

OPPOSITION TO S.5423 / A.7393A

“Community financial services access and modernization act of 2019”

From: New York groups
Date: June 19, 2019
Re: “Community financial services access and modernization act of 2019”
(S.5423 / A.7393A)

Attached please find twenty-five memoranda in opposition to S.5423/A.7393A from New York groups.

As the enclosed memoranda make clear, a broad spectrum of New York groups – including community-based organizations, labor unions, community development financial institutions, and legal services groups – strongly oppose this bill.

Attached are memoranda in opposition from the following groups (more to follow):

AARP of New York
ALIGN
Association for Neighborhood and Housing Development
Banana Kelly Community Improvement Association
Chhaya CDC
Citizen Action of New York
Consumer Reports
DC 37
Empire Justice Center
Genesee Cooperative FCU
Hebrew Free Loan Society
Inclusiv (FKA The National Federation of Community Development Credit Unions)
JASA/Legal Services for Elder Justice
Legal Services NYC
Long Island Housing Services
Long Island Progressive Coalition
Lower East Side Peoples FCU
Mobilization for Justice
New Economy Project
New York Communities for Change
New York Working Families
New Yorkers for Responsible Lending
The Strong Economy For All Coalition
St. Johns’s University Consumer Justice for the Elderly Litigation Clinic
Western New York Law Center

Please contact the groups directly, or Andy Morrison at 212-680-5100, with any questions.

ADDITIONAL POINTS IN OPPOSITION TO S.5423 / A.7393A

“Community financial services access and modernization act of 2019”

From: New York groups
Date: June 18, 2019
Re: “Community financial services access and modernization act of 2019”
(S.5423 / A.7393A)

The following concerns supplement bill memos submitted by New York Groups. These comments are endorsed by the below signatories.

The bill would remove a great deal of Department of Financial Services' (DFS) discretion to evaluate check casher businesses and services provided.

The bill would essentially give check cashers an automatic right to provide financial services other than check-cashing, whereas they currently cannot do so without approval from DFS. For example, the bill would all but deprive DFS of its ability to screen check cashers before they could become licensed as money transmitters. This could create a particularly dangerous situation for New York's immigrant communities, which rely heavily on international remittances (a type of money transfer). In light of Trump's anti-immigrant, anti-consumer policies -- including its threatened rollback of federal consumer protections for international remittances -- the last thing New York should do is weaken state licensing requirements on money transmitters.

The bill's provisions allowing expedited expansion of check-cashing branches would deprive DFS of the opportunity to obtain critical information and conduct due diligence regarding any proposed branch location(s).

The bill would essentially allow check cashers to engage in prohibited lending activity, by allowing check cashers to cash post-dated checks.

The bill would allow check cashers to make required disclosures only through their website, which would make it more difficult for New Yorkers to access this critical information, especially if they have limited or no Internet access, or limited-data plans.

The bill would allow check cashers to "cash" a person's check in any form (see p. 8, section 372) - for example, check cashers could provide part of the proceeds in the form of cash and part of the proceeds in the form of a prepaid card. There is nothing in the bill that would prevent check cashers from push-marketing costly prepaid cards.

Signed:

Association for Neighborhood and Housing Development
Hebrew Free Loan Society
Lower East Side Peoples FCU
Mobilization For Justice
New Economy Project
(list in formation)



MEMORANDUM OF OPPOSITION: S.5423/A.7393-A

June 19, 2019

BILL NUMBER: S.5423 (Sepulveda) same as A.7393-A(De La Rosa)

TITLE OF BILL: An act to amend the banking law, in relation to enacting the "community financial services access and modernization act of 2019"; and providing for the repeal of certain provisions upon expiration.

PURPOSE OF BILL: To amend existing law by modernizing existing statute to reflect the full scope of financial services available at neighborhood "check cashing" establishments and to provide reasonable modifications to ensure the continued availability of locations at which consumers can conduct financial transactions.

STATEMENT OF OPPOSITION: This bill is part of an ongoing effort that would undermine consumer protections throughout the state and would essentially further an unfair two-tiered banking and financial system that could disproportionately have a negative impact on communities of color across New York State.

The check-cashing industry has tried in the past to obtain special carve-outs from New York's longstanding usury laws. It has sought licenses to directly make high-cost small business and consumer loans, and to broker, through vaguely defined "conduit services," high-cost loans and other unspecified products and services for out-of-state and federally-chartered banks. **AARP maintains that expanding financial services by the check cashing industry as proposed in this legislation would pave the way for predatory practices throughout the state and further entrench an unfair two-tiered financial system.**

There has been no persuasive articulation as to how the public would benefit from expanding the check-cashing and licensing authority instead of addressing the financial needs of New Yorkers. It is unclear why there is a need to require the NYS Department of Financial Services (DFS) Superintendent to expedite and streamline certain licensing applications by so-called primary licensees, with no justification for this special status. The bill's provisions allowing expedited expansion of check-cashing branches would deprive DFS of the opportunity to obtain critical information and conduct due diligence regarding any proposed branch location(s).

Furthermore, this bill would remove much of DFS's discretion to evaluate check cashing businesses and services provided. This bill would essentially give check cashers an automatic right to provide financial services other than check-cashing, whereas they currently cannot do so without approval from DFS. For example, the bill would severely hamper DFS's ability to screen, oversee and properly ensure consumer protections and regulate check cashers before they could become licensed as money transmitters (money transfers), a service that is used by New York's immigrant communities who rely heavily on international remittances.

This bill would essentially allow check cashers to engage in prohibited lending activity by allowing check cashers to cash post-dated checks. The bill would allow check cashers to make required disclosures only through their website, which would make it more difficult for New Yorkers to access this critical information, especially for New Yorkers with limited or no Internet access, or limited-data plans. The bill would allow check cashers to "cash" a person's check in any form. For example, check cashers could provide part of the proceeds in the form of cash and part of the proceeds in the form of a prepaid card. There is nothing in the bill that would prevent check cashers from push-marketing costly prepaid cards. Finally, the bill would also increase the face value of cashable checks to \$20,000 and add to the types of checks for

which there would be no limit on the face value. It is difficult to understand how these changes benefit consumers or the public.

If New York is serious about addressing bank redlining and meeting financial services needs, we cannot further an **unfair two-tiered financial system**. The New York State Legislature should get squarely behind proposals to support community development financial institutions that exist to build individual and community wealth through sound banking services that many – but not all - New Yorkers have access to.

The Legislature should also press banks to comply with laws that require them to serve all communities equitably, within the bounds of safe and sound banking principles. We welcome the opportunity to work with New York legislators and others to address bank redlining and to pursue affirmative public policy solutions.

AARP believes that passage of this bill could put many New Yorkers' financial security at risk and jeopardize access to sound banking services while further dividing financial services to perpetuate an unfair two-tiered system.

For the above reasons, AARP strongly opposes this legislation.
Please contact Bill Ferris or David McNally at (518) 434-4194 with any questions.

ALIGN

We Oppose: "Community Financial Services Access and Modernization Act of 2019"

S.5423 (Sepúlveda) / A.7393A (De La Rosa)

The bill is part of an ongoing, concerted push to put the interests of the fringe financial services industry before the interests of New Yorkers and New York communities, undermining consumer protections and communities throughout the state. S.5423/A.7393A should be viewed alongside A.6693 (Crespo), an act to amend the banking law, in relation to conduit services. The two bills were initially presented together as a single bill, and are linked to a broader strategy to expand high-cost financial services in New York State.

The check-cashing industry has tried for years to obtain special carve-outs from New York's longstanding usury laws. It has sought licenses to directly make high-cost small business and consumer loans, and to broker, through vaguely defined "conduit services," high-cost loans and other unspecified products and services for out-of-state and federally-chartered banks. By expanding fringe financial services, S.5423/A.7393A could pave the way for widespread predatory practices throughout the state and further entrench our unfair two-tiered financial system.

There has been no persuasive articulation as to how the public would benefit from expanding the check-cashing and licensing authority of fringe financial services companies. S.5423/A.7393A would require the NYS Department of Financial Services Superintendent to expedite and streamline certain licensing applications by so-called primary licensees, with no justification for this special status. The bill's provisions allowing expedited expansion of check-cashing branches would deprive DFS of the opportunity to obtain critical information and conduct due diligence regarding any proposed branch location(s).

