

# **HOLDING CORPORATIONS ACCOUNTABLE BY EMPOWERING EVERYDAY NEW YORKERS**

**A NEW LAW FOR A NEW ERA: THE MAMDANI  
ADMINISTRATION CAN PROTECT ALL NEW YORKERS  
THROUGH A NEW CONSUMER PROTECTION LAW**

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## Existing consumer protection laws aren't being enforced or have gaps in coverage, and New Yorkers are paying the price.

At the same time that New York City, like the rest of the country, is experiencing an affordability crisis, the federal government has completely abdicated its responsibilities to protect consumers, workers, and small businesses. This abdication, although apparent in almost every agency, is especially brazen with respect to the Consumer Financial Protection Bureau (CFPB). The administration has attempted to fire nearly all agency staff and attempted to cut off its funding,<sup>1</sup> dismissed or terminated the majority of its enforcement actions,<sup>2</sup> pardoned some of the worst corporate offenders responsible for over \$3 billion in consumer harm,<sup>3</sup> and stopped complying with at least 87 statutory mandates.<sup>4</sup> The agency has also deprioritized its work related to certain topics, such as medical debt and student loans,<sup>5</sup> and announced that its examiners—who are charged with auditing companies for compliance with applicable consumer protections—must make a “humility pledge” to each company before commencing an exam.<sup>6</sup> The cumulative effect of these actions has already caused an estimated \$18 billion in costs for working families.<sup>7</sup>

New Yorkers are lucky to have a powerful local agency working overtime to compensate for this federal retrenchment in the Department of Consumer and Worker Protection (DCWP). However, one agency cannot address the needs of every resident or worker, and the agency lacks authority to protect small businesses. What's more, even if DCWP had an infinite budget and robust staffing, it can only enforce the laws that the City Council has empowered it to enforce, which cannot keep up with the breadth and pace of abuses that plague New Yorkers every day. Without a broad law meant to ensure a fair economy and the ability to meaningfully enforce that law, New Yorkers will continue to experience abusive practices, including those that violate federal laws but for which there is no actual accountability.

## **The Mamdani Administration can empower everyday New Yorkers by allowing them to enforce existing consumer protections on their own.**

New York City can enact a new municipal consumer protection law to fill the oversight and accountability void left by the federal government and ensure all New Yorkers are safe from unfair, deceptive, and abusive conduct. Although the City already has a consumer protection law, it is only enforceable by DCWP, its scope does not include workers or small businesses, and it requires the agency to engage in rulemaking before protecting consumers from certain practices.<sup>8</sup> The Mamdani Administration can deliver New Yorkers from all manner of abuses in short order, and at no cost to the City, by partnering with the City Council to enact a new city law that protects that consumers, workers, and small businesses can enforce directly against companies that break the law through a private right of action.

## **Banning unfair, deception, or abusive acts or practices is already the national standard for consumer protection.**

New York's problem is not a lack of protections, but a lack of enforcement of existing protections. Every state—including New York—and the federal government has a version of a law that bans unfair, deceptive, and/or abusive acts or practices in trade and commerce.<sup>9</sup> These so-called UDAAP laws vary in terms of scope, but all have roots in the Federal Trade Commission (FTC) Act's ban against "unfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce."<sup>10</sup> In 2010, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act, which created the CFPB and banned unfair, deceptive, or abusive acts or practices in the consumer finance industry,<sup>11</sup> in recognition that the existing bans on unfairness and deception alone were insufficient to prevent the 2008 financial crisis. UDAAPs intentionally prohibit categories of conduct, rather than specific acts or practices, to provide a flexible standard that can be applied as new fact patterns emerge without requiring additional legislation.<sup>12</sup>

Between these two agencies and statutes, almost every actor in every jurisdiction currently operates under a UDAAP, although without meaningful oversight there is no accountability for misconduct.

For decades, New York State's UDAAP failed to meaningfully plug any oversight holes left by the federal government. Although the law was enforceable by both the Office of the Attorney General and private parties, unlike 42 other jurisdictions, it only prohibited deception, not unfairness or abusiveness.<sup>13</sup> Although the

State amended its UDAAP in 2025, the amendment expanded only the attorney general's authority, banning unfairness and abusiveness, but failed to carry over these new protections to New York's existing private right of action, and also did not address the law's other limitations.<sup>14</sup>

As with DCWP, the Office of the Attorney General cannot address every New Yorker's problems; the attorney general may be the People's Lawyer, but she cannot be every person's lawyer. Without a robust, privately enforceable protection, New Yorkers will continue to be subjected to abusive practices.

