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Re: Registration Requirements and Prohibited Practices for Credit Reporting Agencies, Proposed 23 NYCRR 201

The New York City Department of Consumer Affairs (“DCA”) appreciates the opportunity to comment on the proposed rules of the New York State Department of Financial Services (“DFS”) regarding consumer credit reporting agencies (“CRAs”).

As the largest municipal consumer protection agency in the country, DCA has a vested interest in the oversight and regulation of CRAs. Predatory lending, an acute consumer harm, is pervasive among society’s most vulnerable individuals including those with low-incomes, the elderly, and those with limited English proficiency (“LEP”). DCA has made curbing instances of predatory lending a strategic priority having returned millions of dollars in restitution to consumers who have been subject to usurious financial products or whose personal and financial information have been misrepresented to lenders by unscrupulous individuals. DCA also regularly educates and provides services directly to consumers to help curb instances of online fraud and identity theft and offers free services like our annual free paper shredding event, *Shred Fest*, to limit potential exploitation.

CRAs are charged with aggregating and safeguarding sensitive personal consumer identifying information. Moreover, their records serve as a determining factor for lenders, landlords, and, in limited cases, employers, in assessing individuals’ candidacy for critical services and products. The responsibilities of their role are significant, and if mismanaged, the ramifications can be tremendously consequential. Accordingly, it is essential that CRA’s are properly regulated.

DCA supports DFS’ proposal to register CRAs. Registration will promote industry integrity by mandating transparency of all CRAs that “assemble, evaluate, or maintain a consumer credit report on any consumers located in New York State...” DCA recommends that DFS make the list of registrants publicly available on DFS’ website, which will allow the public to know which CRAs operate in New York State and who their officers are. Further, DCA recommends that DFS examines CRAs annually to ensure each registrant is compliant with the law.

DCA supports DFS’ ability to renew, suspend, or revoke the registration of any CRA. As a licensing body of more than 81,000 businesses in more than 50 industries, DCA has found that appropriate oversight, including a government entity’s ability to renew, suspend, or revoke a business’s ability to operate, expands consumer protections without endangering the viability of the industry. Accordingly, DCA recommends that DFS notify the public and local consumer

protection agencies in New York State regarding any CRA whose registration DFS suspends or revokes.

DCA supports DFS' information-reporting requirements. DFS proposes that CRAs report, at least annually, "information requested by the Superintendent." DCA supports this requirement and recommends that , at a minimum, DFS require CRAs to report: (1) all steps the CRA has taken to protect personal identifying information of consumers and the integrity of the information it collects and maintains; (2) all steps the CRA has taken to meet the needs of LEP customers; and (3) information regarding any security breaches in the past twelve months, including steps the CRA has taken to remedy the security breach and to assist affected consumers, whether the security breach occurred because the CRA departed from its established practices, and how new practices can prevent future breaches. DFS should make these reports publicly available and provide them to local consumer protection agencies throughout New York State within one week of its filing.

DCA looks forward to continued dialogue with DFS as it reviews comments from stakeholders and the public in the coming weeks.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lorelei Salas', with a long horizontal line extending to the right.

Lorelei Salas
Commissioner