

**NYC Department of Finance**

**Annual Report on Environmental Control  
Board (ECB)-Adjudicated Judgments**

**November 2023**

## Introduction

Under Local Law 11 of 2015, the New York City Department of Finance (DOF) is required to report to the City Council annually, by November 1, on outstanding Environmental Control Board (ECB)-adjudicated judgments. ECB, pursuant to NYC Charter Section 1049a, conducts proceedings for the adjudication of violations and is operated by the Office of Administrative Trials and Hearings (OATH). These cases involve summonses that are issued by 13 different City enforcement agencies responsible for protecting the public's health and safety. ECB judgment debt results when the agencies issue notices of violation against a respondent who does not pay the debt. The respondent is required to attend a hearing at ECB. If the respondent attends the hearing and the hearing officer renders a decision that the respondent owes the fine, this becomes the judgment amount. If the respondent fails to attend the hearing, a default penalty is imposed and the judgment will be for a higher amount. The violation is filed as a court judgment and referred to DOF for collection. DOF first attempts to collect this debt in-house, using its own staff, and then uses city marshals, the Sheriff, and outside collection agencies if its in-house efforts are not successful. This report focuses on judgment debt referred to DOF in FY23.

## Summary

Highlights of the enclosed report include:

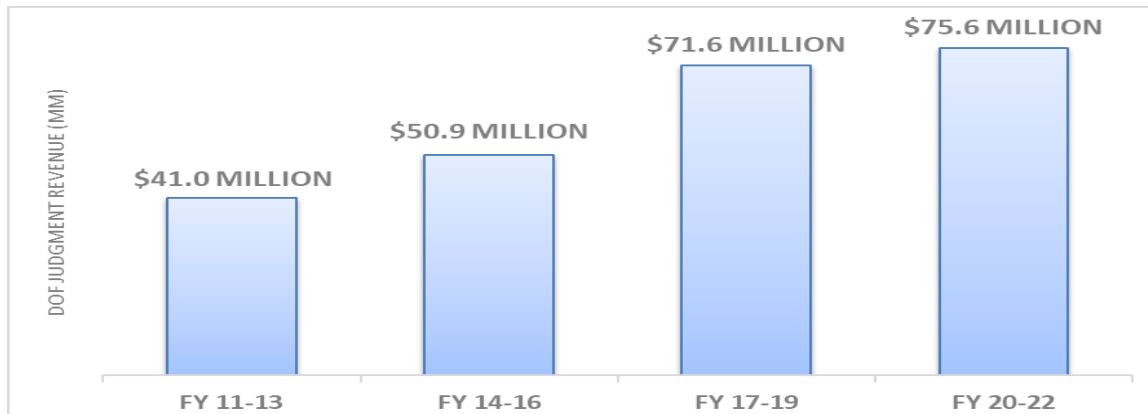
- ECB collections for FY23 totaled \$76.2 million. This represented a decrease from \$113.9 million in FY22, mainly due to the expiration of the Fine and Interest Reduction Enabling Recovery (FAIRER) Program that contributed \$46.4 million in revenue in FY22. Despite the decrease in overall revenue, the total amount of DOF judgment collections was higher than the \$72.3 million collected in FY20 and the \$70.7 million collected in FY21. FY23 revenue was slightly higher than the FY18 to FY21 average of \$74.0 million, higher still than the FY14 to FY17 average of \$61.1 million, and more than double the FY10 to FY13 average of \$37.8 million.
- The performance of its three collection agencies helped DOF sustain the revenue totals of previous years despite the agency's having received fewer judgment referrals from OATH. Since the introduction of a third collection agency for ECB judgment debt in FY21, DOF has been assigning cases to three successive collection agencies for six months each. ECB judgment revenue from the three collection agencies decreased 50% from \$57.3 million in FY22 to \$28.1 million in FY23, primarily due to the expiration of the FAIRER Program. Previously, DOF had referred ECB debt to two successive collection agencies. The \$8.1 million in additional revenue from the third collection agency accounted for 29% of the revenue collected by the collection agencies in FY23.
- The total value of outstanding ECB debt, after excluding the allowance for bad debt, decreased from \$688 million to \$617 million (-10%). Since onboarding the third collection agency at the end of FY20, DOF refers ECB judgments to three successive collection agencies before placing uncollected judgments into an allowance for bad debt.

DOF's allowance for bad debt increased 11% from \$594 million in FY22 to \$659 million in FY23, as the relatively larger debts referred to the tertiary collection agency in FY22 returned to DOF. ECB judgments are not classified as bad debt until they have completed the three successive six-month assignments. Upon return from the third collection agency, these debts were classified as bad debt since they had been worked by all three collection agencies and met the other "allowance for bad debt" criteria.

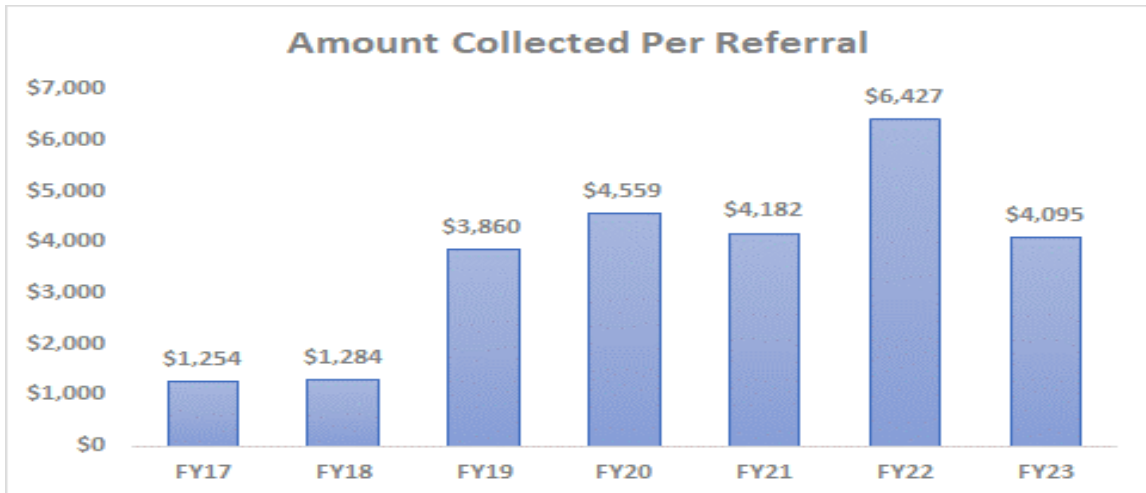
- DOF expects to generate revenue close to \$70 million in FY24, despite the considerably lower volume of ECB judgments referred in FY23, due to the continuation of collection initiatives and the implementation of new programs.
  
