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DEPARTMENT OF CONSUMER AFFAIRS COMMISSIONER MINTZ ANNOUNCES THE LAUNCH OF THE 2011 PROTECT YOUR MONEY CAMPAIGN

Advertisements in 3,000 Subway Cars Alert New Yorkers to Predatory Services and Scams and the Free Help Available

Department of Consumer Affairs (DCA) Commissioner Jonathan Mintz today announced the launch of the 2011 *Protect Your Money* campaign, a public awareness campaign to warn New Yorkers about scams to avoid and let them know about free help that is available by calling 311. The campaign highlights the successes of real New Yorkers who sought help from the City to deal with a debt settlement scam, a home improvement contractor who refused to finish the job, opening a bank account instead of using check cashers, and foreclosure prevention counseling that helped a New Yorker keep her home. Advertisements are in 3,000 subway cars and will also be featured in major daily and community newspapers and phone kiosks.

"Most businesses are honest, trying to do the right thing for their customers. But unfortunately, particularly in an economic downturn, there are those who seek to take advantage of people desperate for help, such as debt settlement agencies and mortgage modifiers," said DCA Commissioner Jonathan Mintz. "We hope that by sharing the stories of real people, our citywide 'Protect Your Money' campaign will not only make people aware of the helpful resources available when they get into trouble, but also help protect them from becoming victims by enabling them to protect their money and save for their future."

The advertisements feature real New Yorkers sharing their experiences and the help they received through City services and/or referrals. One ad features a resident of Brooklyn named Joseph, who called an 800 number he saw featured on a television ad that promised to help him "get out of debt." After paying this company \$6,000 in one year, he found that they had not paid off any of his debts as they had agreed to do and he was now being sued by his creditors. Joseph visited one of the City's more than 20 Financial Empowerment Centers and received free, professional one-on-one financial counseling. His counselor helped him get his money back. By sharing real New Yorkers' all-too familiar stories, DCA aims to educate consumers on how to avoid avoid similar situations. To view the new ads and learn ways to get back on sound financial footing, New Yorkers can visit nyc.gov/ProtectYourMoney.

Additional Information on the Industries Featured in the Ads:

DEBT SETTLEMENT

Debt settlement companies lure people struggling with debt by claiming that they will convince creditors to settle debts for less than what is owed. Instead, this dangerous advice to stop paying debts owed does significant damage, including attracting additional penalties and fees, debt collection efforts, and even court actions and frozen bank accounts. Companies charge high fees and counsel consumers to ignore their debts, which can cause lasting harm. DCA cautions consumers about these services and encourages them to know their rights and the latest rules about debt settlement. In an effort to provide New Yorkers with a safe way to deal with debt, the City offers a network of Financial Empowerment Centers, which provide *free*, professional one-on-one financial counseling.

Know Your Rights About Debt Settlement:

As of October 27, 2010, debt settlement companies that sell their services over the phone must comply with new consumer protections:

- **Be aware: Up-front fees may be illegal.** For-profit debt settlement companies that sell their services by phone cannot legally charge a fee before they settle or reduce a debt. (Sales by phone include calls to you through direct telemarketing and calls by you in response to an advertisement.) ***Debt settlement companies that charge up-front fees may be breaking the law.***
- **Demand information about costs and risks of debt settlement.** By law, if you signed a contract after September 27, 2010, settlement companies must tell you how long it will take them to get results, how much it will cost you and the negative consequences that could result (like damage to your credit score, potential lawsuits, and being charged more fees and interest by your creditors).
- **The money you pay into a settlement account is YOURS!** Money that a debt settlement company asks you to set aside in an “escrow” or “settlement” account belongs to you. You may cancel the account at any time, and the escrow company must refund all of your money minus any fees the settlement company legally earned.
- **Consumer protections do not always apply.** If you enroll in debt settlement online or face-to-face at a sales presentation or storefront, you do not have the same protections when it comes to up-front fees, disclosures, and escrow accounts. **Do *not* sign up for a fee-based plan online or in person at a “debt settlement” workshop where the company can charge you up-front fees without violating the law.**

HOME IMPROVEMENT CONTRACTORS

For the past three years, problems with home improvement contractors have been DCA's second highest complaint category. The most important thing to remember when hiring a home improvement contractor is to only use a licensed contractor. DCA licenses about 14,000 home improvement contractors throughout the City. New Yorkers who use licensed home improvement contractors may get compensation from DCA's Home Improvement Contractor Trust Fund. Last year alone, DCA was able to get consumers \$6.2 million in restitution.

