and different duties to the customer  
11 that we have. Let me give you an example. Creditors  
12 have to communicate with their, with their consumers,  
13 their customers under an array of state and federal  
14 law. The same requirements that might arguably  
15 benefit consumers when applied to third party debt  
16 collectors are likely to harm consumers if applied to  
17 creditors. Debt validation is a perfect example of  
18 this. Well, validation by a collector who has no  
19 previous interaction with a consumer might help that  
20 consumer identify the debt to make sure there's no  
21 error in who, in, in who's who, et cetera. Validation  
22 on an account -- if everyone can mute their lines,  
23 actually would be great because I'm getting some  
24 feedback on the line. Could you mute if you're not  
25 muted? Thank you. Validation by a collector who has

1 no previous interaction.

2 HO JUNG: No. Danielle, I think we lost you  
3 for a second. Do you -- do you check.

4 MS. ARLOWE: Okay.

5 HO JUNG: Yes, we can hear you now.

6 MS. ARLOWE: I'm back. I was hearing, I was  
7 hearing interference on the line still. Could  
8 everyone mute -- do you mind if they aren't talking --  
9 I'm sorry that mine looks like it's muted. Alright.

10 HO JUNG: No.

11 MS. JASON FORBES: Karline, Danielle, it's  
12 Jason. Before you continue, just, Karline [inaudible]  
13 [00:16:50] for your information, I've got multiple  
14 people who are trying to call in, including myself.

15 HO JUNG: Mm-hmm.

16 MR. FORBES: And the phone line is not open.  
17 So, the Zoom meeting is open for like, there are like  
18 eight of us that are in here but the phone line  
19 apparently is not working.

20 HO JUNG: Okay. Noted.

21 MR. FORBES: It's not working for me either.

22 MS. ARLOWE: Okay.

23 HO JUNG: I'll try to get that sorted.

24 Thank you for letting me know.

25 MR. FORBES: Sure.



1 MS. ARLOWE: Thanks, you got it. Thanks for  
2 your patience.

3 HO JUNG: Yes.

4 MS. ARLOWE: Alright. And I'm -- I'll be  
5 well under my three minutes. So, basically, the point  
6 about debt, debt validation is it might sense in the  
7 case of the third party dept collector. But it  
8 doesn't make sense where everybody knows that it's the  
9 right person that you're talking to. And it would be  
10 very confusing for a consumer, who is receiving  
11 statements from the same entity at the same time.  
12 Especially if the consumer's account is current to  
13 suddenly be treated like they might not be them. It's  
14 not just confusing, it inevitably leads to fear of, of  
15 fraud et cetera. So, just -- if there's one thing to  
16 take away from this let me be clear. This is not  
17 about who wears the white hat. We're not saying we're  
18 better than third party debt collectors. This is  
19 about the nature of the communication itself and the  
20 inadvertent consumer harm enforcing creditors to  
21 behave like third party debt collectors in the same  
22 way. This amendment rule would be inconsistent with  
23 an array of Federal Law and New York Law. It  
24 conflicts with the Fair Debt Collections Practices  
25 Act. It directly conflicts with the Fair Credit

1 Reporting Act where we have to, we have to report  
2 things completely inaccurately. It is different than  
3 Article 29H of the New York General Business Law that  
4 distinctly defines principal cre-, creditor and debt  
5 collector differently and the New York State  
6 Department of Financial Services regulations that  
7 treat original creditors and debt collectors di-,  
8 differently. A couple very quick examples, it's  
9 unclear within this amended rule when certain  
10 communications are triggered because we're already  
11 communicating with these same customers through  
12 statements and regular account servicing. The rule  
13 treats accounts in good standing or very early stage  
14 delinquency as the same -- as if they were accounts  
15 that are deemed so in arrears that they may never be  
16 required including requiring written consent if  
17 they've already requested in a regularly receiving  
18 digital communication from creditors. The Fair Credit  
19 Reporting Act as I mentioned requires information to  
20 be reported to credit bureaus accurately and  
21 completely and there are elements in here that would  
22 prevent us from doing so. It puts us in a, in an  
23 impossible position of choosing which law to violate  
24 or accelerating the debt. Neither of those are good  
25 for consumers. The final point I want to make is on

