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**Before the Committee on Public Works and Operations
Council of the District of Columbia**

Public Hearing Regarding:

**Bill 26-0174
“Enhancing Consumer Protection Procedures Amendment Act of 2025”**

October 22, 2025

Legal Aid DC¹ submits this testimony in strong support of Bill 26-0174, the “Enhancing Consumer Protection Procedures Amendment Act of 2025.”

Legal Aid’s consumer law practice focuses on foreclosure prevention and debt collection defense. In each of these areas, we represent consumers faced with unfair, deceptive, abusive, and unlawful trade practices that arise in consumer relationships with businesses, including lenders, loan servicers, landlords, contractors, and health care providers. The Consumer Protection Procedures Act (“CPPA”) is a critical tool in our practice.

Legal Aid supports the bill in its entirety. The Office of Attorney General (“OAG”) plays a vital role in enforcing the District’s consumer protection laws, including the CPPA. The proposed enhancements would significantly strengthen OAG’s power to investigate improper trade practices and to enforce the law in court proceedings. The bill also would

¹ Legal Aid DC is the oldest and largest general civil legal services program in the District of Columbia. The largest part of our work is comprised of individual representation in housing, domestic violence/family, public benefits, and consumer law. We also work on immigration law matters and help individuals with the collateral consequences of their involvement with the criminal legal system. From the experiences of our clients, we identify opportunities for court and law reform, public policy advocacy, and systemic litigation. For more information, visit www.LegalAidDC.org.

clarify and expand the authority of the Department of Licensing and Consumer Protection (“DLCP”) to investigate and enforce the CPPA at the administrative level.

Particularly important to Legal Aid’s consumer law practice, the bill would clarify the kind of businesses to which the CPPA applies, define improper trade practices to include conduct that is “abusive,” enhance the law’s protections against businesses who exploit a consumer’s lack of understanding of agreement terms and the associated risks and costs, and protect consumers from retaliation when they complain about business conduct. Strengthening D.C.’s premier consumer protection law is more important than ever given the federal government’s substantially decreased enforcement of federal consumer protection laws and the effort to dismantle the Consumer Financial Protection Bureau.

Clarification of the Business Relationships and Trade Practices to Which the CPPA Applies

The CPPA “is a comprehensive statute designed to provide procedures and remedies for a broad spectrum of practices which injure consumers.” *District Cablevision Limited Partnership v. Bassin*, 828 A.2d 714 (D.C. 2003). The act itself declares that its purpose is to “assure that a just mechanism exists to remedy all improper trade practices and deter the continuing use of such practices.” D.C. Code § 28-3901(b)(1).

In support of that purpose, the CPPA contains a private right of action under which consumers – as well as non-profit and public interest organizations representing their interests – can go to court to seek damages against a business that has violated the act. Consumers can also assert violations of the CPPA in defense of claims filed against them by businesses. Legal Aid DC, other D.C. legal services organizations, and private consumer attorneys play a vital role in assisting consumers in bringing those private actions and asserting claims for violations of the CPPA. The bill will make the private right of action an even more effective tool for enforcing the rights of D.C. consumers.

Section 28-3901: Clarifies the Definition of “Merchant”

The CPPA addresses relationships between “merchants” and “consumers.” See D.C. Code § 28-3901(a)(definitions). Although the D.C. Court of Appeals has held that the CPPA’s definition of “merchant” reaches any “‘person’ connected with the ‘supply’ side of a consumer transaction,” and is “not limited to the actual seller of the goods or services complained of,” *Howard v. Riggs Nat’l Bank*, 432 A.2d 701, 709 (D.C. 1981) (quoting 1976 Council committee report), businesses defending CPPA claims still regularly contend that they are not a “merchant” because they were not the actual seller of the good or services at issue, did not have a direct contractual relationship with the

consumer, or were supplying their goods or services on behalf of some other seller or as an assignee of the original seller.

In our work with homeowners, for example, mortgage servicers regularly make those arguments in an effort to avoid CPPA liability. Mortgage lenders often hire mortgage servicers to manage their loans, including processing loan modification applications submitted by consumers experiencing financial distress, receiving payments, and generating account statements. Yet servicers who misrepresent the status of the loan or engage in other unfair and deceptive conduct regularly contend that the CPPA does not apply to them because they were hired by the lender, not the consumer. And successors-in-interest and assignees of lenders often contend that they are not liable for the improper trade practices of their predecessor or assignor. Similar arguments are made by property managers working for landlords, servicers of other types of consumer loans, and other suppliers of goods or services to the consumer that are brought into the supply side of the transaction by another business.

Bill 26-0174, if passed, would finally put an end to these attempts to evade the law. Section 4 of the bill clarifies the definition of “merchant” in CPPA section 3901(3) by stating:

- The merchant’s sale, supply, lease or transfer of good or services may be “with or without cost to the consumer.”
- “A person need not have a contractual relationship with the consumer to qualify as a merchant.”
- “A merchant may also include a person who . . . provides goods or services to or on behalf of a merchant in the course of, related to, or incidental to a consumer transaction.”
- A merchant includes “the successor or assigns of a merchant.”

These are important clarifications, and Legal Aid endorses each of them.

Section 28-3904: Enhances Identification of Improper Trade Practices

D.C. Code § 28-3904 identifies the improper trade practices to which the CPPA applies. It is titled “Unfair or deceptive trade practices” and contains this introductory language: “It shall be a violation of this chapter for any person to engage in an unfair or deceptive trade practice . . . including to:” What follows is a long list of improper trade practices, some of which identify unfair or deceptive conduct and others of which identify other D.C. laws, the violation of which is deemed to be an improper trade practice.

