

# STATE OF NEW YORK

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1222--A

2025-2026 Regular Sessions

## IN ASSEMBLY

January 9, 2025

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Introduced by M. of A. BORES, ROZIC, BURDICK, VANEL -- read once and referred to the Committee on Banks -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the financial services law, in relation to allowing the department of financial services to have additional oversight of banks and insurance companies that are not currently licensed

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

1 Section 1. The legislature finds that it is essential to the  
2 protection of users of financial products and services from imprudent  
3 conduct and harmful business practices in the financial services market-  
4 place that all persons offering financial products and services in New  
5 York State be sufficiently deterred from disregarding the laws and regu-  
6 lations governing the offering of financial products or services,  
7 regardless of whether they are properly licensed. Furthermore, to ensure  
8 that the business of, and the persons providing, financial products and  
9 services are appropriately supervised, the law should not advantage  
10 persons who disregard licensing requirements. Currently, as to engage-  
11 ment in many activities for which a license from the superintendent of  
12 financial services is required, an unlicensed person not exempt from  
13 licensing is not subject to civil penalty for acts that would constitute  
14 violations subject to penalty if the person were licensed; such an unli-  
15 censed person may be subject to only a limited civil penalty for engag-  
16 ing in activity without a required license. This act remediates this  
17 fault in the law by providing that any person engaged in activity for  
18 which such person must be licensed by the superintendent of financial  
19 services will be subject to a civil penalty for conducting such activity  
20 in a manner inconsistent with the law, regardless of such person's  
21 licensure status.

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

LBD02257-03-5

1 § 2. Subsections (a) and (b) of section 305 of the financial services  
2 law are amended to read as follows:

3 (a) Unless otherwise provided in this chapter, the banking law, the  
4 insurance law or any other law, any hearing pursuant to any such law may  
5 be held before the superintendent, any deputy superintendent, or any  
6 designated salaried employee of the department authorized by the super-  
7 intendent for such purpose. Any adjudicatory proceeding, including any  
8 hearings to assess civil penalties under section four hundred eight or  
9 four hundred eight-a of this chapter, held pursuant to the provisions of  
10 this chapter, the insurance law or the banking law shall be noticed,  
11 conducted and administered in compliance with the state administrative  
12 procedure act.

13 (b) The person conducting such hearing shall have power to administer  
14 oaths, examine and cross-examine witnesses and receive documentary  
15 evidence, and shall report [~~his or her~~] such person's findings, orally  
16 or in writing, to the superintendent with or without recommendation.  
17 Such report, if adopted by the superintendent may be the basis of any  
18 determination made by the superintendent. One hundred twenty days after  
19 the effective date of a determination of liability for a civil penalty  
20 pursuant to section four hundred eight or four hundred eight-a of this  
21 chapter or four hundred three, one thousand one hundred two, two thou-  
22 sand one hundred two, two thousand one hundred seventeen, two thousand  
23 one hundred thirty-three or seven thousand eight hundred sixteen of the  
24 insurance law, such determination of liability for a civil penalty may  
25 be entered as a judgment and enforced, without court proceedings, in the  
26 same manner as the enforcement of a money judgment in civil actions in  
27 any court of competent jurisdiction or any other place provided for the  
28 entry of civil judgment within this state.

29 § 3. Subsection (a) of section 404 of the financial services law is  
30 amended to read as follows:

31 (a) The superintendent has authority under this article, the banking  
32 law, the insurance law and other applicable laws to investigate activ-  
33 ities that may constitute violations subject to section four hundred  
34 eight or four hundred eight-a of this article or violations of the  
35 insurance law or banking law and to develop evidence thereon.