- The Department of Finance works with other City agencies to enforce collection of judgment debt by suspending permits and licenses and offsetting the debt on vendor payments.
  
- DOF has improved the in-house collection case treatment flow and referrals.
  - DOF has leveraged and will continue to expand outreach communications in order to notify businesses and individuals who have outstanding ECB judgment debt in a timely manner.
  
  - DOF began and will continue to convert some DOB-issued ECB judgments into property liens as authorized by the NYC Administrative Code. In FY23, DOF converted 1,481 violations to property liens totaling \$10.6 million. DOF also received \$1.3 million in payments from owners who were notified about the lien conversions. DOF worked with NYC Opportunity and OATH to obtain Office of Court Administration (OCA) information on judgment creditors to successfully automate its processing and expects to further increase the number of ECB judgments converted to property liens in FY24.

## FY23 Overview

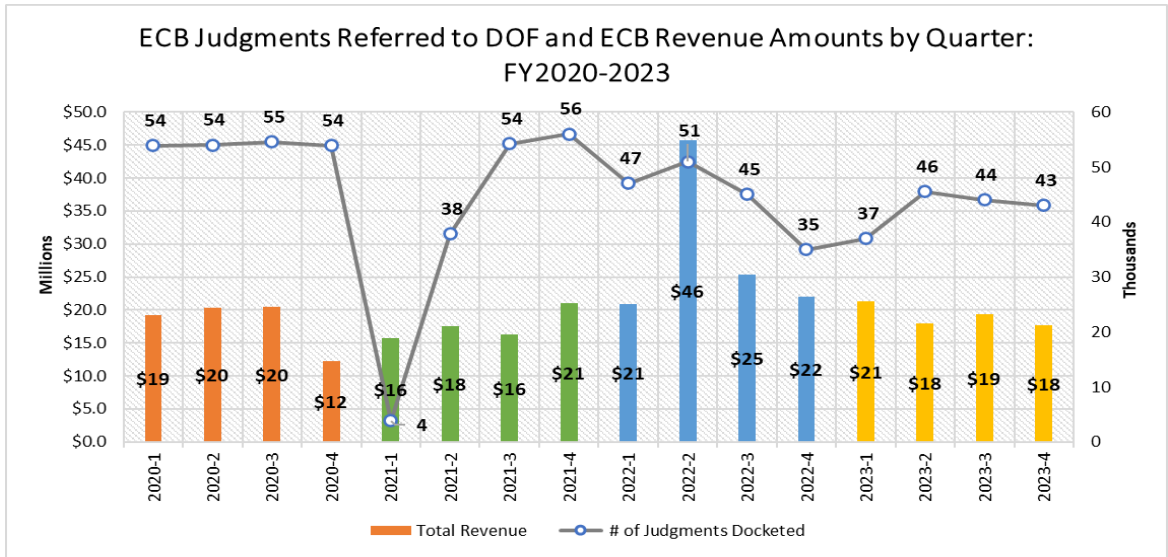
- The Department of Finance’s FY23 ECB judgment collection efforts were successful. Although considerably fewer ECB judgments were referred to DOF in FY23, the continuation of special programs, the implementation of new initiatives, and collection efforts by the three collection agencies enabled DOF to collect \$76.2 million in FY23 and achieve the best the first-year collection rate (17%) since the tracking of this measure began in FY15.
- FY23 ECB judgment revenue of \$76.2 million was \$600,000 (+0.8%) higher than the average \$75.6 million from FY20 through FY22; \$4.6 million (+6.4%) higher than the average \$71.6 million collected from FY17 through FY19; \$25.3 million (+49.7%) higher than the average of \$50.9 million collected from FY14 through FY16; and \$35.2 million (+85.9%) higher than the average of \$41.0 million collected from FY11 through FY13. All revenue totals from previous fiscal years are net of the contribution by amnesty programs.



- The increased revenue is due in part to productive enforcement efforts. Total execution issuance in FY23 (1,689) nearly reached the average pre-pandemic level of 1,800, while average collected revenue (amount collected per issued enforcement) in FY23 (\$4,095) was consistent with the average from FY19 to FY11 average (\$4,075) and 36% lower than the FY22 average (\$6,427).