The bill would remove much of DFS's discretion to evaluate check casher businesses and services provided. The bill would essentially give check cashers an automatic right to provide financial services other than check-cashing, whereas they currently cannot do so without approval from DFS. For example, the bill would severely hamper DFS's ability to screen check cashers before they could become licensed as money transmitters. This could create a particularly dangerous situation for New York's immigrant communities, which rely heavily on international remittances (a type of money transfer). In light of Trump's anti-immigrant, anti-consumer policies – including its threatened rollback of federal consumer protections for international remittances – the last thing New York should do is weaken state licensing requirements on money transmitters.

The bill would essentially allow check cashers to engage in prohibited lending activity, by allowing check cashers to cash post-dated checks. The bill would allow check cashers to make required disclosures only through their website, which would make it more difficult for New Yorkers to access this critical information, especially if they have limited or no Internet access, or limited-data plans. The bill would allow check cashers to "cash" a person's check in any form. For example, check cashers could provide part of the proceeds in the form of cash and part of the proceeds in the form of a prepaid card. There is nothing in the bill that would prevent check cashers from push-marketing costly prepaid cards. Finally, the bill would also increase the face value of cashable checks to \$20,000 and add to the types of checks for which there would be no limit on the face value. Such changes would offer no public benefit and create real security and money-laundering risks.

If New York is serious about addressing bank redlining and meeting financial services needs, legislators should get squarely behind proposals to support community development financial institutions that exist to build individual and community wealth. The legislature should also press banks to comply with laws that require them to serve all communities equitably, within the bounds of safe and sound banking principles. We welcome the opportunity to work with New York legislators and others to address bank redlining and to pursue affirmative public policy solutions.

ALIGN believes that passage of this bill would put New Yorkers' financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State.

For more information contact: Maritza Silva-Farrell, 212-631-0886, maritza@alignny.org

Memo of Opposition to the “Community Financial Services Access and Modernization Act of 2019”

S.5423 (Sepúlveda) / A.7393A (De La Rosa)

I am writing on behalf of the Association for Neighborhood and Housing Development (ANHD) to submit comments in opposition of S.5423/A.7393A. This bill is part of an ongoing, concerted push to put the interests of the fringe financial services industry before the interests of New Yorkers and New York communities, undermining consumer protections and communities throughout the state. S.5423/A.7393A should be viewed alongside A.6693 (Crespo), an act to amend the banking law, in relation to conduit services. The two bills were initially presented together as a single bill, and are linked to a broader strategy to expand high-cost financial services in New York State.

ANHD builds community power to win affordable housing and thriving, equitable neighborhoods for all New Yorkers. As a coalition of community groups across New York City, we use research, advocacy, and grassroots organizing to support our members in their work to build equity and justice in their neighborhoods and city-wide. ANHD values justice, equity and opportunity. We believe in the importance of movement-building that centers marginalized communities in our work.

Since our founding in 1974, ANHD has been helping to make New York City’s community development and grassroots neighborhood-based groups among the most effective in the country by providing comprehensive training, robust capacity-building and apprenticeship programs, and high-impact policy research. A major piece of ANHD’s work is to hold banks accountable to their local communities under the Community Reinvestment Act (CRA), including pushing banks to open branches and make banking accessible to lower-income people and communities. In the absence of bank branches, we see an influx of higher cost, sometimes predatory service providers, including check cashers and pawn shops. While we recognize that local residents utilize these services, they deserve better – they need access to affordable, accessible branches and products to enable them to pay bills, save money, access credit products, and ultimately build wealth. The solution is NOT to allow more alternative, high-cost institutions open and expand their range of high-cost services.

The check-cashing industry has tried for years to obtain special carve-outs from New York’s longstanding usury laws. It has sought licenses to directly make high-cost small business and consumer loans, and to broker, through vaguely defined “conduit services,” high-cost loans and other unspecified products and services for out-of-state and federally-chartered banks. By expanding fringe financial services, S.5423/A.7393A could pave the way for widespread predatory practices throughout the state and further entrench our unfair two-tiered financial system.

There has been no persuasive articulation as to how the public would benefit from expanding the check-cashing and licensing authority of fringe financial services companies. S.5423/A.7393A would require the NYS Department of Financial Services Superintendent to expedite and streamline certain licensing applications by so-called primary licensees, with no justification for this special status. The bill’s provisions allowing expedited expansion of check-cashing branches would deprive DFS of the opportunity to obtain critical information and conduct due diligence regarding any proposed branch location(s).

The bill would remove much of DFS’s discretion to evaluate check casher businesses and services provided. The bill would essentially give check cashers an automatic right to provide financial services other than check-cashing, whereas they currently cannot do so without approval from DFS. For example, the bill would severely hamper DFS’s ability to screen check cashers before they could become licensed as money transmitters. This could create a particularly dangerous situation for New York’s immigrant communities, which rely heavily on international remittances (a type of money transfer). In light of Trump’s anti-immigrant, anti-consumer policies – including its threatened rollback of federal consumer protections for international remittances – the last thing New York should do is weaken state licensing requirements on money transmitters.

The bill would essentially allow check cashers to engage in prohibited lending activity, by allowing check cashers to cash post-dated checks. The bill would allow check cashers to make required disclosures only through their website, which would make it more difficult for New Yorkers to access this critical information, especially if they have limited or no Internet access, or

limited-data plans. The bill would allow check cashers to "cash" a person's check in any form. For example, check cashers could provide part of the proceeds in the form of cash and part of the proceeds in the form of a prepaid card. There is nothing in the bill that would prevent check cashers from push-marketing costly prepaid cards. Finally, the bill would also increase the face value of cashable checks to \$20,000 and add to the types of checks for which there would be no limit on the face value. Such changes would offer no public benefit and create real security and money-laundering risks.

If New York is serious about addressing bank redlining and meeting financial services needs, legislators should get squarely behind proposals to support community development financial institutions that exist to build individual and community wealth. The legislature should also press banks to comply with laws that require them to carry out their obligations under the CRA, which is to serve all communities equitably, within the bounds of safe and sound banking principles. We welcome the opportunity to work with New York legislators and others to address bank redlining and to pursue affirmative public policy solutions.

ANHD believes that passage of this bill would put New Yorkers' financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State.

For more information contact: Jaime Weisberg, Jaime.w@anhd.org, 212-747-1117 x23



Memo in Opposition: "Community Financial Services Access and Modernization Act of 2019"

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S.5423 (Sepúlveda) / A.7393A (De La Rosa)

This bill is part of an ongoing, concerted push to put the interests of the fringe financial services industry before the interests of New Yorkers and New York communities, undermining consumer protections and communities throughout the state. S.5423/A.7393A should be viewed alongside A.6693 (Crespo), an act to amend the banking law, in relation to conduit services. The two bills were initially presented together as a single bill, and are linked to a broader strategy to expand high-cost financial services in New York State.

Banana Kelly Community Improvement Association is a 40 year old community organization in the South Bronx. We own, develop and manage housing that is truly affordable to current residents, provide social services, and organize building and neighborhood residents to fight displacement and build wealth, control and ownership. Since our founding on Kelly Street in the 1970s, we have always believed that resident control and ownership of housing, land, investment and resources creates stable and thriving neighborhoods for those who have historically been shut out of the mainstream economy. Our Resident Council guides our organizing and policy work, and as a mutual housing association, the largest group represented on Banana Kelly's Board of Directors are our residents.

The check-cashing industry has tried for years to obtain special carve-outs from New York's longstanding usury laws. It has sought licenses to directly make high-cost small business and consumer loans, and to broker, through vaguely defined "conduit services," high-cost loans and other unspecified products and services for out-of-state and federally-chartered banks. The industry is currently pushing A6693, which had been rolled into previous versions of this bill, and which would enable a dangerous end run around our usury laws. By expanding fringe financial services, S.5423/A.7393A could pave the way for widespread predatory practices throughout the state.

There has also been no persuasive articulation as to how the public would benefit from expanding the check-cashing and licensing authority of fringe financial services companies. S.5423/A.7393A would require the NYS Department of Financial Services Superintendent to expedite and streamline certain licensing applications by so-called primary licensees, with no justification for this special status. The bill would also increase the face value of cashable checks to \$20,000 and add to the types of checks for which there would be no limit on the face value. Such changes would offer no public benefit and create real security and money-laundering risks.

