

677--B

2011-2012 Regular Sessions

I N S E N A T E

(PREFILED)

January 5, 2011

Introduced by Sen. PERALTA -- read twice and ordered printed, and when printed to be committed to the Committee on Codes -- committee discharged and said bill committed to the Committee on Judiciary -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- recommitted to the Committee on Judiciary in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the civil practice law and rules, in relation to consumer credit transactions; and to amend the general business law and the executive law, in relation to debt collection notices

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Short title. This act shall be known and may be cited as  
2 the "consumer credit fairness act".  
3 S 2. Subdivision 2 of section 213 of the civil practice law and rules,  
4 as amended by chapter 709 of the laws of 1988, is amended to read as  
5 follows:  
6 2. an action upon a contractual obligation or liability, express or  
7 implied, except as provided in section two hundred thirteen-a OR TWO  
8 HUNDRED FOURTEEN-F of this article or article 2 of the uniform commer-  
9 cial code or article 36-B of the general business law;  
10 S 3. The civil practice law and rules is amended by adding a new  
11 section 214-f to read as follows:  
12 S 214-F. CERTAIN ACTIONS ARISING OUT OF CONSUMER CREDIT TRANSACTIONS  
13 TO BE COMMENCED WITHIN THREE YEARS. AN ACTION ARISING OUT OF A CONSUMER  
14 CREDIT TRANSACTION WHERE A PURCHASER, BORROWER OR DEBTOR IS A DEFENDANT  
15 MUST BE COMMENCED WITHIN THREE YEARS, EXCEPT AS PROVIDED IN SECTION TWO  
16 HUNDRED THIRTEEN-A OF THIS ARTICLE OR ARTICLE 2 OF THE UNIFORM COMMER-  
17 CIAL CODE OR ARTICLE 36-B OF THE GENERAL BUSINESS LAW. WHEN THE PERIOD  
18 WITHIN WHICH AN ACTION MAY BE COMMENCED UNDER THIS SECTION HAS EXPIRED,  
19 THE RIGHT TO COLLECT CONSUMER CREDIT DEBT IS EXTINGUISHED AS WELL AS THE  
20 REMEDY.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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1 FOR PURPOSES OF THIS SECTION, "THE RIGHT TO COLLECT CONSUMER CREDIT  
2 DEBT" SHALL MEAN ANY ATTEMPTS BY THE CREDITOR, THIRD PARTY PURCHASER, OR  
3 OTHER AUTHORIZED THIRD PARTY TO COLLECT SUCH DEBT INCLUDING, BUT NOT  
4 LIMITED TO, CALLS, MAIL OR OTHER ATTEMPTS TO COLLECT.

5 S 4. The civil practice law and rules is amended by adding a new  
6 section 306-d to read as follows:

7 S 306-D. ADDITIONAL MAILING OF NOTICE IN AN ACTION ARISING OUT OF A  
8 CONSUMER CREDIT TRANSACTION. 1. AT THE TIME OF FILING WITH THE CLERK OF  
9 THE PROOF OF SERVICE OF THE SUMMONS AND COMPLAINT IN AN ACTION ARISING  
10 OUT OF A CONSUMER CREDIT TRANSACTION, THE PLAINTIFF SHALL SUBMIT TO THE  
11 CLERK A STAMPED ENVELOPE ADDRESSED TO THE DEFENDANT TOGETHER WITH A  
12 WRITTEN NOTICE IN CLEAR TYPE OF NO LESS THAN TWELVE-POINT IN SIZE, IN  
13 BOTH ENGLISH AND SPANISH, AND CONTAINING THE FOLLOWING LANGUAGE:

14 NOTICE OF LAWSUIT

15 (DATE)

16 (NAME OF COURT)

17 (COUNTY)

18 (STREET ADDRESS, ROOM NUMBER)

19 (CITY, STATE, ZIP CODE)

20 (NAME OF DEFENDANT)

21 (ADDRESS OF DEFENDANT)

