



Jonathan Mintz
Commissioner

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nyc.gov/consumers

August 2, 2010

BY E-MAIL

Attn: [REDACTED]

Re: Debt collection agency license question

Dear Mr. [REDACTED]

The New York City Department of Consumer Affairs (the "Department") issues this letter in response to your recent inquiry. You asked the following questions:

1. Whether you need a debt collection agency license from the Department.
2. Whether you would need a debt collection agency license from the Department if you were to "solicit NYC customer[s]."
3. Whether there is "a NYC-specific Bonding necessary for [your] current scope of business."

You described your work as follows:

1. You are a collections company located outside of New York City that services commercial debt only—no consumer debt.
2. You may regularly contact NYC entities to collect commercial debts on behalf of "out of state" companies.
3. You currently have no "NYC customers."

Based on the information you provided, your business does not need a debt collection agency license. Under the New York City Administrative Code (the "Code"), a person or entity is a "debt collection agency" if it is a purchaser or assignee of defaulted debt whose principal purpose is the collection of that debt, whether for itself or others. Any such business that attempts to collect debts from consumers located in New York City must have a debt collection agency license.

Section 20-489(a) of the 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(d), in turn, defines "debt" as:

[A]ny 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, or any obligation or alleged obligation arising out of a judgment or valid agreement for the payment of child support.



If, as you say, your business does not attempt to collect any consumer debts as defined above, then it does not require a debt collection agency license from the Department.

You also asked if your business would need a license if it were to “solicit NYC customer[s].” Again, if your business makes no attempt to collect consumer debts, then it does not require a license. However, if your business did attempt to collect consumer debts, and attempted by any means to collect debts from consumers located in New York City, then it would need a license. Note that the location of your business or that of any other businesses on whose behalf you attempt to collect debts is irrelevant.

Finally, you asked about “any NYC-specific Bonding necessary for [your] current scope of business.” Section 20-494.1(g) of the Code requires that debt collection agencies that attempt to collect child support payment debts furnish to the Department a surety bond in the sum of five thousand dollars (\$5,000) payable to the City of New York. This bonding requirement applies to debt collection agencies requiring a license and thus does not apply to you.

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 New York City agencies that apply to your business.

Thank you for your inquiry.

Sincerely,

Department of Consumer Affairs