

NYC Department of Finance

**Annual Report on Environmental Control
Board (ECB)-Adjudicated Judgments**

November 2022

Introduction

Under Local Law 11 of 2015, the New York City Department of Finance (DOF) is required to report annually to the New York City Council on outstanding Environmental Control Board (ECB)-adjudicated judgments by November 1. ECB is an administrative court operated by the Office of Administrative Trials and Hearings (OATH) that hears cases on quality-of-life violations issued by various City agencies. ECB judgment debt results from notices of violation issued by these City agencies that are returnable to the ECB. If respondents do not attend an ECB hearing, or if an ECB judge rules in favor of the applicable agency and the respondent does not pay, the violation is filed as a court judgment and referred to DOF for collection. DOF first attempts to collect this debt in-house, using its own staff, and then uses city marshals, the Sheriff's Office, and outside collection agencies if its in-house efforts are not successful. This report focuses on judgment debt referred to DOF in FY22.

Summary

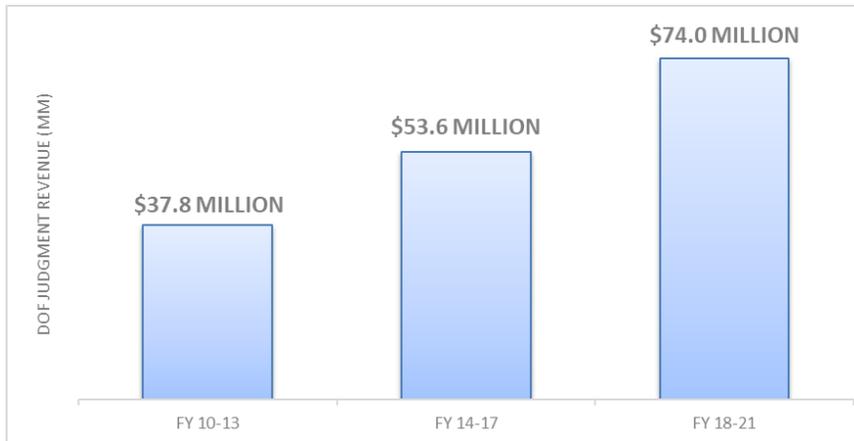
Highlights of the enclosed report include:

- ECB collections increased significantly during FY22, totaling \$113.9 million, mainly due to the Fine and Interest Reduction Enabling Recovery (FAIRER) Program. The FAIRER Program ran from September 20, 2021, through March 21, 2022, and generated \$47.2 million in revenue. FAIRER allowed businesses and individuals to pay a reduced amount for eligible ECB judgments in FY22. Depending upon whether a respondent had a hearing and whether the judgment was docketed during the COVID-19 pandemic, the savings could be up to 75% for a particular judgment and included abatement of any interest associated with the judgments. In the midst of the pandemic, FAIRER helped participants resolve \$144.2 million in debt: \$47.2 million in base fines and \$97 million in penalties and interest. The Department of Finance sent 620,000 outreach letters and emails and fielded more than 2,000 customer inquiries. More than 33,000 businesses and individuals participated in the FAIRER Program.
- The other revenue generated in FY22 is attributable to the DOF programs described in the paragraphs below. Please note that FAIRER payments are included in the in-house collections and the OCA collections numbers reported below.
- The total amount of DOF judgment collections has increased from by 58% from FY20 (\$72.3 million) and by 61% from FY21 (\$70.7 million). FY22 revenue was considerably higher than the FY18 to FY21 annual average of \$74.0 million, the FY14 to FY17 average of \$61.1 million, and the FY10 to FY13 average of \$37.8 million.

