



**NYC Department of Finance**

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

**November 2020**

## Introduction

On January 22, 2015, Mayor Bill de Blasio signed Local Law 11 of 2015. The bill, approved by the New York City Council at its stated meeting on January 7, 2015, requires the New York City Department of Finance (DOF) to report annually to the city council on outstanding Environmental Control Board (ECB)-adjudicated judgments by November 1. The Environmental Control Board is operated by the Office of Administrative Trials and Hearings (OATH). ECB judgment debt results from notices of violation issued by various City agencies returnable to the Environmental Control Board and subsequently referred for collection.

## Summary

Highlights of the enclosed report include:

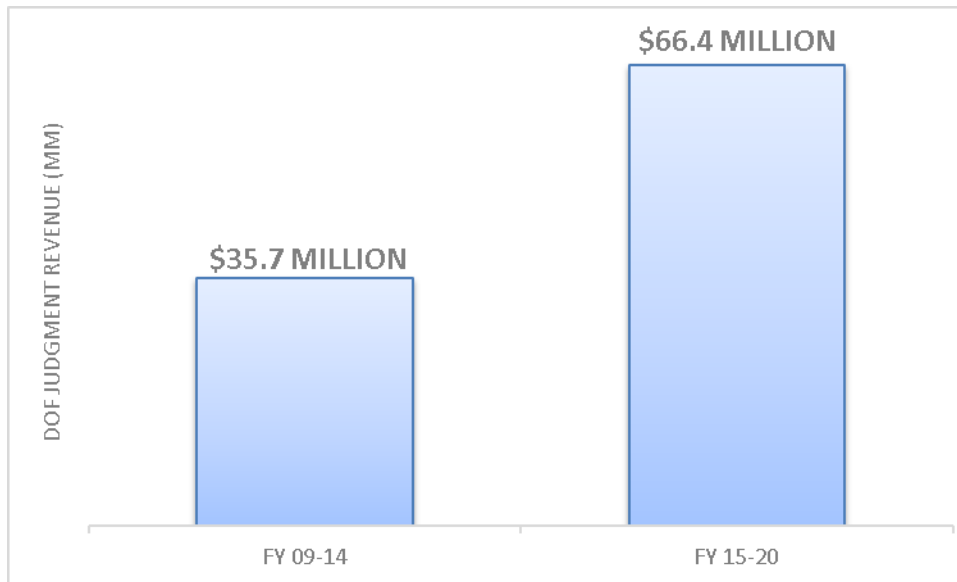
- The COVID-19 pandemic had a large adverse impact on ECB collections in FY20. In March, DOF stopped issuing legal execution referrals to City Marshals and the City Sheriff to enforce ECB debt collection in recognition of the economic disruption caused by the pandemic. Also in March, DOF suspended the transmission of information regarding permit holders with ECB judgments to the Department of Transportation (DOT), so that the DOT could place permits on hold until the ECB debt is resolved by DOF.
- As a result of the above factors, ECB collections moderately decreased in FY20. In FY20, DOF collected \$72.3 million, a decrease of \$13.5 million (15.7%) compared to the previous year. However, FY20 revenue was still slightly higher than the FY15 to FY20 average of \$66.3 million per year and more than double the FY09 to FY14 annual average of \$35.7 million.
- Enforcement of ECB judgments by DOF has been greatly impacted by COVID-19. From April to June, DOF did not issue any executions in response to the economic disruption caused by the pandemic. The Department of Finance issued 60% fewer execution referrals and collected 51% less revenue from execution referrals in FY20 than in FY19. Execution referrals also were affected by some vacancies among staff that must prepare, review, and approve these legal documents. Despite the decrease in total execution referrals from FY19 to FY20, FY20 execution revenue was 80% higher than in FY18. Also, the revenue received per legal execution issued increased 18% from FY19 to FY20.
- The total value of outstanding ECB debt increased from \$782 million to \$1.02 billion because of the expanded use of collection agencies, which extends the time ECB debt is worked before it is classified as bad debt. (The increase is in part a timing issue as the expanded collections cycle, as noted below, was not complete by the end of FY20.) DOF now refers ECB judgments to three successive collection agencies before placing uncollected judgments into an allowance for bad debt. Previously, DOF used two successive collection agencies and placed uncollected judgments into the allowance for bad debt after both had failed to collect. In FY20, DOF's allowance for bad debt decreased significantly as much of the potential FY20 bad debt inventory was referred to the tertiary

collection agency which was onboarded in FY20 and did not complete its work on much of the debt by the end of the fiscal year.