- In FY23, the total value of the inventory of ECB debt decreased. At the close of FY23, the total value of outstanding ECB judgment debt after excluding the allowance for bad debt was \$617 million, down 10% from \$688 million at the close of FY22.
  - The allowance for bad debt reflects the fact that in many instances DOF is unable to collect from individuals and businesses because they have passed away, gone out of business, filed for bankruptcy, moved out of the City, or experienced financial hardship. Judgments included in the allowance for bad debt are not written off. The judgments remain in effect for eight years in case the respondent decides to pay. The total amount of the allowance for bad debt at the close of FY23 was \$659 million, up 11% from \$594 million in FY22. After subtracting this from the total ECB judgment inventory of \$1.28 billion, we arrive at the current value of the debt, \$617 million.
  - The allowance for bad debt increased moderately (11%) from \$594 million in FY22 to \$659 million in FY23. In FY21, DOF increased the number of collection agencies it uses to collect ECB judgments from two to three. The three collection agencies work the debt in succession. In FY21 and prior, DOF classified the debts that had been worked by two collection agencies as bad debt. Since FY22, the debts that had been worked by the third collection agency and returned to DOF were reclassified as bad debt.
- OATH referred 169,000 judgments, including 134,000 default judgments, to DOF in FY23, an average of 42,500 per quarter. The number of referrals in FY23 represented a decrease of 5% from 178,000 in FY22 (an average of 44,500 per quarter) and an increase of 10% from 153,000 in FY21. The number of judgments referred in FY23 was below the pre-pandemic average of 223,000 in FY19-20.



- DOF in-house efforts rely on notices sent to respondents informing them of their judgment debtor status, calls made to and received from respondents, and enforcement efforts such as placing City licenses and permits on hold. In-house collection revenue was \$48.1 million in FY23, a 15% decrease from \$56.6 million in FY22, but still 32% more than the \$36.4 million collected in FY21.
- DOF issued 1,689 legal execution referrals, averaging 140 per month for FY23, up 8% from the monthly average of 130 in FY22.
- DOF continued placing Department of Transportation permits on hold for permittees with outstanding ECB judgment debt in FY23. DOF also continued to work with the Department of Buildings, Department of Transportation, and Department of Consumer and Worker Protection to suspend permits and licenses issued by other City agencies for permittees and licensees with ECB debt. These initiatives generated \$12.1 million in revenue in FY23.
- DOF reviewed vendor payments to see if the vendor has ECB judgments. The judgment debtor is contacted and if payment is not made, DOF may offset the ECB judgments.
- DOF continued to make it possible for eligible respondents to settle and pay ECB default judgment debt online by entering into agreements with DOF for these settlements when the respondent has achieved compliance with the issuing agency.

## Other FY23 Highlights

- In FY23, OATH referred 169,057 violations to DOF totaling \$219.2 million, including \$109.8 million (50.1%) in default penalties and \$10.9 million (5.0%) in interest. The number of judgments referred to DOF during FY23 decreased by 9,048 (5.1%), and the dollar amount of judgments decreased by \$99.4 million (31.2%) compared to FY22.
- In FY23, 34,777 violations in the amount of \$37.2 million were docketed and paid. The number of violations docketed in FY23 and paid in FY23 decreased by 12,888 (27.0%) from 47,665 in FY22. The dollar amount of violations docketed in FY23 and paid in FY23 decreased by \$14.0 million (27.4%) from \$51.2 million in FY22.
- The number of collection letters issued by DOF and its collection agencies decreased 20% from 485,000 in FY22 to 388,000 in FY23. This was mainly because the number of collection letters sent by the third outside collection agency returned the normal monthly average in FY23 after the initial large assignment of the aged debt at the beginning of FY21 and part of FY22.
- The statute of limitations for ECB judgments is eight years from the docket date. After that time, OATH removes the expired judgments. The dollar amount of expired judgments during FY23 was \$90 million. These judgments are distinct from violations included in the allowance for bad debt category. Eight years after docketing, they are no longer in effect.

## Collection Rates

Since DOF’s collection efforts are part of a larger process of issuing and collecting ECB violations (see page A-5 for a process flow chart), the following table shows the collection rate for the first year after a violation is issued by a City agency, including both pre-judgment and post-judgment collections. In FY23, the one-year collection rate was 60.3%.

<b># of Summonses Issued *</b>	<b>602,831</b>
<b># of Summonses Paid</b>	<b>363,616</b>
- Before Judgment	<b>350,144</b>
- After Judgment	<b>13,472</b>
<b>Collection Rate</b>	<b>60.3%</b>

DOF also calculates a post-judgment collection rate. The first-year collection rate of an unpaid ECB violation after it was docketed as a judgment and referred to DOF was 17% in FY23. This is slightly higher than the 16.1% first-year collection rate in FY22.

\* Excluding violations issued by (i) Taxi and Limousine Commission, (ii) Department of Consumer and Worker Protection, and (iii) Department of Health and Mental Hygiene, as well as violations with unknown balances.