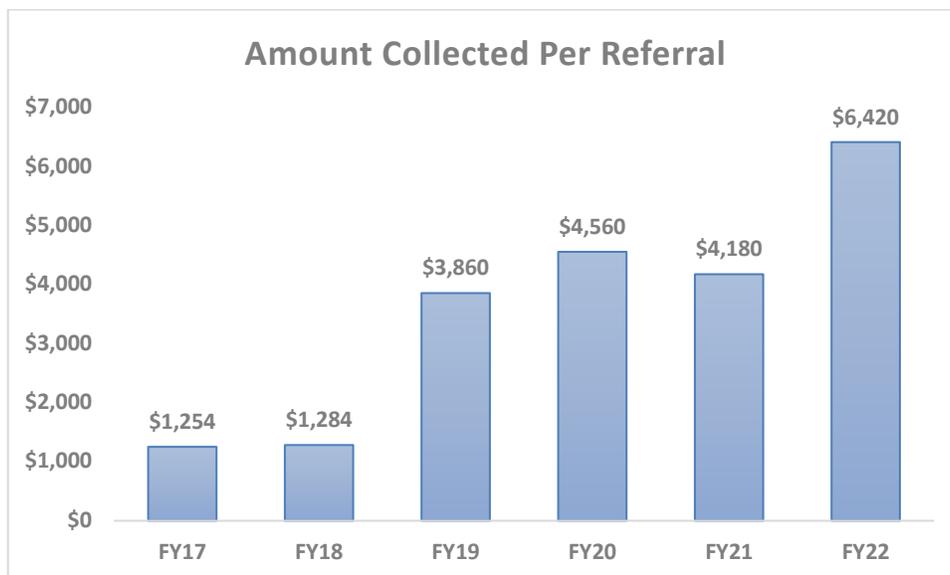
- The performance of its three outside collection agencies was another reason DOF was able to increase its revenue collection in FY22. Since the introduction of a third collection agency for ECB judgment debt in FY21, DOF has been successively assigning cases to the three collection agencies, each of which works a case for a period of six months. As a result, ECB judgment revenue increased 60% from \$21.4 million in FY20 to \$34.3 million in FY21, and 70% from FY21 to \$57.3 million in FY22. The additional revenue from the third collection agency accounted for 52% of the revenue collected by the agencies in FY22.
- The total value of outstanding ECB debt, excluding the allowance for bad debt, decreased considerably from \$1.08 billion to \$688 million (-36%). Since onboarding the third collection agency at the end of FY20, DOF refers ECB judgments to three successive collection agencies before placing uncollected judgments into an allowance for bad debt. In FY22, DOF's allowance for bad debt increased sharply as the initial debts referred to the tertiary collection agency in FY21 returned to DOF. ECB judgments are not classified as bad debt until they have completed the three successive six-month assignments. Upon return from the third collection agency, these debts are classified as bad debt, having been serviced by all three collection agencies and met the other "allowance for bad debt" criteria.
- While DOF does not expect to equal FY22's \$113.9 million revenue in FY23, the agency does expect to continue the pre-pandemic ECB revenue growth and exceed the \$85.8 million in revenue collected in FY19.
- The Department of Finance works with other City agencies to enforce collection of judgment debt by suspending permits and licenses and offsetting the debt on vendor payments.
- DOF has revisited and will continue to improve and enhance the in-house collection case treatment flow and referrals.
 - DOF has leveraged and will continue to expand outreach communications in order to notify businesses and individuals who have outstanding ECB judgment debt in a timely manner.
 - DOF began and will continue to convert some DOB-issued ECB judgments into property liens as authorized by the NYC Administrative Code. In FY22, DOF converted 694 violations to property liens totaling \$7.6 million. DOF received \$538,000 in payments from owners who were notified about the lien conversions. In order for DOF to convert DOB judgments into property tax lien, all lienors on the property must be notified of the judgment. DOF has worked with NYC Opportunity and OATH to obtain Office of Court Administration information on lienors to automate its processing and will increase the number of ECB judgments converted to property liens in FY23.

FY22 Overview

The Department of Finance’s FY22 ECB judgment collection efforts were successful due to the FAIRER Program, the addition of a third outside collection agency, and the ongoing implementation of various programs. The agency estimates that in the absence of the FAIRER Program, it would have collected revenue of \$83.9 million. This would have been \$9.9 million (13.4%) more than the average \$74.0 million collected from FY18 through FY21; \$30.3 million (56.5%) more than the average of \$53.6 million collected from FY14 through FY17; and \$46.1 million (122%) more than the average of \$37.8 million collected from FY10 through FY13.



The increased revenue is due in part to productive enforcement efforts. Despite the substantial decrease in total violation issuance as compared to the pre-pandemic average of 1,800 per year, the average amount collected per violation was higher in FY22 than in previous fiscal years.



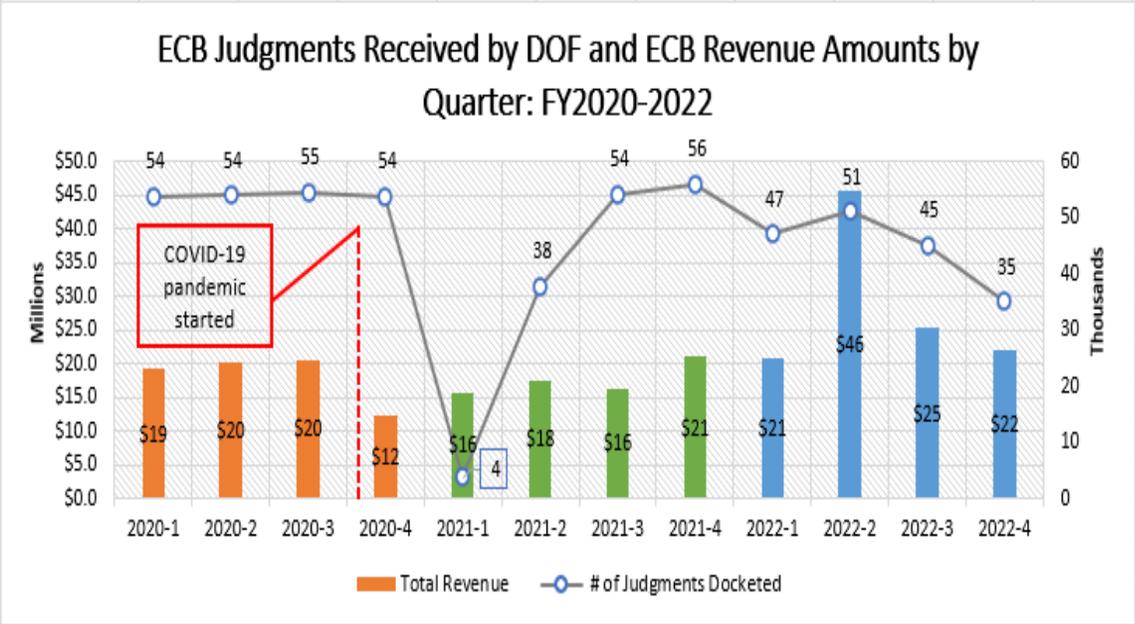
Other initiatives contributed to the success of DOF’s revenue collection efforts. Following the success of the FAIRER Program, DOF continued to make it possible for eligible respondents to settle and pay ECB default judgment debt online by entering into agreements with DOF for these settlements.

In FY22, the total value of the inventory of ECB debt decreased. At the close of FY22, the total value of outstanding ECB judgment debt after excluding the allowance for bad debt was \$688 million, down 36% from \$1.08 billion at the close of FY21.

