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[REDACTED]

Re: Whether repossession forwarders must be licensed as debt collection agencies

Dear Ms. [REDACTED]:

The New York City Department of Consumer Affairs (the “Department”) issues this letter in response to your recent inquiry. You asked whether a “repossession forwarder,” which you describe as a business that solely acts as an intermediary between a lender that possesses a security interest in personal property and a repossession agency, must be licensed as a debt collection agency by the Department. The brief answer is no.

Section 20-489(a) of the New York City Administrative Code (the “Code”) defines “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.”

In your inquiry you state that the repossession forwarder does not engage in activity related to the collection of debt – that is, it does not: attempt to locate the consumer, send written communications to or otherwise contact consumers, or seek or receive any payments from the consumer. You also stated that the repossession forwarder does not purchase or take assignment of the underlying debt.

Because the repossession forwarder does not directly or indirectly attempt to collect a debt, or purchase delinquent debt, it is not a debt collection agency under Section 20-489(a) of the Code. Therefore, it is not required to be licensed by the Department. See Boyd v. J.E. Robert Co., No. 05-CV-2455 KAM RER, 2013 WL 5436969, at *9-12 (E.D.N.Y. Sept. 27, 2013) (holding in the alternative that enforcement of a security



interest that does not seek a monetary judgment against a debtor is not debt collection for purposes of the FDCPA).

For more information about New York City's laws and rules regulating debt collection agencies, please visit the Department's website at www.nyc.gov/consumers.

Thank you for your inquiry.

Sincerely,

[Redacted signature block]