STATE OF NEW YORK

9570--A

IN SENATE

March 25, 2026

Introduced by Sen. SKOUFIS -- read twice and ordered printed, and when printed to be committed to the Committee on Banks -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the banking law, in relation to the prohibition of lending institutions issuing unsolicited mail-loan checks

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Legislative findings. The legislature finds that unsolicited "live loan checks" can mislead people into taking out loans they never asked for. These checks often look like refunds or official payments, but once deposited, they create a loan with high interest and fees.

Many New Yorkers -- especially seniors, people with disabilities, and families under financial stress -- are at risk of being harmed by this practice.

The purpose of this act is to stop lenders from sending these unsolicited checks and to protect consumers from accidentally entering into unwanted loans.

§ 2. Subdivision 3 of section 9-t of the banking law, as amended by chapter 184 of the laws of 2022, is amended to read as follows:

3. **(a)** No lending institution shall issue a mail-loan check, except in response to [~~a~~] **an affirmative** request or application therefor **by the person to whom it is issued**.

(b) Issuance of a mail-loan check in response to such request or application, or issuance of any replacement check, legitimate refund, rebate, or government-issued check shall not constitute a violation of paragraph (a) of this subdivision.

§ 3. Section 9-t of the banking law is amended by adding two new subdivisions 6 and 7 to read as follows:

6. Any debt, interest, fee or other obligation arising from a mail-loan check issued in violation of this section shall be null and void and unenforceable. No person, including any assignee or debt collector, shall collect or attempt to collect such obligation, or report such

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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obligation to a credit reporting agency. Any amounts paid by a consumer in connection with such obligation shall be refunded.

7. No lending institution shall, directly or indirectly, structure, label or modify any mail-loan check or instrument, or use any device, subterfuge or pretense, for the purpose of evading the requirements of this section, including through the use of any affiliate, third-party service provider, agent or arrangement.

§ 4. This act shall take effect on the one hundred eightieth day after it shall have become a law.