Consumer Protection and Financial Enforcement Division Annual Report

March 15, 2024

Adrienne A. Harris
Superintendent of Financial Services

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Introduction

Adrienne A. Harris, the Superintendent of Financial Services, respectfully submits this report, pursuant to Section 409(b) of the New York Financial Services Law, summarizing the activities during 2023 of the Consumer Protection and Financial Enforcement Division ("CPFED")[1] of the Department of Financial Services ("DFS" or the "Department"). CPFED combats fraud with respect to financial products and services and enforces the provisions of the New York Banking, Insurance, and Financial Services Laws and the regulations promulgated thereunder. This report summarizes CPFED's enforcement actions, handling of consumer complaints, and examination activities in the areas of consumer compliance, fair lending, and Community Reinvestment Act compliance, as well as the Department's work to assist Holocaust victims and their heirs.

CPFED Organization and Oversight

CPFED comprises the following units:

- Civil Investigations Unit ("CIU"): CIU investigates civil financial fraud and violations of consumer and fair lending laws, the New York Financial Services Law, Banking Law, and Insurance Law, and the regulations promulgated thereunder. CIU attorneys and staff conduct investigations, initiate formal enforcement actions where violations of law are found, and, when necessary, represent the Department in administrative proceedings.
- Consumer Examinations Unit ("CEU"): CEU is responsible for conducting fair lending, consumer compliance, and New York Community Reinvestment Act examinations, reviewing the consumer impact of bank applications requiring regulatory approval, overseeing the Banking Development District Program, and registering and supervising consumer credit reporting agencies. CEU also houses the Department's Student Protection Unit, which licenses and supervises student loan servicers, monitors student-related financial practices in New York, and educates and advocates for student consumers and their families about available financial products and services.
- Consumer Assistance Unit ("CAU"): CAU investigates and informally mediates complaints against regulated entities and individuals (except those relating to insurance producers and mortgages), as well as complaints concerning other financial products and services. CAU screens External Appeal applications, manages the Independent Dispute

[1] Pursuant to Sections 403 and 404 of the New York Financial Services Law, the Superintendent is required to establish a financial frauds and consumer protection unit empowered to investigate actions that may constitute violations of the New York Banking Law, Insurance Law, and Financial Services Law. All of the responsibilities and authority of such unit are encompassed within CPFED.

Resolution process, conducts outreach and education on topics regulated by DFS, and manages the deployment and staffing of the DFS Mobile Command Center.

- Holocaust Claims Processing Office ("HCPO"): HCPO advocates on behalf of Holocaust victims and their heirs, seeking the just and orderly return of assets stolen by the Nazi regime to their rightful owners.
- Investigations and Intelligence Division ("IID"): IID is responsible for a wide variety of related investigations, including those triggered by Part 500 cyber event notifications and background investigations of licensing applicants in connection with student loan servicing, virtual currency exchanges, and other money services business licenses. IID also houses the Criminal Investigations Bureau and the Insurance Frauds Bureau that handle, respectively, criminal banking and insurance fraud investigations and related referrals to prosecution agencies.

Civil Investigations Unit Activities

The attorneys and staff of CIU investigate and, where appropriate, bring enforcement actions with respect to violations of the New York Financial Services Law, Banking Law, and Insurance Law, as well as the regulations promulgated thereunder, including the Department's cybersecurity, virtual currency, and transaction monitoring regulations. Discussed below are some of CIU's investigations, initiatives, and other activities conducted in 2023.

Coinbase, Inc.

In January 2023, the Department entered into a consent order with Coinbase, Inc. ("Coinbase") for compliance failures that resulted in violations of the New York Banking Law and the Department's Virtual Currency, Money Transmitter, Transaction Monitoring, and Cybersecurity Regulations. These failures made the Coinbase platform vulnerable to criminal conduct, including, among other things, fraud, money laundering, child sexual abuse material-related activity, and narcotics trafficking.

Pursuant to the settlement, Coinbase agreed to pay a $50 million penalty and committed to investing an additional $50 million over the next two years to improve its compliance function. Coinbase also agreed to retain an independent monitor to review, report on, and assist Coinbase in remediating the compliance deficiencies identified during the Department's investigation.

The Department found that, among other things, Coinbase's Bank Secrecy Act/Anti-Money Laundering ("BSA/AML") program — including its Know Your Customer/Customer Due Diligence ("KYC/CDD") procedures, transaction monitoring system ("TMS"), suspicious activity reporting, and sanctions compliance systems — were inadequate. For example, Coinbase's KYC/CDD program, both as written and as implemented, treated customer onboarding requirements as a simple box-checking exercise and failed to conduct appropriate due diligence or monitoring. Additionally, Coinbase was unable to keep pace with the growth in the volume of alerts generated by its TMS, resulting in a significant and growing backlog of over

100,000 unreviewed transaction monitoring alerts by late 2021. As uninvestigated TMS alerts languished for months in the backlog, Coinbase routinely failed to timely investigate and file Suspicious Activity Reports ("SARs"), as required by law. The Department's investigation found numerous examples of SARs filed months after the suspicious activity was first known to Coinbase. Finally, Coinbase failed to timely report a cyber event as required by the Department's Cybersecurity Regulation.

BitPay, Inc.

In March 2023, the Department entered into a consent order with BitPay, Inc. ("BitPay") to address violations of the Department's Cybersecurity and Virtual Currency Regulations. Pursuant to the settlement, BitPay agreed to pay a $1 million penalty, as well as undertake certain remedial measures to address the findings in the consent order.

The Department's investigation into BitPay found deficiencies in the company's cybersecurity program, namely that BitPay failed to conduct periodic cybersecurity risk assessments, with the only risk assessment conducted by the company completed in March of 2021. As a result, BitPay operated its cybersecurity program without being sufficiently informed as to the risks facing its information systems. Further, BitPay failed to formally designate a Chief Information Security Officer until May 2022, and there was no reporting to the Board of Directors regarding the cybersecurity program and the material cybersecurity risks facing BitPay.

The Department also identified certain deficiencies related to BitPay's BSA/AML program. Specifically, BitPay did not have sufficient internal controls, policies, and procedures in place to ensure robust oversight of its AML program, did not have sufficient independent testing of its transaction monitoring systems to provide assurance that the system operated as intended, and failed to establish robust practices to ensure compliance with application sanctions.

CFCU Community Credit Union

In April 2023, the Department entered into a consent order with CFCU Community Credit Union ("CFCU") for failing to comply with the federal Servicemembers Civil Relief Act ("SCRA") and New York Military Law ("NY MIL"). Pursuant to the agreement, CFCU agreed to pay $40,825 in restitution to affected customers and a $200,000 penalty to DFS.

The Department's examination of CFCU and a subsequently conducted look back revealed that CFCU had imposed interest charges greater than the permissible 6% on 12 borrowers who were on active duty. In 11 cases, the violation was caused by fees that increased the interest rate above 6%. The Department found that CFCU also wrongfully repossessed two vehicles of active-duty borrowers.

Pursuant to the settlement, CFCU remediated the interest rate violations by sending refund checks for overcharged fees and interest to seven borrowers who had paid off their loans, reduced the outstanding principal balance of four loans that were still outstanding as of August 31, 2021, and reduced the charged-off balance of one loan. CFCU paid the two borrowers whose vehicles had been wrongfully repossessed the fair market value at the time of repossession and agreed to contact all relevant credit reporting agencies on behalf of the affected servicemembers to remove the tradelines associated with the repossessions.

CFCU enhanced its policies and adopted additional procedures to ensure compliance with the SCRA and NY MIL going forward. The policies and procedures require CFCU to learn whether a borrower facing repossession has joined active-duty military prior to its commencing a repossession and to enhance its corresponding documentation and tracking. CFCU also agreed to provide all appropriate personnel, including the credit union's asset recovery unit, with annual training on SCRA and NY MIL compliance.

bitFlyer USA, Inc.

In May 2023, the Department reached a settlement with bitFlyer USA, Inc. ("bitFlyer USA"), a virtual currency exchange and custodial wallet provider, for violations of the Department's Cybersecurity and Virtual Currency Regulations. bitFlyer USA agreed to pay a $1.2 million penalty and undertake significant remediation of its cybersecurity program.

The supervisory examinations conducted in 2018 and 2020 and subsequent investigation of bitFlyer USA revealed failures to implement an adequate cybersecurity program, in violation of the Department's Virtual Currency and Cybersecurity Regulations. Specifically, bitFlyer USA failed to perform periodic assessments of internal and external cybersecurity risks and threats, improperly relied on an information technology audit in place of a cybersecurity risk assessment, and failed to implement a cybersecurity program designed to protect electronic systems and information stored on those systems from unauthorized access, use, or other malicious acts, because its written cybersecurity policy was not approved by the board of directors or tailored to its organizational structure and associated risks.

Pursuant to the consent order, bitFlyer USA performed a comprehensive review of its current compliance programs with respect to the Virtual Currency and Cybersecurity Regulations. Based on this review, a remediation plan was designed to bring bitFlyer USA into compliance by December 31, 2023. Pursuant to the remediation plan, bitFlyer USA continues to provide quarterly progress reports to DFS.