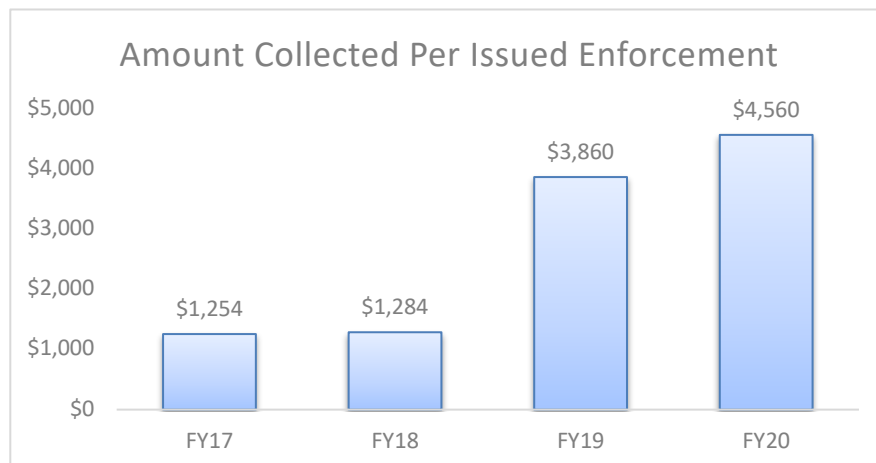
- Prior to the onset of the COVID-19 pandemic, DOF implemented or continued several initiatives including:
  - Leveraging City licenses and permits to collect ECB judgment debt. Reviewing a 25% sample of DOB permits issued in 2019, DOF and DOB identified 21 owners and permittees with ECB judgment debt totaling roughly \$1 million. DOF has collected 66% of this debt thus far. DOF and DOT have developed a process to continually identify active permit holders who have outstanding ECB judgment debt. Since the inception of the project, DOF has collected nearly \$10 million. DOF also is working with DOT, DOB, and DCA to create an automated process to check those agencies' permittees and licensees for outstanding ECB judgment debt.
  - Taking advantage of a law authorizing conversion of some DOB-issued ECB judgments into property liens. DOF has retained a title search firm and worked with the Mayor's Office of Economic Opportunity (NYC Opportunity) to obtain Office of Court Administration (OCA) data so that the City may begin notifying judgment creditors in addition to mortgage holders and lien holders of certain property owners who have received DOB violations. Such notifications will allow DOF to convert these violations from judgments to property liens if they remain outstanding. DOF will implement a pilot in the second quarter of FY2021.
  - Successfully onboarding Penn Credit Corporation as the third collection agency for ECB judgment debt. \$594 million has been assigned since inception. Under current implementation, ECB judgments will be worked in succession by our primary, secondary, and tertiary collection agencies.

## FY20 Overview

Department of Finance FY20 ECB judgment collection efforts were successful, despite the impact of the COVID-19 pandemic. In FY20, we collected \$72.3 million. This was \$13.5 million (-15.7%) lower than the \$85.8 million collected in FY19, but \$5.0 million (7.4%) higher than the \$67.3 million collected in FY18. This continues a trend over the last several years. In the six-year period from FY15 through FY20, revenue averaged \$66.4 million per year, an 86% increase over the \$35.7 million in the preceding six-year period from FY09 through FY14. This is shown in the chart below.



Part of this success is attributable to the deterrent effect of increased enforcement efforts. Despite the decrease in total issuance and revenue collected in FY20 mostly due to COVID-19, average collected revenue (amount collected per issued enforcement) has increased since FY18. In FY20, DOF collected \$4,560 per issued execution. This is 18% more than the average revenue collected in FY19 (\$3,860) and 250% more than FY18 (\$1,284).



Other initiatives contributed to the success of FY20 revenue. Following the success of our online amnesty application and payments, DOF made it possible for eligible respondents to settle and pay ECB judgment debt online by waiving their right to appeal.

In FY20, the total value of the inventory of ECB debt increased. At the close of FY20, the total value of outstanding ECB judgment debt was \$1.02 billion, up from \$782 million at the close of FY19.

The total amount of the allowance for bad debt at the close of FY20 was \$305 million, down 52% from \$635 million in FY19. When subtracted from the total inventory of \$1.32 billion, it gives us the current value of the debt (\$1.02 billion). The decrease was mainly due to the onboarding of the tertiary collection agency during FY20 and the fact that \$317 million of the total \$594 million referred to the tertiary collection agency would have otherwise been deemed an allowance for bad debt. The allowance for bad debt is created to reflect 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 resulting in insufficient assets. 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. In most instances, a judgment is not classified as bad debt until it has been worked by three separate collection agencies.

**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), we have calculated 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 FY20, the one-year collection rate was 55%.

