STATE OF NEW YORK

5256

2023-2024 Regular Sessions

IN SENATE

February 28, 2023

Introduced by Sens. SANDERS, MAYER, PARKER, RAMOS -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection

AN ACT to amend the general business law, in relation to prohibiting the inclusion of a confession of judgment in a contract or agreement for a financial product or service

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

Section 1. The general business law is amended by adding a new section 394-bb to read as follows:

§ 394-bb. Confession of judgment requirement for certain contracts; prohibition. 1. No person shall require a confession of judgment in any contract or agreement for a financial product or service.

2. As used in this section the following terms shall have the following meanings:

(a) "Financial product or service" shall mean any financial product or financial service offered or provided by any person regulated or required to be regulated by the superintendent of financial services pursuant to the banking law or the insurance law or any financial product or service offered or sold to consumers except financial products or services: (i) regulated under the exclusive jurisdiction of a federal agency or authority, (ii) regulated for the purpose of consumer or investor protection by any other state agency, state department or state public authority, or (iii) where rules or regulations promulgated by the superintendent of financial services on such financial product or service would be preempted by federal law.

(b) "Financial product or service regulated for the purpose of consumer or investor protection": (i) shall include (A) any product or service for which registration or licensing is required or for which the offeror or provider is required to be registered or licensed by state law, (B) any product or service as to which provisions for consumer or investor

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

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protection are specifically set forth for such product or service by state statute or regulation and (C) securities, commodities and real property subject to the provisions of article twenty-three-A of this chapter, and (ii) shall not include products or services solely subject to other general laws or regulations for the protection of consumers or investors.

§ 2. This act shall take effect on the ninetieth day after it shall have become a law.