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CITY OF CHICAGO



FOR IMMEDIATE RELEASE

December 12th, 2012

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**DEBT COLLECTION, CONSUMER FRAUD AND ZONING ORDINANCES INTRODUCED FOR
CONSUMER PROTECTION INITIATIVE**

Three separate ordinances aim to protect consumers by ensuring fair debt collection, stricter local enforcement for violation of consumer protection acts and limiting the proliferation of predatory financial services.

Today at City Council, Mayor Rahm Emanuel, co-sponsors Alderman Mitts, Alderman Solis Alderman Pawar and the Department of Business Affairs and Consumer Protection (BACP) introduced three ordinances as part of the latest steps taken by the Administration to protect vulnerable citizens from financial scams and bad practices. The introduction of the debt collection agency category for regulated business licenses, the consumer fraud and the zoning restrictions for alternative financial services ordinances follows the announced agreement earlier this month between the City of Chicago and the Consumer Financial Protection Bureau (CFPB) to protect Chicagoans from financial scams and predatory financial services. The partnership allows direct data sharing to inform early on financial scam trends nationwide, preventative enforcement actions, and bolsters prosecutions for consumer protection efforts. Chicago is the first US city to sign an agreement with the CFPB. As part of the City's consumer protection initiative, the introduced ordinances would provide the necessary tools to better protect vulnerable working families.

"These ordinances provide the City with a whole arsenal of options to protect consumers in



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Chicago. Not only would they help to effectively prosecute predatory financial service providers but it goes further with proactive measures to prevent the proliferation of this kind of fraud,” said Mayor Emanuel.

“These are important ordinance that will ensure our residents are protected as they engage with financial service providers,” said Alderman Emma Mitts, 37th Ward. “It is incumbent on the government to protect vulnerable residents and I am pleased we are taking these steps.”

“The introduction of the debt collector license will work in concert with the CFPB partnership and the new zoning restrictions to ensure that our residents have the best information and protection when they conduct business with financial services firms,” said Ald. Daniel Solis, 25th Ward. “I am pleased to see the City of Chicago taking proactive measures to ensure the financial security and wellbeing of our residents.”

Ordinance Specifics include:

New debt collection agency license category:

- Requires debt collection agencies to follow all state and federal guidelines in regards to collection practices. Gives BACP authority to regulate and track debt collectors in the City of Chicago.
- Prohibits: harassment or threatening behavior of consumers and the use of misleading or incorrect information in regards to a potential debt.
- Limits hours and locations in which a debt collector may contact a consumer.
- Requires debt collector to provide: original proof of debt and a copy to the



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consumer, written notice to the consumer outlining the debt specifics including amounts and creditors, and new disclosures related to the consumer's rights regarding the statute of limitations.

New enforcement methods for consumer fraud violators

- Allows BACP to take action against businesses convicted of consumer fraud and illegal labor practices.
- BACP may refuse to issue, reissue or revoke the license of any business convicted of acts such as the Illinois Wage Payment and Collection Act or the Illinois Consumer Fraud Deceptive Business Practices Act.
- Enhanced enforcement measures would provide a strong incentive for convicted business to come into full compliance.

Zoning Restrictions for Alternative Financial Services

- Reduces the over-proliferation of alternative financial services in under banked neighborhoods.
- Prevent the overconcentration of these businesses that have a deleterious impact on communities including: higher neighborhood bankruptcy rates, higher crime rates, and lower credit scores.
- New zoning restrictions would prohibit payday lending, title-secured lending, and pawn shop storefronts from being closer than 1000 feet from each other.



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