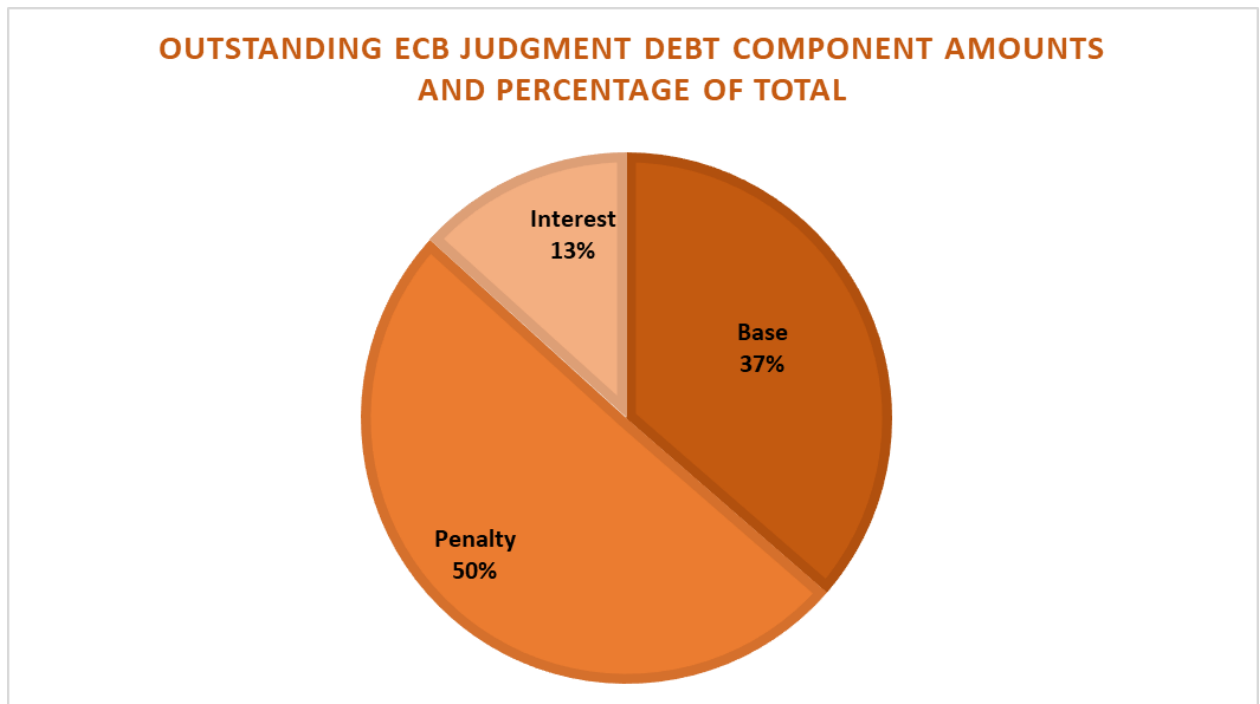
## Item I: Department of Finance Inventory of OATH/ECB Debt

The total outstanding inventory, by quantity and dollar amount of violations, can be seen in the tables below. The total amount currently due is \$617,318,616, which includes an allowance for bad debt of \$659 million.

**Table 1: Total Outstanding Inventory and Its Components**

# of Summonses	Base Fine	Default Penalty	Interest	Total Inventory Before Allowance for Bad Debt	Allowance for Bad Debt	Total Amount Due
849,855	\$420,602,195	\$563,011,865	\$293,166,304	\$1,276,780,364	\$659,461,748	\$617,318,616

As outlined in the pie chart below, default penalties for failure to attend a hearing, which exclude judgments in the allowance for bad debt, are \$310 million, 50% of the total, and the largest component.





**Table 2: DOF Inventory by Fiscal Year of Docket<sup>1</sup>**

Fiscal Year of Docket Date	# of Summonses	Base Fine	Default Penalty	Interest	Total Amount Due
FY23	138,933	74,296,045	93,388,385	8,660,186	176,344,616
FY22	113,735	82,368,799	118,680,046	27,266,359	228,315,204
FY21	67,644	45,587,164	65,780,591	23,278,274	134,646,029
FY20	7,624	10,704,398	16,743,754	8,472,278	35,920,430
FY19	4,800	4,444,577	6,207,047	4,270,247	14,921,871
FY18	3,712	2,718,605	3,855,750	3,190,807	9,765,162
FY17	3,714	1,976,073	2,886,991	2,851,170	7,714,234
FY16	3,447	2,590,348	3,243,383	3,857,339	9,691,070
<b>Total</b>	<b>343,609</b>	<b>224,686,009</b>	<b>310,785,947</b>	<b>81,846,660</b>	<b>617,318,616</b>

**Table 3: DOF Inventory by Issuing Agency<sup>1</sup>**

Department of Buildings default penalties and interest account for \$294.3 million (47.7%) of the total value of outstanding judgment debt.

Issuing Agency	# of Summonses	Base Fine	Default Penalty	Interest	Inventory Amount
DOB	64,120	162,329,489	232,274,226	62,040,353	456,644,068
DSNY	232,437	20,580,362	43,208,559	8,693,517	72,482,438
FDNY	23,567	27,355,957	16,695,198	5,743,573	49,794,728
DOT	6,356	5,143,686	7,734,364	2,836,033	15,714,083
DEP	3,744	4,287,215	5,851,841	1,285,344	11,424,400
NYPD	4,221	2,306,338	3,201,290	785,735	6,293,363
DOHMH	2,172	1,028,128	308,321	130,455	1,466,904
Parks	5,516	758,610	351,965	133,548	1,244,123
DCA	638	212,450	659,310	39,386	911,146
Agency Missing	551	151,426	327,206	56,143	534,775
Mayor's Office of Midtown Enforcement	202	333,423	90,230	60,790	484,443
BIC	48	179,650	66,800	38,420	284,870
Other Agency*	37	19,275	16,637	3,363	39,275
<b>Total</b>	<b>343,609</b>	<b>224,686,009</b>	<b>310,785,947</b>	<b>81,846,660</b>	<b>617,318,616</b>

\* Other Agency comprises Landmarks, Seagate PD, Storm Water Processing, and Peter Cooper Stuyvesant Town, where total due was less than \$50K.

<sup>1</sup> Excludes allowance for bad debt of \$659 million. (See Table 1.)

## Item II Fiscal Year 2023<sup>2</sup>

### Items I and II: Total Number of Judgments Referred to the Department of Finance by OATH. Total dollar amount of judgments referred to DOF, disaggregated by base penalty, interest, and default penalty.

During FY23, DOF received 169,057 judgment violations from OATH for a total of \$219.2 million, including default penalties assessed against respondents for failing to appear at a hearing.<sup>3</sup> There were 9,048 (5.1%) fewer judgments than the 178,105 judgments referred in FY22. The dollar amount of new referrals decreased by 31.2% from \$318.7 million in FY22 to \$219.2 million in FY23. The decrease in the number of newly referred judgment violations was due to decreases in summonses issued by two of the issuing agencies. The Department of Buildings issued 11,613 fewer violations, a decrease of 28.9%. The Department of Transportation issued 2,089 fewer violations, a decrease of 34.7%. The total amount due from violations issued by these two agencies decreased by \$98.4 million, which accounted for 99% of the total dollar amount decrease from FY23 to FY22.

