

Strengthening Consumer Protections Against Illegal Debt Collection in New York

By Robert Malinn

Friday April 19th, 2024

Opening Remarks

Good morning, everyone. Thank you for joining us today.

We are here to address a pressing issue that affects countless New Yorkers—illegal debt collection.

Illegal debt collection practices undermine the financial stability and peace of mind of residents throughout our state.

Our mission at the Office of the Attorney General is not only to enforce the law but to ensure justice and fairness for all New Yorkers.

Unfortunately, illegal debt collection practices represent a significant breach of both.

These activities prey on the vulnerable, often exploiting those struggling to make ends meet.

Today, we will discuss the scope of this issue, the actions we've taken to combat these unlawful practices, and the steps we're implementing to protect our citizens moving forward.

It's not just about legal action; it's about restoring faith in our financial systems.

We aim to ensure that no New Yorker has to face harassment or deceit just to pay off their debts.

I look forward to sharing with you the successes we've achieved and our plans for continuing this important work.

Let's take a stand together against these unlawful practices to uphold the dignity and rights of all our residents.

- *Speaker gestures to the large screen behind, indicating that a presentation is about to begin, and shifts slightly to engage with the audience more directly*

Let's dive into the details and discuss how we are fighting back against these illegal actions and making sure they have no place in our state.

- *With a nod, speaker signals the team to advance to the next slide, ready to delve into the specifics of the ongoing efforts and significant outcomes achieved by the office.*

Overview of the Problem

Illegal debt collection is a profound violation of the rights and dignity of thousands of New Yorkers.

These predatory practices can range from incessant phone calls at all hours to threats of legal action that are entirely baseless.

Imagine receiving a call threatening you with arrest or claiming your wages will be garnished for a debt you might not even owe, or that's long past due.

This is the reality for too many in our state.

In our investigations, we've uncovered that some debt collectors inflate the amounts owed, adding unauthorized fees and interest to coerce payment.

They use tactics that can only be described as harassment, designed to wear down individuals until they pay just to end the misery.

Furthermore, these collectors often target the most vulnerable, including the elderly and low-income families, who are already struggling financially.

The impact of these practices is devastating.

They can lead not only to financial ruin but also to lasting stress and anxiety for those affected.

This is unacceptable, and it's illegal.

We've seen cases where predatory collectors have even contacted family members, employers, and friends, spreading misinformation and shame, trying to extort payment.

- *Speaker pauses.*

Awareness is the first step toward combatting these practices.

By shining a light on the issue, we empower not only our office but also every New Yorker with the knowledge to stand up against these abuses.

Our commitment is to pursue these cases vigorously, ensuring that no debt collector believes they can operate outside the law.

- *With a determined nod, the speaker gestures towards the next section of the presentation, ready to transition from outlining the problem to discussing the specific actions the office has taken to combat these illegal activities.*

Major Actions and Successes

I am proud to share with you significant strides we have made in protecting New Yorkers from illegal debt collection practices.

Our office has not only pursued but also shut down several large-scale operations that preyed on the financial insecurities of our citizens.

Just last year, we achieved a major victory against JPL Recovery Solutions and its affiliated companies.

These entities were involved in a widespread scheme that used deception and illegal threats to collect millions from unsuspecting consumers.

They falsely threatened legal actions such as arrests and wage garnishments, which are not only unethical but blatantly illegal.

Thanks to our joint efforts with the Consumer Financial Protection Bureau, we dismantled their operations, banned them from the industry, and secured \$4 million in penalties and damages ([New York State Attorney General](#)).

Furthermore, we have enforced substantial financial redress for victims. In a landmark case, we secured over \$650,000 from Tromberg, Morris, & Poulin, a law firm that used abusive tactics against thousands of New Yorkers.

They repeatedly sued individuals over debts that were already settled or did not exist, severely impacting their financial and mental well-being.

Our settlement not only provided restitution to affected consumers but also sent a clear message that such predatory behavior will not be tolerated ([New York State Attorney General](#)).

Another significant action was our \$1.2 million settlement with a debt collection ring that employed false threats and harassed consumers through social media and other channels.

This settlement is part of our ongoing commitment to clamp down on illegal activities and ensure that all debt collection firms operate within the bounds of the law ([Buckley LLP](#)).

- *Speaker pauses.*

These cases are just a few examples of our ongoing efforts to cleanse our state of illegal debt collection practices.