OneMain Financial Group, LLC

In May 2023, the Department entered into a consent order with OneMain Financial Group, LLC ("OneMain") for failing to comply with DFS's Cybersecurity Regulation. Pursuant to the settlement, OneMain agreed to pay a $4.25 million penalty and engage in corrective actions designed to bring the company into compliance.

The Department's investigation found, among other things, that OneMain had failed to effectively manage user access privileges by manually conducting privilege access reviews, which introduced a high risk of human error unacceptable for its network. OneMain also permitted local administrative users to share accounts, compromising the ability to identify malicious actors. Those accounts still used the default password provided by OneMain at the time of user onboarding, increasing the risk of unauthorized access.

The Department's investigation further found that OneMain's application security policy lacked a formalized methodology to provide for all phases of the company's software development life cycle. The company used a non-formalized project administration framework it had developed in-house that failed to address certain key software development life cycle phases, which led to increased vulnerability to cybersecurity events.

Additionally, although OneMain has a third-party vendor management policy that requires each of its vendors to undergo an assessment to determine the vendor's risk rating and the appropriate level of due diligence OneMain should perform on the vendor, the company did not timely conduct due diligence for certain high- and medium-risk vendors, effectively rendering such risk ratings moot. OneMain further failed to appropriately adjust the risk scores of several vendors after the occurrence of multiple cybersecurity events precipitated by the vendors' improper handling of NPI and poor cybersecurity controls.

As part of the settlement, OneMain agreed to engage in remediation efforts, reports of which are currently under review by the Department.

Auto Insurance Reporting Cases

In 2023, DFS entered into eight consent orders, assessing penalties totaling $5.76 million, with automobile insurers GEICO ($910,000), Traveler's Group ($768,000), Tokio Marine Group ($720,000), Farmers Insurance ($764,000), National General Insurance ($707,000), Allstate Insurance ($796,000), AIG Companies ($592,000), and AXA XL ($503,000) to resolve the Department's investigations into their failures to timely report certain insured vehicle information to the Department of Motor Vehicles ("DMV"). This makes for a total of 13 consent orders, with penalties totaling more than $14 million, from March 2022 through the end of 2023.

New York's Insurance Law requires insurers to report a newly insured vehicle within seven days of a policy's effective date and any terminations and suspensions of insurance within 30 days to DMV's Insurance Information & Enforcement System ("IIES") database. Proper and timely reporting in IIES helps ensure that drivers in New York can rely on the availability of insurance coverage should an accident occur. DFS continues to actively investigate potential violations, working closely with the DMV to bring the entire New York insurance industry into compliance with the New York Insurance Law. In addition to monetary penalties, the insurers are required to provide remediation plans, detailing corrective actions that are subject to DMV's approval.

SA Stone Wealth Management, Inc.

In July 2023, the Department finalized a settlement with SA Stone Wealth Management Inc. ("SA Stone"), a subsidiary of StoneX Group Inc., following the Department's investigation into a reported cybersecurity breach. The Department's investigation uncovered deficiencies in SA Stone's cybersecurity program in violation of the Department's Cybersecurity Regulation.

The Department's investigation found that SA Stone did not implement multi-factor authentication for its independent contractors until October 2021. Consequently, between August 2017 and October 2021, SA Stone experienced multiple cybersecurity events. SA Stone failed to timely report these cybersecurity events to the Department, even on those occasions in which SA Stone reported the cybersecurity events to other regulators.

Pursuant to the settlement, SA Stone agreed to pay a $1.35 million penalty. Over the course of the investigation, SA Stone significantly increased its information systems' budget and engaged multiple outside consultants to conduct penetration testing and provide continuous monitoring and incident response. SA Stone also included cybersecurity as a quarterly board topic.

Shinhan Bank America

On September 29, 2023, the Department announced a settlement with Shinhan Bank America ("Shinhan") under which the bank agreed to pay a $10 million penalty pursuant to a consent order. The consent order resolved the Department's longstanding investigation into repeated violations of BSA/AML requirements and New York law. Specifically, the Department found that Shinhan's transaction monitoring and BSA/AML programs suffered from material deficiencies, and the bank neglected to remediate these issues over a period of years. Despite prior enforcement actions by the Federal Deposit Insurance Corporation ("FDIC") in 2017 and the Department in 2020, Shinhan failed to address weaknesses and unsafe and unsound conditions. The consent order further required Shinhan to create a written plan, acceptable to the Department, detailing enhancements to compliance policies and procedures, suspicious activity monitoring and reporting, and customer due diligence requirements. The Department coordinated this investigation with the FDIC and the U.S. Treasury Department's Financial Crimes Enforcement Network ("FinCEN").

Metropolitan Commercial Bank

In October 2023, DFS entered into a consent order with Metropolitan Commercial Bank ("Metropolitan"), under which the bank agreed to pay a $15 million penalty. The agreement followed an investigation into the bank's oversight of one of its third-party program managers responsible for the issuance of prepaid debit cards. In early January 2020, fraud actors began to open debit card accounts with fraudulently obtained personal identifying information. These fraudulent accounts were then used to misdirect payroll payments and government benefits to the fraud actors. Amid the COVID-19 pandemic, with the issuance of expanded unemployment insurance benefits for millions of Americans, the fraud worsened.

Despite its knowledge of the ongoing problem, Metropolitan failed to remedy the issues and instead allowed new accounts to be opened. This inaction led to more than $300 million in pandemic unemployment benefits being misdirected to the accounts of fraud actors. In addition to the civil monetary penalty, Metropolitan agreed to create a written plan detailing enhancements to its oversight of third-party program managers.

Payoneer, Inc.

In November 2023, DFS entered into a consent order with Payoneer, Inc. ("Payoneer") to resolve the Department's investigation into payments processed by the company in apparent violation of sanctions imposed by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"). Payoneer is licensed by DFS to operate as a money transmission business in New York State and, as such, is required by regulation to ensure that its transactions comply with OFAC's requirements. The Department found that although Payoneer had policies and procedures prohibiting transactions of parties in sanctioned locations, the company's sanctions compliance program had substantial weaknesses. These compliance control breakdowns enabled individuals in sanctioned countries and regions, including Iran, Sudan, and Syria, to engage in nearly $800,000 worth of illegal transactions. In addition to paying a penalty of $1.25 million, Payoneer voluntarily improved and strengthened its OFAC compliance program, including providing enhanced training for employees and dedicating increased resources to sanctions compliance.

A.G.I.A. Inc.

In November 2023, DFS entered into a consent order with licensee A.G.I.A., Inc. ("A.G.I.A.") to resolve an investigation into A.G.I.A.'s business practices relating to insurance programs made available through unlicensed affinity groups.

The Department's investigation concluded that between January 2015 and November 2020, A.G.I.A., through unlicensed affinity groups, delivered insurance policies to persons known to be New York residents. In doing so, A.G.I.A. compensated certain of these affinity groups for soliciting insurance products to their members, in violation of New York Insurance Law § 2114. These affinity groups solicited members through mailers, emails, and weblinks that urged members to apply for A.G.I.A.'s insurance plans. In connection with the settlement, A.G.I.A. agreed to pay a $190,000 penalty.

First American Title Insurance Company

In November 2023, the Department finalized a settlement with First American Title Insurance Company ("First American"). The settlement resolved administrative charges brought by the Department in July 2020 related to a cybersecurity incident experienced at First American in May 2019.

The Department's investigation revealed that a vulnerability in First American's in-house developed application, EaglePro, resulted in the exposure of hundreds of millions of title-related documents, containing consumer Nonpublic Information ("NPI"). First American's failure to comply with its own internal cybersecurity policies and procedures, as well as its failure to implement sufficient access controls to prevent unauthorized users to gain access to NPI through EaglePro, constituted a violation of the Department's Cybersecurity Regulation.

Pursuant to the settlement, First American agreed to pay a $1 million penalty and submit a detailed overview of the remediation the company has undertaken in the wake of the May 2019 cybersecurity incident.

Consumer Examinations Unit Activities

CEU ensures that regulated institutions abide by the State's consumer protection, fair lending, and Community Reinvestment Act ("CRA") laws and regulations; increases consumer access to traditional banking and lending services in underserved communities by administering the Banking Development District program ("BDD"); and evaluates regulated institutions' branching, investment, and merger applications for their performance records and community development objectives. In addition, CEU registers and examines consumer credit reporting agencies. CEU often coordinates its examination activities with those of federal counterparts.

CEU also houses the Department's Student Protection Unit ("SPU"). SPU serves as a consumer watchdog for New York's students and is dedicated to investigating potential consumer protection violations and distributing clear information that students and their families can use to help them make informed, long-term financial choices. SPU also licenses and examines student loan servicers.

Consumer Compliance and Fair Lending Examinations

CEU conducts consumer compliance and fair lending ("CCFL") examinations to review institutions' compliance with consumer protection and fair lending statutes and regulations. CEU's CCFL examination activities include virtual on-site examinations, targeted examinations, and in-depth investigations; processing and analyzing pertinent data from regulated entities; and guiding institutions on the content and implementation of their written fair lending plans.

