



# 2018 ANNUAL REPORT

New York State Assembly

**Carl E. Heastie**

*Speaker*

*Committee on*

**Banks**

**Kenneth P. Zebrowski**

*Chair*





THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

CHAIRMAN  
Committee on Banking

COMMITTEES  
Codes  
Ethics and Guidance  
Government Employees  
Judiciary  
Labor

KENNETH P. ZEBROWSKI  
Assemblyman 96<sup>th</sup> District  
Rockland County

December 15, 2018

The Honorable Carl E. Heastie  
Speaker of the Assembly  
State Capitol, Room 349  
Albany, NY 12248

Dear Speaker Heastie:

I am pleased to submit the 2018 Annual Report for the Assembly Standing Committee on Banks. Included herein are details of the Committee's 2018 legislative work, other initiatives undertaken during the year, and important developments since the close of session. Additionally, you will find the Committee's outlook for the 2019 legislative session where we will continue to protect consumers' financial interests and rights while helping to improve and grow the banking industry across the State.

The Banks Committee made significant progress during the 2018 session, reporting legislation that aimed to maintain and enhance the vitality of our State's financial industry, expand the banking development district program, address the student loan debt crisis, increase access for consumers in under-banked communities, and to maintain sound operations within the industry.

The Committee's significant accomplishments in 2018 include setting standards for student debt consultants operating in the State, increasing disclosure to consumers on issues such as ATM skimming, mortgage lending, and joint deposits and convenience accounts, along with expanding the banking development district program to include low-income credit unions.

I want to thank my fellow members of the Assembly Banks Committee for all the time and work they have put in to serving the interests of the residents of our State. I would also like to thank the hard work and dedication of our Committee staff. Mr. Speaker, I greatly appreciate your leadership and collaboration, and look forward to a productive session in 2019.

Sincerely,

Kenneth P Zebrowski, Chair  
Assembly Banks Committee

**2018 ANNUAL REPORT  
NEW YORK STATE ASSEMBLY  
STANDING COMMITTEE ON BANKS**

**Kenneth P. Zebrowski**  
Chair

**Banks Committee Members**

**Majority**

N. Nick Perry  
William Magee  
Peter J. Abbate, Jr.  
Michael Miller  
David Weprin  
Robert Rodriguez  
Sean Ryan  
Walter T. Mosley  
Rodneyse Bichotte  
Michael Blake  
Kimberly Jean-Pierre  
Rebecca Seawright  
Diana Richardson  
Inez Dickens  
Carmen De La Rosa  
Clyde Vanel  
Tremaine Wright  
Yuh-Line Niou  
Christine Pellegrino  
Al Taylor  
Brian Barnwell  
Steve Stern

**Minority**

Kieran Michael Lalor  
Gary Finch  
Andrew P. Raia  
Brian Curran  
Nicole Malliotakis  
Ronald Castorina, Jr.  
Kevin Byrne  
John K. Mikulin

**Staff**

Aaron Suggs, Assistant Secretary for Program and Policy  
Teri Kleinmann, Associate Counsel  
Peter Hoffman, Analyst  
Daniel Gordon, Committee Assistant  
Kimberly Giordano, Committee Clerk  
Dawn Fowler, Program and Counsel Secretary

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## **I. Introduction**

The New York State Assembly Standing Committee on Banks was established in order to review and initiate legislation that affects financial institutions that operate in New York State. The Committee's statutory purview includes the Banking Law, the General Obligations Law, the Uniform Commercial Code, and the Personal Property Law. Entities under the Banking Law jurisdiction include banks, credit unions, savings banks, savings and loan associations, licensed lenders, licensed cashers of checks, money transmitters, trust companies, safe deposit companies, bank holding companies, sales finance companies, budget planners, mortgage brokers, mortgage bankers, insurance premium finance agencies, and foreign and private banks. Other entities that engage with NY customers in a financial capacity may also fall within NY State law and the Banking Committee's purview. The bills within the Banks Committee address a broad range of banking concerns, from both the industry and consumers, including maintaining the competitive balance among financial institutions, protecting customers' interests, providing housing finance, and modifying banking regulations and administration.

During the 2018 legislative session, 89 bills were considered by the Banks Committee. Of these bills, 14 were reported favorably by our committee, 9 passed the Assembly, 3 were signed into law and no bills were vetoed.