Each victory not only provides direct relief to victims but also strengthens the integrity of our financial systems by setting precedents that deter future violations.

- ***Speaker to the screen displaying quotes from thankful citizens and images of the official documents from successful cases, visually reinforcing the impact of her office's work.***

As we continue to fight against these unlawful practices, we remain vigilant and dedicated.

Our message to unethical debt collectors is clear: We will identify you, we will stop you, and we will hold you accountable.

No New Yorker should have to suffer at the hands of predatory debt collectors.

As vital as enforcement actions are, they must be complemented by strong legislative and regulatory frameworks to ensure lasting impact.

Our office has been instrumental in advocating for and implementing significant legal reforms that further protect consumers from predatory debt collection practices.

A pivotal advancement in this arena is the enactment of the Consumer Credit Fairness Act.

This critical piece of legislation, which we championed, has dramatically changed the landscape of debt collection in New York.

It has reduced the statute of limitations for consumer debt collection from six years to three years.

This reform prevents debt collectors from suing consumers over debts that are too old, thereby protecting our citizens from unfair and prolonged harassment ([New York State Attorney General](#)).

This act also introduces more stringent requirements for debt collectors.

For instance, debt collectors must now provide consumers with a detailed validation notice within five days of their first communication.

This notice must clearly outline the amount of the debt, the name of the creditor, and a breakdown of any fees or interest added to the original amount.

This ensures transparency and gives consumers necessary information to verify and dispute invalid or inflated claims ([New York State Attorney General](#)).

We have also strengthened regulations to limit the times and methods by which debt collectors can contact consumers.

For example, debt collectors are now prohibited from making more than seven telephone calls to a consumer about a debt within any seven-day period, and any contact must adhere to reasonable hours to prevent disruption at inappropriate times.

These regulations are designed to strike a balance—allowing fair debt collection practices while protecting consumers from excessive and disruptive contact ([New York State Attorney General](#)).

Moreover, we have made it illegal for collectors to pursue or threaten to pursue legal action on time-barred debts.

This change is crucial because it prevents the revival of old debts through deceptive practices, further safeguarding our residents from exploitation ([New York State Attorney General](#)).

- ***Speaker gestures towards a chart showing a timeline of legislative changes and their effects, visually reinforcing the main points.***

These legislative reforms are not just about curbing the excesses of the past; they are about laying a foundation for a fairer future.

Our goal is clear— to create a regulatory environment where lawful debt recovery can occur without compromising the dignity and rights of our citizens.

Consumer Education and Protection Initiatives

Enforcement and legislation are only part of our approach.

Equally crucial is our commitment to educating New Yorkers about their rights and the resources available to help them combat illegal debt collection practices.

Empowered consumers are the best defense against exploitation.

To this end, we have launched several initiatives designed to inform and assist consumers in recognizing and responding to illegal debt collection tactics.

Our 'Know Your Rights' workshops, held across the state, have reached thousands of New Yorkers, providing them with the tools they need to protect themselves from harassment and illegal practices.

These workshops cover everything from how to identify a legitimate debt collector to understanding what actions are permissible under the law.

Additionally, our website has been updated to include a comprehensive portal dedicated to consumer rights related to debt collection.

This online resource offers easy-to-understand information and practical tips, such as how to file a complaint with our office, what to do if contacted by a debt collector, and how to access legal assistance if needed.

We are also rolling out a series of informational campaigns across social media platforms.

These campaigns use simple, clear language to educate the public about their rights under the new regulations and how to act if those rights are violated.

By meeting people where they are—on the platforms they use every day—we extend our reach and ensure that crucial information is accessible to all.

- ***Speaker gestures towards a screen displaying quotes from participants in the 'Know Your Rights' workshops and screenshots of the educational materials available online.***

Our office also offers direct support through a dedicated hotline for debt collection complaints.

This service provides immediate assistance and guidance to individuals facing harassment or illegal actions from debt collectors.

Since its launch, we've seen a significant uptick in consumer confidence in managing debt collection issues, demonstrating the tangible benefits of these educational efforts.

- ***Concluding this section, the Speaker's tone reflects satisfaction mixed with determination, emphasizing the ongoing nature of these efforts.***

These initiatives are just the beginning.

We will continue to build and expand our educational efforts because we believe informed consumers are crucial to the fabric of a fair financial ecosystem.