## **By enacting a local law to allow for UDAAP enforcement by private litigants, New York City can protect its residents, workers, and businesses.**

The City can enact a municipal law equivalent to the FTC's and CFPB's protections around unfairness, deception, and abuse, and make this law privately enforceable. By mirroring the federal standards, the new law would not create a new standard of conduct with which businesses would have to comply. By making the law privately enforceable, the new law would address limitations in public enforcement and resources. Much like how New Yorkers' federal protections should not depend on whether the federal government chooses to enforce them, New Yorkers' state or local protections should not depend on whether the Office of the Attorney General or DCWP have the resources and personnel sufficient to investigate and prosecute every violation.

A strong local UDAAP must have the following components:

- 1. A broad ban on unfair, deceptive, or abusive acts or practices.** Core to any UDAAP is a prohibition on conduct that undermines faith in the system, takes advantage of consumers, or puts honest brokers on an uneven playing field. The law can directly incorporate the definitions of unfairness, deception, and abusiveness from existing state and federal law to ensure consistency in industry compliance.
- 2. Apply to all trade and commerce, not just traditional "consumer" transactions.** A strong city-level UDAAP must ban all unfair, deceptive, or abusive conduct in all aspects of trade, commerce, or business. To limit its applicability to "consumer" transactions for personal, family, or household purposes leaves workers and small businesses with no recourse. This is especially true of workers across the gig economy and "mom and pop" business owners, who too often find themselves falling between the cracks between traditional "consumer" and "worker" protections. Similarly, the law must apply to private or "one off" transactions and broad patterns and practices equally; there is no policy justification for allowing one New Yorker to suffer just because he or she cannot prove that others have experienced the same misconduct.

- 3. The law must be privately enforceable.** As we're seeing with federal protections, laws are meaningless if they are not enforced. Even with a strong attorney general and DCWP, New Yorkers must be able to enforce their own rights if those rights are to afford meaningful protections. New York City already has several local laws offering consumer or worker protections that can be privately enforced. For example, the Fair Work Week law includes a private right of action,<sup>15</sup> as does the City's law regulating legal process servers.<sup>16</sup> For a private right of action to be practical for low-income New Yorkers, it must also include mandatory fee shifting, so that a defendant found to have committed a UDAAP is required to pay for the plaintiff's legal fees.
- 4. The law should allow for third-party standing.** Too often, consumers and workers experience abusive conduct involving a contract that includes a binding arbitration agreement, precluding them from getting their day in court.<sup>17</sup> One way that a New York City law can ensure justice for these New Yorkers is to allow third parties, such as public interest organizations or unions, to sue on behalf of the public interest to stop ongoing UDAAP violations. As nonparties to the related contracts, these litigants cannot be compelled to arbitration, and so can obtain relief that extends to the public at large. Washington, D.C.'s UDAAP includes a third-party standing provision that has been used to successfully overcome an attempt to compel arbitration.<sup>18</sup>
- 5. Relief under the law must be meaningful.** A law meant to address unfair, deceptive, or abusive conduct must be able to make any victim of that conduct whole through restitution and must deter future misconduct through statutory damages and injunctive relief. The state UDAAP currently imposes only a \$50 penalty, which could hardly be considered even a slap on the wrist.<sup>19</sup> A strong local law should impose \$2000 per violation to ensure true behavior change. The law can allow for a pre-litigation notice provision and opportunity to provide damages and cease the unlawful conduct, so that inadvertent violations do not result in costly litigation.

None of these concepts is novel, but they would meaningfully shift the paradigm in New York City for consumers, workers, and small businesses.

Enacting a new UDAAP is preferable to amending the City's existing Consumer Protection Law (CPL) for several reasons. Perhaps most importantly, creating a new law is simpler than amending the CPL, which does not currently meet the criteria listed above. The CPL applies only to consumers,<sup>20</sup> cannot be enforced by private litigants,<sup>21</sup> and only allows for enforcement against unfair or abusive practices that have already been identified as unlawful through rulemaking.<sup>22</sup> Although these deficiencies could be resolved through a series of

amendments, that would require unnecessary delays while the agency reviews its past and ongoing matters for any unintended consequences from such amendments. Keeping the CPL and a new UDAAP as legally distinct tools also affords a belt-and-suspenders approach to consumer protection, as if one authority is successfully challenged in court, the other does not necessarily fall with it.

Having two distinct authorities with two distinct enforcers is not unusual: in New York State, the Department of Financial Services—the state-level version of the CFPB—can enforce its own UDAAP focused on the consumer finance industry through the state Financial Services Law,<sup>23</sup> while the attorney general and private parties can enforce the more general UDAAP through the General Business Law.<sup>24</sup> Having two complementary laws would increase protections for New Yorkers, and where, as proposed here, the prohibited conduct mirrors federal standards, industry should have no compliance challenge. Indeed, any industry actor that cries foul would be revealing their active noncompliance with federal law.