1 timing. Yes, we first commented on this issue in  
2 2022. We acknowledge that this has been a long  
3 process. But it was not until the November 7th  
4 webinar that we've realized that the definition of  
5 debt collector wasn't -- was intended to include  
6 creditors with these new provisions. In fact, it was  
7 clear to us based on previous language that it was  
8 drafted only with third party debt collectors in mind.  
9 The very definition of debt belies that intent. If  
10 debt applies to accounts in good standing, then we  
11 have to treat accounts in good standing as if they're  
12 in arrears under this rule. We simply must be  
13 afforded the due process of reopening the entire  
14 rulemaking process to allow careful consideration of  
15 the unique and far reaching implications for consumers  
16 over a realistic period of time if this amended rule  
17 is to apply to cre-, creditors. Thank you so much.  
18 Sorry for the technical difficulties, open for  
19 questions and eagerly looking forward to the other  
20 commentary. Thank you.

21 HO JUNG: Thank you. With regard to the  
22 issues people are having calling in, I do see a number  
23 of people who are calling in externally. So, it may  
24 be an issue on their end. But we just pasted the  
25 call-in number once again in the chat. If anyone

1 would like to testify in the meantime, please let me  
2 know. Okay. Seeing no one present to offer  
3 testimony, I will go off camera and adjourn the  
4 hearing until an individual appears to offer testimony  
5 or until 12:00 p.m. Whichever comes first. Thank  
6 you.

7 MR. TODD HOUSLANGER: Hello, this is Todd  
8 Houslanger.

9 HO JUNG: Hi. Are you looking to testify or  
10 provide comments today?

11 MR. HOUSLANGER: Yes. I'm calling in  
12 because my -- the chat isn't working to -- for me to  
13 leave comments for you. I don't know if other people  
14 are having problem and doing items in the chat but I  
15 can't seem to type anything. But I'm --

16 HO JUNG: Alright. Okay.

17 MR. HOUSLANGER: -- happy to, to provide a, a  
18 statement. Actually, I do have questions, which I  
19 would like the answers but I'm ready to testify.  
20 Sure.

21 HO JUNG: Okay. Just for your awareness, I  
22 won't be able to answer any questions on the proposed  
23 rules because the hearing is solely to provide  
24 comments or testimony. But you'll have three minutes  
25 and you can begin whenever you're ready.

1 MR. HOUSLANGER: Thank you. My name is Todd  
2 Houslanger. I am an attorney at the Firm Houslanger &  
3 Associates. I have several positions in several  
4 organizations both locally, statewide and nationally  
5 in regard to creditors rights. My concern that I've  
6 addressed in a letter dated November 7th is in regard  
7 to attorneys and the regulations that are proposed as  
8 they apply to attorneys. It's always been our  
9 position and I believe there's been litigation that  
10 set forth that a local administrative agency such as  
11 yours is unable to regulate attorneys who, who are  
12 governed by the courts and the supervision and the  
13 licensing therein. What remains very unclear to me  
14 and my colleague-, colleagues is how these rules would  
15 apply to lawyers performing what lawyers perform. In  
16 other words, legal action includes a judgment,  
17 enforcement and execution, wage garnishment, issuance  
18 of information and other subpoenas, restraining  
19 notices in the like [inaudible] [00:24:58]. The rules  
20 that's drafted would appear to apply and regulate  
21 attorney conduct especially in regards to judgments  
22 that are entered. What is especially a concern are  
23 judgments that have been entered previously to these  
24 rules. The New York CPLR Section 221 provides that  
25 judgments are effective for 20 years. That's because

1 it's especially difficult to execute upon a judgment  
2 amongst other reasons. Many judgments may have been  
3 entered by default. These regulations would appear to  
4 require verification of the debt by means other and a  
5 copy of the judgment. This is practically impossible  
6 because the retention period for records might be  
7 seven years. And judgments are good for 20 years.  
8 So, in other words, if you're requiring attorneys to  
9 provide verification of the debt by means other and a  
10 copy of the judgment. Even if it's a default judgment  
11 would basically make that judgment ineffective to  
12 enforce. That would be detrimental to all the  
13 creditors. And creditors don't just include corporate  
14 creditors. They include individuals. Individuals  
15 that might be bringing an action against another  
16 individual, so this would be totally detrimental to  
17 public policy. I believe that you indicated that this  
18 would be responded to in the FAQs although we haven't  
19 seen any FAQs yet. So, if you can let us know and  
20 that's going to come out, I would appreciate it.  
21 Thank you.