The allowance for bad debt reflects the fact that in many instances DOF is unable to collect from individuals and businesses because they have passed away, gone out of business, filed for bankruptcy, moved out of the City, or experienced financial hardship. Judgments included in the allowance for bad debt are not written off. The judgments remain in effect for eight years, in case the respondent decides to pay. The total amount of the allowance for bad debt at the close of FY22 was \$594 million, up 135% from \$253 million in FY21. Subtracting this allowance from the total ECB judgment inventory of \$1.28 billion gives us the current value of the debt, \$688 million.

The allowance for bad debt in FY22 increased significantly due to bad debt reclassification in FY21. As previously noted, in FY21 DOF increased the number of collection agencies it uses to collect ECB judgments from two to three. The three collection agencies work debts in succession. DOF now requires that ECB judgment debt be worked by all three agencies before it can be classified as part of the bad debt allowance. In FY21 and prior, DOF classified the debts that had been worked by two collection agencies as bad debt. Since FY22, the debts that had been worked by the third collection agency and returned to DOF were reclassified as bad debt in FY22.

- The impact of the COVID-19 pandemic on ECB collections was less significant in FY22 than in FY21.
 - OATH referred 178,000 judgments to DOF in FY22, an average of 44,500 per quarter. The number of referrals in FY22 represented a 16% increase from 153,000 in FY21 (an average of 38,200 per quarter), but a 21% decrease from 219,000 in FY20 (an average of 54,800 per quarter). The number of referred judgments in FY22 was still below the pre-pandemic level, an average of 223,000 in FY19.



- DOF’s in-house efforts rely on notices sent to respondents informing them of their judgment debtor status, calls made to and received from respondents, and enforcement efforts such as placing City licenses and permits on hold. In-house collection revenue increased 55.5%, from \$36.4 million in FY21 to \$56.6 million in FY22.

DOF issued executions during FY22 prior to the commencement of the FAIRER Program and resumed executions after the FAIRER Program, on March 21, 2022. We issued 514 executions during FY22, an increase of 35% which contributed to the collection of 107% more revenue in FY22 than FY21. DOF attorneys issue executions to the marshals and the sheriff. Enforcement of ECB judgments in FY22 was helped by our hiring of an attorney in DOF’s Office of Legal Affairs. Unfortunately, this was a temporary fix, as the attorney resigned soon after the fiscal year.

DOF resumed placing Department of Transportation permits on hold for permittees with outstanding ECB judgment debt in October 2021, after the completion of the FAIRER Program. This generated \$14.7 million in revenue in FY22. DOF has resumed and will continue to work with the Department of Buildings, Department of Transportation, and Department of Consumer and Worker Protection to suspend permits and licenses issued by other city agencies for permittees and licensees with ECB debt.

DOF reviews vendor payments to see if the vendor has ECB judgments. The judgment debtor is contacted and if payment is not made, DOF may offset the ECB judgments.

Collection Rates

Since DOF’s collection efforts are part of a larger process of issuing and collecting ECB violations (see page A-5 for a process flow chart), the following table shows the collection rate for the first year after a violation is issued by a city agency, including both pre-judgment and post-judgment collections. In FY22, the one-year collection rate was 55.7%.

# of Summonses Issued*	422,000
# of Summonses Paid	235,000
-Before Judgment	222,000
-After Judgment	13,000
Collection Rate	55.7%

DOF also calculates a post-judgment collection rate. The first-year collection rate of an unpaid ECB violation after it was docketed as a judgment and referred to DOF was 16.1% in FY22. This is higher than the 13.3% first-year collection rate in FY21.

*Excluding violations issued by (i) the Taxi and Limousine Commission, (ii) the Department of Consumer and Worker Protection, and (iii) the Department of Health and Mental Hygiene, as well as violations with an unknown balance.

Other FY22 Highlights

- In FY22, OATH referred 178,105 violations to DOF totaling \$318.7 million, including \$169.4 million (53.2%) in default penalties and \$14.6 million (4.6%) in interest. The number of judgments referred to DOF during FY22 increased by 24,660 (16.1%), and the dollar amount of judgments increased by \$69.9 million (28.1%) compared to FY21.
- The number of docketed violations paid increased by 16,061 (50.8%) from 31,604 in FY21 to 47,665 in FY22. The dollar amount of docketed violations paid in FY22 increased by \$18.2 million (55.1%) from \$33 million in FY21 to \$51.2 million.
- The number of paid docketed violations increased for Department of Buildings violations (from 7,876 in FY21 to 11,066 in FY22), Fire Department violations (from 3,968 in FY21 to 4,504 in FY22), Department of Sanitation violations (from 15,915 in FY21 to 26,636 in FY22), and Department of Transportation violations (from 1,859 in FY21 to 2,857 in FY22).
- The number of collection letters sent by DOF and its collection agencies decreased 16% from 578,000 in FY21 to 485,000 in FY22. This was mainly because the number of collection letters sent by the third outside collection agency returned the normal monthly average in FY22 after the initial large assignment of the aged debt at the beginning of FY21.
- The dollar amount of judgment violations that statutorily expired and were removed during FY22 was \$87 million. These judgments are distinct from violations included in the allowance for bad debt category.

Part I: Department of Finance Inventory of OATH/ECB Debt

The total outstanding inventory in terms of the number and dollar amount of violations can be seen in the tables below. The total amount currently due takes into account an allowance for bad debt of \$594 million.