With their outlets most concentrated in low-income neighborhoods and communities of color, New York's check cashers have sought to convince legislators that they somehow

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deserve special consideration because their fringe financial services fill gaps left by mainstream banks. This is a flawed and false rationale. In reality, these businesses have only been able to thrive in low-income communities, immigrant communities, and communities of color by preying on New Yorkers who lack access to mainstream financial services.

If New York is serious about addressing bank redlining and meeting financial services needs, legislators should get squarely behind proposals to support community development financial institutions that exist to build individual and community wealth. The legislature should also press banks to comply with laws that require them to serve all communities equitably, within the bounds of safe and sound banking principles. We welcome the opportunity to work with New York legislators and others to address bank redlining and to pursue affirmative public policy solutions. We are also part of the New York State Equity Agenda coalition that is putting forth locally-based models of ownership and control that build wealth for community residents (bringing a community development credit union to the South Bronx) and we would be happy to discuss this further with you.

Banana Kelly Community Improvement Association believes that passage of this bill would put New Yorkers' financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State.

For more information contact:

Gregory Jost

Director of Organizing

Banana Kelly Community Improvement Association

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gjost@bkciainyc.org

We Oppose: "Community Financial Services Access and Modernization Act of 2019"

S.5423 (Sepúlveda) / A.7393A (De La Rosa)

The bill is part of an ongoing, concerted push to put the interests of the fringe financial services industry before the interests of New Yorkers and New York communities, undermining consumer protections and communities throughout the state. S.5423/A.7393A should be viewed alongside A.6693 (Crespo), an act to amend the banking law, in relation to conduit services. The two bills were initially presented together as a single bill, and are linked to a broader strategy to expand high-cost financial services in New York State.

The check-cashing industry has tried for years to obtain special carve-outs from New York's longstanding usury laws. It has sought licenses to directly make high-cost small business and consumer loans, and to broker, through vaguely defined "conduit services," high-cost loans and other unspecified products and services for out-of-state and federally-chartered banks. By expanding fringe financial services, S.5423/A.7393A could pave the way for widespread predatory practices throughout the state and further entrench our unfair two-tiered financial system.

There has been no persuasive articulation as to how the public would benefit from expanding the check-cashing and licensing authority of fringe financial services companies. S.5423/A.7393A would require the NYS Department of Financial Services Superintendent to expedite and streamline certain licensing applications by so-called primary licensees, with no justification for this special status. The bill's provisions allowing expedited expansion of check-cashing branches would deprive DFS of the opportunity to obtain critical information and conduct due diligence regarding any proposed branch location(s).

The bill would remove much of DFS's discretion to evaluate check casher businesses and services provided. The bill would essentially give check cashers an automatic right to provide financial services other than check-cashing, whereas they currently cannot do so without approval from DFS. For example, the bill would severely hamper DFS's ability to screen check cashers before they could become licensed as money transmitters. This could create a particularly dangerous situation for New York's immigrant communities, which rely heavily on international remittances (a type of money transfer). In light of Trump's anti-immigrant, anti-consumer policies – including its threatened rollback of federal consumer protections for international remittances – the last thing New York should do is weaken state licensing requirements on money transmitters.

The bill would essentially allow check cashers to engage in prohibited lending activity, by allowing check cashers to cash post-dated checks. The bill would allow check cashers to make required disclosures only through their website, which would make it more difficult for New Yorkers to access this critical information, especially if they have limited or no Internet access, or limited-data plans. The bill would allow check cashers to "cash" a person's check in any form. For example, check cashers could provide part of the proceeds in the form of cash and part of the proceeds in the form of a prepaid card. There is nothing in the bill that would prevent check cashers from push-marketing costly prepaid cards. Finally, the bill would also increase the face value of cashable checks to \$20,000 and add to the types of checks for which there would be no limit on the face value. Such changes would offer no public benefit and create real security and money-laundering risks.

If New York is serious about addressing bank redlining and meeting financial services needs, legislators should get squarely behind proposals to support community development financial institutions that exist to build individual and community wealth. The legislature should also press banks to comply with laws that require them to serve all communities equitably,



within the bounds of safe and sound banking principles. We welcome the opportunity to work with New York legislators and others to address bank redlining and to pursue affirmative public policy solutions.

Chhaya CDC believes that passage of this bill would put New Yorkers' financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State.

For more information, contact: William Spisak, Director of Programs at william@chhayacdc.org



June 18, 2019

MEMORANDUM IN OPPOSITION

Citizen Action of New York strongly opposes this bill, the “Community Financial Services Access and Modernization Act of 2019,” S.5423 (Sepúlveda)/A.7393A (De La Rosa)

Citizen Action of New York, a grassroots organization with members in eight chapters and affiliates across New York State that advocates for social, racial, economic and environmental justice, strongly opposes this bill, which would ease certain restrictions on the check-cashing industry, including allowing the operation of multiple locations on a streamlined basis, and the provision of additional services like pre-paid debit cards and bill payment services, without sufficient regulatory oversight. By expanding these fringe financial services, S.5423/A.7393A could pave the way for widespread predatory practices throughout the state and further entrench our already unfair two-tiered financial system.

There has been no persuasive explanation as to how the public would benefit from loosening the regulatory restrictions applicable to fringe financial services companies. S.5423/A.7393A would require the Superintendent of the Department of Financial Services (DFS) to expedite and streamline certain licensing applications by so-called primary licensees, with no justification for this special status. The bill's provisions allowing the expedited expansion of check-cashing branches would deprive DFS of the opportunity to obtain critical information and conduct due diligence regarding proposed new branch locations, including the consideration of issues like the need for such locations in a given community.

The bill would essentially give check cashers an automatic right to provide financial services other than check-cashing, which they currently cannot do so without DFS approval. For example, the bill would severely hamper DFS's ability to screen check cashers before they could become licensed as money transmitters. This could create a particularly dangerous situation for immigrant communities, which rely heavily on international remittances. In light of Trump's anti-immigrant and anti-consumer policies – including its threatened rollback of federal consumer protections for international remittances – the last thing New York should do is weaken state licensing requirements on money transmitters.

S.5423/A.7393A would also check cashers to make required disclosures only through their websites, while making it more difficult for New Yorkers to access this critical information, and less likely that they will review such disclosures. Further, the bill would allow check cashers to "cash" a person's check in any form, without any protections against the aggressive marketing of costly prepaid cards.

If New York is serious about meeting the financial services needs of low income New Yorkers and immigrants, there are many other alternatives the Legislature could examine, including community development financial institutions that exist to build individual and community wealth, the expansion of low cost checking accounts, and pressing banks to comply with laws requiring them to serve all communities equitably, within the bounds of safe and sound banking principles.

Given the present threats to consumer protection at the federal level, this is an especially inappropriate time to thwart consumer protections and weaken regulatory oversight in New York State. Citizen Action of New York therefore strongly opposes this legislation. Please contact Bob Cohen at bcohen@citizenactionny.org or (518) 465-4600 x104 with any questions.

Memorandum of Opposition to A.7393A and S.5423 *“Community Financial Services Access and Modernization Act of 2019”*

STATEMENT OF OPPOSITION: The bill is part of an ongoing, concerted push to put the interests of the check cashing industry before the interests of New Yorkers and New York communities, undermining consumer protections and communities throughout the state. S.5423/A.7393A should be viewed alongside A.6693 (Crespo), an act to amend the banking law, in relation to conduit services. The two bills were initially presented together as a single bill, and are linked to a broader strategy to expand high-cost financial services in New York State.

The check-cashing industry has tried for years to obtain special carve-outs from New York’s longstanding usury laws. It has sought licenses to directly make high-cost small business and consumer loans, and to broker, through vaguely defined “conduit services,” high-cost loans and other unspecified products and services for out-of-state and federally-chartered banks. By expanding fringe financial services, S.5423/A.7393A could pave the way for widespread predatory practices throughout the state and further entrench our unfair two-tiered financial system.

There has been no persuasive articulation as to how the public would benefit from expanding the check-cashing and licensing authority of fringe financial services companies. S.5423/A.7393A would require the NYS Department of Financial Services Superintendent to expedite and streamline certain licensing applications by so-called primary licensees, with no justification for this special status. The bill's provisions allowing expedited expansion of check-cashing branches would deprive DFS of the opportunity to obtain critical information and conduct due diligence regarding any proposed branch location(s).