In 2023, CEU conducted 23 CCFL exams. The examinations revealed that most evaluated institutions have generally adequate compliance processes. However, the examinations also showed that several institutions failed to develop and/or properly implement training activities related to compliance, adequate complaint handling, and resolution practices, as well as various policies and procedures, including needed enhancements for fair lending plans and Exempt Income Protection Act ("EICP") policies and procedures intended to ensure compliance with relevant New York State consumer protection laws, regulations, and supervisory procedures.

CEU examiners uncovered objectionable practices committed by a number of institutions. These practices included charging unauthorized or illegal account fees, such as dormancy fees on savings accounts, improperly calculated certificate of deposit early withdrawal penalties, improperly assessed extended overdraft fees, needed improvements in certain overdraft practices related to DFS Industry Letter guidance from July 2022, and imposing late fees and return deposit item fees in excess of the legal maximum; providing unclear or non-compliant disclosures, including on deposit fee schedules; and failing to update thresholds for protected wages pursuant to the EICP. Certain institutions also failed to provide statutorily required disclosures, either in whole or in proper form, including those mandated by, or relating to, the Truth in Lending Act; the Truth in Savings Act; basic banking accounts or approved alternative accounts required by New York law; and safe deposit boxes. Another important area cited for improvement for institutions was the oversight of third-party provider activities, particularly in the areas of management reporting, including complaints, compliance with applicable laws and regulations, and related transaction testing.

CEU examiners also discovered various improper practices relating to fair lending, including inadequate fair lending training given to key lending personnel; inadequate safeguards against fair lending violations committed by third parties involved in the lending process; inadequate second level review processes related to loan denials and withdrawals; failure to maintain appropriate marketing policies and procedures intended to avoid discrimination against protected class applicants; failure to document information collected for fair lending monitoring purposes; lack of adequate fair lending testing and self-assessment practices; and failure to extend fair lending monitoring and policies to all protected classes, including the protected classifications of military status, sexual orientation, and/or gender identity or expression.

Combining the expertise of its fair lending data analysts and examiners, CEU identified and investigated the reasons for statistical disparities in pricing and fees among borrowers of protected and non-protected classes. CEU also reviewed and recommended improvements to a large percentage of institutions' written fair lending plans, including many submitted as part of other DFS divisions' license application packages.

CEU works with institutions to improve their compliance practices and, where necessary, requires institutions to make restitution to their customers. In the past seven years, CEU's examinations resulted in depository institutions refunding to over 27,000 New York consumers a total of over $1.2 million in improper and/or illegal fees and interest, and penalties to New York State in excess of $500,000.

CEU referred several matters to CIU for enforcement action, including those relating to the failure to comply with the Servicemembers Civil Relief Act, unexplainable disparities in the pricing of credit negatively affecting protected class groups, and servicing and pricing concerns relating to indirect auto lending and auto loan servicing. CEU's findings with respect to the failure of auto loan servicers to obtain and provide rebates for unexpired ancillary products led to the Department's Industry Letter dated July 18, 2023, entitled "Ensuring Auto Loan Borrowers Receive Pro-Rata Rebates for Cancelled Ancillary Products."

Registration, Examination, and Supervision of Consumer Credit Reporting Agencies

In 2018, the Superintendent promulgated 23 NYCRR Part 201, which required consumer credit reporting agencies ("CCRAs") to register with the Department, imposed certain reporting and examination requirements, and forbade certain practices of CCRAs. On behalf of DFS, CEU identified and contacted CCRAs and processed registrations. Through 2023, CEU has registered over 20 CCRAs, including Equifax Information Services, LLC, Experian Information Solutions, Inc., and TransUnion, LLC.

CEU conducted two examinations of CCRAs in 2023. These examinations revealed failures of CCRAs to respond in a complete, timely, and accurate manner to consumer inquiries and disputes; to timely process and document procedures for imposing and lifting security freezes; to maintain proper procedures for recredentialing users; to prevent deleted tradelines from improperly reappearing; to maintain proper procedures for recredentialing users; to prevent deleted tradelines from improperly reappearing; and to remove disputed information from consumers' credit files. In addition, the examinations resulted in numerous findings requiring CCRAs to improve their policies, procedures, and compliance management systems to reduce the future risk of violating consumer protection laws.

Regulation of Commercial Financing

On February 16, 2021, New York State enacted Article 8 of the New York Financial Services Law (the "Commercial Finance Disclosure Law"), requiring companies that offer commercial financing in amounts under $2.5 million to make standardized disclosures about the terms of credit. CEU drafted and published for public comment a proposed Part 600 of Title 23 of the New York Codes, Rules, and Regulations ("NYCRR") implementing the Commercial Finance Disclosure Law in 2021, and revised and re-submitted the proposed regulation for public comment in 2022 after incorporating and considering public comments. The Department issued a final rule which became effective in 2023.

Community Reinvestment Act Examinations

Through Community Reinvestment Act ("CRA") evaluations, DFS ensures that regulated institutions comply with New York State's CRA regulations and provide loans, investments, and services to support the economic stability, growth, and revitalization of the communities they serve, particularly for low- and moderate-income ("LMI") individuals and small businesses and in LMI neighborhoods. The evaluations are also a means to ensure that borrowers and businesses at all income levels have access to appropriate financial resources at reasonable costs, consistent with safe and sound banking practices.

In 2023, the Consumer Examination Unit conducted 23 CRA examinations. Through analysis of loan data and community development activities, CEU assesses how well banks serve the credit needs of their communities. CEU conducts examinations to assess banks' compliance with the CRA and accompanying regulations. Following each examination, CEU issues an examination report and an overall rating that is shared with the public via the DFS website.

On August 8, 2023, the Department's amendments to the state CRA regulation, the new 3 NYCRR Section 76.16, took effect. The new regulation implements legislative changes to the state CRA statute, Section 28-b of the Banking Law, which direct DFS to consider a bank's record of performance in helping to meet credit needs of minority and women-owned businesses in CRA performance evaluations, including a bank's investments in technical assistance programs for small businesses and minority and women-owned businesses, and the origination and purchase of loans to minority and women-owned businesses within its community. The Department's regulatory amendments establish rules for how banking institutions should solicit, collect, store, and report the information relating to their provision of credit, including to minority and women-owned businesses, such as when requests for information should be made, and the rights of a credit applicant to refuse to offer information in response. In addition to facilitating compliance with the Legislature's amendments to the CRA statute, the data collected pursuant to the Department's amendments to the CRA regulation will allow CEU and other units within DFS to conduct fair lending analyses of state-chartered banks.

On November 3, 2023, the Department approved the CRA Strategic Plan submitted by Goldman Sachs pursuant to 3 NYCRR Part 76, Section 76.13. The strategic plan option provides a bank with the opportunity to tailor its CRA objectives to the needs of the community and to its own capacities, business strategies, and expertise.

The Department expects to continue issuing and updating regulations regarding whether state-chartered and state-licensed lenders are meeting the credit needs of their communities. Following a recommendation made in connection with DFS's report with respect to its inquiry of redlining in Buffalo, the legislature in 2021 enacted Banking Law § 28-bb, which authorizes the Department to conduct evaluations of mortgage bankers to ascertain how well they serve the credit needs of their communities, particularly LMI individuals and LMI neighborhoods. Separately, in 2023, the three federal agencies administering a federal banking CRA, the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency, issued significant revisions to the federal banking CRA regulations. The Department is in the process of developing rules both to implement Section 28-bb and to align the state banking CRA regulation, where appropriate, with the federal banking CRA regulation.

Overdraft, Non-Sufficient Fund, and Return Deposit Item Fees

CEU assisted in the preparation of the study of overdraft fees called for by legislation signed by Governor Hochul on July 15, 2022 (S.9348/A.8292). The study was published on July 14, 2023, and entitled "Consumer Fee Practices in New York – A Report on Overdraft, Non-Sufficient Funds, and Similar Fee Practices of New York-Regulated Depository Institutions, Pursuant to Chapter 380 of the Laws of 2022."

CEU is also assisting in the drafting of regulations pertaining to overdraft, non-sufficient fund, and return deposit item fees pursuant to Section 9-y of the Banking Law, as amended in 2023.

Community Development Unit

The Community Development Unit ("CDU"), which is housed within CEU, facilitates the development and preservation of banking services in underserved and LMI neighborhoods. CDU researches and analyzes community demographic information to ascertain the financial needs of consumers. CDU also reviews the impact on communities of applications to merge, convert charters, make community development equity investments, and open, close, or relocate branches. CDU also administers the Banking Development District ("BDD") program, which includes working with community stakeholders to either explore the viability of a BDD in their communities or provide support in the formation of banking and community partnerships for the purpose of designating a BDD, reviewing requests for designations of new BDDs, the re-activation and expansion of existing BDDs, and requests of participating banks for the renewal of BDD deposits. CDU then makes recommendations to the Office of the State Comptroller regarding those designations and renewals. Additionally, CDU fosters working relationships with community groups, financial institutions, municipal governments, and other regulatory and supervisory agencies to ensure that residents, businesses, and communities throughout New York State have access to the banking information, products, and services they need. CDU ensures DFS's compliance with requirements for participation in the New York State Geographic Information Systems Clearinghouse and provides internal support to DFS divisions and operating units seeking assistance with mapping projects. Lastly, CDU actively collaborates with federal regulatory partners on strategies and initiatives aimed at spurring partnerships between financial institutions and communities across the state.