## **New Yorkers experience real harms that are currently unaddressed.**

Legal services providers across the city regularly hear from people who are in need of assistance due to unscrupulous business practices. These range from New Yorkers who are tricked into paying for unnecessary add-on products by used car dealers,<sup>25</sup> to the families of nursing home patients sued by the nursing homes to collect debts for which they are legally not liable,<sup>26</sup> to older homeowners who fall victim to deed theft.<sup>27</sup>

Available data make clear that New Yorkers are suffering. The number of complaints filed with the CFPB by NYC residents increased by 63 percent in 2025 relative to 2024, totalling 184,830 in 2025.<sup>28</sup> This increase was not evenly distributed across the city: the Bronx saw a 71 percent increase, Queens a 68 percent increase, Manhattan a 65 percent increase, Staten Island a 56 percent increase, and Brooklyn a 52 percent increase.<sup>29</sup> At the same time that the number of complaints to the CFPB increased across the city, the number of complaints from NYC that were resolved and included relief to consumers fell by approximately 10 percentage points.<sup>30</sup>

Workers in New York also need stronger protections against misconduct, including abuses in the workplace that range from overreaching non-compete agreements to worker surveillance by employers.<sup>31</sup> Gig workers are particularly vulnerable to exploitation, and generally have fewer options for recourse than traditional employees.

In addition to these well-established practices and scams, all New Yorkers—consumers, workers, and small businesses—face the shared risk that Artificial Intelligence poses. In light of the federal government's

attempts to preempt the AI industry from state oversight,<sup>32</sup> it is especially important that New York City have a strong and robust consumer protection law, which as a law of general applicability, can be used to combat misconduct as it arises from the misuse of AI and similar technology. The City does not need to know exactly what shape these emerging risks will take to equip its residents with tools they can use to protect themselves from future harms.

## Conclusion

Now is the time for New York City to act. The federal government's primary UDAAP enforcement agencies, the CFPB and FTC, are being gutted and have rolled back protections. The state legislature just enhanced the Attorney General's consumer protection authority, but declined to enhance the law that individual New Yorkers can enforce themselves, and DCWP's consumer protection law is limited in scope and can only be enforced by the City, which leaves consumers, workers, and small businesses subject to the government's staffing constraints and bandwidth. At the same time, we are in an affordability crisis. Price gouging is on the rise and consumers are filing record numbers of complaints about predatory business practices. Enacting a new consumer protection law that New Yorkers can use to enforce existing standards for fair dealing is a common-sense, budget-smart way for the Mamdani Administration to promote a just economy for all.

## Endnotes

- 1 See generally, Stefanie Jackman et al., *CFPB Complies with Court's Funding Order in NTEU v. Vought*, Consumer Fin. Servs. Law Monitor (Jan. 12, 2026), <https://www.consumerfinancialserviceslawmonitor.com/2026/01/cfpb-complies-with-courts-funding-order-in-nteu-v-vought/>.
- 2 Memorandum, *Dismissed/Terminated CFPB Enforcement Actions*, Protect Borrowers & Consumer Fed. of America (July 7, 2025), <https://consumerfed.org/wp-content/uploads/2025/07/CFPB-Pending-Enforcement-Actions-v2-Fellows-2.pdf>.
- 3 Memorandum, *Trump-Led CFPB Pardons Repeat Offender Corporations for Violations Causing Over \$3 Billion of Consumer Harm*, Protect Borrowers & Consumer Fed. of America (Mar. 26, 2025), <https://protectborrowers.org/wp-content/uploads/2025/03/Repeat-Offender-CFPB-Pending-Enforcement-Actions.pdf>.
- 4 Memorandum, *Statutory Requirements for Continuous Operations of the CFPB*, Protect Borrowers & Consumer Fed. of America (Feb. 13, 2025), <https://protectborrowers.org/wp-content/uploads/2025/02/CFPB-Statutory-Requirements-2.13.25.pdf>.
- 5 Alan S. Kaplinsky et al., *CFPB rescinds enforcement, supervisory priority documents, outlines new priorities for 2025*, Consumer Fin. Monitor (Apr. 17, 2025), <https://www.consumerfinancemonitor.com/2025/04/17/cfpb-rescinds-enforcement-supervisory-priority-documents-outlines-new-priorities-for-2025/>.
- 6 Press Release, *CFPB's Supervision Division Releases New 'Humility Pledge,'* Consumer Fin. Prot. Bureau (Nov. 21, 2025), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-supervision-division-releases-new-humility-pledge/>.
- 7 Memorandum, *Trump's Consumer Financial Protection Agenda—or Lack Thereof—Has Already Cost Americans More Than \$18 Billion*, Protect Borrowers & Consumer Fed. of America (June 24, 2025), <https://protectborrowers.org/wp-content/uploads/2025/06/MEMO-The-Cost-of-Trumps-CFPB-.pdf>.
- 8 See N.Y.C. Admin. Code § 20-701(b).

