



Long Island Housing Services, Inc.

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Protecting Civil Rights for Long Islanders since 1969

Long Island
celebrates the



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of the
Fair Housing Act

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A 501(c)(3) nonprofit
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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.

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

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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.

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