## **II. Major Issues of 2018**

### **Industry Issues**

#### **State and Local Deposits**

##### **A.2881-B (Brindisi) / S.2420-B (Griffo)**

This bill would allow state-chartered banking institutions to use domestic bonds that are rated in the four highest rating categories as collateral to secure New York State municipal deposits. Current law allows banks to use only the two highest bond rating categories. This change allows banks access to a wider sector of the bond market to secure municipal deposits without sacrificing the security of the collateral.

#### *Chapter 424 of 2018*

#### **Low-Income Credit Unions**

##### **A.10232 (Jean-Pierre) / S.7100 (Kavanagh)**

This bill would include low-income credit unions in the state's Banking Development District program in cities with a population of one million or more. Adding state low-income credit unions (as defined in the Banking Law), and any federal credit union designated as low-income by the National Credit Union Administration, to the BDD program increases the availability of banking and affordable financial services in areas where there is a demonstrated need for such services.

#### *3rd Reading*

#### **Convenience Banking Accounts**

##### **A.10905 (Lupardo) / S.6650 (Serino)**

This bill would establish a public awareness campaign in order to educate consumers about the banking services available in the State that can help vulnerable adults with financial planning, such as joint accounts and convenience accounts.

#### *Passed Both Houses*

## **Regulatory Issues**

### **DFS Hotline Posting**

**A.3389 (Ortiz) / S.2938 (Hamilton)**

This bill would require banking institutions to publicly and conspicuously post notice of the DFS toll-free consumer hotline telephone number where consumers may file complaints if they are unsatisfied with a bank's services.

*Passed Assembly*

### **Mortgage Bill of Rights**

**A.3322-B (Miller, MG)**

This bill would require the Superintendent of the Department of Financial Services to create a pamphlet, in the six most common languages spoken in New York State, with information to help applicants for residential mortgages understand their rights. Such pamphlet would be posted on the Department's website and distributed to licensed lenders and banking institutions throughout the State that offer residential mortgage services.

*3rd Reading*

### **Fees on Inactive Accounts**

**A.7740 (Zebrowski) / S.7153 (Kennedy)**

This bill would require financial institutions, including any bank, trust company, savings bank, savings and loan association, credit union, mortgage broker, mortgage banker, or other investment entity, to notify customers in writing thirty days prior to charging a fee for account inactivity.

*3rd Reading*

### **Basic Account Withdrawal Increase for 65+**

**A.7617 (Zebrowski) / S.2452 (Hamilton)**

This bill would to increase the number of withdrawal transactions allowed at no additional charge for basic banking account holders aged sixty-five and older from eight to twelve.

*3rd Reading*

### **ATM Skimming Notification**

**A.8705-A (Cusick) / S.6845-A (Peralta)**

This bill would provide consumers with the requisite information to file a claim with the Attorney General in the event that they believe they have been a victim of skimming. It would require every automated teller machine operator and banking institution to place a sign containing a notice regarding skimming on each automated teller machine operated by such automated teller machine operator or banking institution.

*3rd Reading*

**Bank Performance Records****A.10567-A (Dickens) / S.7964-A (Hamilton)**

The purpose of this bill is to add minority- and women-owned business requirements as a criteria for the record of performance of banking institutions in helping to meet the credit needs of local communities.

***3rd Reading*****Consumer Products, Protection, and Convenience****Digital Currency Task Force****A.8783-B (Vanel) / S.9013 (Phillips)**

This bill would authorize the Department of Financial Services (DFS) to establish a New York State digital currency task force. The task force would be required to submit a report including a review of the impact of DFS regulations on the development of digital currency, cryptocurrency and blockchain industries in New York State, the number of digital currencies currently being traded and their approximate percentage of market share, the number of exchanges operating in New York State and their average monthly trade volume, and the use of digital currencies' impact on state and local tax receipts.

***Chapter 456 of 2018*****EVM Chip Study****A.10157-A (Pellegrino) / S.9026 (Comrie)**

This bill would direct the Department of Financial Services to study consumer protection issues regarding ATMs that accept EVM-enabled chip cards, including the issue of individuals leaving their cards in the machines, specifically the ones that are designed to disburse the money first before releasing the card.

***Chapter 367 of 2018*****Student Debt Consultants****A.10629 (Zebrowski)**

This bill would establish standards of practice for the student debt consulting industry in New York, including prohibited practices, outlining what information student debt consultants must disclose in all advertising, and what terms a contract between a student debt consultant and a consumer must include.