<b># of Summonses Issued</b>	575,000
<b># of Summonses Paid</b>	314,000
<b>-Before Judgment</b>	300,000
<b>-After Judgment</b>	14,000
<b>Collection Rate</b>	54.6%

DOF also calculates a post-judgment collection rate. The first-year collection rate of an unpaid ECB violation after it is docketed as a judgment and referred to DOF was 13.0% in FY20. This is lower than the 15.3% first-year collection rate in FY19 but higher than the 11.7% first-year collection rate in FY18.

## Other FY20 Highlights

- In FY20, ECB referred 218,781 violations to DOF totaling \$279.8 million, including \$134.4 million (48.0%) in default penalties and \$17.0 million (6.1%) in interest. The number of judgments referred to DOF during FY20 decreased by 8,591 (3.8%), while the dollar amount of judgments increased by \$14.8 million (5.6%) compared to FY19.
- The number of docketed violations paid in FY20 decreased by 10,670 (20.9%) from 51,033 in FY19 to 40,363 in FY20. The dollar amount of docketed violations paid in FY20 decreased by \$4.3 million (10.5%) from \$40.6 million in FY19 to \$36.3 million in FY20.
- The number of docketed violations paid during FY20 decreased for Department of Buildings violations (from 12,373 in FY19 to 8,837 in FY20), for Fire Department (FDNY) violations (from 4,748 in FY19 to 4,081 in FY20), for Department of Sanitation (DSNY) violations (from 27,542 in FY19 to 22,272 in FY20) and for Department of Transportation (DOT) violations (from 2,398 in FY19 to 2,010 in FY20).
- The number of collection letters sent out by DOF and its collection agencies increased from 312,000 in FY19 to 397,000 in FY20. This was mainly due to the onboarding of the tertiary Outside Collection Agency and the resulting increase in the number of demand letters sent in FY20.
- The dollar amount of judgment violations that statutorily expired and were removed during FY20 was \$149.7 million. These judgments are distinct from violations included in the allowance for bad debt category. Eight years after docketing, they are no longer in effect.

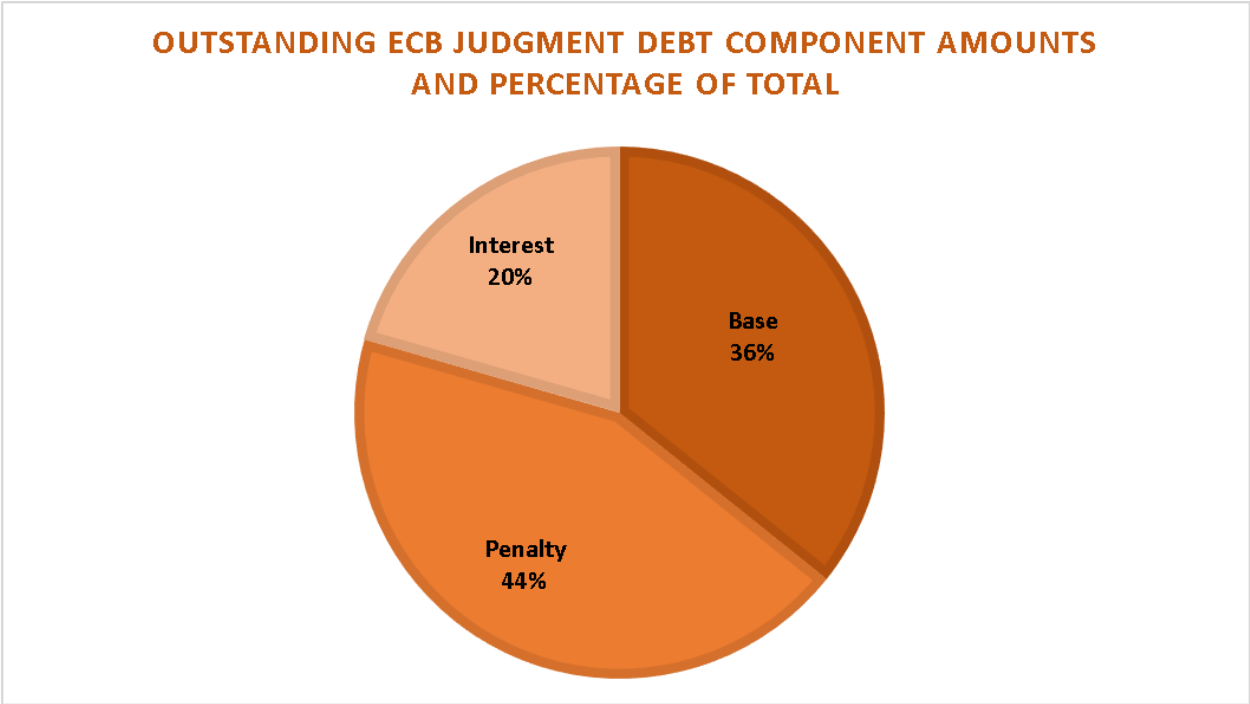
# Part I: Department of Finance Inventory of OATH/ECB Debt

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 \$305 million.