22 PLAINTIFF: \_\_\_\_\_

23 DEFENDANT: \_\_\_\_\_

24 NAME OF ORIGINAL CREDITOR, UNLESS SAME: \_\_\_\_\_

25 INDEX NUMBER: \_\_\_\_\_

26 ATTENTION: A LAWSUIT HAS BEEN FILED AGAINST YOU CLAIMING THAT YOU OWE  
27 MONEY FOR AN UNPAID CREDIT CARD, MEDICAL, STUDENT LOAN OR OTHER DEBT.  
28 YOU SHOULD GO TO THE COURT CLERK'S OFFICE AT THE ABOVE ADDRESS AS SOON  
29 AS POSSIBLE TO RESPOND TO THE LAWSUIT. YOU MAY WISH TO CONTACT AN ATTOR-  
30 NEY. IF YOU DO NOT HAVE AN ATTORNEY, HELP IS AVAILABLE AT THE COURT.  
31 IF YOU DO NOT RESPOND TO THE LAWSUIT, THE COURT MAY ENTER A JUDGMENT  
32 AGAINST YOU. ONCE ENTERED, A JUDGMENT IS GOOD AND CAN BE USED AGAINST  
33 YOU FOR TWENTY YEARS, AND YOUR MONEY, INCLUDING A PORTION OF YOUR  
34 PAYCHECK AND/OR BANK ACCOUNT, MAY BE TAKEN. ALSO, A JUDGMENT WILL HURT  
35 YOUR CREDIT SCORE AND CAN AFFECT YOUR ABILITY TO RENT A HOME, FIND A  
36 JOB, OR TAKE OUT A LOAN.  
37 YOU CANNOT BE ARRESTED OR SENT TO JAIL FOR OWING A DEBT.  
38 IT IS IMPORTANT THAT YOU GO TO THE COURT CLERK'S OFFICE LISTED ABOVE AND  
39 BRING THIS NOTICE WITH YOU. ADDITIONAL INFORMATION CAN BE FOUND AT THE  
40 COURT SYSTEM WEBSITE AT: WWW.COURTS.STATE.NY.US

41 2. THE FACE OF THE ENVELOPE SHALL BE ADDRESSED TO THE DEFENDANT AT THE  
42 ADDRESS AT WHICH PROCESS WAS SERVED, AND SHALL CONTAIN THE DEFENDANT'S  
43 NAME, ADDRESS (INCLUDING APARTMENT NUMBER) AND ZIP CODE. THE FACE OF THE  
44 ENVELOPE ALSO SHALL STATE THE APPROPRIATE CLERK'S OFFICE AS ITS RETURN  
45 ADDRESS.

46 3. THE CLERK PROMPTLY SHALL MAIL TO THE DEFENDANT THE ENVELOPE  
47 CONTAINING THE ADDITIONAL NOTICE SET FORTH IN SUBDIVISION ONE OF THIS  
48 SECTION. NO DEFAULT JUDGMENT BASED ON THE DEFENDANT'S FAILURE TO ANSWER  
49 SHALL BE ENTERED UNLESS THERE HAS BEEN COMPLIANCE WITH THIS SECTION, AND  
50 AT LEAST TWENTY DAYS HAVE ELAPSED FROM THE DATE OF MAILING BY THE CLERK.

51 S 5. Subdivision (a) of section 3012 of the civil practice law and  
52 rules is amended to read as follows:

1 (a) Service of pleadings. The complaint may be served with the  
2 summons, EXCEPT THAT IN AN ACTION ARISING OUT OF A CONSUMER CREDIT TRAN-  
3 SACTION, THE COMPLAINT SHALL BE SERVED WITH THE SUMMONS. A subsequent  
4 pleading asserting new or additional claims for relief shall be served  
5 upon a party who has not appeared in the manner provided for service of  
6 a summons. In any other case, a pleading shall be served in the manner  
7 provided for service of papers generally. Service of an answer or reply  
8 shall be made within twenty days after service of the pleading to which  
9 it responds.