The bill would remove much of DFS's discretion to evaluate check casher businesses and services provided. The bill would essentially give check cashers an automatic right to provide financial services other than check-cashing, whereas they currently cannot do so without approval from DFS. For example, the bill would severely hamper DFS’s ability to screen check cashers before they could become licensed as money transmitters. This could create a particularly dangerous situation for New York's immigrant communities, which rely heavily on international remittances (a type of money transfer). In light of the current administration’s threatened rollback of federal consumer protections for international remittances – the last thing New York should do is weaken state licensing requirements on money transmitters.

The bill would essentially allow check cashers to engage in prohibited lending activity, by allowing check cashers to cash post-dated checks. The bill would allow check cashers to make

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Memorandum of Opposition to A.7393A and S.5423, page 2

required disclosures only through their website, which would make it more difficult for New Yorkers to access this critical information, especially if they have limited or no Internet access, or limited-data plans. The bill would allow check cashers to "cash" a person's check in any form. For example, check cashers could provide part of the proceeds in the form of cash and part of the proceeds in the form of a prepaid card. There is nothing in the bill that would prevent check cashers from push-marketing costly prepaid cards. Finally, the bill would also increase the face value of cashable checks to \$20,000 and add to the types of checks for which there would be no limit on the face value. Such changes would offer no public benefit and create real security and money-laundering risks.

If New York is serious about addressing bank redlining and meeting financial services needs, legislators should get squarely behind proposals to support community development financial institutions that exist to build individual and community wealth. The legislature should also press banks to comply with laws that require them to serve all communities equitably, within the bounds of safe and sound banking principles. We welcome the opportunity to work with New York legislators and others to address bank redlining and to pursue affirmative public policy solutions.

Consumer Reports believes that passage of this bill would put New Yorkers' financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State. We join with Community Equity Agenda, New Yorkers for Responsible Lending, and many community and legal services organizations in opposing this bill.

For more information, contact:

Chuck Bell, Programs Director

Consumer Reports

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LEGISLATIVE MEMO:

WE OPPOSE



Check Cashers Modernization Act

A.7393-A/De La Rosa-S.5423/Sepulvada

This bill is part and parcel of a larger plan to chip away at the longstanding protections in New York against abusive and misleading banking services. This bill should be read in conjunction with its former companion (A.6693-Crespo) and would begin the process of further legitimizing check cashers as a second class banking services option for poor, underbanked communities of color. It would also put window dressing on a predatory institution that would like to offer costly loan products that have proven harmful to working people, low-income citizens, and seniors. This bill is another attempt by the check cashing industry and other financial interests to legitimize their existence.

The bill would allow check cashers to cash increasingly higher face valued checks and expand the types of checks that may be cashed. To what end? It would also expedite and streamline certain licensing processes by “primary licensees” – thereby allowing a single entity to open several sites with less Department of Financial Services (DFS) oversight and regulation. This industry’s predatory business model in communities traditionally underserved by federally chartered banks and credit unions requires greater oversight, not less.

Our State already has a well-established financial services industry. Supporting and expanding the availability of credit unions, community development financial institutions (CDFIs) and public or community banks will truly help low-income citizens, working New Yorkers and senior citizens, and will benefit all communities. Opening the door for fringe check cashers to “modernize” by bypassing more stringent licensing prerequisites and oversight, and expanding their check cashing capacity increases this two-tiered financial services system and does not support the needs of poor, working class families and their communities. District Council 37 members and their families oppose any expansion or modernization of the check casher industry!

On behalf of the 125,000 members of District Council 37 and our 50,000 retirees, we urge your staunch opposition to this legislation.

May 1, 2019

Political Action and
Legislation Department

Wanda Williams
Director

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Memorandum in Opposition

Community Financial Services Access and Modernization Act of 2019 A.7393A/S.5423

Empire Justice Center strongly opposes A.7393(De La Rosa)/S.5423(Sepulveda). The bill would expand the role of check cashers in New York State without requiring more oversight. New York State should focus on promoting traditional, mainstream financial services to be provided in low-income and underserved communities rather than expanding the role of check cashers.

A.7393A/ S.5423 is not in the best interests of the public and fails to add value for consumers and communities. First, the bill requires the New York State Department of Financial Services (DFS) to expedite and streamline licensing applications with no justification for this special status and no added ability for DFS to ensure the safety and soundness of the industry. Second, the bill increases the allowable amount for checks that check cashers can cash from \$15,000 to \$20,000. New York State should be doing all it can to encourage unbanked citizens to become banked, rather than making it easier for fringe financial services to provide services in ways that are costlier to consumers. Third, the bill would allow check cashers to become lenders, by allowing them to cash post-dated checks. Check cashers are not licensed as lenders and nor do they have the oversight or regulation that is currently required for lenders. We are very concerned that this provision indicates an attempt by the industry to open the door to payday lending down the road in New York State, as the industry has advocated in prior years.

Check cashers' outlets tend to be concentrated in low-income neighborhoods and communities of color. In prior year's, this bill was part of a package of bills seeking special consideration for the check cashers' industry because their fringe financial services fill gaps left by mainstream banks. New York should be investing in and promoting regulated financial institutions. If New York is serious about addressing bank redlining and meeting financial services needs, legislators should introduce proposals that support community development financial institutions, community banks, credit unions and other traditional banking institutions that focus on building individual and community wealth, as well as provide basic financial

services. The legislature should also press banks to comply with laws that require them to serve all communities equitably,

For these reasons, Empire Justice strongly urges the New York State Legislature to reject A.7393A/ S.5423.

This memorandum was prepared by:

Kirsten E. Keefe

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June 2019



Genesee Co-op

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**We Oppose: "Community Financial Services Access and
Modernization Act of 2019"**

S.5423 (Sepúlveda) / A.7393A (De La Rosa)

The bill is part of an ongoing, concerted push to put the interests of the fringe financial services industry before the interests of New Yorkers and New York communities, undermining consumer protections and communities throughout the state. S.5423/A.7393A should be viewed alongside A.6693 (Crespo), an act to amend the banking law, in relation to conduit services. The two bills were initially presented together as a single bill, and are linked to a broader strategy to expand high-cost financial services in New York State.

The check-cashing industry has tried for years to obtain special carve-outs from New York's longstanding usury laws. It has sought licenses to directly make high-cost small business and consumer loans, and to broker, through vaguely defined "conduit services," high-cost loans and other unspecified products and services for out-of-state and federally-chartered banks. By expanding fringe financial services, S.5423/A.7393A could pave the way for widespread predatory practices throughout the state and further entrench our unfair two-tiered financial system. There has been no persuasive articulation as to how the public would benefit from expanding the check-cashing and licensing authority of fringe financial services companies. S.5423/A.7393A would require the NYS Department of Financial Services Superintendent to expedite and streamline certain licensing applications by so-called primary licensees, with no justification for this special status. The bill's provisions allowing expedited expansion of check-cashing branches would deprive DFS of the opportunity to obtain critical information and conduct due diligence regarding any proposed branch location(s).

The bill would remove much of DFS's discretion to evaluate check casher businesses and services provided. The bill would essentially give check cashers an automatic right to provide financial services other than check-cashing, whereas they currently cannot do so without approval from DFS. For example, the bill would severely hamper DFS's ability to screen check cashers before they could become licensed as money transmitters. This could create a particularly dangerous situation for New York's immigrant communities, which rely heavily on international remittances (a type of money transfer). In light of Trump's anti-immigrant, anti-consumer policies – including its threatened rollback of federal consumer protections for international remittances – the last thing New York should do is weaken state licensing requirements on money transmitters.

The bill would essentially allow check cashers to engage in prohibited lending activity, by allowing check cashers to cash post-dated checks. The bill would allow check cashers to make required disclosures only through their website, which would make it more difficult for New Yorkers to access this critical information, especially if they have limited or no Internet access, or limited-data plans. The bill would allow check cashers to "cash" a person's check in any form. For example, check cashers could provide part of the proceeds in the form of cash and part of the proceeds in the form of a prepaid card. There is nothing in the bill that would prevent check cashers from push-marketing costly prepaid cards. Finally, the bill would also increase the face value of cashable checks to \$20,000 and add to the types of checks for which there would be no limit on the face value. Such changes would offer no public benefit and create real security and money-laundering risks.