9 Nat'l Consumer L. Ctr., *Consumer Protection in the States: a 50-State Evaluation of Unfair and Deceptive Practices Laws* (Mar. 2018), [https://www.nclc.org/wp-content/uploads/2022/09/UDAP\\_rpt.pdf](https://www.nclc.org/wp-content/uploads/2022/09/UDAP_rpt.pdf).

10 15 U.S.C. § 45(a).

11 12 U.S.C. § 5531.

12 See generally Prentiss Cox, Amy Widman, & Mark Totten, *Strategies of Public UDAP Enforcement*, 55 Harv. J. on Legis. 37 (2018), <https://journals.law.harvard.edu/jol/wp-content/uploads/sites/86/2018/03/55-1-37-Cox-Widman-Totten.pdf>.

13 Nat'l Consumer L. Ctr., *Consumer Protection in the States*, *supra* n. 9; see also Press Release, Attorney General James Advances Legislation to Protect Small Businesses and Consumers, Office of the N.Y.S. Attorney General (May 21, 2025), <https://ag.ny.gov/press-release/2025/attorney-general-james-advances-legislation-protect-small-businesses-and>.

14 See N.Y.S. Gen. Bus. L. § 349 et seq., as amended by *FAIR Business Practices Act*, S8416 (2025-2026 N.Y.S. Legislative Session).

15 N.Y.C. Admin. Code § 20-1211.

16 N.Y.C. Admin. Code § 20-409.2.

17 See generally, *Forced Arbitration*, Public Justice, <https://www.publicjustice.net/what-we-do/access-to-justice/forced-arbitration/> (last accessed May 15, 2026).

18 Order Denying Defendant's Motion to Compel Arbitration, *National Ass'n of Consumer Advocs. v. Gemini Tr. Co.*, No. 24-CAB-3999 (D.C. Sup. Ct. 2024), <https://www.consumeradvocates.org/wp-content/uploads/2025/10/NACA-v-Gemini-9-Court-Order-Denying-Mtn-to-Compel-Arb.pdf>.

19 N.Y.S. Gen. Bus. L. § 349(h).

20 N.Y.C. Admin. Code § 20-700.

21 N.Y.C. Admin. Code § 20-703.

22 N.Y.C. Admin. Code § 20-701(b).

23 N.Y. S. Fin. Svs. L. § 408(a)(1)(A).

24 See N.Y.S. Gen. Bus. L. § 349.

25 *Beware of High Priced Dealer Add-ons, Accessories and Protection Plans*, Anthony T. Ballato, Attorney at Law, <https://www.newyorklemonlawlawyer.com/tips-and-advice/beware-of-dealer-add-ons/> (last accessed May 15, 2026).

26 Issue Brief, *Nursing Home Debt Collection Practices Put Residents' Family and Friends at Risk*, Justice in Aging (Nov. 1, 2024), <https://justiceinaging.org/nursing-home-debt-collection-practices/>.

27 Press Release, *Mayor Mamdani Establishes Mayor's Office Of Deed Theft Prevention, Appoints Peter White As Director*, NYC Mayor's Office (Apr. 24, 2026), <https://www.nyc.gov/mayors-office/news/2026/04/transcript-mayor-mamdani-establishes-mayor-s-office-of-deed-the>.

28 Analysis of CFPB consumer complaint data on file with Protect Borrowers.

29 *Id.*

30 Analysis of CFPB consumer complaint data on file with Protect Borrowers.

31 See, e.g., Alexander Hertel-Fernandez, *Your Boss is Probably Spying on You: New Data on Workplace Surveillance*, Law and Political Economy Project (Nov. 25, 2024), <https://lpeproject.org/blog/your-boss-is-probably-spying-on-you-new-data-on-workplace-surveillance/>.

32 Alan Butler, *The Preemption Fight Goes Far Beyond AI. States Must Persist*, Tech Policy.Press (Dec. 15, 2025), <https://www.techpolicy.press/the-preemption-fight-goes-far-beyond-ai-states-must-persist/>.