10 S 6. Rule 3016 of the civil practice law and rules is amended by  
11 adding a new subdivision (i) to read as follows:

12 (I) CONSUMER CREDIT TRANSACTIONS. IN AN ACTION ARISING OUT OF A  
13 CONSUMER CREDIT TRANSACTION WHERE A PURCHASER, BORROWER OR DEBTOR IS A  
14 DEFENDANT, THE CONTRACT OR OTHER WRITTEN INSTRUMENT ON WHICH THE ACTION  
15 IS BASED SHALL BE ATTACHED TO THE COMPLAINT AND THE FOLLOWING INFORMA-  
16 TION SHALL BE SET FORTH IN THE COMPLAINT:

17 1. THE NAME OF THE ORIGINAL CREDITOR;  
18 2. THE LAST FOUR DIGITS OF THE ORIGINAL ACCOUNT NUMBER;  
19 3. THE DATE AND AMOUNT OF THE LAST PAYMENT;  
20 4. IF THE COMPLAINT CONTAINS A CAUSE OF ACTION BASED ON AN ACCOUNT  
21 STATED, THE DATE THAT THE FINAL STATEMENT OF ACCOUNT WAS MAILED TO THE  
22 DEFENDANT;

23 5. AN ITEMIZATION OF THE AMOUNT SOUGHT, BY (I) PRINCIPAL; (II) FINANCE  
24 CHARGE OR CHARGES; (III) FEES IMPOSED BY THE ORIGINAL CREDITOR; (IV)  
25 COLLECTION COSTS; (V) ATTORNEY'S FEES; (VI) INTEREST; AND (VII) ANY  
26 OTHER FEES AND CHARGES. THE TERM "FINANCE CHARGE" MEANS A FINANCE CHARGE  
27 AS DEFINED IN REGULATION Z, 12 C.F.R. S 226.4.

28 6. WHETHER THE PLAINTIFF IS THE ORIGINAL CREDITOR. IF THE PLAINTIFF IS  
29 NOT THE ORIGINAL CREDITOR, THE COMPLAINT SHALL STATE (I) THE DATE ON  
30 WHICH THE DEBT WAS ASSIGNED TO THE PLAINTIFF; AND (II) THE NAME OF EACH  
31 PREVIOUS OWNER OF THE ACCOUNT AND THE DATE ON WHICH THE DEBT WAS  
32 ASSIGNED TO THAT OWNER.

33 7. ANY MATTERS REQUIRED TO BE STATED WITH PARTICULARITY PURSUANT TO  
34 RULE 3015 OF THIS ARTICLE.

35 S 7. Subdivision (e) of rule 3211 of the civil practice law and rules,  
36 as amended by chapter 616 of the laws of 2005, is amended to read as  
37 follows:

38 (e) Number, time and waiver of objections; motion to plead over. At  
39 any time before service of the responsive pleading is required, a party  
40 may move on one or more of the grounds set forth in subdivision (a) OF  
41 THIS RULE, and no more than one such motion shall be permitted. Any  
42 objection or defense based upon a ground set forth in paragraphs one,  
43 three, four, five and six of subdivision (a) OF THIS RULE is waived  
44 unless raised either by such motion or in the responsive pleading. A  
45 motion based upon a ground specified in paragraph two, seven or ten of  
46 subdivision (a) OF THIS RULE may be made at any subsequent time or in a  
47 later pleading, if one is permitted; IN ANY ACTION OTHER THAN AN ACTION  
48 ARISING OUT OF A CONSUMER CREDIT TRANSACTION WHERE A PURCHASER, BORROWER  
49 OR DEBTOR IS A DEFENDANT, an objection that the summons and complaint,  
50 summons with notice, or notice of petition and petition was not properly  
51 served is waived if, having raised such an objection in a pleading, the  
52 objecting party does not move for judgment on that ground within sixty  
53 days after serving the pleading, unless the court extends the time upon  
54 the ground of undue hardship. The foregoing sentence shall not apply in  
55 any proceeding under subdivision one or two of section seven hundred  
56 eleven of the real property actions and proceedings law. The papers in

1 opposition to a motion based on improper service shall contain a copy of  
2 the proof of service, whether or not previously filed. An objection  
3 based upon a ground specified in paragraph eight or nine of subdivision  
4 (a) OF THIS RULE is waived if a party moves on any of the grounds set  
5 forth in subdivision (a) OF THIS RULE without raising such objection or  
6 if, having made no objection under subdivision (a) OF THIS RULE, he or  
7 she does not raise such objection in the responsive pleading.

