

STATE OF NEW YORK

1956

2019-2020 Regular Sessions

IN SENATE

January 18, 2019

Introduced by Sen. THOMAS -- read twice and ordered printed, and when printed to be committed to the Committee on Banks

AN ACT to amend the financial services law, in relation to the jurisdiction of the department of financial services over the financing of motor vehicles; and to amend the vehicle and traffic law, in relation to the licensing of motor vehicle dealer finance managers

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

1 Section 1. Subparagraph (B) of paragraph 2 of subsection (a) of
2 section 104 of the financial services law is amended to read as follows:

3 (B) "Financial product or service" shall also not include the follow-
4 ing, when offered or provided by a provider of consumer goods or
5 services: (i) the extension of credit directly to a consumer exclusive-
6 ly for the purpose of enabling that consumer to purchase such consumer
7 good or service directly from the seller, (ii) the collection of debt
8 arising from such credit, or (iii) the sale or conveyance of such debt
9 that is delinquent or otherwise in default. Provided, however, that the
10 provisions of this subparagraph shall not apply to the sale of motor
11 vehicles. Every sale of a motor vehicle that involves financing, whether
12 originated at a motor vehicle dealer or at a lending institution, shall
13 be deemed to be a "financial product or service" within the jurisdiction
14 of the department.

15 § 2. The opening paragraph of section 205 of the financial services
16 law is designated subsection (a) and a new subsection (b) is added to
17 read as follows:

18 (b) The superintendent may, in his or her discretion, establish a
19 motor vehicle financing bureau, and to promulgate any and all rules and
20 regulations necessary to regulate motor vehicle financing transactions
21 and motor vehicle dealer financing departments.

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

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1 § 3. Paragraphs 6 and 7 of subsection (c) of section 301 of the finan-
2 cial services law are amended and four new paragraphs 8, 9, 10 and 11
3 are added to read as follows:

4 (6) providing technical assistance to local governments and not-for-
5 profits in the development of consumer protection measures with respect
6 to financial products and services; [~~and~~]

7 (7) continuing and expanding the detection, investigation and
8 prevention of insurance fraud[~~+~~];

9 (8) promulgating rules and regulations for motor vehicle dealer
10 finance departments and finance managers;

11 (9) establishing educational materials and/or mandated instruction for
12 motor vehicle dealer finance managers applying for licensing pursuant to
13 paragraph d of subdivision three of section four hundred fifteen of the
14 vehicle and traffic law. No such mandate instruction shall exceed
15 sixteen hours during any biennial licensing period;

16 (10) imposing a licensing and course fee for motor vehicle dealer
17 finance manager applicants pursuant to paragraph d of subdivision three
18 of section four hundred fifteen of the vehicle and traffic law; provided
19 that such fee shall not exceed two hundred dollars for each biennial
20 licensing period; and

21 (11) establishing and imposing penalties, and license suspensions and
22 revocations for violations by motor vehicle dealers and motor vehicle
23 dealer finance managers.

24 § 4. Subdivision 3 of section 415 of the vehicle and traffic law is
25 amended by adding a new paragraph d to read as follows:

26 d. (i) Every dealer which sells motor vehicles that are financed, or
27 which facilitates in any manner the financing of the purchase of any
28 motor vehicle, shall act as or employ an individual to act as the
29 finance manager for such dealer, and every such manager shall be
30 licensed by the department of financial services.

31 (ii) Every licensed finance manager shall have completed such course
32 of instruction as shall be established by the department of financial
33 services.

34 § 5. This act shall take effect on the two hundred seventieth day
35 after it shall have become a law.