**Table 4: FY23 Total Judgments Referred**

# of Summonses Referred	Base Fine	Default Penalty	Interest	Total Amount Due
169,057	\$98,482,984	\$109,826,782	\$10,923,672	\$219,233,489

**Table 5: FY23 Judgments Referred by Issuing Agency**

Issuing Agency	# of Summonses Referred	Base Fine	Default Penalty	Interest	Total Amount Due
DOB	28,527	\$67,320,808	\$67,232,059	\$7,426,133	\$141,979,000
DSNY	111,309	\$6,449,017	\$23,027,505	\$1,391,299	\$30,867,821
FDNY	13,932	\$14,908,798	\$7,632,768	\$1,132,636	\$23,674,202
DOT	3,925	\$3,227,352	\$4,707,908	\$370,729	\$8,305,989
DEP	3,041	\$3,233,811	\$3,525,670	\$314,478	\$7,073,959
NYPD	3,066	\$1,667,658	\$2,194,669	\$160,563	\$4,022,890
DOHMH	1,683	\$757,418	\$196,749	\$41,317	\$995,484
DCA	682	\$206,175	\$636,140	\$32,493	\$874,808
Agency Missing	491	\$211,037	\$476,222	\$21,537	\$708,796
Parks	2,303	\$332,485	\$139,745	\$19,831	\$492,061
Mayor's Office of Midtown Enforcement	52	\$120,000	\$6,210	\$7,970	\$134,180
BIC	12	\$22,950	\$32,700	\$2,686	\$58,336
Other Agency*	34	25,475	18,437	2,051	45,963
<b>Total</b>	<b>169,057</b>	<b>\$98,482,984</b>	<b>\$109,826,782</b>	<b>\$10,923,723</b>	<b>\$219,233,489</b>

\* Other Agency comprises Landmarks, Seagate PD, Storm Water Processing, and Peter Cooper Stuyvesant Town, where total due was less than \$50K.

<sup>2</sup> All the data displayed in the subsequent tables, except for tables 6, 7, and 8, are as of 07/01/2023.

<sup>3</sup> Summonses referred to DOF with docket dates from 06/30/2022 through 05/31/2023 (last docket period for FY2023 is 05/31/2023) are considered as FY2023. We have excluded any recalls. Recalls are cases where a respondent requested a hearing and was granted one by OATH. The number of recalls is small.

### Item III: Average Length of Time for Referral of a Judgment from OATH to DOF

The average elapsed time from docketing to DOF referral was 2.01 days in FY23.<sup>4</sup>

### Item IV: Total Dollar Amount Collected by DOF for Judgments Referred During Preceding Fiscal Year

As of September 20, 2023, DOF collected \$37.2 million against violations that were referred to the agency during FY2023. This is reflected in Table 6. As of September 20, 2023, the first-year collection rate for newly referred debt in FY2023 was 17%.

**Table 6: Revenue for Violations Docketed During FY23**

Payment Date by FY	# of Summonses Paid	Length of Time Between Docket Date & Payment Date in Month Ranges					\$ Total Collected
		0-3M	4-6M	7-9M	10-12M	13-24M	
FY23	34,777	\$23,163,880	\$7,760,040	\$3,654,666	\$1,967,046	\$621,862	\$37,167,493

Payments on ECB judgments referred to DOF in FY23, disaggregated by issuing agency, are listed in Table 7.

**Table 7: Total Collected by DOF from 7/1/2022 to 9/20/2023**

Issuing Agency	# of Summonses Paid	Total Amount Collected
DOB	8,192	\$21,945,593
FDNY	4,509	\$6,129,286
DOT	2,077	\$2,988,441
DSNY	17,220	\$2,971,901
DEP	949	\$1,496,439
NYPD	930	\$1,271,898
DOHMH	487	\$214,817
Other*	413	\$149,119
Grand Total	34,777	\$37,167,493

\* Other Agency comprises Landmarks, Seagate PD, Storm Water Processing, and Peter Cooper Stuyvesant Town, where total due was less than \$50K.

<sup>4</sup> We took a sample of three months and looked at the average time that it takes for a violation to be received by DOF.

## Item V: Length of Time for Collection of Judgments on Referred Violations during FY2023

**Table 8: Time Between Docket Date and Payment from 7/1/2022 to 9/20/2023**

Issuing Agency	Length of Time Between Docket Date & Payment Date in Month Ranges					\$ Revenue Collected
	0-3M	4-6M	7-9M	10-12M	13-24M	
DOB	\$13,575,881	\$4,419,296	\$2,202,764	\$1,278,215	\$469,437	\$21,945,593
FDNY	\$3,444,376	\$1,470,634	\$760,385	\$361,924	\$91,966	\$6,129,286
DOT	\$2,312,488	\$463,067	\$142,783	\$58,365	\$11,738	\$2,988,441
DSNY	\$1,610,940	\$722,384	\$389,522	\$202,448	\$46,607	\$2,971,901
DEP	\$1,011,961	\$360,956	\$95,924	\$27,239	\$358	\$1,496,439
NYPD	\$989,220	\$224,079	\$45,915	\$12,684	\$0	\$1,271,898
DOHMH	\$131,099	\$61,634	\$12,180	\$9,305	\$599	\$214,817
Other*	\$87,914	\$37,989	\$5,192	\$16,866	\$1,158	\$149,119
<b>Grand Total</b>	<b>\$23,163,880</b>	<b>\$7,760,040</b>	<b>\$3,654,666</b>	<b>\$1,967,046</b>	<b>\$621,862</b>	<b>\$37,167,493</b>

\* Other Agency includes Parks, Mayor's Office of Midtown Enforcement, Agency Missing, BIC, Storm Water Processing, Peter Cooper Stuyvesant Town, and DCA, where total collection was less than \$50,000.