**Table 1: Total Outstanding Inventory and Its Components**

# of Summons	Base Fine	Default Penalty	Interest	Total Inventory Before Allowance for Bad Debt	Allowance for Bad Debt	Total Amount Due
1,069,006	\$445,811,521	\$564,902,638	\$313,657,975	\$1,324,372,261	\$305,247,688	\$1,019,124,573

As outlined in the pie chart below, default penalties for failure to attend a hearing, which exclude judgments in the allowance for bad debt, are \$445 million, 44% of the total, and the largest component.



**Table 2: DOF Inventory by Fiscal Year of Docket<sup>1</sup>**

Fiscal Year of Docket Date	# of Summonses	Base Fine	Default Penalty	Interest	Total Amount Due
FY21 to Date	16,926	10,580,548	8,698,082	309,359	19,587,990
FY20	176,415	98,871,581	115,851,265	13,722,204	228,445,013
FY19	153,313	73,777,025	91,743,435	25,520,549	191,041,086
FY18	137,854	49,289,214	62,022,103	26,972,524	138,283,948
FY17	94,962	30,336,955	39,018,760	23,347,937	92,703,719
FY16	80,913	31,612,485	43,004,593	31,578,864	106,195,921
FY15	78,989	29,930,686	37,268,463	33,888,566	101,087,690
FY14	65,791	26,743,240	31,821,964	34,750,418	93,315,612
FY13	36,295	13,122,387	15,920,050	19,421,171	48,463,594
<b>Total</b>	<b>841,458</b>	<b>364,264,121</b>	<b>445,348,715</b>	<b>209,511,594</b>	<b>1,019,124,573</b>

**Table 3: DOF Inventory by Issuing Agency<sup>1</sup>**

The Department of Buildings-issued judgment violations total \$592.4 million (58 percent) of the total outstanding judgment debt, more than any other agency. In fact, DOB default penalties and interest alone account for \$395.6 million (38.8%) of the total value.

Issuing Agency	# of Summonses	Base Fine	Default Penalty	Interest	Inventory Amount
DOB	91,490	196,867,653	280,882,438	114,705,221	592,455,315
DSNY	613,743	71,468,119	88,206,306	45,410,532	205,085,121
FDNY	46,255	50,722,002	33,987,096	22,215,208	106,924,298
DEP	11,239	9,456,841	15,743,858	6,869,292	32,069,987
DOT	15,707	10,263,681	14,331,181	6,483,277	31,078,136
NYPD	24,402	9,820,772	6,611,004	5,834,120	22,265,895
DOHMH	17,811	11,932,922	1,208,119	5,260,380	18,401,416
Parks	19,390	3,101,173	3,829,394	2,351,399	9,281,964
Other Agency*	1,421	630,958	549,319	382,165	1,562,442
<b>Total</b>	<b>841,458</b>	<b>364,264,121</b>	<b>445,348,715</b>	<b>209,511,594</b>	<b>1,019,124,573</b>

\* Other Agency comprises Landmarks, DCA, DCAS, DoITT, Animal Care & Control, Mayor's Office of Midtown Enforcement, BIC, Seagate PD, Ports & Terminals, Hunts Point Development, and others where total due was less than \$600K.

<sup>1</sup> Excludes allowance for bad debt of \$305.2 million. (See Table 1.)



## Part II Fiscal Year 2020<sup>2</sup>

**Items I and II: Total Number of Judgments Referred to the Department of Finance by the Environmental Control Board. Total dollar amount of judgments referred to the department, disaggregated by base penalty, interest, and default penalty.** During FY20 DOF received about 218,781 judgment violations from OATH/ECB for a total of \$279.8 million, including default penalties assessed against respondents for failing to appear at a hearing.<sup>3</sup> There were 8,591 (3.8%) fewer judgments than the 227,372 judgments referred in FY19. The dollar amount of new referrals increased from \$264.9 million in FY19 to \$279.8 million (5.6%) in FY20. The reduction in the number of newly referred judgment violations was driven by decreases in summonses issued by the Sanitation Department (DSNY), Police Department (NYPD) and Department of Buildings (DOB), which decreased by 7,492 (4.9%), 2,332 (36.5%), and 1,309 (3.5%) respectively, but total amount due increased by \$11.8 million (5.4%) with the majority of the increase from the Department of Buildings (DOB).