22 HO JUNG: Alright. Thank you for your  
23 comments. If there is anyone else who would like to  
24 provide testimony, you can let me know either in a  
25 chat or by going off mute. Alright. Seeing no one

1 else present to offer testimony, I will adjourn the  
2 hearing once again until someone appears to offer  
3 testimony or until 12:00 p.m. And just for everyone's  
4 awareness --

5 MR. FORBES: Here --

6 HO JUNG: Yes.

7 MR. FORBES: This is Jason Forbes again,  
8 just for fairness, the number that was originally  
9 pushed the pass code I should say to get into the  
10 meeting.

11 HO JUNG: Mm-hmm.

12 MR. FORBES: That was originally pushed from  
13 the DCWP [inaudible] [00:27:28] getting people in the  
14 one you put in the group chat and the Teams meeting  
15 now does get a person in but I think you might have a  
16 group of people. I, I strongly suspect I know  
17 multiple people who are not able to get in from the  
18 pass code that was originally provided for the  
19 meeting. So, I think that for, for the hearing today,  
20 we might be missing a couple of groups that intend to  
21 testify.

22 HO JUNG: Got it. Okay. Are they able to  
23 come into the meeting with the pass-, -- new pass code  
24 that was provided in the chat?

25 MR. FORBES: I'm, I'm not sure. I'm trying

1 to distribute it to anyone --

2 HO JUNG: Got it.

3 MR. FORBES: -- I know but I, I can't speak  
4 for the entirety of the public.

5 HO JUNG: Okay. Well, the hearing is until  
6 12:00 p.m. So, if at any point they are able to make  
7 it in, they will be able to provide testimony. If  
8 they are unable to provide testimony during this  
9 hearing, the transcript of the hearing will be  
10 available and posted to our website and everyone will  
11 still be able to submit written comments to us before  
12 the end of the day at the website that was provided in  
13 the chat on NYC rules or by e-mail through  
14 rulecomments@nyc.dcwp.gov. I'm sorry, I meant  
15 rulecomments@dcwp.nyc.gov and I'll put that into chat  
16 right now as well. In the meantime, I will adjourn  
17 the hearing until someone appears to offer a  
18 testimony. Thank you.

19 MS. FORBES: It's Jason. I have just a  
20 suggestion because of the concern of people who still  
21 aren't in the meeting who had the, the incorrect pass  
22 code. Would it be possible to have someone from the  
23 DCWP call in to the other pass code that was provided  
24 for the meeting and just announce in that call for the  
25 people who are sitting on a quiet line to have the



1 correct pass code, so they can dial into this meeting?

2 HO JUNG: Could you give me a couple of  
3 minutes and we'll see what we can do? Thanks.

4 MR. FORBES: Okay. Thank you. Do you want  
5 the pass code that was provided --

6 HO JUNG: Yes.

7 MR. FORBES: -- for the DCWP that others are  
8 on?

9 HO JUNG: Yes.

10 MR. FORBES: One moment. I'll, I'll  
11 [inaudible] [00:35:08] it here. I have it if you're  
12 ready.

13 HO JUNG: Yes, I'm ready.

14 MR. FORBES: The phone number that was  
15 provided was 646-893-7101 and the pass code which is  
16 the same one that you put in the chat. The pass code  
17 that was provided, the phone conference idea -- ID was  
18 555-494-77#. And I think that we have other people in  
19 that, in that conference line.

