



April 28, 2020 Update (#90)

To: All Residents & Board Members
From: Charles H. Greenthal Management Corp.
Re: NYS Attorney General – *Protecting CARES Act Stimulus Payments from Debt Collectors*

During this time of crisis, it is important New Yorkers are informed and understand their rights with respect to relief programs. In response to concerns raised about the possibility of debt collectors being able to garnish COVID-19 stimulus funds, The New York State Attorney General, Letitia James has prepared the following statement:

“The guidance issued by the Attorney General’s office is based on multiple state and federal consumer protection laws and clarifies that any attempt to garnish Coronavirus Aid, Relief, and Economic Security Act (CARES Act) stimulus funds from New Yorkers will be treated as a violation of these laws.

Under New York law, certain types of property — including public benefits like public assistance, Social Security, and veterans’ and retirement benefits — are exempt from execution, levy, attachment, garnishment, or other legal process by a judgment creditor seeking to satisfy a monetary judgment.

The New York State Court of Appeals has held that exemption statutes “are to be construed liberally in favor of debtors” because exemptions “serve the important purpose of protect[ing] the debtor’s essential needs.”

CARES Act payments are similarly aimed at debtors’ or borrowers’ essential needs and — under this guidance — will therefore be treated and are subject to the same protections as statutorily exempt payments, and will not be subject to garnishment — a legal mechanism that typically involves the “freezing” of funds in a bank account by creditors or debt collectors.

The OAG guidance advises banking institutions that CARES Act payments will follow similar legal processes as other public benefits, and any person or entity that garnishes or attempts to garnish these payments will have violated multiple state and federal consumer protection laws.”