36 § 4. The financial services law is amended by adding a new section  
37 408-a to read as follows:

38 § 408-a. Unlicensed activities prohibited. (a) For the purposes of  
39 this section, a "prohibited unlicensed act" shall mean:

40 (1) engaging in an activity in this state for which a license, certif-  
41 ication, registration, authorization, charter, accreditation, incorpo-  
42 ration, or approval by the superintendent is required by this chapter,  
43 the banking law, the insurance law, or the regulations promulgated ther-  
44 eunder, without such license, certification, registration, authori-  
45 zation, charter, accreditation, incorporation or approval or an  
46 exemption from such requirement; or

47 (2) any act or omission by a person who is required by this chapter,  
48 the banking law, the insurance law or the regulations promulgated there-  
49 under, to be licensed, certified, registered, authorized, chartered,  
50 accredited, incorporated or otherwise approved by the superintendent and  
51 is not so licensed, certified, registered, authorized, chartered,  
52 accredited, incorporated, approved or exempted from such requirement, if  
53 such act or omission would constitute a violation of this chapter, the  
54 banking law, the insurance law or the regulations promulgated thereunder  
55 if such person were so licensed, certified, registered, authorized,  
56 chartered, accredited, incorporated or approved.

1 (b) In addition to any civil or criminal liability provided by law,  
2 the superintendent may, after notice and a hearing, levy a civil penalty  
3 for any prohibited unlicensed act as follows:

4 (1) The penalty for a prohibited unlicensed act that relates to the  
5 requirements of the banking law or the regulations promulgated there-  
6 under shall be the same as the penalty provided in section forty-four of  
7 the banking law for any violation of the banking law.

8 (2) The penalty for a prohibited unlicensed act described in paragraph  
9 one of subsection (a) of this section that relates to the requirements  
10 of the insurance law or the regulations promulgated thereunder shall be  
11 the same as the penalty for violations set forth in section one thousand  
12 one hundred two of the insurance law.

13 (3) The penalty for a prohibited unlicensed act described in paragraph  
14 two of subsection (a) of this section that relates to the requirements  
15 of the insurance law or the regulations promulgated thereunder shall be  
16 the same as the penalty for violations set forth in section one hundred  
17 nine of the insurance law or any other applicable provision of the  
18 insurance law, whichever is higher.

19 (4) The penalty for a prohibited unlicensed act that relates to the  
20 requirements of this chapter or the regulations promulgated thereunder  
21 shall be the same as the penalty provided for in section four hundred  
22 eight of this article for violations of this chapter or the regulations  
23 promulgated thereunder.

24 (5) If a prohibited unlicensed act results in consumer harm, the  
25 penalty shall be not more than double the penalty amount applicable to  
26 such violation set forth in paragraph one, two, three or four of this  
27 subsection, as applicable.

28 (c) The superintendent shall not impose or collect any penalty for a  
29 prohibited unlicensed act pursuant to paragraph four of subsection (b)  
30 of this section if the superintendent imposes or collects any penalty  
31 pursuant to paragraph one, two or three of subsection (b) of this  
32 section for the same act or omission.

33 (d) Civil penalties received by the superintendent pursuant to this  
34 section shall be applied in the same manner as civil penalties received  
35 by the superintendent pursuant to section four hundred eight of this  
36 article.

37 (e) In addition to any other penalty or sanction imposed upon a person  
38 by law for an unlicensed act, after notice and a hearing, the super-  
39 intendent may issue an order directing such person to pay restitution  
40 for such unlicensed act.

41 § 5. Subsection (a) of section 409 of the financial services law is  
42 amended to read as follows:

43 (a) Whenever the superintendent is satisfied that a violation subject  
44 to section four hundred eight or four hundred eight-a of this article or  
45 fraud or other criminal activity under the insurance law or banking law  
46 has been committed or attempted, the superintendent shall report any  
47 such violation of law, as the superintendent deems appropriate, to the  
48 appropriate licensing agency, the district attorney of the county in  
49 which such acts were committed, to the attorney general, and where  
50 appropriate, to the person who submitted the report of fraudulent activ-  
51 ity, as provided by the provisions of this article. Within one hundred  
52 twenty days of receipt of the superintendent's report, the attorney  
53 general or the district attorney concerned shall inform the superinten-  
54 dent as to the status of the reported violations.

55 § 6. This act shall take effect immediately.