STATE OF NEW YORK

9570

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

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 unwanted loans.

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

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

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

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

(d) A recipient of a mail-loan check issued in violation of paragraph (a) of this subdivision shall have a private right of action against the lending institution which issued such mail-loan check in violation of

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

LBD14226-01-5

such paragraph, and shall be entitled to recover damages and attorneys' fees.

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

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

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