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Consumer Affairs

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How the Department of Consumer Affairs is Reducing Fines for Small Businesses and Expanding Outreach

To meet Mayor de Blasio's goal of reducing onerous fines on small businesses, in July 2014, the Department of Consumer Affairs (DCA) announced a Small Business Relief Package of nearly two dozen reforms. Specifically, these reforms will reduce the number and cost of violations for small businesses and expand outreach and education. Depending on the number of counts of a violation, fines in the past were often \$1,000 to \$10,000. With these reforms, fines will range between \$250 to \$1,200, allowing owners to reinvest their hard-earned money in order to grow and prosper, which is good for the City and its economy. DCA projects that in fiscal year 2015 fines will be reduced by about one-third, or \$5 million, from a total of nearly \$16 million in fiscal year 2014. These reforms also contribute to the City's Small Business First initiative to improve the regulatory climate in New York City and help businesses avoid fines.

DCA's reforms not only will aid the majority of law-abiding businesses who may make an honest mistake but also are designed to balance enforcement and consumer protection. The Agency's commitment to consumer protection will remain stronger than ever with a rigorous structure of oversight and fines for businesses that flout rules, engage in predatory behavior, or negatively affect the public's health or safety.

Reforms that reduce the number and cost of fines

- **Reduced Number of Violations:** In most cases, a DCA inspector will only issue one violation for each piece of information missing from a required sign or a receipt instead of one violation for each missing item. The policy on individual price posting has also changed, which will benefit bodegas, small groceries, and general retail stores.

Example 1:

A retail store doesn't have its name or address on its receipt.

Before: The retail store might receive two violations—one for the name missing and one for the address missing—and could face a fine of over \$1,000.

Now: The retail store will first receive a warning and then receive one violation for missing information on the receipt and face a maximum fine of \$350.

Example 2:

A bodega has 10 cans of different kinds of soup and didn't post the prices on any of the soup cans.

Before: The bodega could receive 10 violations—one for each kind of soup that didn't have a price and could face a fine of up to \$2,500.

Now: The bodega will receive no more than two violations, which have a maximum fine of \$500.

- **Reduced Settlement Amounts:** DCA has lowered the cost of a fine for businesses that choose to settle the violation instead of going to hearing for numerous industries, including newsstands, nail salons, supermarkets, grocery stores, laundries, hair salons, barbershops, dry cleaners, and electronic service dealers, among others.

Example 1:

A dry cleaner doesn't have its address on its receipt or the amount charged for each item.

Before: The dry cleaner could have settled the violation for \$500.

Now: The dry cleaner can settle the violation for \$175.

- **Warnings:**
 - **“Curable Violations”:** The Cure Law, which went into effect June 30, 2014, means businesses can correct many first-time, signage violations. When a business receives its first “curable” violation, it will have 30 days to correct the violation and avoid paying a fine.

Example 1:

A nail salon doesn't have a refund policy posted.

Before: The salon would have received a violation and faced a \$350 fine.

Now: If it is the salon's first violation for not having a refund policy posted, the business can avoid the fine by pleading guilty to the violation, post a refund policy within 30 days of the inspection date, and submit a Cure Certification to DCA as proof that the business corrected the violation.

- **Additional Warnings:** Going beyond the Cure Law, DCA will issue warnings instead of violations for additional violations not covered by the law such as not having the DCA license number on all printed materials (except for electronics stores) and not stating the reason for the range of price variations on a price list.

Example 1:

A parking garage doesn't have its DCA license number on its business cards or receipt.

Before: The parking garage would have received two violations—one for each printed material on which the license number is missing and faced a fine of \$1,000.

Now: If it is the first time the violation has been found, the parking garage will receive a warning.

Reforms promoting transparency and fairness

- **Inspection Checklists:** For the first time ever, all 41 easy-to-read [checklists](#) that inspectors use to conduct patrol inspections are posted online so that businesses can learn what inspectors look for during inspections. The 10 most common checklists are being translated into Spanish, Chinese (Simplified; Traditional), French-Creole, Korean, Russian, Bengali, and Arabic. All others will be translated into Spanish.
- **Inspections in Preferred Language:** Businesses can request that their DCA inspection be conducted in the language of their choice. Inspectors carry with them a cell phone and a card that allows business owners to point to their language so inspectors can call a translation service for assistance.
- **New Online Routing Tool:** DCA is using internal mapping technology to ensure equitable distribution of inspections across the City. Previously, some neighborhoods were inspected more than others.

Reforms designed to educate small businesses

- DCA will increase the number and frequency of Open Houses when small businesses can come to DCA for training and expand its presence at community events.
- A DCA inspector is available in the Licensing Center daily to answer questions and guide businesses on how to avoid fines. DCA will also be expanding this program to its borough offices.
- A DCA financial counselor is available in the Licensing Center daily to offer convenient financial counseling services to small businesses.
- A Legal Ombudsman will be dedicated to answering questions for businesses and helping them navigate complicated rules.
- DCA will strengthen its partnership with Business Improvement Districts to disseminate information to their members about DCA activity and policies.

For more information, call 311 or visit DCA online at nyc.gov/consumers

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