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## N.Y. GOVERNOR TO PROPOSE COLLECTION LICENSE AND CONFESSION OF JUDGMENT PROHIBITION

At the end of December, New York Governor Andrew Cuomo announced his 2020 State of the State agenda, which revealed that he plans to propose legislation to license debt collectors and prohibit confession of judgment clauses.

The New York Department of Financial Services regulates debt collectors already, but Governor Cuomo wants to give the department more authority to examine and investigate debt collectors operating in New York through licensing and more comprehensive oversight. The Governor cited estimates that 25% of New Yorkers have a debt that is subject to collection. New York would also create a tool that allows the public to check whether a collector holds a license or not.

Governor Cuomo will also propose legislation prohibiting the use of confession of judgment clauses. In November 2018, Bloomberg published a multi-part story on abuses involving confession of judgment clauses in small business financing. Confession of judgment clauses were discussed at the Federal Trade Commission's small business financing forum in February 2019.

Governor Cuomo has not released his proposed legislation. From his remarks, it is unclear whether the collection license will apply to traditional third-party debt collectors or a broader set of persons engaging debt collection. It is also unclear whether the prohibition on confession of judgment clauses will apply to consumer and business contracts. We will monitor developments. ☐

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