Table 1: Total Outstanding Inventory and Its Components

# of Summonses	Base Fine	Default Penalty	Interest	Total Inventory Before Allowance for Bad Debt	Allowance for Bad Debt	Total Amount Due
869,000	\$422,482,482	\$573,421,204	\$286,156,223	\$1,282,059,909	\$593,616,133	\$688,443,776

As outlined in the chart below, default penalties for failure to attend a hearing, which exclude judgments in the allowance for bad debt, are \$344 million—50% of the total, and the largest component.

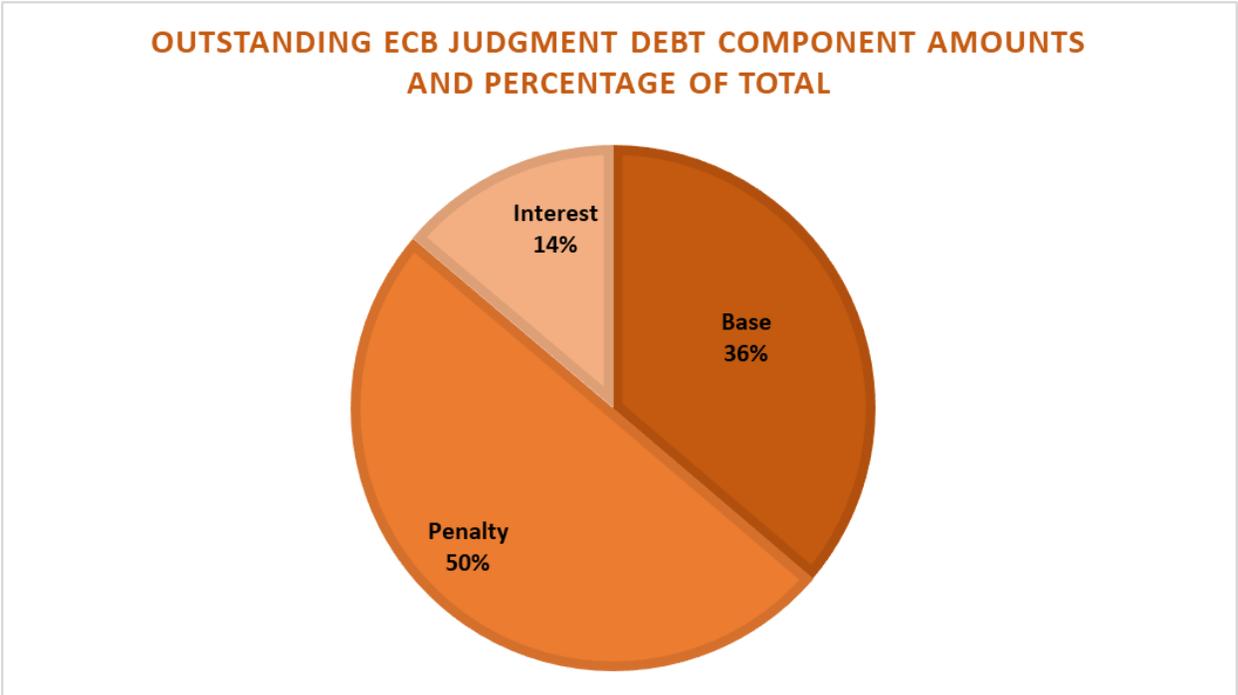


Table 2: DOF Inventory by Fiscal Year of Docket¹

Fiscal Year of Docket Date	# of Summonses	Base Fine	Default Penalty	Interest	Total Amount Due
FY22	134,169	\$100,017,656	\$141,472,972	\$11,107,057	\$252,597,685
FY21	83,453	\$55,218,158	\$79,052,961	\$16,447,604	\$150,718,723
FY20	111,037	\$60,359,314	\$77,902,359	\$30,934,613	\$169,196,286
FY19	18,054	\$9,731,276	\$13,549,677	\$7,345,520	\$30,626,473
FY18	17,809	\$7,272,976	\$10,162,596	\$7,016,105	\$24,451,677
FY17	17,628	\$5,471,267	\$7,165,862	\$6,266,219	\$18,903,348
FY16	15,629	\$5,722,053	\$7,544,983	\$7,638,049	\$20,905,085
FY15	19,184	\$5,628,730	\$7,052,062	\$8,342,749	\$21,023,541
FY14	2	\$14,875	\$5,125	\$957	\$20,957
Total	416,965	\$249,436,305	\$343,908,597	\$95,098,874	\$688,443,776

Table 3: DOF Inventory by Issuing Agency¹

Department of Buildings default penalties and interest account for \$320.7 million (46.6%) of the total value of outstanding judgment debt.

Issuing Agency	# of Summonses	Base Fine	Default Penalty	Interest	Inventory Amount
DOB	68,616	\$170,278,295	\$258,665,806	\$62,044,275	\$490,988,376
DSNY	295,223	\$32,746,168	\$46,415,682	\$16,945,912	\$96,107,762
FDNY	27,066	\$31,504,511	\$20,385,430	\$9,243,803	\$61,133,744
DOT	6,883	\$4,971,323	\$7,063,530	\$2,767,737	\$14,802,590
DEP	3,954	\$4,529,307	\$7,265,202	\$2,289,710	\$14,084,219
NYPD	4,701	\$2,306,832	\$2,692,298	\$898,487	\$5,897,617
DOHMH	2,734	\$1,405,033	\$277,218	\$422,517	\$2,104,768
Parks	6,817	\$960,453	\$569,094	\$342,411	\$1,871,958
Mayor's Office of Midtown Enforcement	250	\$350,101	\$93,020	\$49,301	\$492,422
Other Agency*	721	\$384,282	\$481,317	\$94,719	\$960,318
Total	416,965	\$249,436,305	\$343,908,597	\$95,098,874	\$688,443,776

* Other Agency comprises BIC, Landmarks, DCA, Seagate PD, Storm Water Processing, Peter Cooper Stuyvesant Town, and Agency Missing where total due was less than \$500K.