8 S 8. Subdivision (f) of section 3215 of the civil practice law and  
9 rules, as amended by chapter 453 of the laws of 2006, is amended and a  
10 new subdivision (j) is added to read as follows:

11 (f) Proof. On any application for judgment by default, the applicant  
12 shall file proof of service of the summons and the complaint, or a  
13 summons and notice served pursuant to subdivision (b) of rule 305 or  
14 subdivision (a) of rule 316 of this chapter, and proof of the facts  
15 constituting the claim, the default and the amount due by affidavit made  
16 by the party, or where the state of New York is the plaintiff, by affi-  
17 davit made by an attorney from the office of the attorney general who  
18 has or obtains knowledge of such facts through review of state records  
19 or otherwise. Where a verified complaint has been served, it may be used  
20 as the affidavit of the facts constituting the claim and the amount due;  
21 in such case, an affidavit as to the default shall be made by the party  
22 or the party's attorney. IN AN ACTION ARISING OUT OF A CONSUMER CREDIT  
23 TRANSACTION, IF THE PLAINTIFF IS NOT THE ORIGINAL CREDITOR, THE APPLI-  
24 CANT SHALL INCLUDE: (I) AN AFFIDAVIT BY THE ORIGINAL CREDITOR OF THE  
25 FACTS CONSTITUTING THE DEBT, THE DEFAULT IN PAYMENT, THE SALE OR ASSIGN-  
26 MENT OF THE DEBT, AND THE AMOUNT DUE AT THE TIME OF SALE OR ASSIGNMENT;  
27 (II) FOR EACH SUBSEQUENT ASSIGNMENT OR SALE OF THE DEBT TO ANOTHER ENTI-  
28 TY, AN AFFIDAVIT OF SALE OF THE DEBT BY THE DEBT SELLER, COMPLETED BY  
29 THE SELLER OR ASSIGNOR; AND (III) AN AFFIDAVIT OF A WITNESS OF THE  
30 PLAINTIFF, WHICH INCLUDES A CHAIN OF TITLE OF THE DEBT, COMPLETED BY THE  
31 PLAINTIFF OR PLAINTIFF'S WITNESS. When jurisdiction is based on an  
32 attachment of property, the affidavit must state that an order of  
33 attachment granted in the action has been levied on the property of the  
34 defendant, describe the property and state its value. Proof of mailing  
35 the notice required by subdivision (g) of this section, where applica-  
36 ble, shall also be filed.

37 (J) A REQUEST FOR A DEFAULT JUDGMENT ENTERED BY THE CLERK, MUST BE  
38 ACCOMPANIED BY AN AFFIDAVIT BY THE DEBT COLLECTOR (WHO MAY BE THE PLAIN-  
39 TIFF OR PLAINTIFF'S ATTORNEY) STATING THAT AFTER REASONABLE INQUIRY, HE  
40 OR SHE HAS REASON TO BELIEVE THAT THE STATUTE OF LIMITATIONS HAS NOT  
41 EXPIRED.