If New York is serious about addressing bank redlining and meeting financial services needs, legislators should get squarely behind proposals to support community development financial institutions that exist to build individual and community wealth. The legislature should also press banks to comply with laws that require them to serve all communities equitably, within the bounds of safe and sound banking principles. We welcome the opportunity to work with New York legislators and others to address bank redlining and to pursue affirmative public policy solutions.

GENESEE CO-OP FCU believes that passage of this bill would put New Yorkers' financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State. **For more information contact:** Melissa Marquez, CEO, Melissa@genesee.coop, 585-461-2230.



We Oppose: "Community Financial Services Access and Modernization Act of 2019"

S.5423 (Sepúlveda) / A.7393A (De La Rosa)

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Founded in 1892, the Hebrew Free Loan Society provides 0% interest, no-fee loans to low- and moderate-income New Yorkers. Over our 127-year history, we have lent over \$350 million to more than 875,000 New Yorkers. We now service a portfolio of nearly \$18 million in loans to over 2,000 borrowers. We are deeply familiar with the needs and circumstances of lower-income borrowers in New York.

The check-cashing industry has tried for years to obtain special carve-outs from New York's longstanding usury laws. It has sought licenses to directly make high-cost small business and consumer loans, and to broker, through vaguely defined "conduit services," high-cost loans and other unspecified products and services for out-of-state and federally-chartered banks. The industry is currently pushing A6693, which had been rolled into previous versions of this bill, and which would enable a dangerous end run around our usury laws. By expanding fringe financial services, S.5423/A.7393A could pave the way for widespread predatory practices throughout the state.

There has also been no persuasive articulation as to how the public would benefit from expanding the check-cashing and licensing authority of fringe financial services companies. S.5423/A.7393A would require the NYS Department of Financial Services Superintendent to expedite and streamline certain licensing applications by so-called primary licensees, with no justification for this special status. The bill would also increase the face value of cashable checks to \$20,000 and add to the types of checks for which there would be no limit on the face value. Such changes would offer no public benefit and create real security and money-laundering risks.

With their outlets most concentrated in low-income neighborhoods and communities of color, New York's check cashers have sought to convince legislators that they somehow deserve special consideration because their fringe financial services fill gaps left by mainstream banks. This is a flawed and false rationale.

If New York is serious about addressing bank redlining and meeting financial services needs, legislators should get squarely behind proposals to support community development financial institutions that exist to build individual and community wealth. The legislature should also press banks to comply with laws that require them to serve all communities equitably, within the bounds of safe and sound banking principles. We welcome the opportunity to work with New York legislators and others to address bank redlining and to pursue affirmative public policy solutions.

The Hebrew Free Loan Society believes that passage of this bill would put New Yorkers' financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State.

For more information contact: Rabbi David Rosenn, Executive Director at 212-687-0189 or drosenn@hfls.org





We Oppose: "Community Financial Services Access and Modernization Act of 2019"

S.5423 (Sepúlveda) / A.7393A (De La Rosa)

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The bill would remove much of DFS's discretion to evaluate check casher businesses and services provided. The bill would essentially give check cashers an automatic right to provide financial services other than check-cashing, whereas they currently cannot do so without approval from DFS. For example, the bill would severely hamper DFS's ability to screen check cashers before they could become licensed as money transmitters. This could create a particularly dangerous situation for New York's immigrant communities, which rely heavily on international remittances (a type of money transfer). In light of Trump's anti-immigrant, anti-consumer policies – including its threatened rollback of federal consumer protections for international remittances – the last thing New York should do is weaken state licensing requirements on money transmitters.

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If New York is serious about addressing bank redlining and meeting financial services needs, legislators should get squarely behind proposals to support community development financial institutions that exist to build individual and community wealth. The legislature should also press



banks to comply with laws that require them to serve all communities equitably, within the bounds of safe and sound banking principles. We welcome the opportunity to work with New York legislators and others to address bank redlining and to pursue affirmative public policy solutions.

Inclusiv believes that passage of this bill would put New Yorkers' financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State.

For more information contact:

Cathi Kim

212-809-1850

ckim@inclusiv.org

We Oppose: “Community Financial Services Access and Modernization Act of 2019”

S.5423 (Sepúlveda) / A.7393A (De La Rosa)

Proud to be the go-to agency
for older New Yorkers.

The bill is part of an ongoing, concerted push to put the interests of the fringe financial services industry before the interests of New Yorkers and New York communities, undermining consumer protections and communities throughout the state. S.5423/A.7393A should be viewed alongside A.6693 (Crespo), an act to amend the banking law, in relation to conduit services. The two bills were initially presented together as a single bill, and are linked to a broader strategy to expand high-cost financial services in New York State.

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If New York wishes to address bank redlining and meet financial service needs, legislators should support proposals to support community development financial institutions that exist to build individual and community wealth. The legislature should also press banks to comply with laws that require them to serve all communities equitably, within the bounds of safe and sound banking principles.

JASA/Legal Services for Elder Justice believes that passage of this bill would put New Yorkers’ financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State.

For more information contact: Donna Dougherty 718-286-1515 ddougherty@jasa.org

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May 23, 2019

Memorandum Concerning “Community Financial Services Access and Modernization Act of 2019”

S.5423 (Sepúlveda) / A.7393A (De La Rosa)

The bill is part of an ongoing push to put the interests of the fringe financial services industry before the interests of New Yorkers and New York communities, undermining consumer protections and communities throughout the state. S.5423/A.7393A should be considered in tandem with A.6693 (Crespo), an act to amend the banking law, in relation to conduit services. The two bills were initially presented together as a single bill, and are linked to a broader strategy to expand high-cost financial services in New York State.

Legal Services NYC is a preeminent provider of innovative civil legal services, serving low-income New York City residents since 1968. Through a broad range of legal advocacy and education, LSNYC works to advance the interests of our clients and create systemic changes that strengthen and protect New York City communities. LSNYC handled nearly 55,000 cases last year, helping more than 126,000 people with a wide variety of legal issues in such areas as housing, consumer, employment, unemployment, income tax, pension, family and domestic violence, disability and HIV, education, and foreclosure law. LSNYC’s staff has a long and productive history of working collaboratively with community-based organizations in the neighborhoods we serve, thereby increasing our impact and providing comprehensive services to NYC communities.

The check-cashing industry has tried for years to obtain special carve-outs from New York’s longstanding usury laws. It has sought licenses to directly make high-cost small business and consumer loans, and to broker, through vaguely defined “conduit services,” high-cost loans and other unspecified products and services for out-of-state and federally-chartered banks. The industry is currently pushing A6693, which had been rolled into previous versions of this bill, and which would enable a dangerous end run around New York’s vitally-important usury laws. By expanding fringe financial services, S.5423/A.7393A could pave the way for widespread predatory practices throughout the state.

There has also been no showing how the public would benefit from expanding the check-cashing and licensing authority of fringe financial services companies. S.5423/A.7393A would require the NYS Department of Financial Services Superintendent to expedite and streamline certain licensing applications by so-called primary licensees, with no justification for this special status. The bill would also increase the face value of cashable checks to \$20,000 and add to the types of checks for which there would be no limit on face value. Such changes would offer no public benefit and create real security and money-laundering risks.

**Jacob Inwald, Director of Foreclosure Prevention
Legal Services NYC, Legal Support Unit**

40 Worth Street, Suite 606, New York, NY 10013

Direct Phone: 646-442-3634 Facsimile: 646-442-3645 e-mail: jinwald@lsnyc.org www.LegalServicesNYC.org

Raun J. Rasmussen, Executive Director, **Susan L. Kohlmann**, Board Chair



With their outlets most concentrated in low-income neighborhoods and communities of color, New York's check cashers seek special consideration because their fringe financial

services fill gaps left by mainstream banks. This is a flawed and false rationale. In reality, these businesses have only been able to thrive in low-income communities, immigrant communities, and communities of color by preying on New Yorkers who lack access to mainstream financial services.

New York can address bank redlining and better meet financial services needs by supporting community development financial institutions that promote building individual and community wealth which *already* exist. Rigorous enforcement of laws that require banks to serve all communities equitably, within the bounds of safe and sound banking principles, would also be a far-less dangerous way of addressing unmet financial services needs in vulnerable communities than would permitting fringe financial services to expand their reach with predatory products.