¹ Excludes allowance for bad debt of \$594 million. (See Table 1.)

Part II: Fiscal Year 2022²

Part II addresses various items required by Local Law 11 of 2015.

Items I: Total Number of Judgments Referred to the Department of Finance by OATH.

Item II: Total Dollar Amount of Judgments Referred to DOF, Disaggregated by Base Penalty, Interest, and Default Penalty.

During FY22, DOF received 178,105 judgment violations from OATH for a total of \$318.7 million, including default penalties assessed against respondents for failing to appear at a hearing.³ There were 24,660 (16.1%) more judgments than the 153,445 judgments referred in FY21. The dollar amount of new referrals increased 28.1%, from \$248.8 million in FY21 to \$318.7 million in FY22. The increase in the number of newly referred judgment violations was due to increases in summonses issued by two of the issuing agencies: the Department of Buildings and the Department of Sanitation, which increased by 9,981 (33.1%) and 18,227 (19.6%) respectively. The total amount due from violations issued by these agencies increased by \$69.3 million, which accounted for 99% of the total dollar amount increase in FY22.

Table 4: FY22 Total Judgments Referred

# of Summonses Referred	Base Fine	Default Penalty	Interest	Total Amount Due
178,105	\$134,629,708	\$169,442,772	\$14,603,820	\$318,676,300

Table 5: FY22 Judgments Referred by Issuing Agency

Issuing Agency	# of Summonses Referred	Base Fine	Default Penalty	Interest	Total Amount Due
DOB	40,140	\$97,959,757	\$127,340,551	\$10,612,159	\$235,912,467
DSNY	111,101	\$10,960,132	\$19,025,113	\$1,565,707	\$31,550,952
FDNY	13,083	\$14,911,642	\$9,263,909	\$1,188,527	\$25,364,078
DOT	6,014	\$5,119,388	\$7,028,937	\$616,360	\$12,764,685
DEP	1,749	\$2,419,760	\$3,212,656	\$267,557	\$5,899,973
NYPD	2,522	\$2,221,449	\$2,818,291	\$272,361	\$5,312,101
DOHMH	759	\$386,403	\$137,403	\$25,912	\$549,718
Agency Missing	419	\$121,813	\$320,937	\$14,923	\$457,673
Parks	2,094	\$281,716	\$133,055	\$19,254	\$434,025
Mayor's Office of Midtown Enforcement	116	\$165,698	\$78,020	\$16,380	\$260,098
DCA	87	\$25,200	\$75,750	\$1,303	\$102,253
BIC	16	\$50,950	\$4,550	\$2,888	\$58,388
Other Agency*	5	\$5,800	\$3,600	\$488	\$9,888
Total	178,105	\$134,629,708	\$169,442,772	\$14,603,820	\$318,676,300

* Other Agency includes Storm Water Processing and Seagate PD where total due was less than \$50,000.

² All the data displayed in the subsequent tables, except for tables 6, 7, and 8, are as of 07/01/2022.

³ Summonses referred to DOF with docket dates from 06/30/2021 through 05/31/2022 (last docket period for FY2022 is 05/31/2022) are considered as FY2022. We have excluded any recalls. Recalls are cases where a respondent requested a hearing and was granted one by OATH. The number of recalls is small.

Item III: Average Length of Time for Referral of a Judgment from OATH to DOF

The average elapsed time from docketing to DOF referral was 2.33 days in FY22.⁴

Item IV: Total Dollar Amount Collected by DOF for Judgments Referred During Preceding Fiscal Year

As of September 21, 2022, DOF collected \$51 million against violations that were referred to the agency during FY2022. This is reflected in Table 6. As of September 21, 2022, the first-year collection rate for newly referred debt in FY2022 is 16.1%.

Table 6: Revenue for Violations Docketed During FY22

Payment Date by FY	# of Summonses Paid	Length of Time Between Docket Date & Payment Date in Month Ranges					\$ Total Collected
		0-3M	4-6M	7-9M	10-12M	13-24M	
FY22	47,665	\$29,866,126	\$12,030,715	\$5,384,077	\$2,952,603	\$950,354	\$51,183,874

Payments on ECB judgments referred to DOF in FY22 disaggregated by issuing agency are listed in Table 7.

Table 7: Total Collected by DOF from 7/01/2021 until 9/21/2022

Issuing Agency	# Of Summonses Paid	Total Amount Collected
DOB	11,066	\$31,138,737
FDNY	4,504	\$7,114,299
DSNY	26,636	\$4,912,970
DOT	2,857	\$4,270,445
NYPD	1,367	\$2,229,077
DEP	646	\$1,301,506
DOHMH	224	\$104,897
Other*	365	\$111,943
Grand Total	47,665	\$51,183,874

* Other Agency includes Parks, Mayor’s Office of Midtown Enforcement, Agency Missing, BIC, Storm Water Processing, and DCA where total collection was less than \$50,000.

⁴ We took a sample of three months and looked at the average time that it takes for a violation to be received by DOF.