By empowering individuals with knowledge and resources, we not only protect them but also strengthen our community as a whole.

Future Directions and Ongoing Commitments

As we look to the future, our office remains steadfast in our commitment to protect New Yorkers from predatory debt collection practices.

While we have made significant progress, there is always more work to be done.

Our ongoing efforts will focus on strengthening enforcement, enhancing consumer protections, and ensuring that our legislative framework adapts to new challenges in the debt collection industry.

- ***Speaker outlines specific future initiatives designed to build on current successes.***

We are in the process of developing new technologies that will enable us to more effectively monitor debt collection activities across the state.

These tools will help us identify illegal practices more quickly and intervene before consumers are harmed.

Additionally, we will continue to collaborate with federal agencies, such as the Consumer Financial Protection Bureau, to ensure that our enforcement actions have the maximum impact.

- ***Speaker's tone becomes more collaborative as they speak about partnerships and community involvement.***

Beyond enforcement and technology, we are committed to deepening our partnerships with community organizations and financial advisors to provide ongoing education and support to consumers.

We will expand our outreach efforts, particularly in underserved communities, to ensure that every New Yorker knows their rights and has the tools to defend them.

- ***Speaker emphasizes the proactive nature of these initiatives, highlighting the dynamic approach the office is taking.***

Furthermore, we will be reviewing and advocating for updates to existing laws and regulations to address emerging trends in debt collection, such as the rise of digital platforms and artificial intelligence in debt recovery.

These evolving technologies present new challenges, and our legal framework must evolve accordingly to protect consumers effectively.

- ***Speaker reaffirms the office's dedication to consumer protection with a call to action for continued vigilance and community involvement.***

Our commitment to you, the people of New York, is unwavering.

We will continue to fight for fairness and justice in the debt collection industry and ensure that our state remains a leader in consumer protection.

Together, with your support and engagement, we can maintain a vigilant watch over the marketplace and safeguard our collective financial health.

Future Directions and Ongoing Commitments

As we conclude our discussion today, let us look towards the future with a resolve to continue our vigilant protection of New Yorkers against illegal debt collection practices. Our office is not just reacting to complaints but proactively shaping an environment where such abuses have no place.

Moving forward, we will enhance our monitoring technologies to detect and address illegal practices more rapidly.

Our commitment extends beyond enforcement; we aim to innovate—utilizing data analytics and machine learning to predict and preempt potential abuses before they reach consumers.

Furthermore, we will expand our educational initiatives, reaching more New Yorkers through digital platforms and community outreach.

We will continue to host workshops, develop online resources, and distribute informative materials that empower individuals with the knowledge to stand up against harassment and exploitation.

Our legislative agenda includes working closely with state lawmakers to introduce and pass reforms that address emerging challenges in debt collection.

This includes stricter regulations on digital debt collection practices and enhanced penalties for violations of consumer rights.

In partnership with consumer advocacy groups, financial institutions, and legal experts, we will forge a broad coalition dedicated to upholding the dignity and rights of all New Yorkers in the financial arena.

Together, we will ensure that our state remains a beacon of justice and consumer protection. I thank each of you for your engagement and commitment to this cause.

Let us continue to work together to ensure that no New Yorker has to face the fear and uncertainty of illegal debt collection again.

Our fight is for fairness and the fundamental rights of all our citizens.

Closing Remarks

As we bring today's discussion to a close, I want to reiterate the firm commitment of the Office of the Attorney General to protecting the rights of all New Yorkers from the predatory practices of illegal debt collectors.

The initiatives and actions we have outlined today represent our ongoing dedication to justice and our relentless pursuit to ensure that every citizen is treated with fairness and respect in the face of adversity.

Our work is far from over. The landscape of debt collection is ever-evolving, and so too will be our strategies to combat these illegal practices.

We will continue to monitor, legislate, and educate, ensuring that our approach remains as dynamic and effective as the challenges we face.

We stand ready to adapt and enforce with rigor and resolve.

I extend my deepest gratitude to all of you—community members, advocates, and my dedicated team—for your support and commitment to this cause.

Together, we are building a stronger, fairer New York where consumer rights are protected and respected.

Thank you for your attention, your engagement, and your action.

Let's continue to stand united against injustice, ensuring that our great state remains a beacon of hope and a leader in consumer protection.