Quick Tips for Hiring a Home Improvement Contractor:

- **Always use a licensed home improvement contractor and/or salesperson.**
Check if your home improvement contractor and/or home improvement salesperson is licensed by calling 311 or using DCA's Instant License Check at nyc.gov/consumers. Persons soliciting or performing home improvement work in New York City costing more than \$200 must be licensed by DCA.
- **Get references.**
Call 311 to check complaint history with DCA and check with at least three reputable references before hiring a contractor. Also check with surrounding areas including Suffolk, Nassau and Westchester counties for complaints.
- **Know your contract rights.**
By law, homeowners have the right to cancel any contract within three days, including contracts for home repair and/or improvements. Always check the contract, especially for a cancellation notice.
- **Get a written estimate.**
One of the best ways to calculate the cost of your home improvement work is to get estimates from a minimum of three contractors. Under the Home-Improvement Business Law, a home

improvement contractor must provide a written estimate upon request. If a contractor charges for supplying a written estimate, you must be told beforehand how much the fee will be.

- **Use DCA's home improvement model contract.**

Don't start work or make payments without a written contract that clearly indicates all of the specifics of the project. DCA's model contract is an easy-to-use template that covers the breadth of a home improvement project, from materials and equipment to prices, payments and work schedules. DCA's model contract is free and available online at nyc.gov/consumers or by calling 311. Ask for the Home Improvement Contractor license application packet.

- **Never pay cash.**

Never pay for repairs or improvements without a contract and never pay in cash. Pay no more than a quarter of the total amount upfront, up to a maximum \$15,000, to get the work started. Then continue with 'progress' payments as work continues so payments are tied to specific work progress, with final payment due when all the work is completed to your satisfaction. Be sure to keep track of all paperwork and payments.

- **Don't finance improvements or repairs through your contractor.**

It is illegal for contractors or salespeople to arrange or offer to arrange home improvement loans for you. If they attempt to do this, file a complaint immediately with DCA via 311 or online at nyc.gov/consumers. If financing is needed for repairs or improvements, investigate reliable and legitimate options on your own at your bank or credit union of choice.

- **Consider looking for home improvement contractors who use green products.**

Green products are healthier for the environment and better for your home. Visit nyc.gov/greenyc for tips.

CHECK CASHERS

More than 825,000 adult New Yorkers do not have bank accounts, but instead use fringe financial services like check cashers to pay bills, cash payroll checks, buy money orders and conduct other financial transactions. A study by DCA's Office of Financial Empowerment (OFE) conducted in 2008 found that the residents of Jamaica, Queens and the Melrose section of the Bronx spent more than \$19 million a year on check-cashing fees alone. To help New Yorkers transition from using high-cost fringe financial services, OFE provides information about banking services that are safe and affordable. For more information, call 311 and ask about the NYC SafeStart Account or visit nyc.gov/ProtectYourMoney.

MORTGAGE SCAMS

The Department of Consumer Affairs works with the Center for New York City Neighborhoods (CNYCN) to provide comprehensive, housing and financial counseling services to New York City homeowners in distress. By calling 311 and saying "foreclosure" NYC homeowners will be connected to free services within the CNYCN network. The counselors at the City's Financial Empowerment Centers assist clients who have received trial mortgage modifications to achieve a level of financial planning that allows them to reduce debt and make timely payments thereby increasing their chances of obtaining a permanent modification. They enable clients with high non-mortgage debt to qualify for government programs such as Home Affordable Modification Program (HAMP) and the Mortgage Assistance Program (MAP), and ensure that clients accessing government programs remain current on their payments. They also support clients with budgeting strategies that can reduce their debt and improve their ability to make housing-related payments.

DCA enforces the Consumer Protection Law and other related business laws throughout New York City. Empowering consumers and businesses to ensure a fair and vibrant marketplace, DCA licenses more than 78,000 businesses in 55 different industries. Through targeted outreach, partnerships with community and trade organizations, and informational materials, DCA educates consumers and businesses alike about their rights and responsibilities. DCA's Office of Financial Empowerment (OFE) is the first local government initiative in the nation with a mission to educate, empower, and protect New Yorkers with low incomes so they can build assets and make the most of their financial resources. Toward that end, OFE seeks to increase access to high-quality, low-cost financial education and counseling; improve access to income-boosting tax credits; connect households to safe and affordable banking and asset-building products and services; and enforce and improve consumer protections to enhance financial stability. For more information, call 311 or visit DCA online at nyc.gov/consumers. Follow us on [Twitter](#) and find us on [Facebook](#).