***Passed Assembly***

### **III. Banking Committee 2019 Outlook**

The Assembly Majority and the Committee's pursuit of consumer protection initiatives are taken in order to provide a fair playing field for both consumers and financial institutions. The Committee will continue to pursue an agenda that responds to the banking industry and consumers' needs and concerns.

During the upcoming 2019 legislative session, the Committee will further its efforts to ensure that every New Yorker has access to banking services, home loans, and fair and responsible business and personal credit products. The Committee will also continue to produce legislation that expands consumers' access to not-for-profit banking services, protects New York's small-business community from an influx of out-of-state predatory lending products, and codifies fair treatment for student borrowers.

The Committee will also continue to work on strengthening the New York State banking charter, not only for our state-chartered banks doing business here, but for other banking institutions that may be considering obtaining state charter in New York. New York is the financial capital of the United States, and a strong state banking charter is an important asset to its continued strength.

The Committee will continue to explore the growing field of digital currency and cryptocurrency, analyzing appropriate regulation for both the industry and consumers.

## **IV. Hearings**

### **Practices of the Student Loan Servicers**

According to a 2016 report by the New York State Comptroller, New York student loan debt is over \$82 billion and growing. Over the past decade, student loan debt in New York has grown by 112%, creating financial challenges for many New Yorkers. With just under 3 million borrowers in New York State, it is clear that the student loan industry has a significant impact on New Yorkers and needs to be examined with greater urgency.

In the Governor's Executive Budget for 2018-2019, legislation was proposed that would require student loan servicers that operate in New York State to be licensed by the Department of Financial Services (DFS) and set standards and penalties for the student debt consulting industry. In addition, the Assembly in 2017 passed legislation requiring DFS to license student loan servicers and defining in law certain prohibited practices in the student loan industry (A.7582-A Zebrowski).

The New York State Assembly Standing Committees on Banks and Consumer Affairs and Protection, held a hearing in Albany on November 27, 2018, on the practices of the student lending industry operating in New York State.

The Committees heard testimony from witnesses including Superintendent of the Department of Financial Services, Maria Vullo; New York City Department of Consumer Affairs Commissioner Lorelei Salas; Winfield Crigler of the Student Loan Servicing Alliance; former Student Loan Ombudsman at the Federal Consumer Financial Protection Bureau (CFPB), Seth Frotman; as well representatives from several legal service and community organizations. Witnesses talked about New York's role in regulating loan servicers, and the struggle facing student loan borrowers in New York. New York's role in protecting consumers was highlighted by Seth Frotman, the former Student Loan Ombudsman at the Federal CFPB. "I came to Albany today to make one simple point as the Committees consider action to protect borrowers," said Seth Frotman in his testimony. "There is no white knight riding in to save New Yorkers. There is no cavalry on the horizon – not with this administration."

**Appendices**

**APPENDIX A  
SUMMARY OF ACTIONS ON ALL BILLS  
REFERRED TO THE COMMITTEE ON BANKS  
DURING THE 2018 LEGISLATIVE SESSION**

TOTAL NUMBER OF COMMITTEE MEETINGS HELD     5    

<u>ASSEMBLY</u>	<u>SENATE</u>	<u>TOTAL</u>
<u>BILLS</u>	<u>BILLS</u>	<u>BILLS</u>

**BILLS REPORTED FAVORABLE TO:**

Codes	5	0	5
Judiciary	0	0	0
Ways and Means	3	0	3
Rules	2	0	2
Floor	4	0	4
<b>TOTAL</b>	<b>14</b>	<b>0</b>	<b>14</b>

**COMMITTEE ACTION**

Held For Consideration	2	0	2
Defeated	0	0	0
Enacting Clause Stricken	1	0	1
<b>REMAINING IN COMMITTEE</b>	<b>55</b>	<b>8</b>	<b>63</b>

**BILLS REFERENCE CHANGED TO: none**

<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>
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**APPENDIX B**  
**SUMMARY OF FINAL ACTIONS ON BILLS**  
**REPORTED BY THE BANKS COMMITTEE**