42 S 9. The civil practice law and rules is amended by adding a new  
43 section 7515 to read as follows:

44 S 7515. CONFIRMATION OF AN AWARD BASED ON A CONSUMER CREDIT TRANS-  
45 ACTION. IN ANY PROCEEDING UNDER SECTION 7510 OF THIS ARTICLE TO CONFIRM  
46 AN AWARD BASED ON A CONSUMER CREDIT TRANSACTION, THE PARTY SEEKING TO  
47 CONFIRM THE AWARD SHALL PLEAD THE ACTUAL TERMS AND CONDITIONS OF THE  
48 AGREEMENT TO ARBITRATE. THE PARTY SHALL ATTACH TO ITS PETITION (1) THE  
49 AGREEMENT TO ARBITRATE; (2) THE DEMAND FOR ARBITRATION OR NOTICE OF  
50 INTENTION TO ARBITRATE, WITH PROOF OF SERVICE; AND (3) THE ARBITRATION  
51 AWARD, WITH PROOF OF SERVICE. IF THE AWARD DOES NOT CONTAIN A STATEMENT  
52 OF THE CLAIMS SUBMITTED FOR ARBITRATION, OF THE CLAIMS RULED UPON BY THE  
53 ARBITRATOR, AND OF THE CALCULATION OF FIGURES USED BY THE ARBITRATOR IN  
54 ARRIVING AT THE AWARD, THEN THE PETITION SHALL CONTAIN SUCH A STATEMENT.  
55 THE COURT SHALL NOT GRANT CONFIRMATION OF AN AWARD BASED ON A CONSUMER

1 CREDIT TRANSACTION UNLESS THE PARTY SEEKING TO CONFIRM THE AWARD HAS  
2 COMPLIED WITH THIS SECTION.

3 S 10. The general business law is amended by adding a new section  
4 601-a to read as follows:

5 S 601-A. DEBT COLLECTION NOTICE TO CONSUMERS. 1. AS USED IN THIS  
6 SECTION, THE FOLLOWING TERM SHALL HAVE THE FOLLOWING MEANING:

7 "DEBT COLLECTION AGENCY" SHALL MEAN A PERSON, FIRM OR CORPORATION  
8 ENGAGED IN BUSINESS, THE PRINCIPAL PURPOSE OF WHICH IS TO REGULARLY  
9 COLLECT OR ATTEMPT TO COLLECT DEBTS: (I) OWED OR DUE OR ASSERTED TO BE  
10 OWED OR DUE TO ANOTHER; OR (II) OBTAINED BY, OR ASSIGNED TO, SUCH  
11 PERSON, FIRM OR CORPORATION, THAT ARE IN DEFAULT WHEN OBTAINED OR  
12 ACQUIRED BY SUCH PERSON, FIRM OR CORPORATION.

13 THE TERM DOES NOT INCLUDE: (I) ANY OFFICER OR EMPLOYEE OF A CREDITOR  
14 WHILE, IN THE NAME OF THE CREDITOR, COLLECTING DEBTS FOR SUCH CREDITOR;

15 (II) ANY PERSON WHILE ACTING AS A DEBT COLLECTION AGENCY FOR ANOTHER  
16 PERSON, BOTH OF WHOM ARE RELATED BY COMMON OWNERSHIP OR AFFILIATED BY  
17 CORPORATE CONTROL, IF THE PERSON ACTING AS A DEBT COLLECTION AGENCY DOES  
18 SO ONLY FOR PERSONS TO WHOM IT IS SO RELATED OR AFFILIATED AND IF THE  
19 PRINCIPAL BUSINESS OF SUCH PERSON IS NOT THE COLLECTION OF DEBTS;

20 (III) ANY PERSON WHILE SERVING OR ATTEMPTING TO SERVE LEGAL PROCESS ON  
21 ANY OTHER PERSON IN CONNECTION WITH THE JUDICIAL ENFORCEMENT OF ANY  
22 DEBT;

23 (IV) ANY ATTORNEY-AT-LAW OR LAW FIRM COLLECTING A DEBT IN SUCH CAPACI-  
24 TY ON BEHALF OF AND IN THE NAME OF A CLIENT THROUGH LEGAL ACTIVITIES  
25 SUCH AS THE FILING AND PROSECUTION OF LAWSUITS TO REDUCE DEBTS TO JUDG-  
26 MENTS, BUT NOT ANY ATTORNEY-AT-LAW OR LAW FIRM WHO REGULARLY ENGAGES IN  
27 ACTIVITIES TRADITIONALLY ASSOCIATED WITH DEBT COLLECTION, INCLUDING BUT  
28 NOT LIMITED TO, SENDING DEMAND LETTERS OR MAKING COLLECTION TELEPHONE  
29 CALLS;