Legal Services NYC believes that S.5423/A.7393A would put New Yorkers' financial security in jeopardy. With threats at the federal level to consumer protections, this is an especially inadvisable time to dilute New York State's protections against predatory financial services products.

For more information contact: Jacob Inwald, jinwald@lsnyc.org or 646-442-3634.

Jacob Inwald, Director of Foreclosure Prevention
Legal Services NYC, Legal Support Unit

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Direct Phone: 646-442-3634 Facsimile: 646-442-3645 e-mail: jinwald@lsnyc.org www.LegalServicesNYC.org

Raun J. Rasmussen, Executive Director, **Susan L. Kohlmann**, Board Chair





Long Island Housing Services, Inc.

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We Oppose: "Community Financial Services Access and Modernization Act of 2019"

S.5423 (Sepúlveda) / A.7393A (De La Rosa)

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Long Island Housing Services, Inc. is a 50-year-old civil rights, fair housing nonprofit serving Nassau and Suffolk counties.

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If New York is serious about addressing bank redlining and meeting financial services needs, legislators should get squarely behind proposals to support community development financial institutions that exist to build individual and community wealth. The legislature should also press banks to comply with laws that require them to serve all communities equitably, within the bounds of safe and sound banking principles. We welcome the opportunity to work with New York legislators and others to address bank redlining and to pursue affirmative public policy solutions.

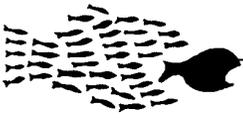
Long Island Housing Services, Inc. believes that passage of this bill would put New Yorkers' financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State.

For more information contact: Ian Wilder, Esq. at 631-567-5111 or Ian@LIFairHousing.org

***Our mission is the elimination of unlawful housing discrimination
and promotion of decent and affordable housing through advocacy and education.***



**A 501(c)(3) nonprofit
Fair Housing agency**



To Whom It May Concern:

We Oppose: "Community Financial Services Access and Modernization Act of 2019"
S.5423 (Sepúlveda) / A.7393A (De La Rosa)

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If New York is serious about addressing bank redlining and meeting financial services needs, legislators should get squarely behind proposals to support community development financial institutions that exist to build individual and community wealth. The legislature should also press banks to comply with laws that require them to serve all communities equitably, within the bounds of safe and sound banking principles. We welcome the opportunity to work with New York legislators and others to address bank redlining and to pursue affirmative public policy solutions.

The Long Island Progressive Coalition, Inc. (LIPC) is a grassroots community-based organization dedicated to promoting sustainable development, revitalizing local communities, enhancing human dignity, creating effective democracy, and achieving economic, social and racial justice. We believe that passage of this bill would put New Yorkers' financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State.

Yours truly,
Dr. David Sprintzen
Secretary

For more information contact: Dr. David Sprintzen, 516-364-2178, dsprintz@liu.edu



We Oppose: "Community Financial Services Access and Modernization Act of 2019"

S.5423 (Sepúlveda) / A.7393A (De La Rosa)

The bill is part of an ongoing, concerted push to put the interests of the fringe financial services industry before the interests of New Yorkers and New York communities, undermining consumer protections and communities throughout the state. S.5423/A.7393A should be viewed alongside A.6693 (Crespo), an act to amend the banking law, in relation to conduit services. The two bills were initially presented together as a single bill, and are linked to a broader strategy to expand high-cost financial services in New York State.

The Lower East Side People's Federal Credit Union (LES People's) is a \$55 million community development credit union in New York City. Chartered in 1986, the credit union currently has branches in New York's Lower East Side, East Harlem, and Staten Island, and serves any low income person in the five boroughs.

In addition to a full range of financial services, the credit union provides consumer loans, micro enterprise and small business loans, and mortgages. We have a particular niche of lending to low income financial cooperatives, which maintains affordable housing in New York City. Since our inception, we have loaned over \$100 million to our members in New York's neediest neighborhoods.

The check-cashing industry has tried for years to obtain special carve-outs from New York's longstanding usury laws. It has sought licenses to directly make high-cost small business and consumer loans, and to broker, through vaguely defined "conduit services," high-cost loans and other unspecified products and services for out-of-state and federally-chartered banks. The industry is currently pushing A6693, which had been rolled into previous versions of this bill, and which would enable a dangerous end run around our usury laws. By expanding fringe financial services, S.5423/A.7393A could pave the way for widespread predatory practices throughout the state.

There has also been no persuasive articulation as to how the public would benefit from expanding the check-cashing and licensing authority of fringe financial services companies. S.5423/A.7393A would require the NYS Department of Financial Services Superintendent to expedite and streamline certain licensing applications by so-called primary licensees, with no justification for this special status. The bill would also increase the face value of cashable checks to \$20,000 and add to the types of checks for which there would be no limit on the face value. Such changes would offer no public benefit and create real security and money-laundering risks.

With their outlets most concentrated in low-income neighborhoods and communities of color, New York's check cashers have sought to convince legislators that they somehow deserve special consideration because their fringe financial services fill gaps left by mainstream banks. This is a flawed and false rationale. In reality, these businesses have only been able to thrive in low-income communities, immigrant communities, and communities of color by preying on New Yorkers who lack access to mainstream financial services.

If New York is serious about addressing bank redlining and meeting financial services needs, legislators should get squarely behind proposals to support community development financial institutions that exist to build individual



and community wealth. The legislature should also press banks to comply with laws that require them to serve all communities equitably, within the bounds of safe and sound banking principles. We welcome the opportunity to work with New York legislators and others to address bank redlining and to pursue affirmative public policy solutions.

Lower East Side People's FCU believes that passage of this bill would put New Yorkers' financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State.

For more information contact: Maureen Genna, 212-529-8197, mgenna@lespfcu.org



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We Oppose: "Community Financial Services Access and Modernization Act of 2019"

S.5423 (Sepúlveda) / A.7393A (De La Rosa)

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Mobilization for Justice (MFJ) envisions a society in which there is equal justice for all. Our mission is to achieve social justice, prioritizing the needs of people who are low-income, disenfranchised or have disabilities. We do this through providing the highest quality direct civil legal assistance, providing community education, entering into partnerships, engaging in policy advocacy, and bringing impact litigation. We assist more than 10,000 New Yorkers each year, benefitting over 25,000. MFJ's Consumer Rights Project provides advice, counsel and representation to low-income New Yorkers on consumer problems, including issues related to student loans.

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welcome the opportunity to work with New York legislators and others to address bank redlining and to pursue affirmative public policy solutions.

MFJ believes that passage of this bill would put New Yorkers' financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State.

For more information contact: Ariana Linder Mayer at 212-417-3742, alindermayer@mfjlegal.org.

LEGISLATIVE MEMO:

WE OPPOSE



"Community Financial Services Access and Modernization Act of 2019"

S.5423 (Sepúlveda) / A.7393A (De La Rosa)

The bill is part of an ongoing, concerted push to put the interests of the fringe financial services industry before the interests of New Yorkers and New York communities, undermining consumer protections and communities throughout the state.

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The two bills were initially presented together as a single bill, and are linked to a broader strategy to expand high-cost financial services in New York State.

The check-cashing industry has tried for years to obtain special carve-outs from New York's longstanding usury laws. It has sought licenses to directly make high-cost small business and consumer loans, and to broker, through vaguely defined "conduit services," high-cost loans and other unspecified products and services for out-of-state and federally-chartered banks. By expanding fringe financial services, S.5423/A.7393A could pave the way for widespread predatory practices throughout the state and further entrench our unfair two-tiered financial system.

There has been no persuasive articulation as to how the public would benefit from expanding the check-cashing and licensing authority of fringe financial services companies. S.5423/A.7393A would require the NYS Department of Financial Services Superintendent to expedite and streamline certain licensing applications by so-called primary licensees, with no justification for this special status. The bill's provisions allowing expedited expansion of check-cashing branches would deprive DFS of the opportunity to obtain critical information and conduct due diligence regarding any proposed branch location(s).