## Item VI: Total Number of FY2023 Judgments Requiring Corrective Action<sup>5</sup>

The number of violations that require corrective action decreased (19%) compared to FY22, from 50,265 to 40,923.

**Table 9: FY23 Referred Judgments Requiring Corrective Action by Issuing Agency**

Agency Name	# of Summonses	Base Fine	Default Penalty	Interest	Total Amount Due
DOB	26,403	\$60,902,688	\$57,588,821	\$6,640,495	\$125,132,004
FDNY	13,561	\$14,436,312	\$7,286,435	\$1,085,760	\$22,808,507
DEP	951	\$2,075,714	\$2,023,905	\$213,501	\$4,313,120
Storm Water Processing	5	\$14,500	\$9,000	\$1,168	\$24,668
Landmarks	3	\$6,000	\$5,000	\$405	\$11,405
<b>Grand Total</b>	<b>40,923</b>	<b>\$77,435,214</b>	<b>\$66,913,161</b>	<b>\$7,941,330</b>	<b>\$152,289,704</b>

<sup>5</sup> Summonses referred to DOF and placed in location 020555 or location 020566 with Aim Source = B docketed during FY2023 from static table of FY2023 Docketed Judgments; includes uncollectible states and satisfied summonses; excludes anything recalled.

## Item VII: Enforcement Efforts Used by DOF to Collect Judgments in Item IV

The number of letters sent decreased by 20%, from 485,000 in FY22 to 388,000 in FY23.

**Table 10: Collection Letters Sent in FY23 By Letter Type**

Enforcement Letters Sent FY23:		
Type	Count of Letter	Total \$ Addressed
DOF Initial Letter	93,769	\$700,824,703
DOF Partial Payment & Payment Plan Letter	6,543	\$173,043,074
DOF Letters in Response to Bounced Checks	4	\$24,433
DOF Follow-up/Special Collection Letter	1,899	\$68,369,223
DOF Legal Affairs Demand Letters	545	N/A
OCA* Demand Letter	285,205	\$451,885,812
<b>Total</b>	<b>387,965</b>	<b>\$1,394,147,245</b>

\* Outside Collection Agencies

Table 11 shows the marshal and sheriff executions issued during FY23. Most executions are referred to city marshals, but in a limited number of situations, DOF issues executions to the Sheriff's Office.

**Table 11: Legal Executions Issued by Fiscal Year**

FY	# of Executions Issued			Amount Collected		
	Sheriff	Marshals	Total	Sheriff	Marshals	Total
2023	83	1,606	1,689	\$ 39,725	\$ 6,875,921	\$ 6,915,646
2022	17	497	514	\$ 202,772	\$ 3,100,736	\$ 3,303,508
2021	0	381	381	\$ 61,282	\$ 1,532,161	\$ 1,593,443
2020	270	753	1,023	\$ 642,339	\$ 4,021,995	\$ 4,664,334
2019	495	1,997	2,492	\$ 544,316	\$ 9,075,742	\$ 9,620,058
2018	119	1,894	2,013	\$ 86,300	\$ 2,499,159	\$ 2,585,459
2017	33	1,480	1,513	\$ 6,187	\$ 1,891,426	\$ 1,897,613

### Item VIII: Total Number of Statutorily Expired Judgments, by Issuing Agency

There is an eight-year statute of limitations for ECB judgment violations. Violations that are older than eight years have expired and are excluded from the inventory. In Table 12, FY15 judgment violations are considered expired and were excluded from the inventory.

FY16 through FY23 figures also reflect judgment violations that were withdrawn by issuing agencies and were excluded from the inventory.

**Table 12: Total Number of Judgments Statutorily Expired and Withdrawn by FY**

Fiscal Year of Docket Date	# of Summonses	\$ Amount Due
FY23	37	\$74,200
FY22	22	\$90,490
FY21	33	\$54,400
FY20	9	\$27,050
FY19	4	\$62,500
FY18	2	\$6,000
FY16	8001	\$9,813,921
FY15	94105	\$79,983,967
<b>Total</b>	<b>102,213</b>	<b>\$90,112,529</b>

**Table 13: Total Number of Judgments Expired by Issuing Agency**

Agency Name	# of Summonses	\$ Amount Due
DOB	7,344	\$49,616,977
DSNY	77,606	\$19,241,686
FDNY	5,161	\$10,140,580
DOT	2,185	\$2,838,773
DEP	1,291	\$2,550,780
DOHMH	3105	\$2,529,277
NYPD	3,289	\$2,178,176
Parks	2,035	\$873,454
Agency Missing	154	\$74,965
Other *	43	\$67,860
<b>Total</b>	<b>102,213</b>	<b>\$90,112,529</b>

\* Other Agency includes BIC, Landmarks, and DoITT, where total due was less than \$50k.

## What is ECB?

### **THE ENVIRONMENTAL CONTROL BOARD (ECB)**

is a part of the Office of Administrative Trials and Hearings (OATH).

It is an administrative court - not part of the state court system.

ECB judges hear cases on violations of the City's laws that protect the City's quality of life.