30 (V) ANY PERSON EMPLOYED BY A UTILITY REGULATED UNDER THE PROVISIONS OF  
31 THE PUBLIC SERVICE LAW, ACTING FOR SUCH UTILITY;

32 (VI) ANY PERSON COLLECTING OR ATTEMPTING TO COLLECT ANY DEBT OWED OR  
33 DUE OR ASSERTED TO BE OWED OR DUE ANOTHER TO THE EXTENT SUCH ACTIVITY;

34 (A) IS INCIDENTAL TO A BONA FIDE FIDUCIARY OBLIGATION OR A BONA FIDE  
35 ESCROW AGREEMENT; (B) CONCERNS A DEBT WHICH WAS ORIGINATED BY SUCH  
36 PERSON; OR (C) CONCERNS A DEBT WHICH WAS NOT IN DEFAULT AT THE TIME IT  
37 WAS OBTAINED BY SUCH PERSON AS A SECURED PARTY IN A COMMERCIAL CREDIT  
38 TRANSACTION INVOLVING THE CREDITOR;

39 (VII) ANY OFFICER OR EMPLOYEE OF THE UNITED STATES, ANY STATE THEREOF  
40 OR ANY POLITICAL SUBDIVISION OF ANY STATE TO THE EXTENT THAT COLLECTING  
41 OR ATTEMPTING TO COLLECT ANY DEBT OWED IS IN THE PERFORMANCE OF HIS OR  
42 HER OFFICIAL DUTIES; OR

43 (VIII) ANY NON-PROFIT ORGANIZATION WHICH, AT THE REQUEST OF CONSUMERS,  
44 PERFORMS BONA FIDE CONSUMER CREDIT COUNSELING AND ASSISTS CUSTOMERS IN  
45 THE LIQUIDATION OF THEIR DEBTS BY RECEIVING PAYMENTS FROM SUCH CUSTOMERS  
46 AND DISTRIBUTING SUCH AMOUNTS TO CREDITORS.

47 2. EACH AND EVERY DEBT COLLECTION AGENCY SHALL INCLUDE IN EACH INITIAL  
48 CORRESPONDENCE ON A PAST DUE DEBT TO A DEBTOR A CLEAR AND CONSPICUOUS  
49 WRITTEN STATEMENT OF AT LEAST THE FOLLOWING ITEMS, IN SUBSTANTIALLY THE  
50 FOLLOWING FORM, TO BE CLEARLY AND CONSPICUOUSLY LABELED "DEBTOR'S BILL  
51 OF RIGHTS":

52 DEBTOR'S BILL OF RIGHTS

53 AS A DEBTOR WHO OWES OR MAY OWE A CONSUMER CLAIM, YOU ARE GIVEN SOME  
54 PROTECTION AND RIGHTS BY THE NEW YORK AND FEDERAL LAWS REGULATING DEBT  
55 COLLECTION PROCEDURES. YOU SHOULD BE AWARE OF YOUR RIGHTS AND NOT

1 PERMIT YOUR RIGHTS TO BE VIOLATED. SOME, NOT ALL, OF THE MORE IMPORTANT  
2 PROTECTIONS ARE HIGHLIGHTED BELOW.

3 1. A DEBT COLLECTOR MAY CONTACT YOU OR ANY MEMBER OF YOUR FAMILY OR  
4 HOUSEHOLD DIRECTLY. HOWEVER, THEY MAY NOT CONTACT YOU WITH SUCH FREQUEN-  
5 CY, AT UNUSUAL HOURS, OR IN A MANNER THAT CAN BE EXPECTED TO ABUSE OR  
6 HARASS YOU. THEY ALSO CANNOT THREATEN ACTION WHICH THEY DO NOT TAKE IN  
7 THE USUAL COURSE OF BUSINESS.