**Table 4: FY20 Total Judgments Referred**

# of Summonses Referred	Base Fine	Default Penalty	Interest	Total Amount Due
218,781	\$128,342,664	\$134,390,519	\$17,026,115	\$279,759,288

**Table 5: FY20 Judgments Referred by Issuing Agency**

Issuing Agency	# of Summonses Referred	Base Fine	Default Penalty	Interest	Total Amount Due
DOB	35,842	\$82,459,967	\$90,595,827	\$11,181,156	\$184,236,973
DSNY	146,803	\$16,408,750	\$21,471,069	\$2,521,682	\$40,401,468
FDNY	15,250	\$16,781,831	\$8,425,180	\$1,632,168	\$26,839,175
DOT	7,338	\$5,494,634	\$6,528,915	\$717,579	\$12,741,127
DEP	2,902	\$3,340,458	\$4,430,835	\$529,476	\$8,300,769
NYPD	4,063	\$2,213,567	\$2,499,474	\$305,459	\$5,018,501
DOHMH	2,875	\$982,006	\$164,084	\$73,912	\$1,220,005
Parks	3,450	\$491,470	\$210,508	\$49,312	\$751,290
Mayor's Office of Midtown Enforcement	122	\$134,278	\$0	\$8,129	\$142,407
BIC	38	\$13,408	\$38,220	\$3,841	\$55,468
Other Agency*		\$22,295	\$26,407	\$3,402	\$52,104
<b>Total</b>	<b>218,781</b>	<b>\$128,342,664</b>	<b>\$134,390,519</b>	<b>\$17,026,115</b>	<b>\$279,759,288</b>

\* Other Agency includes Landmarks, Seagate PD, and others where total due was less than \$50K.

<sup>2</sup> All the data displayed in the subsequent tables is as of 09/11/2020.

<sup>3</sup> Summonses referred to DOF with docket dates from 06/30/2019 through 05/31/2020 (last docket period for FY2020 is 05/31/2020) are considered as FY2020. 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 the Environmental Control Board to the Department of Finance**

The average elapsed time from docketing to DOF referral was 1.25 days.<sup>4</sup>

**Item IV: Total Dollar Amount Collected by the Department for Judgments Referred During Preceding Fiscal Year**

As of September 11, 2020, DOF collected more than \$36 million against violations that were referred to the agency during FY2020. This is reflected in Table 6. DOF generated \$34 million in revenue during FY20 and an additional \$2 million during the first few months of FY21. As of September 11, 2020, the first-year collection rate for newly referred debt in FY2020 was 12.97%.

**Table 6: Revenue for Violations Docketed During FY20**

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	
FY20	40,350	\$23,222,734	\$7,610,149	\$3,380,628	\$1,712,510	\$365,048	\$36,291,068

Payments on ECB judgments referred to DOF in FY2020 disaggregated by issuing agency are listed in Table 7.

---

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

**Table 7: Total Collected by DOF from 7/01/2019 until 09/11/2020**

Issuing Agency	# of Summonses Paid	Total Amount Collected
DOB	8,837	\$20,971,176
FDNY	4,081	\$5,299,766
DSNY	22,272	\$4,091,582
DOT	2,010	\$2,480,858
NYPD	1,136	\$1,488,024
DEP	832	\$1,574,338
DOHMH	707	\$168,819
Other*	488	\$216,505
<b>Grand Total</b>	<b>40,363</b>	<b>\$36,291,068</b>

\* Other Agency includes Parks, Mayor's Office of Midtown Enforcement, Landmarks, BIC, Seagate PD, and others where total due was less than \$50K.

## Item V: Length of Time for Collection of Judgments on Referred Violations during FY2020

**Table 8**

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	\$13,674,877	\$4,219,649	\$1,932,651	\$981,476	\$162,523	\$20,971,176
FDNY	\$3,529,634	\$1,061,193	\$445,147	\$201,860	\$61,932	\$5,299,766
DSNY	\$2,164,778	\$998,810	\$543,311	\$309,158	\$75,525	\$4,091,582
DOT	\$1,574,452	\$631,741	\$196,302	\$74,411	\$3,953	\$2,480,858
DEP	\$1,089,628	\$299,262	\$88,455	\$77,021	\$19,972	\$1,574,338
NYPD	\$908,873	\$316,223	\$162,788	\$62,872	\$37,268	\$1,488,024
DOHMH	\$120,309	\$30,206	\$10,007	\$4,668	\$3,630	\$168,819
Other*	\$160,183	\$53,065	\$1,968	\$1,044	\$246	\$216,505
<b>Grand Total</b>	<b>\$23,222,734</b>	<b>\$7,610,149</b>	<b>\$3,380,628</b>	<b>\$1,712,510</b>	<b>\$365,048</b>	<b>\$36,291,068</b>

\* Other Agency includes Parks, Mayor's Office of Midtown Enforcement, Landmarks, BIC, Segate PD, and others where total due was less than \$50K.