Banking Development District Applications

The Banking Development District Program is a DFS priority, as it assists financially underserved communities in obtaining better access to affordable financial services and helps small businesses to develop and grow as part of New York's communities.

CDU approved the designation of one new BDD area in 2023: Community District 7 in Kings County, and one new BDD participating branch in Community District 1 in Bronx County. These designations are noteworthy, as they include the BDD area that was left inactive when Amalgamated Bank vacated the area, and the new participating branch designation is in a BDD area formerly serviced by Sterling National Bank, which exited the program in July 2016. In 2023, CDU received 16 new inquiries relating to general program information and 17 from communities or institutions seeking to establish or reactivate a BDD.

CDU reviewed 15 BDD Requests for Renewal of Deposit Applications, of which 13 were issued recommendations for the renewal of deposits and two were issued probations. CDU also reviewed six BDD Progress Reports and issued responses noting satisfactory progress.

Review of Applications for Community Impact

In 2023, CDU processed 22 branch applications comprised of the following: eight closings, 12 full branch openings, and two relocations. In addition, CDU processed eight specialized applications, comprised of the following: three changes of control, three basic banking accounts, and two credit union mergers. Finally, CDU reviewed three community development equity investment notifications for prior approval of investments. All of the prior approval requests were approved.

Community Outreach and Special Projects

CDU actively participated in the CRA Interagency Group, composed of community affairs officials from the FDIC, the Federal Reserve Bank, and the Office of the Comptroller of the Currency. As part of that group, CDU participated in a CRA 101 Session and a Bankers Roundtable event for bankers serving the Greater Rochester markets.

Student Loan Consumer Outreach and Assistance

In 2023, SPU conducted 25 workshops. In a move back to in-person discussions, only four were conducted virtually. The workshops provide the public with vital information about the best methods for financing a college education and managing student loans post-graduation.

SPU saw an increase in consumer complaints as a result of the return to repayment of federal student loans after the payment pause of more than three years. SPU worked to successfully resolve a wide range of complaints regarding student financial products and services, including student loans, student banking products, and student debt relief services. SPU accepted complaints through DFS's online complaint portal and by mail.

DFS's website includes information for prospective college students, their families, and graduates in loan repayment status to help navigate decisions relating to financing and repaying a college education. SPU continually monitored the CARES Act payment pause, which ended in 2023, and regularly updated the "Student Lending Resource Center" on the Department's website to provide the most current information on the federal student loan relief and subsequent federal guidance. SPU also updated that webpage to provide up-to-date information regarding a U.S. Department of Education project to make a one-time adjustment to federal student loan payment counts that may lead to loan forgiveness for certain borrowers (i.e., the "One-Time Adjustment").

In addition, SPU continues to collaborate with CIU on various investigations related to student loans, including student loan consolidation companies.

Student Loan Servicer Examinations

The Department licenses and examines student loan servicers under New York's Student Loan Servicing Act and continues to receive and review new student loan servicer applications. To date, the Department has issued 33 licenses and determined that 18 entities who applied were exempt.

In 2023, the Department conducted eight independent examinations of student loan servicers. As part of the examination process, the Department worked with servicers to address a variety of issues including the following: Default prevention, complaint handling, and enhancing policies and procedures to protect borrowers and ensure compliance with New York State's student loan servicer law and regulation.

In anticipation of the return to repayment on federal Direct student loans, the Department sent all New York State-licensed student loan servicers with Direct loan portfolios an information request in June 2023 regarding their preparations for the logistical impact of the impending restart, with follow-up discussions with each servicer, to learn about what borrowers should expect during the payment restart process. The Department also worked with licensed student loan servicers to ensure that borrowers potentially eligible for the One-Time Adjustment, were aware of the program. In November 2023, the Department sent a letter to all New York State-licensed student loan servicers with federal loan portfolios, outlining best practices with respect to the One-Time Adjustment and directing those servicers to affirmatively communicate with potentially affected borrowers. Subsequently, the Department held meetings with servicers to confirm their commitment to the best practices outlined in the Department's letter and ensure that all relevant borrowers were aware of any steps necessary to become eligible for loan forgiveness.

Finally, in late 2021 the Legislature established a Private Student Loan Refinancing Task Force, chaired by Superintendent Harris, to study and analyze ways lending institutions that offer non-federal student loans to students of New York institutions of higher education can be incentivized and encouraged to create student loan refinance programs. The final report of the Private Student Loan Refinancing Task Force was submitted to the Governor and legislative leaders in October 2023 and is available online at: https://www.dfs.ny.gov/system/files/documents/2023/10/nys_private_student_loan_refinancing_task_force_report_202310.pdf.

Summary of Consumer Examination Unit Activity

A breakdown of CEU's activities in 2023, including exams conducted and applications processed, is summarized below:

Type of Work	2023
CCFL Examinations	23
CRA Examinations	23
CCRA Examinations	2
CDU Applications	34
CDU BDD request for renewal	15
CDU BDD progress reports	6
SLS Applications under review	10
SLS Examinations	8

Consumer Assistance Unit Activities

The Consumer Assistance Unit ("CAU") handles complaints against insurance companies, banks and other financial institutions, and providers of financial products and services such as debt collection, prepaid debit cards, and debt settlement. CAU also screens external appeal applications for eligibility and manages the independent dispute resolution process with respect to surprise medical bills for health insurance claims. CAU also distributes information and alerts to consumers, answers consumer inquiries, and resolves disputes that consumers are unable to work out on their own. The unit also staffs DFS's Mobile Command Center ("MCC"), an important tool used to inform, engage, and support communities throughout New York State, particularly in the event of natural disasters, such as regional flooding and other disasters.

CAU employs a multifaceted approach to assisting consumers:

- **Enhanced Complaint System:** This system allows CAU staff to quickly track and identify trends that arise from the various types of financial complaints received. Once a trend is identified, it is elevated to the respective supervisory business unit to determine whether a more in-depth review is needed, with the goal of benefiting all consumers affected by the issue. CAU's complaint system also allows urgent, time-sensitive insurance and banking issues to be escalated and handled in a more efficient manner.
- **Complaint Triage:** CAU continuously triages complaints and evaluates staff assignments in an effort to route complaints more quickly and utilize resources and staff as efficiently as possible.
- **Consolidated Call Center ("CCC"):** The DFS call center is integrated within the New York State Department of Tax and Finance. DFS staff work with the CCC to provide updates and new information to assist callers with their insurance and banking questions. The call center operates from 8:30 a.m. to 4:30 p.m., Monday through Friday, with extended coverage during disasters.

Complaints and Inquiries

Insurance Complaints

In 2023, CAU received 38,604 insurance complaints, closed 39,308 insurance complaints, and recovered over $154 million on behalf of consumers and providers. CAU also responded to 2,126 written insurance inquiries. A detailed breakdown of the complaints is as follows:

Type of Insurance	Total Closed	Positive Consumer Outcome	Percent	Recovery Amount
Auto and No-Fault	4,538	934	20.58%	$7,741,241.01
Health	3,672	777	21.16%	$10,031,164.37

Prompt Pay	26,071	8,102	31.08%	$117,518,952.06
Property Casualty & Service Contracts	1,765	301	17.05%	$4,766,276.20
Life	924	119	12.88%	$12,026,672.99
Workers Compensation & Paid Family Leave	2,338	818	34.99%	$2,672,799.61
Total	**39,308**	**11,051**	**28.11%**	**$154,757,106.24**

CAU was successful in obtaining monetary value or other relief for the consumer for approximately 28% of the complaints. This came in the form of increased claim payment, reinstatement of lapsed coverage, payment for denied medical claims, or coverage for a previously denied disaster-related claim.

Banking Complaints, Referrals, and Inquiries (Non-Mortgage)

In 2023, CAU processed over 4,500 non-mortgage-related complaints, referrals, and inquiries, recovering over $2.9 million for New York consumers. A breakdown is set out below:

	2023	2022
Complaints and Referrals	4,534	3,916
Written Inquiries	14	14
Total	**4,548**	**3,930**

In addition to resolving formal complaints, CAU also assists New York consumers by responding to questions received via email and phone calls that the CCC was unable to handle. In 2023, CAU responded to 10,027 emails and 5,313 Level 2 phone calls that were referred to CAU from the CCC.