20 HO JUNG: Okay, got it. Thank you.

21 MR. FORBES: Thanks.

22 HO JUNG: Hi, Jason. So, I just had a  
23 colleague call in to the number that you provided me.  
24 I'm not sure if there are still people in there  
25 because we haven't gotten a response. But we did let

1           them know or let anyone who might be in the room know  
2           of the phone conference ID that is currently working  
3           for people, so just wanted to let you know.

4                   MR. FORBES: Thank you.

5                   MR. PATRICK MOTT: O-, okay. This is, this  
6           is Pat Mott from, from Capital One. We were just on  
7           that line. And we didn't hear any announcement being  
8           made and then we saw the line close. So, I'm not sure  
9           if --

10                   HO JUNG: Okay. I apologize for the  
11           technical difficulties --

12                   MR. MOTT: Yeah. So, we --

13                   HO JUNG: -- on our end. Sorry about that.

14                   MR. MOTT: -- we found this, we found this  
15           line through a different website but the original dial  
16           in information was from the, the notice. So, that's  
17           why people, I believe, were going to that other line.  
18           I think we missed any discussion that happened. Is it  
19           possible to give a replay of what has happened so far  
20           for those who are on the other line or what, what has  
21           happened so far in this?

22                   HO JUNG: So, we had one person provide  
23           testimony so far. We're not sure if we can have them  
24           testify again. I'll have to check, if you could give  
25           me one minute. I'll find out for you --

1 MR. MOTT: Okay.

2 HO JUNG: -- if we can do that. So,  
3 unfortunately, we cannot have a repeated testimony but  
4 there will be a transcript available online of the  
5 rules hearing. So, you will be able to check what the  
6 comments that were provided beforehand said when it's  
7 posted on our website.

8 MR. MOTT: Thank you.

9 HO JUNG: Yeah. No problem. Hi, everyone.  
10 Apologies for the technical difficulties and for the  
11 inconvenience. We will be expen-, -- extending the  
12 hearing by 30 minutes until 12:30 p.m. due to the  
13 issues that everyone is having. If you do know anyone  
14 who is struggling to get into the hearing, if you  
15 could let them know to please enter through either  
16 video conference or if they're using the external call  
17 to use the number and the conference ID that's  
18 provided in the chat, that would be much appreciated.  
19 Thank you.

20 MR. MOTT: Would you be able to put that ID  
21 number in the chat again for, for those who joined  
22 after --

23 MS. SARAH: Thank you.

24 HO JUNG: Yes, I will do that right now.

25 MR. MOTT: It's, it's not in there, so.

1 HO JUNG: Okay. Got it. Thanks for letting  
2 me know.

3 MS. [NAME]: That's the first anyways.

4 HO JUNG: Hi, for those who have just  
5 joined, apologies for the technical difficulties. We  
6 are trying to figure that out right now but if you are  
7 just joining and would like to offer testimony or  
8 comments on the proposed rules, please let me know.  
9 Hi, everyone, once again, apologies for the technical  
10 difficulties for those who have just joined. I want  
11 to let you know that we will be extending the hearing  
12 until 12:30 p.m. And so, if you would like to provide  
13 any comments or provide testimony, please let me know  
14 now. And we'd also like to let you know that a  
15 transcript of the hearing will be posted online to our  
16 website if you would like to look back on testimony  
17 that has been provided so far. We are working on  
18 sending the correct meeting information to everyone  
19 that's registered right now. So, in the meantime, if  
20 you do have comments you'd like to provide, please  
21 just let me know. Thank you. Hi, everyone. For  
22 those who have just joined, we will be extending the  
23 hearing until 12:30 p.m. If you would like to provide  
24 any testimony or comments, please let me know. Thank  
25 you.

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HO JUNG: Hi, everyone, seeing that it is now 12:30 p.m., I will adjourn the hearing. Thank you everyone for participating and for your patience and apologies once again for any of the technical difficulties that you might have faced. Thank you.

CERTIFICATE OF ACCURACY

I, Ryan Manaloto, certify that the foregoing transcript of DCWP Rules Hearing; Proposed Amendment of Rules Relating to Debt Collectors on December 12, 2024 was prepared using the required transcription equipment and is a true and accurate record of the proceedings.

Certified By



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Date: February 7, 2025

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