### Item VI: Total Number of FY2020 Judgments that Require Corrective Action by Respondent<sup>5</sup>

The number of violations that require corrective action has increased (2%) compared to FY19.

**Table 9**

Agency Name	# of Summonses	Base Fine	Default Penalty	Interest	Total Amount Due
DOB	34,454	\$78,867,198	\$83,027,343	\$10,446,522	\$172,341,063
FDNY	15,001	\$16,459,985	\$8,178,830	\$1,595,236	\$26,234,051
DEP	1,902	\$2,874,981	\$3,160,080	\$417,718	\$6,452,779
Landmarks	8	\$3,600	\$12,900	\$1,151	\$17,651
<b>Grand Total</b>	<b>51,365</b>	<b>\$98,205,764</b>	<b>\$94,379,153</b>	<b>\$12,460,627</b>	<b>\$205,045,544</b>

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

The number of letters sent out increased from 312,000 in FY19 to 397,000 in FY20 (a 27% increase).

**Table 10**

Enforcement Letters Sent FY20:		
Type	Count of Letter	Total \$ Addressed
DOF Initial Letter	132,082	\$824,312,445
DOF Partial Payment & Payment Plan Letter	10,106	\$175,598,625
DOF Letters in Response to Bounced Checks	505	\$24,153,757
DOF Legal Affairs Demand Letters	5,557	N/A
Collection Agency-Issued Demand Letter	249,138	\$147,064,315
<b>Total</b>	<b>397,388</b>	<b>\$1,171,129,142</b>

<sup>5</sup> Summonses referred to DOF and docketed during FY2020 from static table of FY2020 Docketed Judgments; includes uncollectible states and satisfied summonses; excludes anything recalled.

From April to June, DOF did not issue any executions in response to the economic disruption caused by the pandemic. Despite the decrease from FY19 to FY20, FY20 execution revenue is 80% higher than in FY18. Also, the revenue received per legal execution issued increased 18% from FY19 to FY20. Table 11 shows the marshal and sheriff executions issued during the last four fiscal years.

**Table 11**

FY	# of Executions Issued			Amount Collected		
	Sheriff	Marshals	Total	Sheriff	Marshals	Total
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 Judgments that Statutorily Expired by Issuing Agency**

ECB judgment violations have a lifespan of eight years. Hence, violations that are older than eight years have expired and are excluded from the inventory. In Table 12, “FY11” and “FY12” judgment violations are considered expired, based on the above definition, and were excluded from the inventory.

FY13 through FY20 reflect judgment violations that were withdrawn, and were excluded from the inventory as well.

**Table 12: Total Number of Judgments Expired by FY**

Fiscal Year of Docket Date	# of Summonses	\$ Amount Due
FY20	27	\$72,138
FY19	49	\$191,527
FY18	54	\$165,835
FY17	42	\$132,954
FY16	47	\$163,945
FY15	52	\$173,472
FY14	31	\$74,500
FY13	10	\$33,000
FY12	127,885	\$136,315,940
FY11	10,238	\$12,327,180
Total	138,435	\$149,650,489

**Table 13: Total Number of Judgments Expired by Issuing Agency**

Agency Name	# of Summonses	\$ Amount Due
DOB	13,702	\$93,616,844
DSNY	99,920	\$25,865,123
FDNY	4,645	\$8,575,180
NYPD	9,738	\$8,102,409
DEP	1,213	\$4,791,220
DOT	2184	\$4,346,869
DOHMH	3,466	\$2,610,090
Parks	2,897	\$1,069,208
BIC	169	\$352,793
Other *	501	\$320,753
<b>Total</b>	<b>138,435</b>	<b>\$149,650,489</b>

\* Other Agency includes Landmarks, DCAS, Seagate PD, DCA, and others.

## What is ECB?

### **THE ENVIRONMENTAL CONTROL BOARD (ECB)**

is a part of the Office of Administrative Trials and Hearings (OATH).

It is an administrative court - not part of the state court system.

ECB judges hear cases on violations of the City's laws that protect the City's quality of life.

### Types of ECB 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 ECB Debt

There are two types of ECB Debt

---

COMPLIANCE- \$715.5 million\*

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

NON-COMPLIANCE- \$303.6 million

- does not require corrective action.