Item V: Length of Time for Collection of Judgments on Referred Violations during FY2022

Table 8: Time Between Docket Date and Payment from 7/01/2021 to 9/21/2022

Issuing Agency	Length of Time Between Docket Date & Payment Date in Month Ranges					\$ Revenue Collected
	0-3M	4-6M	7-9M	10-12M	13-24M	
DOB	\$17,470,166	\$7,567,856	\$3,445,220	\$1,971,831	\$683,664	\$31,138,737
FDNY	\$3,985,935	\$1,655,518	\$867,031	\$488,792	\$117,022	\$7,114,299
DSNY	\$2,643,123	\$1,335,951	\$614,723	\$244,116	\$75,058	\$4,912,970
DOT	\$3,276,754	\$656,564	\$166,883	\$132,305	\$37,940	\$4,270,445
NYPD	\$1,553,495	\$457,108	\$159,470	\$49,521	\$9,484	\$2,229,077
DEP	\$783,629	\$326,244	\$111,690	\$52,888	\$27,054	\$1,301,506
DOHMH	\$74,173	\$13,803	\$9,692	\$7,097	\$131	\$104,897
Other*	\$78,173	\$17,670	\$9,369	\$6,054	\$0	\$111,266
Grand Total	\$29,865,449	\$12,030,715	\$5,384,077	\$2,952,603	\$950,354	\$51,183,197

* Other Agency includes Parks, Mayor’s Office of Midtown Enforcement, Agency Missing, BIC, Storm Water Processing, and DCA where total collection was less than \$50,000.

Item VI: Total Number of FY2022 Judgments Requiring Corrective Action⁵

The number of violations that require corrective action increased 19%, from 42,382 in FY21 to 50,265 in FY22.

Table 9: Referred Judgments Requiring Corrective Action by Issuing Agency

Agency Name	# of Summonses	Base Fine	Default Penalty	Interest	Total Amount Due
DOB	36,606	\$89,714,067	\$111,360,612	\$9,401,955	\$210,476,634
FDNY	12,450	\$14,122,489	\$8,737,796	\$1,126,096	\$23,986,381
DEP	1,206	\$2,010,035	\$2,246,073	\$205,740	\$4,461,848
Storm Water Processing	2	\$5,500	\$3,000	\$434	\$8,934
NYPD	1	\$50	\$230	\$10	\$290
Grand Total	50,265	\$105,852,141	\$122,347,711	\$10,734,237	\$238,934,087

⁵ Summonses referred to DOF and placed in location 020555 or location 020566 with Aim Source = B docketed during FY2022 from static table of FY2022 Docketed Judgments; includes uncollectible states and satisfied summonses; excludes anything recalled.

Item VII: Enforcement Efforts Used by DOF to Collect Judgments in Item IV

The number of letters sent out decreased 16%, from 578,000 in FY21 to 485,000 in FY22.

Table 10: Collection Letters Sent in FY22 By Letter Type

Enforcement Letters Sent FY22:		
Type	Count of Letter	Total \$ Addressed
DOF Initial Letter	81,515	\$660,384,534
DOF Partial Payment & Payment Plan Letter	9,792	\$355,500,460
DOF Letters in Response to Bounced Checks	4	\$55,379
DOF Follow-up/Special Collection Letter	1,239	\$58,573,552
DOF Legal Affairs Demand Letters	2,176	N/A
OCA* Demand Letter	390,030	\$882,817,473
Total	484,756	\$1,957,331,398

* Outside Collection Agencies

Table 11 shows the marshal and sheriff executions issued during FY22. Most executions are referred to city marshals, but in a limited number of situations, DOF issues legal executions to the Sheriff's Office.

Table 11: Legal Executions Issued by Fiscal Year

FY	# Of Executions Issued			Amount Collected		
	Sheriff	Marshals	Total	Sheriff	Marshals	Total
2022	17	497	514	\$ 202,772	\$ 3,100,736	\$ 3,303,508
2021	0	381	381	\$ 61,282	\$ 1,532,161	\$ 1,593,443
2020	270	753	1,023	\$ 642,339	\$ 4,021,995	\$ 4,664,334
2019	495	1,997	2,492	\$ 544,316	\$ 9,075,742	\$ 9,620,058
2018	119	1,894	2,013	\$ 86,300	\$ 2,499,159	\$ 2,585,459
2017	33	1,480	1,513	\$ 6,187	\$ 1,891,426	\$ 1,897,613

Item VIII: Total Number of Statutorily Expired Judgments by Issuing Agency

ECB judgment violations have a lifespan of eight years; violations that are older than eight years have expired and are excluded from the inventory. In Table 12, FY14 judgment violations are considered expired and were excluded from the inventory.

FY15 through FY22 figures also reflect judgment violations that were withdrawn by issuing agencies and were excluded from the inventory as well.

Table 12: Total Number of Judgments Statutorily Expired and Withdrawn by FY

Fiscal Year of Docket Date	# of Summonses	\$ Amount Due
FY22	49	\$122,095
FY21	237	\$306,058
FY20	120	\$259,531
FY19	50	\$103,755
FY18	39	\$36,934
FY17	40	\$38,045
FY16	22	\$11,314
FY15	7,102	\$7,064,494
FY14	86,672	\$79,077,955
Total	94,331	\$87,020,180

Table 13: Total Number of Judgments Expired by Issuing Agency

Agency Name	# of Summonses	\$ Amount Due
DOB	7,217	\$49,423,778
DSNY	68,036	\$16,986,212
FDNY	4,291	\$7,684,269
NYPD	6,141	\$4,406,427
DOHMH	3,517	\$2,656,933
DEP	918	\$2,429,224
DOT	2,073	\$2,422,879
Parks	1,929	\$844,357
Other *	209	\$166,101
Total	94,331	\$87,020,180

* Other Agency includes BIC, Agency Missing, Landmarks, Seagate PD, DoITT, Hunts Point Development, and Animal Care & Control.