External Appeals

Article 49 of the Insurance Law gives consumers the right to request a review of certain coverage denials, known as an external appeal. These reviews are conducted by medical professionals who are independent of the healthcare plan issuing the denial. An external appeal may be requested for the following types of denials:

- the health plan determines the service is not medically necessary to treat the patient's condition;
- the health plan deems the healthcare services to be experimental or investigational;
- the treatment is for a rare disease;
- the request is for participation in a clinical trial;
- specific situations where the patient requests out-of-network services;

- the patient is requesting a formulary exception; or
- the patient is requesting an override of the health plan's step therapy requirements.

CAU is responsible for screening the external appeal applications for completeness and eligibility. Eligible applications are then randomly assigned to one of three external appeal agents, who are screened for conflicts of interest. Once assigned, DFS monitors the process to ensure that the external appeal agent renders a timely decision and provides proper notice of the decision.

The table below summarizes appeals received and appeals closed for 2023 and the preceding five years:

Summary of External Appeal Applications Received by Year						
Year	**Received**	**Closed**	**Ineligible**	**Voluntary Reversal**	**Denial Upheld**	**Overturned**
2018	8,442	8,096	2,356	363	3,415	1,962
2019	10,783	10,869	3,520	464	4,279	2,606
2020	9,089	9,312	3,028	427	3,333	2,524
2021	10,728	10,630	3,471	557	3,584	3,018
2022	12,075	11,839	3,903	486	3,920	3,530
2023	14,129	14,200	4,998	553	4,724	3,925

Voluntary Reversals: The plan overturned its denial before the appeal was submitted to a reviewer.
Ineligible: The appeal was not eligible for an external review.
Overturned: This category includes decisions that overturned the denial in whole and in part.

The table below lists the number of external appeal determinations categorized by type of appeal:

External Appeal Determinations by Type of Appeal in 2023				
Type of Denial	**Total**	**Overturned**	**Overturned in Part**	**Upheld**
Medical Necessity	7,597	3,265	190	4,142
Experimental/Investigational	386	143	1	242
Clinical Trial	0	0	0	0
Out-of-Network Service	2	1	0	1
Out-of-Network Referral	146	97	0	49
Rare Disease	4	4	0	0
Step Therapy	11	6	0	5

Formulary Exception	503	218	0	285
Total	**8,649**	**3,734 (43.2%)**	**191 (2.2%)**	**4,724 (54.6%)**

The table below summarizes the external appeals that were rejected:

2023 External Appeals Rejected as Ineligible	
Reason	**Quantity**
Applicant Withdrew Appeal	267
Contractual Issue	151
Coverage Terminated	39
Covered Benefit Issue	99
Coding Issue	2
Duplicate Application	520
Failure to Respond to Request For Information	2,361
Federal Employees Health Benefit Program	10
Medicaid Fair Hearing	11
Medicare	118
No Internal Appeal	455
No Surprises Act Not Eligible	11
Out-of-Network Denial	18
Out-of-State Contract	72
Overturned on Internal Appeal	12
Provider Ineligible to Appeal	186
Reimbursement Issue	191
Self-Insured Coverage	307
Untimely	168
Total	**4,998**

As part of DFS's oversight of the external appeal program, CAU reviews all external appeal decisions received to ensure that the appropriate number of clinical peer reviewers was used, the clinical peer reviewer was board-eligible or board-certified in the appropriate specialty, and the review was conducted in accordance with the standards set forth in Article 49 of the Insurance Law. When appropriate, DFS contacts the external appeal agent to obtain a response to questions and concerns raised by the consumer or provider regarding a decision.

Summaries of external appeal decisions are published in a public database on the DFS website. Prior to posting, CAU staff review the summaries to confirm they accurately reflect the decisions and to ensure that no non-public information is included.

Out-of-Network Law

Article 6 of the Financial Services Law protects consumers from "surprise bills" (as defined by the law) when services are performed by an out-of-network provider during a scheduled procedure at an in-network hospital or ambulatory surgical center without the patient's knowledge or consent, or when an in-network doctor refers the patient to an out-of-network provider without obtaining the patient's written acknowledgement and consent. The law also provides protection from bills for out-of-network emergency services by limiting the patient's financial responsibility to his or her in-network co-payment, coinsurance, or deductible.

Independent Dispute Resolution

Article 6 of the Financial Services Law allows a provider or health plan to dispute the amounts charged and paid for surprise bills and emergency services through an Independent Dispute Resolution ("IDR") process. An IDR entity assigns a reviewer with experience in healthcare billing, reimbursement, and usual and customary charges to review the dispute in consultation with a licensed doctor in active practice in the same or similar specialty as the doctor providing the service in question.

The tables below summarize IDR applications filed in 2023:

Summary of Independent Dispute Resolutions Received in 2023			
Emergency Services		**Surprise Bills**	
Total Received	2,898	**Total Received**	5,055
Not eligible	1,282	Not eligible	1,883
Still in process	137	Still in process	273
Decision rendered:		**Decision rendered:**	
Health plan payment more reasonable	321	Health plan payment more reasonable	533
Provider charges more reasonable	598	Provider charges more reasonable	1,329
Split decision	425	Split decision	635

Closed with an additional payment	26	Closed with an additional payment	87
Settlement reached	109	Settlement reached	315
Not eligible: The dispute was not eligible for a review. **Split decision:** The health plan payment was more reasonable for one or more codes and the provider's charge more reasonable for the remaining codes. **Settlement reached:** The health plan and provider agreed to settle the dispute prior to a full review.			

Independent Dispute Resolutions Rejected as Ineligible in 2023			
Emergency Services		**Surprise Bills**	
AOB not signed/submitted to health plan	N/A	AOB not signed/submitted to health plan	71
Application not received by IDRE or incomplete	427	Application not received by IDRE or incomplete	457
Application withdrawn	84	Application withdrawn	396
Claim paid, Balance patient responsibility	2	Claim paid, Balance patient responsibility	3
Duplicate submission	33	Duplicate submission	67
Federal employee coverage	6	Federal employee coverage	16
Incorrect insurer	61	Incorrect insurer	35
Incorrect date of service	21	Incorrect date of service	21
Medicaid/Essential Plan ER service	207	Medicaid/Essential Plan ER service	56
Medicaid coverage-patient not stable	N/A	Medicaid coverage-patient not stable	50
Medicare	17	Medicare	33
Not emergency services	85	Not a surprise bill	250
Not OON claim	14	Not OON claim	17
Out-of-state coverage	75	Out-of-state coverage	75
Paid according to fee schedule	0	Paid according to fee schedule	4
Self-funded coverage	118	Self-funded coverage	105
Services rendered by a par-provider	11	Services rendered by a par-provider	21
Services rendered out of state	1	Services rendered out of state	12
Settlement reached before IDR filed	5	Settlement reached before IDR filed	5
Timely filing	12	Timely filing	18
Unable to determine eligibility	103	Unable to determine eligibility	171

Total	1,282	**Total**	1,883

Outreach and Response Efforts in 2023

CAU assisted consumers in Sullivan County who were affected by a tornado in April 2023 and consumers in Rockland and Orange Counties who experienced flooding in July of 2023. Staff provided information to consumers who had questions about insurance coverage or who were experiencing problems with claims they had submitted for damage.

Holocaust Claims Processing Office Activities

The Holocaust Claims Processing Office ("HCPO") provides institutional assistance to individuals seeking to recover assets lost due to Nazi persecution. Claimants pay no fee for the HCPO's services, nor does the HCPO take a percentage of the value of the assets recovered.

The HCPO assists Holocaust victims and their heirs located anywhere in the world. From its inception through December 31, 2023, the HCPO has assisted individuals from 50 states, the District of Columbia, Guam, the U.S. Virgin Islands, and 53 countries.

To date, the HCPO has secured $184,034,603 in offers[2] for bank, insurance, and other losses, and has facilitated restitution settlements involving 252 cultural objects. In 2023, HCPO claimants received $481,987 in offers, and the office coordinated settlements for 38 works of art.

As required by Section 37-a of the Banking Law, HCPO submitted its 2023 Annual Report to the Governor and Legislature in January 2023. The report is available on the Department's website.

Investigations and Intelligence Division Activities

CPFED's two criminal investigation units, the Criminal Investigations Bureau on the banking side, and the Insurance Frauds Bureau on the insurance side, support the Department's efforts to protect the integrity of New York's financial system by detecting and deterring illegal activities

[2] This includes offers made to victims or heirs of monetary compensation based on the value of the lost assets; the total amount of funds available to a claims agency, however, may be limited and may not allow for full payment of loss. Thus, the actual payment may be substantially less than the value of the lost asset. The full value noted in a decision is important as it recognizes the actual loss and guides in determining the amount of payment when full payment is not possible. Therefore, the HCPO reports the full value. Sometimes, victims do not consider the offer adequate and do not agree to settle. In other cases, the percentage of the full value that is offered is the amount paid.

conducted at or through New York State's financial institutions. Through independent investigations, and in partnership with other law enforcement agencies, the units conduct criminal investigations related to our industries, particularly in the investigation of crimes involving violations of the Insurance and Banking Laws, Penal Law, BSA, and USA PATRIOT Act, and additional state and federal money laundering statutes. In the furtherance of criminal investigations, the Criminal Investigations Bureau and the Insurance Frauds Bureau also issue administrative subpoenas and respond to grand jury subpoenas and other requests for assistance from law enforcement and prosecutorial agencies, including by providing industry expertise through staff investigators and examiners.