8 2. A DEBT COLLECTOR MAY NOT THREATEN TO CONTACT YOUR EMPLOYER REGARD-  
9 ING A DEBT PRIOR TO OBTAINING A FINAL JUDGMENT AGAINST YOU. HOWEVER, A  
10 DEBT COLLECTOR MAY CONTACT YOUR EMPLOYER TO EXECUTE A WAGE ASSIGNMENT  
11 AGREEMENT IF YOU, THE DEBTOR, HAVE AGREED TO THE ASSIGNMENT.

12 3. A DEBT COLLECTOR CANNOT USE A COMMUNICATION WHICH APPEARS TO BE  
13 AUTHORIZED, ISSUED, OR APPROVED BY A GOVERNMENT AGENCY OR ATTORNEY WHEN  
14 IT IS NOT.

15 4. A DEBT COLLECTOR CANNOT DISCLOSE OR THREATEN TO DISCLOSE INFORMA-  
16 TION AFFECTING YOUR REPUTATION FOR CREDITWORTHINESS IF THE COLLECTOR  
17 KNOWS OR HAS REASON TO KNOW THE INFORMATION IS FALSE. A DEBT COLLECTOR  
18 ALSO CANNOT ATTEMPT OR THREATEN TO ENFORCE A RIGHT WHEN IT KNOWS OR HAS  
19 REASON TO KNOW THE RIGHT DOES NOT EXIST.

20 FOR MORE INFORMATION ABOUT YOUR RIGHTS UNDER STATE AND FEDERAL DEBT  
21 COLLECTION PROCEDURES LAW, CONTACT THE CONSUMER PROTECTION DIVISION OF  
22 THE NEW YORK STATE DEPARTMENT OF STATE AT (INSERT THE CURRENT TELEPHONE  
23 NUMBER ESTABLISHED BY THE CONSUMER PROTECTION DIVISION FOR RECEIVING  
24 INQUIRIES FROM CONSUMERS) OR (INSERT THE CURRENT ADDRESS OF THE WEBSITE  
25 OR WEBPAGE CREATED PURSUANT TO PARAGRAPH (P) OF SUBDIVISION THREE OF  
26 SECTION NINETY-FOUR-A OF THE EXECUTIVE LAW). YOU MAY ALSO CONTACT THE  
27 NEW YORK STATE ATTORNEY GENERAL AT (INSERT THE CURRENT TELEPHONE NUMBER  
28 ESTABLISHED BY THE DEPARTMENT OF LAW FOR RECEIVING INQUIRIES FROM  
29 CONSUMERS) OR (INSERT THE CURRENT ADDRESS OF THE WEBSITE OF THE DEPART-  
30 MENT OF LAW).

31 THE NOTICE REQUIRED BY THIS SUBDIVISION SHALL BE PRINTED OR WRITTEN IN  
32 AT LEAST TEN POINT BOLD TYPE.

33 S 11. Subdivision 1 of section 602 of the general business law, as  
34 added by chapter 753 of the laws of 1973, is amended to read as follows:

35 1. Except as otherwise provided by law, any person who [shall violate]  
36 VIOLATES the terms OF SECTION SIX HUNDRED ONE of this article [shall be]  
37 IS guilty of a misdemeanor, and each such violation shall be deemed a  
38 separate offense. A VIOLATION BY ANY PERSON OF SECTION SIX HUNDRED ONE-A  
39 OF THIS ARTICLE, IF SUCH VIOLATION CONSTITUTES THE FIRST SUCH OFFENSE BY  
40 SUCH PERSON, IS PUNISHABLE BY A CIVIL PENALTY NOT TO EXCEED TWO HUNDRED  
41 FIFTY DOLLARS. THE SECOND OFFENSE AND ANY OFFENSE COMMITTED THEREAFTER  
42 ARE PUNISHABLE BY A CIVIL PENALTY NOT TO EXCEED FIVE HUNDRED DOLLARS.