What is OATH?

The Office of Administrative Trials and Hearings (OATH)

is the City of New York’s central, independent administrative law court. Environmental Control Board judgments are handled by OATH’s Hearings Division. OATH adjudicates cases that originate from the various agencies that enforce the city’s rules, regulations, and laws.



Types of Violations

These violations come from over a dozen different agencies and include:

- Dirty sidewalks
- Littering
- Failure to remove snow and ice
- Posting of posters or signs where they are not permitted
- Work without a permit from the Department of Buildings (DOB)
- Failure to comply with DOB building code
- Failure to file a Certificate of Correction with DOB
- Failure to comply with a DOB order

Types of Debt

There are two types of Debt

COMPLIANCE- \$435.5 million*

- Requires a correction to be made to rectify the violation.

NON-COMPLIANCE- \$252.9 million

- Does not require corrective action.

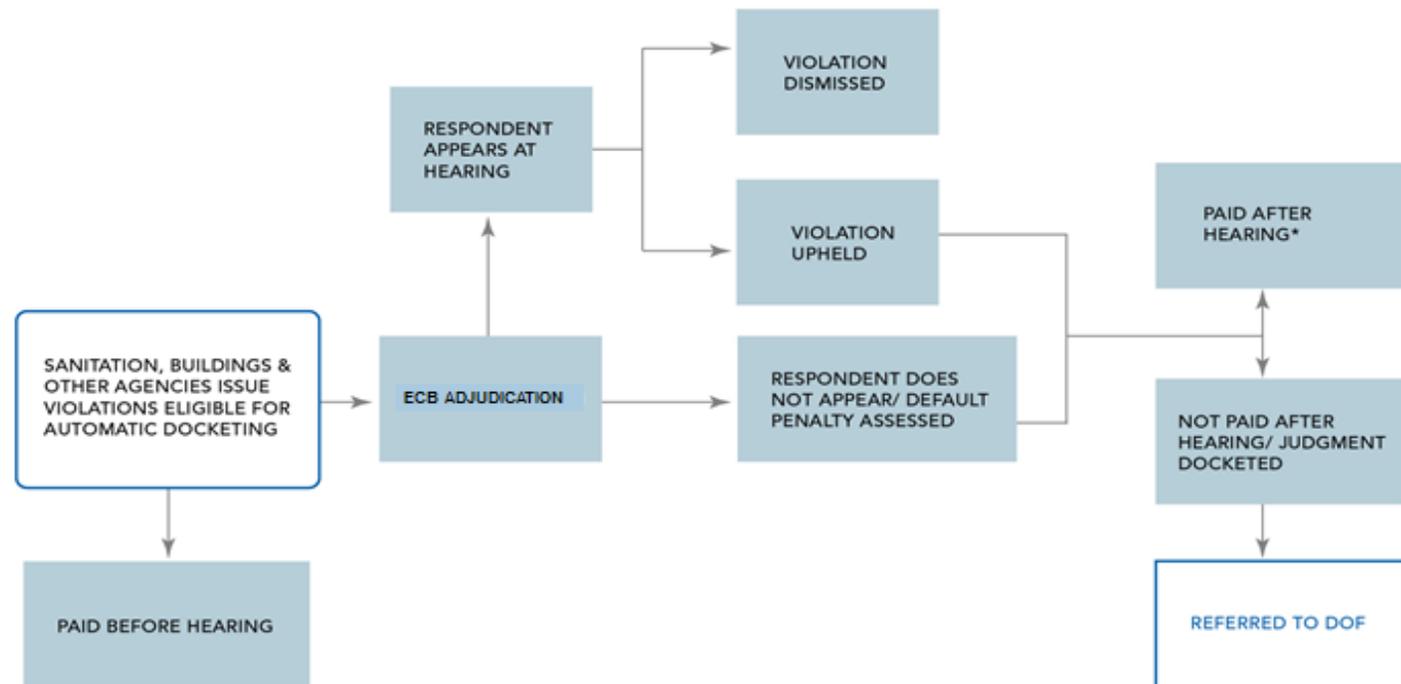
* As of September 2022

Pre-DOF Process Key Points

- Violations are issued against property owners, individuals, businesses, lessees, contractors, or pedestrians. Summonses do not indicate the entity type
- Each violation requires an affidavit of service
- Respondents are entitled to due process, including contestation of proper service, prior to DOF referral
- Most violations are resolved prior to DOF referral; 52.4% paid and 8.5% dismissed at hearing¹
- About 85% of the violations referred to DOF have large penalties imposed for failure to attend a hearing. In some instances, the penalties can quintuple to the base fine amount. Base fines only constituted 36% of the amount referred in FY22

¹ FY2022 Data

Context: Pre-DOF Process Overview



* For Paid After Hearing, the Criminal Justice Reform Act violations may be addressed via community service

Hearings for OATH Violations

- For both Compliance or Non- Compliance violations, OATH holds a hearing.
 - If the respondent attends the hearing and is found guilty:
 - The judgment amount is the base fine.
- Default means the respondent did not attend a hearing at OATH.
 - If respondent failed to appear for a hearing:
 - OATH imposes a default penalty.
 - Judgment amount is the base fine plus the default penalty.
- Docketed means the violation is in judgment.
 - Interest begins to accrue on the judgment amount once a violation is docketed.