### Types of ECB Violations

These violations come from over a dozen different agencies and include:

- Dirty sidewalks
- Littering
- Failure to remove snow and ice
- Posting of posters or signs where they are not permitted
- Work without a permit from the Department of Buildings (DOB)
- Failure to comply with DOB building code
- Failure to file a Certificate of Correction with DOB
- Failure to comply with a DOB order



## Types of Debt

There are two types of Debt

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**COMPLIANCE- \$510.4 million\***

- Requires a correction to be made to rectify the violation.

**NON-COMPLIANCE- \$106.9 million**

- Does not require corrective action.

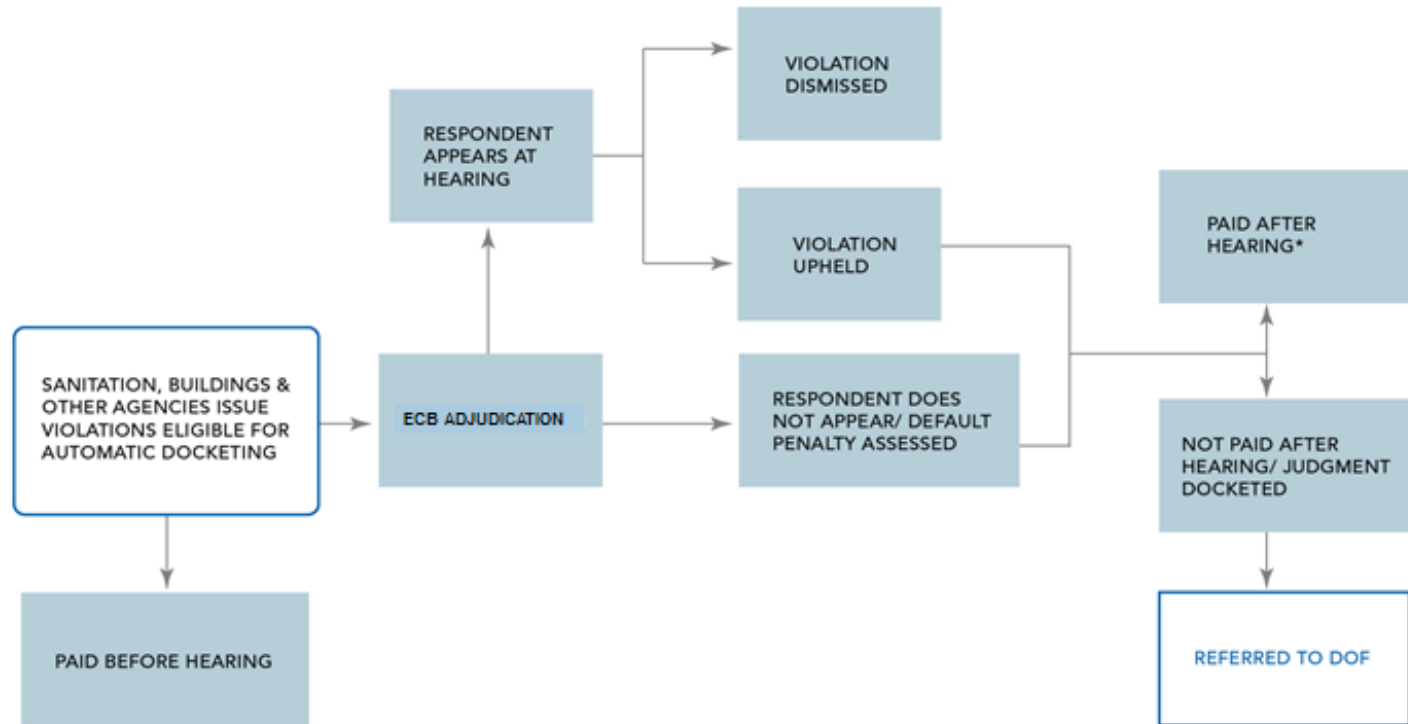
\* As of September 2023

### Pre-DOF Process Key Points

- Violations are issued against property owners, individuals, businesses, lessees, contractors, or pedestrians. Summonses do not indicate the entity type
- Each violation requires an affidavit of service
- Respondents are entitled to due process, including contestation of proper service, prior to DOF referral
- Most violations are resolved prior to DOF referral; 58.1% paid and 5.9% dismissed at hearing<sup>1</sup>
- About 85% of the violations referred to DOF have large penalties imposed for failure to attend a hearing. In some instances, the penalties can quintuple to the base fine amount. Base fines only constituted 45% of the amount referred in FY23

<sup>1</sup> FY2023 Data

# Context: Pre-DOF Process Overview



\* For Paid After Hearing, the Criminal Justice Reform Act violations may be addressed via community service

## Hearings for ECB Violations

- For both Compliance or Non- Compliance violations, ECB holds a hearing.
  - If the respondent attends the hearing and is found guilty:
    - The judgement amount is the base fine.
- Default means the respondent did not attend a hearing at ECB.
  - If respondent failed to appear for a hearing:
    - ECB imposes a default penalty.
    - Judgment amount is the base fine plus the default penalty.
    - Default penalty can be significantly more than the base fine.
- Docketed means the violation is in judgment and has been entered into the court's records.
  - Interest begins to accrue on the judgment amount once a violation is docketed.