Criminal Investigations Bureau

Background

The Criminal Investigations Bureau ("CIB") investigates potential violations of the New York Banking Law, financial crimes of the New York Penal Code, violations of anti-money laundering laws, and crimes related to residential mortgage fraud, and takes appropriate action after such investigation. CIB works cooperatively with law enforcement and regulatory agencies at the federal, state, county, and local levels, focusing its investigations in the following areas:

Criminal Prosecutions

CIB investigates allegations of fraud, theft, and money laundering at, and involving, the institutions DFS supervises. CIB partners with federal and state prosecutors to assist in the prosecution of insiders who steal from the institutions they are entrusted to run and those who conduct business in violation of the law. With experience and expertise in tracing virtual currencies on their respective blockchains, CIB has helped law enforcement and jurors better understand how and why criminals move digital assets.

For example, in 2023, CIB provided its expertise in an investigation of fraud and theft by a mother and son team. CIB located and followed the movement of more than $1.5 million in stolen virtual assets through a multitude of transactions made for the sole purpose of obfuscating the origin of the stolen assets and confusing anyone who endeavored to find them. Combining blockchain analytics and other technologies with testimony and visual images of the movement of these funds, CIB located the assets, educated law enforcement officials and grand jurors, and demonstrated both the theft of virtual funds and the digital money laundering that followed.

Major Financial Institutions

CIB investigates allegations of fraud, theft, and embezzlement at the state-chartered banks and credit unions it supervises, and partners with federal and state prosecutors to assist in the prosecution of insiders who steal from the institutions they are entrusted to run.

Money Services Businesses

CIB works with federal, state, county, and local regulatory and law enforcement agencies to ensure compliance by money services businesses, including licensed check cashers and money transmitters, with federal and state statutes and related regulations designed to detect and eliminate the illegal transmission of money within New York State to prevent money laundering and terrorist financing.

Mortgage Fraud Investigations

CIB investigates mortgage fraud cases throughout New York State to assist local, state, and federal regulatory and law enforcement agencies in the investigation and prosecution of such cases and to educate law enforcement and the financial sector in identifying, investigating, and prosecuting mortgage fraud.

In 2023, CIB aided prosecutors in a continuing long-term grand jury investigation into entities conducting mortgage loan activity without a DFS license.

Mortgage Loan Originator Licensing Support

CIB provides support to the Mortgage Banking Unit’s efforts to comply with the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (“SAFE Act”). Under the SAFE Act, states must increase uniformity, enhance consumer protection, and reduce mortgage fraud through the establishment of a national mortgage licensing system. One key requirement of the SAFE Act is a criminal background check of each mortgage loan originator applicant.

During 2023, CIB investigators reviewed 269 criminal history reports related to mortgage loan originator applications filed with DFS. In total, 1,035 mortgage loan originator applications were processed.

FinCEN Reports

CIB investigators are also responsible for the Department’s access to the U.S. Treasury Department’s Financial Crimes Enforcement Network (“FinCEN”) BSA e-filing portal. They are trained to maintain FinCEN’s strict confidentiality mandates for the searching and handling of reports of suspicious activity. These reports are an integral component of the Department's supervision of its licensees’ BSA/AML compliance. CIB investigators processed and responded to 132 requests for FinCEN suspicious activity reports (“SARS”) in 2023.

IID's Additional Operations and Activities

Due Diligence Investigations

IID attorneys vet applicants for various DFS licenses by conducting due diligence background investigations of companies and control parties seeking student loan servicing, money services business, and virtual currency licenses from DFS. In 2023, IID added community and regional bank and foreign and wholesale bank applicants to its research portfolio. In 2023, IID vetted the businesses and control parties underlying applications for 50 DFS licenses and charters.

Cybersecurity Incident Investigations

IID's cyber incident response team investigates all cybersecurity events reported to DFS pursuant to Section 500.17 of the Cybersecurity Regulation (Part 500). DFS licensees that are covered entities under Part 500 report cybersecurity events through DFS's secure cyber portal. Information underlying these incidents is investigated by the incident response team and escalated to the Cybersecurity Division and appropriate DFS operating divisions to enhance supervision of the cybersecurity programs of DFS licensees and ensure compliance with the Department's first-of-its-kind Cybersecurity Regulation. In 2023, the cyber incident response team investigated, summarized, and internally escalated 135 cybersecurity incidents.

Insurance Frauds Bureau

Background

The Insurance Frauds Bureau ("the Bureau") has a longstanding commitment to combating insurance fraud. It is responsible for the detection and investigation of insurance and financial fraud and the referral for prosecution of persons or entities that commit such fraud. The Bureau is headquartered in New York City, with offices in Garden City, Albany, Syracuse, Rochester, and Buffalo.

Highlights of 2023

In response to COVID-19, the Governor's Office assigned DFS investigators to multi-agency task forces to combat violations of executive orders related to coronavirus. The Bureau opened 387 cases for investigation, resulting in 189 arrests, including 24 for healthcare fraud, and leading to $15,434,140 in court-ordered restitution. Prosecutors obtained 96 convictions in cases in which the Bureau was involved. Of the fraud reports the Bureau received, 75% were for suspected no-fault fraud.

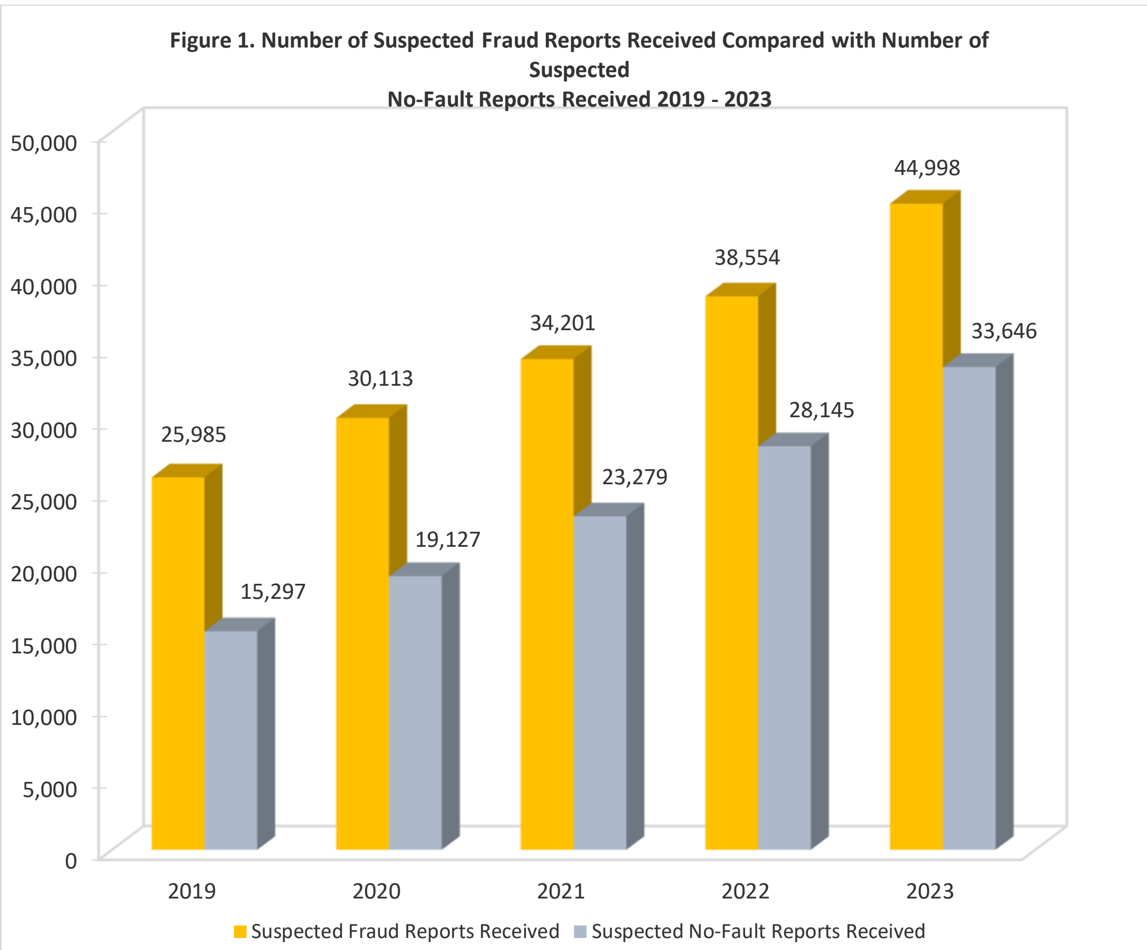
Reports of Suspected Fraud/Investigations

The Bureau received 44,998 reports of suspected fraud in 2023. The majority were from licensees required to submit reports of suspected fraud to DFS. The remaining reports were from other sources, such as consumers and anonymous tips. The Bureau opened 387 cases for investigation in 2023. Tables showing the number of fraud reports received, investigations opened, and arrests by type of fraud appear in the Appendices.