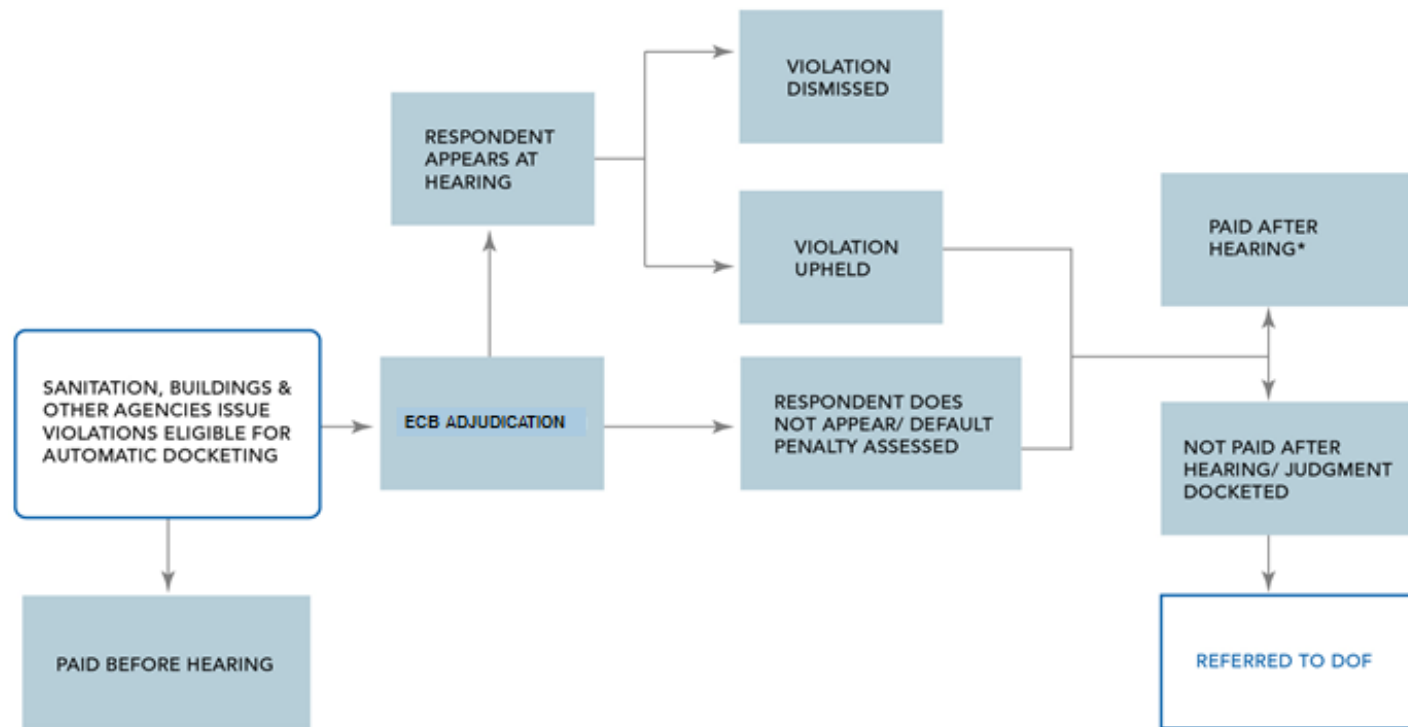
\* As of October 2020

# Pre-DOF Process Key Points

- Violations are issued against property owners, business 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% paid and 9% dismissed at hearing<sup>1</sup>. In FY20, pre-judgment revenue for violations issued in FY20 was \$70 million.
- About 80% 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 44% of the amount referred in FY20.

<sup>1</sup> FY2020 Data

# Context: Pre-DOF Process Overview



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



## Hearings for ECB Violations

- For both Compliance or Non- Compliance violations, ECB 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 ECB.
  - If respondent failed to appear for a hearing:
    - ECB 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.

### New Initiatives

- Leveraging City licenses and permits to collect ECB judgment debt.
  - Reviewing a 25% sample of DOB permits issued in 2019, DOF and DOB identified 21 owners/respondents and 6 permittees with ECB judgment debt totaling roughly \$1.0 million. DOF has collected 66% of this debt thus far. DOF and DOT have developed a process to continually identify active permit holders who have outstanding ECB judgment debt. Since the inception of the project, DOF has collected \$8.4 million. DOF also is working with DCA to create an automated process to check those agencies' permittees and licensees for outstanding ECB judgment debt.
- Taking advantage of a law authorizing conversion of some DOB-issued ECB judgments into property liens. DOF has retained a title search firm and worked with NYC Opportunity to obtain Office of Court Administration (OCA) data so that the City may begin notifying judgment creditors in addition to mortgage holders and lien holders of certain property owners who have received DOB violations. Such notifications will allow DOF to convert these violations from judgments to property liens if they remain outstanding. DOF will implement a pilot in the last quarter of 2020.
- Successfully onboarded Penn Credit Corporation as the third collection agency for ECB judgment debt. \$594 million has been assigned since inception. Under current implementation, ECB judgments will be worked in succession by our primary, secondary, and tertiary collection agencies.