DOF Challenges

- **Nature of the debt** ECB judgments are not always issued against property owners and those that are can only become property liens under certain circumstances. In contrast, property liens attach directly to a property and must be paid during property transfers, making them a more effective collection device.
- **LLCs** Many properties are held in the name of LLCs. Each LLC is only legally responsible for its own obligations (i.e., judgments filed under its name). The LLCs make it difficult to aggregate the debt when the beneficial owners of the LLC are not known and/or when a landlord has a different LLC “owner” for separate properties.
- **Affidavit of Service** Each violation has an affidavit of service to show that the respondent was properly served with the violation. When a respondent claims that they have not been served with the violation, the affidavit of service may be the basis for the respondent challenging the underlying violation. Verification of service prevents DOF from enforcing against multiple respondents at the same time as it does when booting vehicles for parking ticket debt.

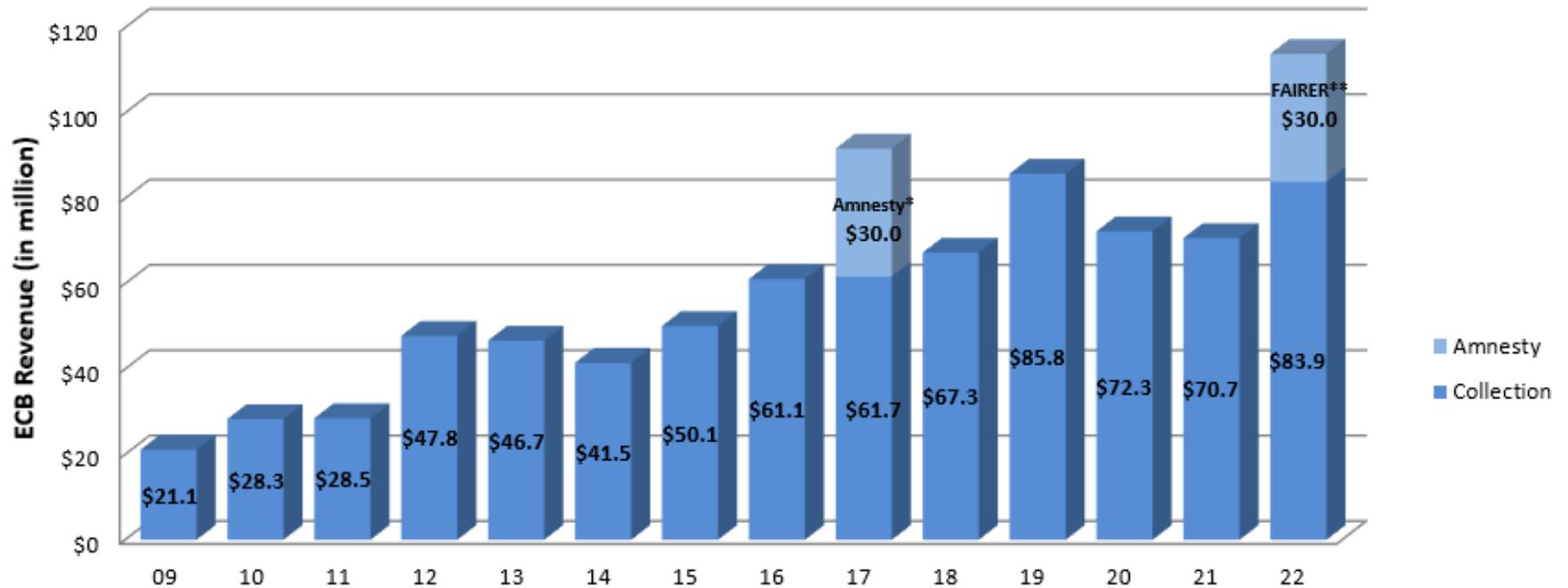
Other Challenges

OATH violations are difficult to collect because:

- Businesses often go out of business/file for bankruptcy and some owners reincorporate in a new name to avoid judgments
- Respondents who passed away
- Violations are written to incorrect name, incorrect address or incorrect entity that has no legal connection to the property
- Often the violation is handwritten and data is entered manually which may result in name misspellings or typos
- There is no unique identifier for the violations such as:
 - EIN or SSN for the respondent
 - Borough, Block, and Lot (BBL) for the property
- Respondents often file motions to vacate default judgments at OATH
- The Department of Buildings defaulted judgments maybe corrected and the amount owed may change when they are being collected

Appendix B: OATH-Adjudicated ECB Judgment Revenue FY09 – FY22

OATH-Adjudicated ECB Judgment Revenue by Fiscal Year



* DOF collected \$46.2 million from its Forgiving Fines amnesty program in FY17. We estimate that \$30 million was a one-time extraordinary increase in revenue and that \$16.2 million would have come in from regular collection activities.

** DOF collected \$46.4 million from its FAIRER program in FY22. We estimate that \$30 million was a one-time extraordinary increase in revenue and that \$16.4 million would have come in from regular collection activities.

Appendix C: OATH-Adjudicated ECB Judgment Collection Rate

OATH-Adjudicated ECB Judgment First-Year Collection Rate By Fiscal Year	
Fiscal Year	First Year Collection Rate*
15	8.8%
16	11.1%
17 **	12.8%
18	11.7%
19	15.3%
20	13.0%
21	13.3%
22 ***	16.1%

* Derived by dividing FY revenue for new referrals by the FY new referrals. NOTE: First-year collection rates that appeared in previous versions of the Local Law 11 Report were found to have an error. The rates shown here correct the previously reported first-year collection rates.

** We were unable to estimate the impact of amnesty on the FY17 first-year collection rate. Very few first year judgments were eligible for amnesty but some amnesty applicants paid for both amnesty eligible and for newer judgments.

*** There was no/little direct impact of amnesty on the FY22 first-year collection rate as ECB judgments docketed after June 23, 2021 were not eligible for the FAIRER program.