In 2023, the Bureau referred 148 cases to prosecutorial agencies for prosecution. Prosecutors obtained 96 convictions in cases in which the Bureau participated.

No-Fault Fraud Reports and Investigations

Suspected no-fault fraud reports accounted for 75% of all fraud reports received by the Bureau in 2023.



Combating no-fault fraud is one of the Bureau's highest priorities. Deceptive healthcare providers and medical mills that bill insurance companies under New York's no-fault system cost New York drivers hundreds of millions of dollars. DFS maintained its aggressive approach to combating this type of fraud throughout the year.

Arrests

Bureau investigations led to 189 arrests for insurance fraud and related crimes in 2023.

Restitution

Criminal investigations conducted by the Bureau resulted in $15.4 million in court-ordered restitution.

Multi-Agency Investigations

In 2023, the Bureau conducted multi-agency investigations with the following government departments, agencies, and offices:

- New York Police Department's Fraudulent Collision Investigation Squad and Auto Crime Division
- New York City Fire Department, Bureau of Fire Investigations
- Office of the Workers' Compensation Fraud Inspector General
- New York State Office of Fire Prevention and Control
- New York State Insurance Fund
- Various District Attorney's Offices
- State and local police and sheriff's departments
- Various U.S. Attorney's Offices
- New York State Comptroller's Office
- New York State Attorney General's Office
- New York State Department of Motor Vehicles
- New York Auto Insurance Plan
- National Insurance Crime Bureau
- U.S. Postal Inspection Service
- U.S. Department of Labor
- Federal Bureau of Investigation
- U.S. Department of Health and Human Services

- Drug Enforcement Administration Tactical Diversion Task Force (Upstate/Downstate)
- Jamaica Constabulary Force

Task Force and Working Group Participation

The Bureau is an active participant in 13 task forces and working groups designed to foster cooperation among agencies involved in fighting insurance fraud. Participation provides the opportunity for intelligence gathering, joint investigations, information sharing, and effective use of resources. Below are some of the groups in which Bureau staff participated during the past year:

- New York State Department of Health Vaccine Complaint Investigation Team
- Western New York Health Care Fraud Task Force
- Central New York Health Care Fraud Working Group
- Rochester Health Care Fraud Working Group
- FBI New York Health Care Fraud Task Force/Medicare Fraud Strike Force
- New York Anti-Car Theft and Fraud Association
- Monroe County Auto Crimes Task Force
- National Insurance Crime Bureau Working Group
- High Intensity Drug Trafficking Areas Program
- Drug Enforcement Administration Tactical Diversion Task Force (Upstate/Downstate)
- Suffolk County District Attorney's Office Insurance Crime Bureau
- New York Alliance Against Insurance Fraud
- Rochester Arson Task Force

Highlights of Task Force Participation

DFS, working with the Newburgh Police Department, New York State Department of Taxation and Finance, Orange County District Attorney's Office, and Federal Bureau of Alcohol Tobacco & Firearms, concluded a four-year arson investigation in March 2023. The investigation resulted in an Orange County Judge handing down a prison sentence of 22.5 years to life to a Newburgh, New York business owner charged with purposely setting fire to his restaurant with criminal intent for pecuniary profit. The nature of the fire's origin was considered especially heinous by investigators: a propane line had been tampered with, leading to the structure's collapse, and endangering first responders. A co-defendant was sentenced to two to five years in state prison. The fraud resulted in losses in excess of $1.6 million to two insurance carriers.

Consumer Reporting

DFS encourages consumers to report suspected fraud and maintains a toll-free hotline to facilitate reporting. Consumers may call 1-888-FRAUDNY (1-888-372-8369) for information regarding insurance fraud and how to report it. DFS recorded an average of 75 calls per month in 2023. The Consumers section of DFS's website includes a link to an electronic fraud report form and instructions on how to report fraud.

Collection of Rate Evasion Data

DFS collected data from insurers that wrote at least 3,000 personal lines automobile insurance policies showing the number of instances in which individuals misrepresented the principal location where they garaged and drove their vehicles to obtain lower premiums in 2023. A summary of the data appears in the Appendices under the section titled "2024 Data Call: Vehicle Principal Location Misrepresentation."

Approval of Fraud Prevention Plans

Section 409 of the Insurance Law requires insurers that write at least 3,000 individual accident and health, workers' compensation, or automobile policies (or group policies that cover at least 3,000 individuals) issued or issued for delivery annually in New York to submit a Fraud Prevention Plan for the detection, investigation, and prevention of insurance fraud. Licensed health maintenance organizations with at least 60,000 enrollees must also submit a Fraud Prevention Plan. Plans must provide for a full-time Special Investigations Unit ("SIU") and for the following:

- Interface of SIU personnel with law enforcement and prosecutorial agencies;
- Coordination with other units of the insurer for the investigation and initiation of civil actions based on information received by or through the SIU;
- Development of a fraud detection and procedures manual to assist in the detection and elimination of fraudulent activity;
- Staffing levels and other resources devoted to the SIU based on objective criteria;
- In-service training of investigative, claims, and underwriting personnel in identification and evaluation of insurance fraud; and
- Development of a public awareness program focused on the cost and frequency of insurance fraud and the methods by which the public can assist in preventing fraud.

Insurers may submit Fraud Prevention Plans for multiple affiliated insurers. A list of insurer Fraud Prevention Plans approved by DFS that were active as of December 31, 2023, appears in the Appendices.

Section 409 of the Insurance Law also requires insurers to file a Fraud Prevention Plan report on an annual basis and describe the insurer's experience, performance, and cost effectiveness in implementing the plan. In their electronically filed Annual SIU Reports, insurers reported $867.7

million in savings resulting from SIU investigations in 2022 (the most recent year for which data is available) and $49.6 million in recoveries from SIU investigations in 2022.

Investigation of Life Settlement Fraud and Review of Fraud Prevention Plans

The Bureau collaborates with industry and law enforcement in the investigation and prevention of life settlement fraud. A life settlement is the sale of a life insurance policy to a third party, known as the life settlement provider. The owner of a life insurance policy may sell his or her policy for an immediate cash benefit, making the life settlement provider the new owner of the policy, which entails paying future premiums and collecting the death benefit when the insured dies.

The Life Settlement Act of 2009 brought the New York life settlement industry under regulation by DFS. The Act provides a comprehensive regulatory framework and created rules requiring the disclosure of crimes for acts of life settlement fraud and aggravated life settlement fraud.

Life settlement providers must submit Fraud Prevention Plans with their licensing applications. Section 411(e) of the Insurance Law also requires that they submit an annual report by March 15 of each year that describes the provider's experience, performance, and cost effectiveness in implementing its plan. There were 22 licensed life settlement providers in New York as of December 31, 2023, with approved plans on file. A complete list of those life settlement providers appears in the Appendices.

Major Insurance/Financial Fraud Cases in 2023

Summarized below are additional major insurance/financial fraud cases that the Bureau conducted during 2023 (to the extent that information is public). The Bureau has numerous other confidential investigations of insurance/financial fraud that are pending.

- DFS uncovered a scheme by a certified public accountant ("CPA"), in collusion with a New York construction company contractor, to defraud the New York State Insurance Fund ("NYSIF") of more than $18 million. The investigation determined that the contractor, who specialized in building façade repairs and waterproofing, utilized a CPA firm to complete its premium audits. The contractor retained the CPA, who acted as the contractor's representative during the NYSIF mandatory annual audits. From March 2018 to March 2020, the CPA filed payroll-related documents with both the NYS Department of Labor and NYSIF, drastically reducing the size of the contractor's workforce and payroll. NYSIF then relied on these documents to calculate the contractor's workers' compensation insurance premiums, grossly under-charging the company as a result. Over the course of the scheme, the contractor fraudulently underreported its payroll by more than $4.5 million and underpaid NYSIF by more than $1.4 million. On October 19, 2023, the contractor was sentenced to two-and-one-third to seven years in state prison after pleading guilty to three counts of insurance fraud in the first degree. The CPA was also sentenced to two-and-one-third to seven years in state prison after pleading guilty to three counts of insurance fraud in the first degree. The contractor's companies pled guilty to falsifying business records in the first degree and were sentenced to a three-year conditional discharge. On June 5, 2023, two co-defendants pled guilty to one count of falsifying business records in the first degree and were sentenced to a three-year conditional discharge, while another co-defendant pled guilty to one count of criminal facilitation in the fourth degree and was sentenced to a one-year conditional discharge.