The bill would remove much of DFS's discretion to evaluate check casher businesses and services provided. The bill would essentially give check cashers an automatic right to provide financial services other than check-cashing, whereas they currently cannot do so without approval from DFS. For example, the bill would severely hamper DFS's ability to screen check cashers before they could become licensed as money transmitters. This could create a particularly dangerous situation for New York's immigrant communities, which rely heavily on international remittances (a type of money transfer). In light of Trump's anti-immigrant, anti-consumer policies – including its threatened rollback of federal consumer protections for international remittances – the last thing New York should do is weaken state licensing requirements on money transmitters.

The bill would essentially allow check cashers to engage in prohibited lending activity, by allowing check cashers to cash post-dated checks. The bill would allow check cashers to make required disclosures only through their website, which would make it more difficult for New Yorkers to access this critical information, especially if they have limited or no Internet access, or limited-data plans. The bill would allow check cashers to "cash" a person's check in any form. For example, check cashers could provide part of the proceeds in the form of cash and part of the proceeds in the form of a prepaid card. There is nothing in the bill that would prevent check cashers from push-marketing costly prepaid cards. Finally, the bill would also increase the face value of cashable checks to \$20,000 and add to the types of checks for which there would be no limit on the face value. Such changes would offer no public benefit and create real security and money-laundering risks.

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New Economy Project believes that passage of this bill would put New Yorkers' financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State. **For more information, please contact Andy Morrison at 212-680-511 ext. 210, andy@neweconomyproject.org.**



We Oppose: "Community Financial Services Access and Modernization Act of 2019"

S.5423 (Sepúlveda) / A.7393A (De La Rosa)

The bill is part of an ongoing, concerted push to put the interests of the fringe financial services industry before the interests of New Yorkers and New York communities, undermining consumer protections and communities throughout the state. S.5423/A.7393A should be viewed alongside A.6693 (Crespo), an act to amend the banking law, in relation to conduit services. The two bills were initially presented together as a single bill, and are linked to a broader strategy to expand high-cost financial services in New York State.

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There has been no persuasive articulation as to how the public would benefit from expanding the check-cashing and licensing authority of fringe financial services companies. S.5423/A.7393A would require the NYS Department of Financial Services Superintendent to expedite and streamline certain licensing applications by so-called primary licensees, with no justification for this special status. The bill's provisions allowing expedited expansion of check-cashing branches would deprive DFS of the opportunity to obtain critical information and conduct due diligence regarding any proposed branch location(s).

The bill would remove much of DFS's discretion to evaluate check casher businesses and services provided. The bill would essentially give check cashers an automatic right to provide financial services other than check-cashing, whereas they currently cannot do so without approval from DFS. For example, the bill would severely hamper DFS's ability to screen check cashers before they could become licensed as money transmitters. This could create a particularly dangerous situation for New York's immigrant communities, which rely heavily on international remittances (a type of money transfer). In light of Trump's anti-immigrant, anti-consumer policies – including its threatened rollback of federal consumer protections for international remittances – the last thing New York should do is weaken state licensing requirements on money transmitters.

The bill would essentially allow check cashers to engage in prohibited lending activity, by allowing check cashers to cash post-dated checks. The bill would allow check cashers to make required disclosures only through their website, which would make it more difficult for New Yorkers to access this critical information, especially if they have limited or no Internet access, or limited-data plans. The bill would allow check cashers to "cash" a person's check in any form. For example, check cashers could provide part of the proceeds in the form of cash and part of the proceeds in the form of a prepaid card. There is nothing in the bill that would prevent check cashers from push-marketing costly prepaid cards. Finally, the bill would also increase the face value of cashable checks to \$20,000 and add to the types of checks for which there would be no limit on the face value. Such changes would offer no public benefit and create real security and money-laundering risks.

If New York is serious about addressing bank redlining and meeting financial services needs, legislators should get squarely behind proposals to support community development financial institutions that exist to build individual and community wealth. The legislature should also press banks to comply with laws that require them to serve all communities equitably, within the bounds of safe and sound banking principles. We welcome the opportunity to work with New York legislators and others to address bank redlining and to pursue affirmative public policy solutions.

New York Communities for Change believes that passage of this bill would put New Yorkers' financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State.



OPPOSITION: “COMMUNITY FINANCIAL SERVICES ACCESS AND MODERNIZATION ACT OF 2019”

S.5423 (SEPÚLVEDA) / A.7393A (DE LA ROSA)

The bill is part of an ongoing, concerted push to put the interests of the predatory financial services industry before the interests of New Yorkers and New York communities, undermining consumer protections and communities throughout the state. S.5423/A.7393A should be viewed alongside A.6693 (Crespo), an act to amend the banking law, in relation to conduit services. The two bills were initially presented together as a single bill, and are linked to a broader strategy to expand high-cost financial services in New York State.

The check-cashing industry has tried for years to obtain special carve-outs from New York’s longstanding usury laws. It has sought licenses to directly make high-cost small business and consumer loans, and to broker, through vaguely defined “conduit services,” high-cost loans and other unspecified products and services for out-of-state and federally-chartered banks. By expanding fringe financial services, S.5423/A.7393A could pave the way for widespread predatory practices throughout the state and further entrench our unfair two-tiered financial system.

There has been no persuasive articulation as to how the public would benefit from expanding the check-cashing and licensing authority of fringe financial services companies. S.5423/A.7393A would require the NYS Department of Financial Services Superintendent to expedite and streamline certain licensing applications by so-called primary licensees, with no justification for this special status. The bill’s provisions allowing expedited expansion of check-cashing branches would deprive DFS of the opportunity to obtain critical information and conduct due diligence regarding any proposed branch location(s).

The bill would remove much of DFS’s discretion to evaluate check casher businesses and services provided. The bill would essentially give check cashers an automatic right to provide financial services other than check-cashing, whereas they currently cannot do so without approval from DFS. For example, the bill would severely hamper DFS’s ability to screen check cashers before they could become licensed as money transmitters. This could create a particularly dangerous situation for New York’s immigrant communities, which rely heavily on

international remittances (a type of money transfer). In light of Trump's anti-immigrant, anti-consumer policies – including its threatened rollback of federal consumer protections for international remittances – the last thing New York should do is weaken state licensing requirements on money transmitters.

The bill would essentially allow check cashers to engage in prohibited lending activity, by allowing check cashers to cash post-dated checks. The bill would allow check cashers to make required disclosures only through their website, which would make it more difficult for New Yorkers to access this critical information, especially if they have limited or no Internet access, or limited-data plans. The bill would allow check cashers to "cash" a person's check in any form. For example, check cashers could provide part of the proceeds in the form of cash and part of the proceeds in the form of a prepaid card. There is nothing in the bill that would prevent check cashers from push-marketing costly prepaid cards. Finally, the bill would also increase the face value of cashable checks to \$20,000 and add to the types of checks for which there would be no limit on the face value. Such changes would offer no public benefit and create real security and money-laundering risks.

If New York is serious about addressing bank redlining and meeting financial services needs, legislators should get squarely behind proposals to support community development financial institutions that exist to build individual and community wealth. The legislature should also press banks to comply with laws that require them to serve all communities equitably, within the bounds of safe and sound banking principles. We welcome the opportunity to work with New York legislators and others to address bank redlining and to pursue affirmative public policy solutions.

New York Working Families believes that passage of this bill would put New Yorkers' financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State.

For more information contact: Stephan Edel sedel@WorkingFamilies.org



Memorandum of Opposition to A.7393A and S.5423

“Community Financial Services Access and Modernization Act of 2019”

STATEMENT OF OPPOSITION: New Yorkers for Responsible Lending is a statewide coalition of over 160 community, consumer, labor, legal services, senior and financial justice organizations. The bill is part of an ongoing, concerted push to put the interests of the fringe financial services industry before the interests of New Yorkers and New York communities, undermining consumer protections and communities throughout the state. S.5423/A.7393A should be viewed alongside A.6693 (Crespo), an act to amend the banking law, in relation to conduit services. The two bills were initially presented together as a single bill, and are linked to a broader strategy to expand high-cost financial services in New York State.

The check-cashing industry has tried for years to obtain special carve-outs from New York’s longstanding usury laws. It has sought licenses to directly make high-cost small business and consumer loans, and to broker, through vaguely defined “conduit services,” high-cost loans and other unspecified products and services for out-of-state and federally-chartered banks. By expanding fringe financial services, S.5423/A.7393A could pave the way for widespread predatory practices throughout the state and further entrench our unfair two-tiered financial system.