Despite the “including to” language, courts are often confronted with arguments that the absence of some type of conduct or violation of law from the list of unlawful trade practices means that the conduct or law violation is not a violation of the CPPA. To address that problem, Section 4(e) of the bill would add “[w]ithout limiting the generality of the foregoing” to the introduction. Section 4(e) also would reorganize section 3904 into three subparagraphs, (a), (b), and (c). Subparagraph (a) would identify conduct violations, and subparagraph (b) would identify law violations, all of which are currently combined in the same list. Subsection (c) would make aiding and abetting another person’s improper trade practices a violation of the CPPA.

In addition to providing that much-needed reorganization of section 3904, the bill would make five other more substantive changes to that section, each of which is identified below.

Abusive trade practices. The introductory language in new subsection (a) would add the words “or abusive” to “unfair or deceptive” to characterize conduct that violates the CPPA. The introduction would now read: “It shall be a violation of this chapter for any merchant to engage in an unfair, deceptive, **or abusive** trade practice” For that reason, we suggest that the title of section 3904 be revised correspondingly to read: “Unfair, deceptive, or abusive trade practices.”

Unconscionable agreement terms. Under subparagraph 3904(r), making or enforcing unconscionable terms of sales or leases is an unfair or deceptive trade practice. The subparagraph then identifies five factors to be considered in determining whether the terms are unconscionable. The bill would clarify the unconscionability provision to state that, in addition to sales and leases, it applies to “any other form of consumer contract, agreement, or transaction.” It would also expand the circumstances in which a merchant who knowingly takes advantage of a consumer’s ability to protect their own interests should be considered as a factor, including the consumer’s reading ability and lack of relevant knowledge.

Consumers’ lack of understanding of risks or costs and reliance on the merchant. The bill would add a new subparagraph to the list of unfair or deceptive trade practices making it improper for a merchant to take unreasonable advantage of a consumer due to the consumer’s lack of understanding of the risks or costs of a product or service or their reasonable reliance on a merchant purporting to act in the consumer’s interest.

Retaliation against a consumer. Another new subparagraph would address retaliation against a consumer for exercising rights under the CPPA. Under that new provision, it would be an improper trade practice to retaliate against a person for filing a consumer

complaint with an agency, filing a CPPA lawsuit, complaining to a company accused of violating the CPPA, or assisting with a CPPA investigation or hearing.

Aiding and abetting a merchant's improper trade practices. Finally, the bill would add a new subparagraph to a reorganized section 3904 that would impose liability on persons (whether or not a merchant) who knowingly aid and abet a merchant's unfair, deceptive, abusive, or unlawful trade practices.

These clarifications and enhancements to the CPPA's coverage of unfair, deceptive, abusive, and unlawful trade practices in section 3904 would, if enacted, make it easier for consumers to vindicate their rights under the CPPA. These are important changes given that companies are constantly developing new types of transactions with potentially harmful consumer effects, and many consumers have limited ability to identify the risks associated with the product or service being offered. The amendments appropriately place increased focus on the unequal knowledge and balance of power between merchants and consumers. These enhancements are critical in an environment where the federal government has substantially decreased its enforcement of federal consumer protection laws.

Section 28-3905: Increase in Statutory Damages Amount

D.C. Code § 28-3905 addresses CPPA complaint procedures. Subparagraphs (a) through (j) relate to administrative complaints to DCLP. Subparagraph (k) establishes a private right of action under which consumers, non-profit organizations, and public interest groups can bring actions seeking relief from improper trade practices. Subparagraph (k)(2) identifies the available remedies. Under current law, one remedy is "treble damages or \$1,500 per violation, whichever is greater." The bill would increase the \$1,500 amount (sometimes referred to as "statutory damages") to \$3,000 and would also provide for that amount to be adjusted for inflation over time. This is a long overdue change. The \$1,500 amount has not increased since the statutory damages provision was added to the CPPA in 2013. Legal Aid also recommends retaining the "whichever is greater" language from the current law in the bill so that the available remedies continue to have a strong deterrent effect on misconduct.

In addition, regarding recovery of reasonable attorney's fees, the bill would add a provision stating that the method to be used in awarding fees would be in accordance with a provision of the D.C. Code that incorporates the method of awarding fees described by the court in *Salazar v. District of Columbia*, 123 F.Supp.2d 8 (D.D.C. 2000). That method uses what is referred to as a "lodestar" under which the prevailing party must establish the number of hours reasonably expended and reasonable hourly rates. The court also endorsed a matrix generally known as the *Laffey* matrix as an indicator of

reasonable rates. Both local and federal courts in the District have embraced this approach and the *Laffey* matrix. Incorporating this method into the CPPA will streamline the process by which prevailing consumer attorneys request and justify their attorney's fees. Ensuring that consumer attorneys are appropriately compensated for their work is essential to robust private enforcement of the CPPA.

Conclusion

Legal Aid supports Bill 26-0174 in its entirety. It makes important changes that will apply to all three forms of CPPA enforcement – by the Attorney General, DLCP, and, under the private right of action, by consumers, non-profit organizations, and public interest organizations. The Council should adopt these amendments to make the CPPA an even more effective tool for protecting consumers in the District.