43 S 12. Subdivision 3 of section 94-a of the executive law, as added by  
44 section 21 of part A of chapter 62 of the laws of 2011, is amended to  
45 read as follows:

46 3. Powers of the consumer protection division. [(a)] The division  
47 shall have the power and duty to:

48 [(1)] (A) receive complaints of consumers, attempt to mediate such  
49 complaints where appropriate, and refer complaints to the appropriate  
50 unit of the department, or federal, state or local agency authorized by  
51 law for appropriate action on such complaints;

52 [(2)] (B) coordinate the activities of all state agencies performing  
53 consumer protection functions;

54 [(3)] (C) initiate and encourage consumer education programs;

55 [(4)] (D) conduct investigations, research, studies and analyses of  
56 matters affecting the interests of consumers;

1 [(5)] (E) cooperate with and assist the attorney general and the  
2 department of financial services in the carrying out of legal enforce-  
3 ment responsibilities for the protection of consumers;

4 [(6)] (F) implement other powers and duties by regulation and other-  
5 wise as prescribed by any provision of law;

6 [(7) (i)] (G) (1) advise and make recommendations to the governor on  
7 matters affecting the consumers of the state and promote and encourage  
8 the protection of the legitimate interests of consumers within the  
9 state;

10 [(ii)] (2) study the operation of consumer protection laws and recom-  
11 mend to the governor new laws and amendments of laws for consumer  
12 protection;

13 [(8)] (H) represent the interests of consumers of the state before  
14 federal, state and local administrative and regulatory agencies;

15 [(9)] (I) establish a process by which victims of identity theft will  
16 receive assistance and information to resolve complaints. To implement  
17 the process the secretary shall have the authority to:

18 [(i)] (1) promulgate rules and regulations to administer the identity  
19 theft prevention and mitigation program; and

20 [(ii)] (2) act as a liaison between the victim and any state agency,  
21 public authority, or any municipal department or agency, the division of  
22 state police, and county or municipal police departments, and any non-  
23 governmental entity, including but not limited to, consumer credit  
24 reporting agencies, to facilitate the victim obtaining such assistance  
25 and data as will enable the program to carry out its duties to help  
26 consumers resolve the problems that have resulted from the identity  
27 theft. Trade secrets and proprietary business information contained in  
28 the documents or records that may be received by the division shall be  
29 exempt from disclosure to the extent allowed by article six of the  
30 public officers law;

31 [(10)] (J) undertake activities to encourage business and industry to  
32 maintain high standards of honesty, fair business practices, and public  
33 responsibility in the production, promotion and sale of consumer goods  
34 and services;

35 [(11)] (K) conduct product research and testing and, where appropri-  
36 ate, contract with private agencies and firms for the performance of  
37 such services;

38 [(12)] (L) cooperate with and assist local governments in the develop-  
39 ment of consumer protection activities;

40 [(13)] (M) establish advisory councils to assist in policy formulation  
41 on specific consumer problems;

42 [(14)] (N) cooperate with and assist consumers in class actions in  
43 proper cases; [and

44 (15)] (O) create an internet website or webpage pursuant to section  
45 three hundred ninety-c of the general business law[.]; AND

46 (P) ESTABLISH A WEBSITE OR WEBPAGE THAT INCLUDES, BUT IS NOT LIMITED  
47 TO, INFORMATION REGARDING THE PROTECTION AND RIGHTS AFFORDED TO CONSUM-  
48 ERS UNDER STATE AND FEDERAL LAWS REGULATING DEBT COLLECTION PROCEDURES,  
49 A SAMPLE INITIAL DEBT COLLECTION DISPUTE LETTER, A SAMPLE DEBT  
50 COLLECTION CEASE AND DESIST LETTER, AND THE CURRENT CONTACT INFORMATION  
51 FOR THE ATTORNEY GENERAL AND THE FEDERAL TRADE COMMISSION.

52 S 13. This act shall take effect on the first of January next succeed-  
53 ing the date on which it shall have become a law, except that section  
54 three of this act shall take effect on the one hundred eightieth day  
55 after this act shall have become a law.