



NEW YORK STATE SENATOR

Brian X. Foley

Senator Foley Extends Check Cashing Law

BRIAN X. FOLEY June 10, 2010

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Senator Brian X. Foley (D – Blue Point) sponsored legislation (S6699), which passed the Senate this week, that extends the sunset date of legislation aimed at protecting check cashing facilities.

The legislation will extend the requirement that an separate check cashing facilities established by banking institutions follow the distance standard that applies to the licensing of check cashing operations. New York State strictly regulates the check cashing industry, from setting limits on the amount that can be charged for cashing a check to how close together facilities can be located. The law prohibits a check cashing facility from being located less than three-tenths of a mile from another facility.

“The check cashing industry provides an important service to New Yorkers, including the residents of my district,” said Senator Foley. “Individuals are not always able to maintain the levels required to have accounts at most banks, which in turn means they are not able to access banks as a means of cashing checks. Having separate facilities allows these individuals an avenue by which to cash checks. We need to ensure that these facilities remain open and one of the ways to do that is to make sure that everyone is playing by the

same rules. This bill will extend the number of years that we can be sure that the playfield is level and that our check cashing facilities can remain open.”

“We are pleased that this important law will be extended for another three years,” said Edward P. D’Alessio, Deputy General Counsel of the Financial Service Centers of New York. “Senator Foley understands the importance of a healthy licensed check cashing industry to meeting the daily financial service needs of thousands of New Yorkers. This law helps ensure a level playing field in the marketplace, and we greatly appreciate his support.”

Beginning in 2001, the stability of the check cashing industry had become a concern with the advent of standalone facilities that had been established by banking institutions. Although operated by banks, they did not provide other traditional banking services and were indistinguishable to the consumer from licensed check cashers. These facilities were, at the time, exempt from the same distance requirements that traditional check cashing facilities were subject to following. As a result, a law was passed that would require the bank-owned check cashing operations to follow the laws that governed licensed check cashing facilities.

The law was set to expire on August 1, 2010. This bill will extend the expiration date to August 1, 2013, providing certainty and stability in the check cashing industry.

The companion bill in the assembly, sponsored by Assemblyman Towns, was reported out of the Assembly Banks Committee and has advanced to its third reading. The new expiration date will take effect immediately upon being signed into law.