

STATE OF NEW YORK

9404

2025-2026 Regular Sessions

IN ASSEMBLY

December 19, 2025

Introduced by M. of A. SANTABARBARA -- read once and referred to the Committee on Banks

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:

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

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

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

12 § 2. Subdivisions 3 and 5 of section 9-t of the banking law, as
13 amended by chapter 184 of the laws of 2022, are amended to read as
14 follows:

15 3. (a) No lending institution shall issue a mail-loan check, except in
16 response to a request or application therefor.

17 (b) The issuance of a mail-loan check requested by the person to whom
18 it is issued, or of any replacement check, legitimate refund or rebate,
19 or government-issued check shall not constitute a violation of paragraph
20 (a) of this subdivision.

21 (c) The attorney general shall have the authority to enforce the
22 provisions of paragraph (a) of this subdivision, and may impose penalties
23 of not more than five thousand dollars per violation of such paragraph.
24

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

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1 (d) A recipient of a mail-loan check issued in violation of paragraph
2 (a) of this subdivision shall have a private right of action against the
3 lending institution which issued such mail-loan check in violation of
4 such paragraph, and shall be entitled to recover damages and attorneys'
5 fees.

6 (e) Any violation of paragraph (a) of this subdivision shall consti-
7 tute a deceptive act or practice under section three hundred forty-nine
8 of the general business law.

9 5. Any lending institution which mails a mail-loan check in violation
10 of the provisions of this section, other than subdivision three of this
11 section, shall be liable for a civil penalty not to exceed five hundred
12 dollars for each such violation.

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