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Commissioner

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November 4, 2010

BY REGULAR MAIL



Re: Debt collection agency question

Dear [REDACTED]

The New York City Department of Consumer Affairs ("Department") issues this letter in response to your recent inquiry. You asked "whether or not the City of New York currently offers a commercial exemption to debt collection agencies?"

Your question is not clear. However, the Department licenses entities that collect consumer debts. Section 20-489(a) of the Administrative Code of the City of New York ("Code") defines a "debt collection agency" as:

. . . a person engaged in business the principal purpose of which is to regularly collect or attempt to collect debts owed or due or asserted to be owed or due to another and shall also include a buyer of delinquent debt who seeks to collect such debt either directly or through the services of another by, including but not limited to, initiating or using legal processes or other means to collect or attempt to collect such debt.

Section 20-489(c) of the Code defines "debt" as:

. . . any obligation or alleged obligation of a consumer to pay money arising out of a transaction in which the money, property, insurance, or services which are the subject of the transaction are primarily for personal, family, or household purposes, whether or not such obligation has been reduced to judgment.

Therefore, a company that does not collect nor attempt to collect any debts that meet the definition in Section 20-489(c) of the Code – i.e., consumer debts – is not a "debt collection agency" and does not require a license from the Department.

For more information about New York City's laws and rules regulating debt collection agencies, please visit the Department's web site at www.nyc.gov/consumers. Note that there may be other laws enforced by Federal, State, and/or other City agencies that apply to your business.

Thank you for your inquiry.

Sincerely,

Department of Consumer Affairs