There has been no persuasive articulation as to how the public would benefit from expanding the check-cashing and licensing authority of fringe financial services companies. S.5423/A.7393A would require the NYS Department of Financial Services Superintendent to expedite and streamline certain licensing applications by so-called primary licensees, with no justification for this special status. The bill's provisions allowing expedited expansion of check-cashing branches would deprive DFS of the opportunity to obtain critical information and conduct due diligence regarding any proposed branch location(s).

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The bill would essentially allow check cashers to engage in prohibited lending activity, by allowing check cashers to cash post-dated checks. The bill would allow check cashers to make required disclosures only through their website, which would make it more difficult for New Yorkers to access this critical information, especially if they have limited or no Internet access, or limited-data plans. The bill would allow check cashers to “cash” a person's check in any form. For example, check cashers could provide part of the proceeds in the form of cash and part of the proceeds in the form of a prepaid card. There is nothing in the bill that would prevent check cashers from push-marketing costly prepaid cards. Finally, the bill would also increase the face value of cashable checks to \$20,000 and add to the types of checks for which there would be no limit on the face value. Such changes would offer no public benefit and create real security and money-laundering risks.

If New York is serious about addressing bank redlining and meeting financial services needs, legislators should get squarely behind proposals to support community development financial institutions that exist to build individual and community wealth. The legislature should also press banks to comply with laws that require them to serve all communities equitably, within the bounds of safe and sound banking principles. We welcome the opportunity to work with New York legislators and others to address bank redlining and to pursue affirmative public policy solutions.

New Yorkers for Responsible Lending believes that passage of this bill would put New Yorkers’ financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State.



We Oppose: “Community Financial Services Access and Modernization Act of 2019”

S.5423 (Sepúlveda) / A.7393A (De La Rosa)

The bill would put the interests of a small group of financial services industry interests over the interests of regular New Yorkers, undermining consumer protections and communities throughout the state.

S.5423/A.7393A should be viewed alongside A.6693 (Crespo), an act to amend the banking law, in relation to conduit services. The two bills were initially presented together as a single bill, and are linked to a broader strategy to expand high-cost financial services in New York State.

The check-cashing industry has tried for years to obtain special carve-outs from New York’s longstanding usury laws. It has sought licenses to directly make high-cost small business and consumer loans, and to broker, through vaguely defined “conduit services,” high-cost loans and other unspecified products and services for out-of-state and federally-chartered banks.

By expanding fringe financial services, S.5423/A.7393A could pave the way for widespread predatory practices throughout the state and further entrench our unfair two-tiered financial system.

The public will not benefit from expanding the check-cashing and licensing authority of fringe financial services companies. S.5423/A.7393A would require the NYS Department of Financial Services Superintendent to expedite and streamline certain licensing applications by so-called primary licensees, with no justification for this special status. The bill's provisions allowing expedited expansion of check-cashing branches would deprive DFS of the opportunity to obtain critical information and conduct due diligence regarding any proposed branch location(s).

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The Strong Economy For All Coalition believes that passage of this bill would put New Yorkers' financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State.

For more information contact: Michael Kink michael.kink@strongforall.org



June 18, 2019

**Consumer Justice for the Elderly:
Litigation Clinic**
Professor Ann Goldweber, Director
Professor Gina Calabrese
Associate Director,
St. Vincent de Paul Legal Program, Inc.
St. John's University
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8000 Utopia Parkway
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MEMORANDUM IN OPPOSITION

**We Oppose: "Community Financial Services Access and Modernization Act of 2019"
S.5423 (Sepúlveda) / A.7393A (De La Rosa)**

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Consumer Justice for the Elderly: Litigation Clinic is an in-house, live-client Clinic at St. John's Law School. Law students represent low-income residents of Queens who are 55 or older in actual cases involving foreclosure, debt collectors, consumer protection, and home improvement contractor fraud. Many of our clients are people of color and immigrants. All of our clients are financially distressed and increasingly the targets of unscrupulous businesses who offer onerous loans and other deceptive financial products that falsely promise financial relief.

The check-cashing industry has tried for years to obtain special carve-outs from New York's longstanding usury laws. It has sought licenses to directly make high-cost small business and consumer loans, and to broker, through vaguely defined "conduit services," high-cost loans and other unspecified products and services for out-of-state and federally-chartered banks. The industry is currently pushing A6693, which had been rolled into previous versions of this bill, and which would enable a dangerous end run around our usury laws. By expanding fringe financial services, S.5423/A.7393A could pave the way for widespread predatory practices throughout the state.

There has also been no persuasive articulation as to how the public would benefit from expanding the check-cashing and licensing authority of fringe financial services companies. S.5423/A.7393A would require the NYS Department of Financial Services Superintendent to expedite and streamline certain licensing applications by so-called primary licensees, with no justification for this special status. The bill would also increase the face value of cashable checks to \$20,000 and add to the types of checks for which there would be no limit on the face value. Such changes would offer no public benefit and create real security and money-laundering risks.

With their outlets most concentrated in low-income neighborhoods and communities of color, New York's check cashers have sought to convince legislators that they somehow deserve special consideration because their fringe financial services

fill gaps left by mainstream banks. This is a flawed and false rationale. In reality, these businesses have only been able to thrive in low-income communities, immigrant communities, and communities of color by preying on New Yorkers who lack access to mainstream financial services.

If New York is serious about addressing bank redlining and meeting financial services needs, legislators should get squarely behind proposals to support community development financial institutions that exist to build individual and community wealth. The legislature should also press banks to comply with laws that require them to serve all communities equitably, within the bounds of safe and sound banking principles. We welcome the opportunity to work with New York legislators and others to address bank redlining and to pursue affirmative public policy solutions.

Consumer Justice for the Elderly: Litigation Clinic believes that passage of this bill would put older, New Yorkers' financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State.

For more information contact: Gina M. Calabrese – 718-990-1848 – calabreg@stjohns.edu



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S.5423 (Sepúlveda) / A.7393A (De La Rosa)

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The mission of the Western New York Law Center (Law Center) is to serve community members of Western New York relating to housing, banking, and consumer debt issues. In order to fulfill this mission, the Law Center engages in research and advocacy for policy and solutions to issues directly impacting low to moderate income communities regarding their financial wellbeing. This includes but is not limited to representing homeowners in the foreclosure process, finding solutions for vacant and abandoned homes, and advocating for better banking access to traditionally underserved populations. The Law Center believes in community based solutions that ensure the rights and wellbeing of community members are protected.

The check-cashing industry has tried for years to obtain special carve-outs from New York's longstanding usury laws. It has sought licenses to directly make high-cost small business and consumer loans, and to broker, through vaguely defined "conduit services," high-cost loans and other unspecified products and services for out-of-state and federally-chartered banks. The industry is currently pushing A6693, which had been rolled into previous versions of this bill, and which would enable a dangerous end run around our usury laws. By expanding fringe financial services, S.5423/A.7393A could pave the way for widespread predatory practices throughout the state.

There has also been no persuasive articulation as to how the public would benefit from expanding the check-cashing and licensing authority of fringe financial services companies. S.5423/A.7393A would require the NYS Department of Financial Services Superintendent to expedite and streamline certain licensing applications by so-called primary licensees, with no justification for this special status. The bill would also increase the face value of cashable checks to \$20,000 and add to the types of checks for which there would be no limit on the face value. Such changes would offer no public benefit and create real security and money-laundering risks.

With their outlets most concentrated in low-income neighborhoods and communities of color, New York's check cashers have sought to convince legislators that they somehow deserve special consideration because their fringe financial services fill gaps left by mainstream banks. This is a flawed and false rationale. In reality, these businesses have only been able to thrive in low-income communities, immigrant communities, and communities of color by preying on New Yorkers who lack access to mainstream financial services.

If New York is serious about addressing bank redlining and meeting financial services needs, legislators should get squarely behind proposals to support community development financial institutions that exist to build individual and community wealth. The legislature should also press banks to comply with laws that require them to serve all communities equitably, within the bounds of safe and sound banking principles. We welcome the opportunity to work with New York legislators and others to address bank redlining and to pursue affirmative public policy solutions.



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The Law Center believes that passage of this bill would put New Yorkers' financial security in jeopardy. Considering the political climate, and threats to consumer protection at the federal level, this is an especially inadvisable time to weaken or thwart what we have fought so hard for in New York State.

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