# DOF Challenges

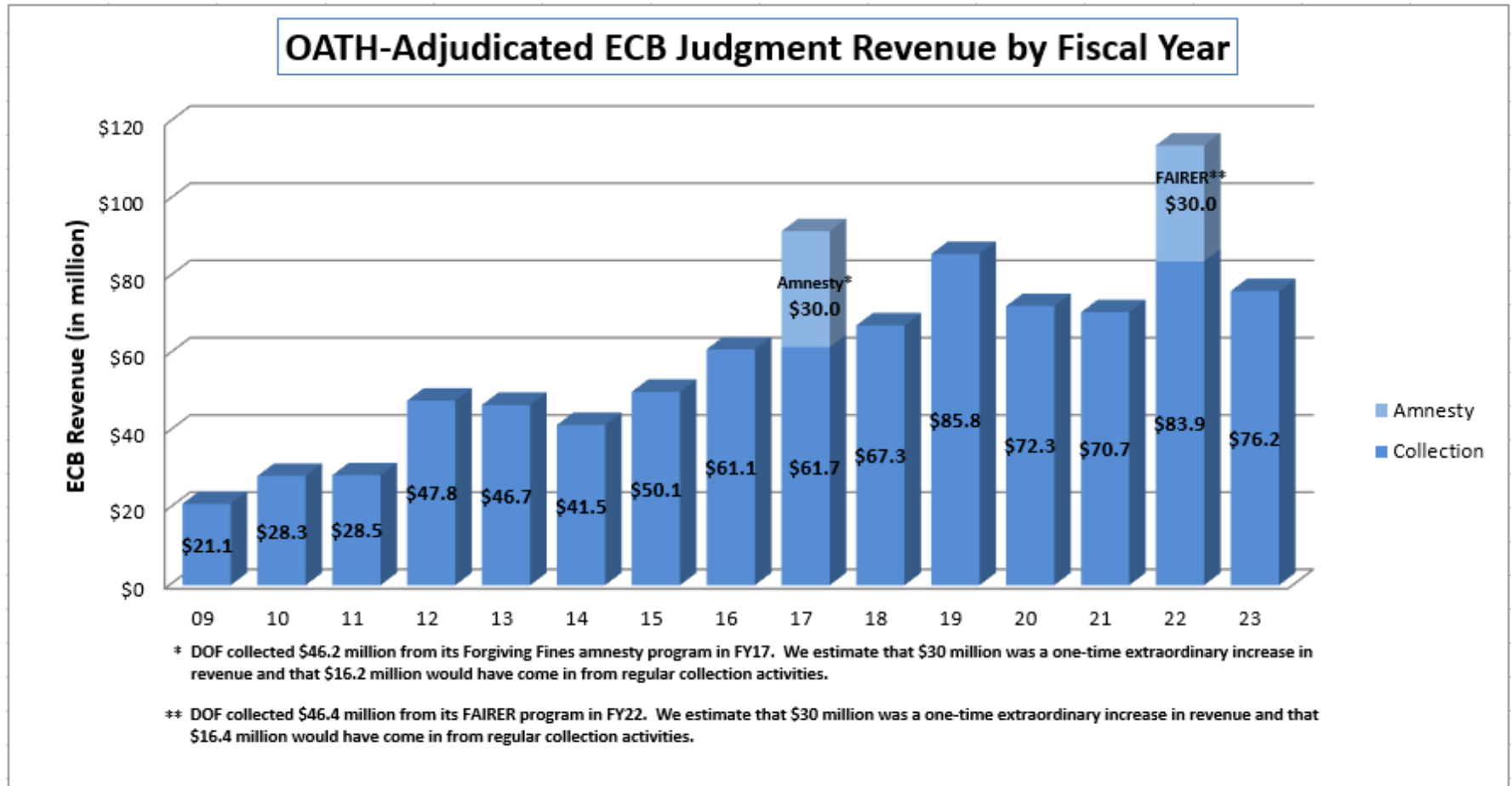
- **Nature of the debt** ECB judgments are not always issued against property owners and those that are can only become property liens under certain circumstances. In contrast, property liens attach directly to a property and must be paid during property transfers, making them a more effective collection device.
- **LLCs** Many properties are held in the name of LLCs. Each LLC is only legally responsible for its own obligations (i.e., judgments filed under its name). The LLCs make it difficult to aggregate the debt when the beneficial owners of the LLC are not known and/or when a landlord has a different LLC “owner” for separate properties.
- **Affidavit of Service** Each violation has an affidavit of service to show that the respondent was properly served with the violation. When a respondent claims that they have not been served with the violation, the affidavit of service may be the basis for the respondent challenging the underlying violation. Verification of service prevents DOF from enforcing against multiple respondents at the same time as it does when booting vehicles for parking ticket debt.

### Other Challenges

#### **OATH violations are difficult to collect because:**

- Businesses often go out of business/file for bankruptcy and some owners reincorporate in a new name to avoid judgments
- Respondents who passed away
- Violations are written to incorrect name, incorrect address or incorrect entity that has no legal connection to the property
- Often the violation is handwritten and data is entered manually which may result in name misspellings or typos
- There is no unique identifier for the violations such as:
  - EIN or SSN for the respondent
  - Borough, Block, and Lot (BBL) for the property
- Respondents often file motions to vacate default judgments at OATH
- The Department of Buildings defaulted judgments maybe corrected and the amount owed may change when they are being collected

## Appendix B: ECB Judgment Revenue FY09 – FY23



## Appendix C: ECB Judgment Collection Rate

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ECB Judgment First-Year Collection Rate By Fiscal Year	
Fiscal Year	First Year Collection Rate*
15	8.8%
16	11.1%
17 **	12.8%
18	11.7%
19	15.3%
20	13.0%
21	13.3%
22 ***	16.1%
23	17.0%

\* Derived by dividing FY revenue for new referrals by the FY new referrals. NOTE: First-year collection rates that appeared in previous versions of the Local Law 11 Report were found to have an error. The rates shown here correct the previously reported first-year collection rates.

\*\* We were unable to estimate the impact of amnesty on the FY17 first-year collection rate. Very few first year judgments were eligible for amnesty but some amnesty applicants paid for both amnesty eligible and for newer judgments.

\*\*\* There was no/little direct impact of amnesty on the FY22 first-year collection rate as ECB judgments docketed after June 23, 2021 were not eligible for the FAIRER program.