# 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.

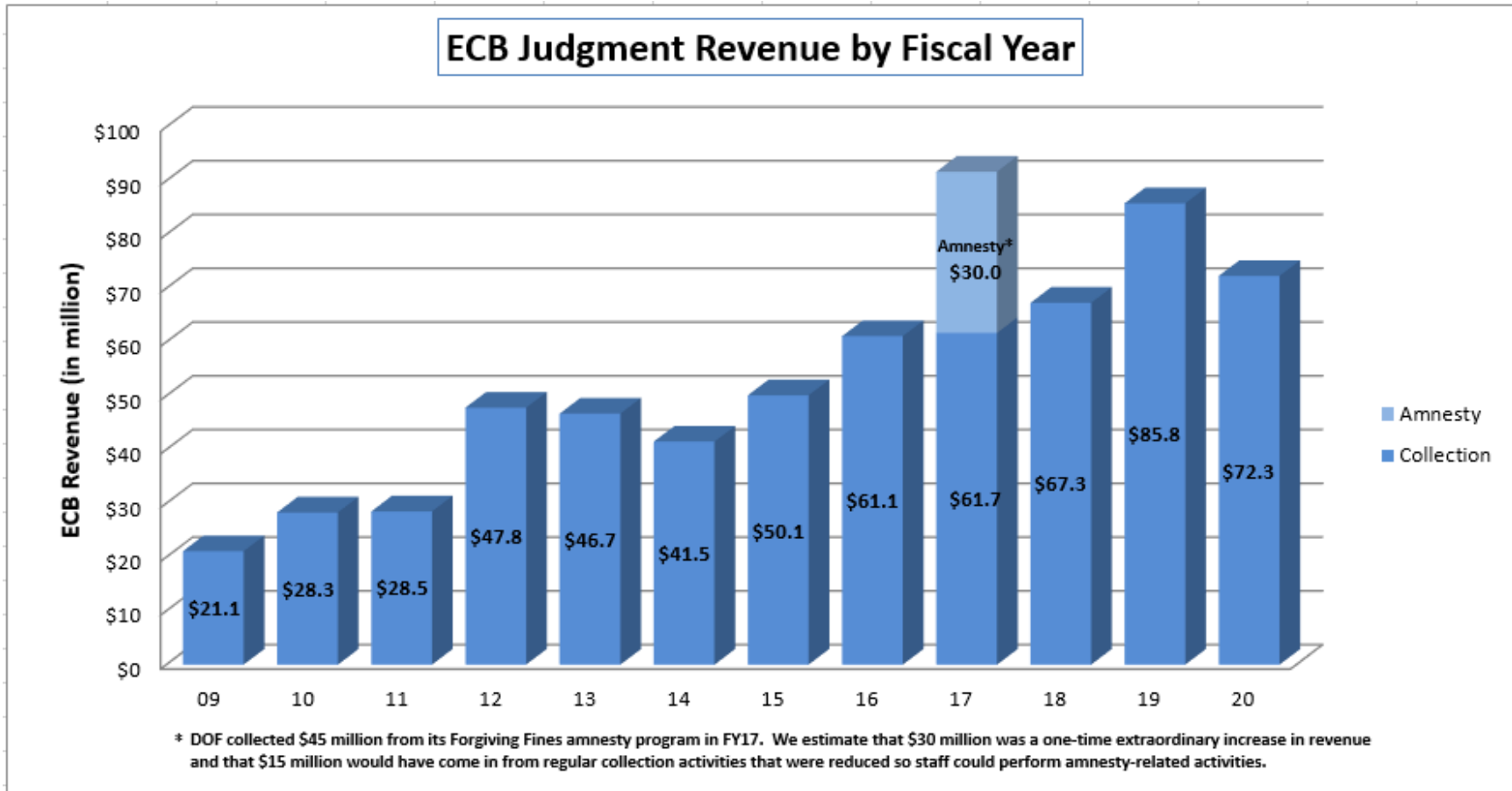
# Other Challenges

### ECB violations are difficult to collect because:

- Businesses often go out of business and some owners reincorporate in a new name to avoid judgments.
- Violations are written to incorrect name or to an entity that has no legal connection to the property.
- Often the violation is handwritten and data entered manually.
- Human error – 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



## Appendix B: ECB Judgment Revenue FY09 – FY20





## Appendix C: ECB Judgment Collection Rate

---

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%

\* 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.