<b>Assembly Bill Number (Sponsor)</b>	<b>Senate Bill Number (Sponsor)</b>	<b>Final Action</b>	<b>Description</b>
A.2881-B (Brindisi)	S.2420-B (Griffo)	Chapter 424	Relates to the definition of eligible securities in relation to obligations of domestic corporations.
A.3322-B (Miller, MG)	No Senate Sponsor	Advanced to 3 <sup>rd</sup> Reading	Requires the development of a "what mortgage applicants need to know" pamphlet on residential mortgages and provides such pamphlet shall be posted and printed in the 6 most common non-English languages spoken by individuals with limited English proficiency in New York state.
A.3389 (Ortiz)	S.2938 (Hamilton)	Passed Assembly	Requires posting notice of the DFS toll-free consumer's hotline telephone number.
A.7617 (Zebrowski)	S.2452 (Hamilton)	Advanced to 3 <sup>rd</sup> Reading	Increases the number of authorized withdrawal transactions at no charge from basic banking accounts for account holders sixty-five years of age or older from eight to twelve.
A.7740 (Zebrowski)	S.7153 (Kennedy)	Advanced to 3 <sup>rd</sup> Reading	Requires financial institutions to notify a customer thirty days prior to charging a fee based on account inactivity; requires such notice to include a telephone number and the full contact information of a representative of the financial institution responsible for resolving any matter relating to the fee.
A.8281 (Cook)	S.696 (Seward)	Referred to Codes	Relates to immunity and information furnished to or from a not-for-profit organization dedicated to the investigation and prosecution of the Banking Law or the Insurance Law.

**APPENDIX B - Cont.**

A.8705-A (Cusick)	S.6845-A (Peralta)	Advanced to 3 <sup>rd</sup> Reading	Requires banks to post a notice on all automated teller machines regarding skimming.
A.8783-B (Vanel)	S.9013 (Phillips)	Chapter 456	Creates the digital currency task force to provide the Governor and the Legislature with information on the potential effects of the widespread implementation of digital currencies on financial markets in the state.
A.8938 (Zebrowski)	S.7294 (Hamilton)	Chapter 61	Relates to directing the Department of Financial Services to study, evaluate and make recommendations concerning online lending institutions.
A.8950 (Rodriguez)	S.7302 (Hamilton)	Chapter 23	Relates to directing the Department of Financial Services to submit a report concerning licensure, limits on fees and interest and disclosure practices of businesses engaged in pension loan advancements on or before January 1, 2019.
A.10157-A (Pellegrino)	S.9026 (Comrie)	Chapter 367	Directs the Department of Financial Services to study the issue of ATMs that accept EVM-enabled chip cards to determine which measures may be necessary and proper to ensure that the cards and corresponding personal data and information of consumers is protected from falling into the hands of others.
A.10232 (Jean-Pierre)	S.7100 (Kavanagh)	Advanced to 3 <sup>rd</sup> Reading	Provides for the inclusion of low-income credit unions in the Banking Development District program in cities having a population of one million or more persons.
A.10523 (Mosley)	S.8339 (Phillips)	Chapter 182	Extends the effectiveness of certain provisions relating to limiting the check cashing exemption for national banks and other regulated entities.

**APPENDIX B - Cont.**

A.10567-A (Dickens)	S.7964-A (Hamilton)	Advanced to 3rd Reading	Relates to assessment of the record of performance of banking institutions in helping to meet the credit needs of local communities.
A.10629 (Zebrowski)	No Senate Sponsor	Passed Assembly	Regulates the practice of student debt consultants by establishing prohibitions and requiring certain disclosures.
A.10905 (Lupardo)	S.6650 (Serino)	Passed Both Houses	Directs the superintendent to develop a public information campaign regarding establishment of joint deposit and convenience accounts.

**APPENDIX C**  
**SUMMARY OF LAWS ENACTED DURING THE**  
**2018 LEGISLATIVE SESSION**

<b>Assembly Bill Number (Sponsor)</b>	<b>Senate Bill Number (Sponsor)</b>	<b>Final Action</b>	<b>Description</b>
A.2881-B (Brindisi)	S.2420-B (Griffo)	Chapter 424	Relates to the definition of eligible securities in relation to obligations of domestic corporations.
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**APPENDIX C - Cont.**

A.10523 (Mosley)	S.8339 (Phillips)	Chapter 182	Extends the effectiveness of certain provisions relating to limiting the check cashing exemption for national banks and other regulated entities.
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