



Long Island Housing Services, Inc.

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www.LIFairHousing.org

Protecting Civil Rights for Long Islanders since 1969



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

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.

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**