- In October 2022, DFS investigators and a DFS examiner investigated a case involving identity theft and $2.3 million stolen in assorted cash, assets, and electronic currencies from a known victim and resident of Montgomery, New York. The investigation determined that the two defendants, who were related to the victim, had stolen, embezzled, and fled New York State with the stolen cash and assets. The investigation further revealed that the defendants had attempted to launder the money through a DFS-licensed cryptocurrency platform and exchange. DFS investigators traveled to Colorado and were assisted by Colorado authorities in executing several search warrants, resulting in the recovery of cash, bank statements, and digital drives containing certain cryptocurrency wallet information. Both defendants were arrested on March 8, 2023, and extradited to New York State. Following extradition to New York, the defendants were charged with felony counts of grand larceny in the second degree and money laundering in the first degree. The defendants were sentenced to one to three years in state prison, and both pled guilty to the felony of grand larceny in the third degree and are awaiting sentencing. The investigation has thus far recovered over $600,000.

- DFS collaborated with NYPD Fraudulent Accident Insurance Squad ("FAIS") to investigate a staged pedestrian accident involving two defendants. The incident was caught on video and showed the two defendants hiding behind a parked van and waiting for a vehicle to pass them. When the vehicle passed them, both defendants were recorded on video, as they deliberately walked into the vehicle and fell to the ground. The recovered video evidence shows the defendants lying on the ground until the arrival of an ambulance. The defendants claimed injuries and received excessive and unnecessary medical treatments in excess of $50,000 each. In March 2023, both defendants were arrested.

- DFS, collaborating with the Federal Bureau of Investigation, the Internal Revenue Service, and the Rochester Police Department investigated a financial fraud case involving a local Rochester business. The investigation determined that the owner of a local restaurant had thousands of dollars stolen from his business' bank account. The victim reported that a Rochester consulting firm had obtained his business' banking information as a result of prior business dealings, whereupon the victim provided the defendant with his banking information. The defendant improperly used the victim's banking information to make withdrawals and apply for business loans from the victim's business account without his knowledge or consent. During the investigation, additional victims of the scam were discovered both locally and outside of New York State. The investigation determined that the defendants had scammed 14 local businesses for a total of $2,125,248. Nationally, this scam had defrauded over 200 victims for a total of approximately $14 million. Furthermore, a number of financial companies and banks were also defrauded in this scheme. On October 13, 2023, the defendant was arrested and taken into federal custody in Buffalo, New York, and charged with federal tax fraud, wire fraud, bank fraud, and aggravated identity theft.

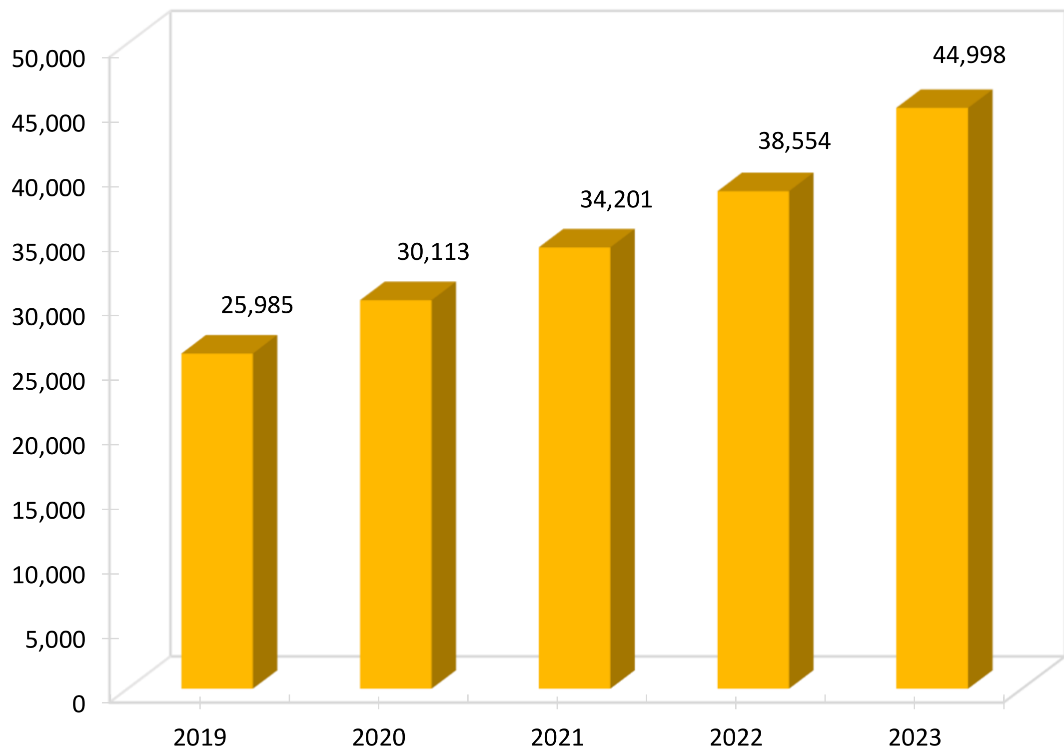
- In July 2023, DFS, working with members of the U.S. Postal Police, Homeland Security, Jamaican National Police, and the Orange County Task Force, investigated a large scale, multi-million-dollar, multi-agency, international financial fraud scheme. The scheme involved the filing of numerous fraudulent residential fire loss claims in upstate New York. The investigation revealed approximately $1 million in insurance payouts received from fraudulent claims that had been illegally funneled to a known offshore account held by organized crime entities on the island of Jamaica. On July 18, 2023, a defendant was taken into custody on a federal arrest warrant for violations of federal criminal laws including money laundering and conspiracy to commit money laundering. The defendant was processed by the U.S. Marshal for the Southern District New York, extradited to Arizona, and arraigned. The defendant is currently out on a $350,000 bond.

APPENDICES

Appendix 1: 2023 Statistics

The Bureau received 44,998 reports of suspected fraud in 2023, compared with 38,554 in 2022.

Appendix 2: Number of Suspected Fraud Reports Received



Appendix 3: Information by IFB Reports (IFBs) Received by Year

IFBs Reports By Year	2019	2020	2021	2022	2023
Boat Theft	0	0	1	3	3
Auto Theft	547	569	653	512	468
Theft from Auto	55	54	55	66	115
Auto Vandalism	272	321	296	260	180
Auto Collision Damage	2,297	2,756	2,543	2,241	2,193
Auto Fraudulent Bills	76	62	40	38	46
Auto Miscellaneous	1,358	1,764	1,645	1,613	1,511
Auto I.D. Cards	5	9	15	18	44
Total (Auto Unit)	**4,610**	**5,535**	**5,248**	**4,751**	**4,560**
Workers' Compensation	803	726	596	517	719
Total (Workers' Compensation Unit)	**803**	**726**	**596**	**517**	**719**
Disability Insurance	247	173	166	143	163
Health Accident Insurance	1,641	1,689	1,797	1,791	1,913
No-Fault Insurance	15,297	19,153	23,279	28,145	33,646
Total (Medical/No-Fault Unit)	**17,185**	**21,015**	**25,242**	**30,079**	**35,722**
Boat Fire	0	0	0	0	0
Auto Fire	99	96	69	70	67
Fire – Residential	136	97	101	91	94
Fire – Commercial	22	16	27	21	26
Total (Arson Unit)	**257**	**209**	**197**	**182**	**187**
Burglary – Residential	184	144	123	94	85
Burglary – Commercial	22	23	15	18	13
Homeowners	639	597	644	621	757
Larceny	218	200	159	264	516
Lost Property	834	678	783	896	865
Robbery	33	23	38	24	42
Bonds	2	0	2	2	3
Life Insurance	564	402	476	491	425
Ocean Marine Insurance	20	26	18	12	26
Reinsurance	2	2	1	1	4
Appraisers/Adjusters	21	15	16	8	19
Agents	97	72	71	42	64

Brokers	39	23	41	30	21
Ins. Comp. Employees	60	62	53	55	18
Insurance Companies	60	97	135	134	376
Title/Mortgage	8	1	8	6	2
Commercial Damage	239	235	124	156	342
Unclassified	88	28	51	46	108
Identification Theft			153	125	124
Total (General Unit)	**3,130**	**2,628**	**2,918**	**3,025**	**3,810**
Auto Unit Totals	4,610	5,535	5,248	4,751	4,560
Workers Comp Unit Totals	803	726	596	517	719
Medical/No-Fault Unit Totals	17,185	21,015	25,242	30,079	35,722
Arson Unit Totals	257	209	197	182	187
General Unit Totals	3,130	2,628	2,918	3,025	3,810
Grand Total	**25,985**	**30,113**	**34,201**	**38,554**	**44,998**

Cases Opened by Year	**2019**	**2020**	**2021**	**2022**	**2023**
Boat Theft	0	0	0	0	0
Auto Theft	81	77	67	36	48
Theft from Auto	1	0	0	0	2
Auto Vandalism	12	17	9	2	4
Auto Collision Damage	31	26	18	23	23
Auto Fraudulent Bills	3	0	1	1	1
Auto Miscellaneous	15	16	17	26	24
Auto I.D. Cards	0	0	0	3	6
Total (Auto Unit)	**143**	**136**	**112**	**91**	**108**
Workers' Compensation	130	48	20	56	64
Total (Workers' Compensation Unit)	**130**	**48**	**20**	**56**	**64**
Disability Insurance	3	1	6	3	9
Health Accident Insurance	31	27	26	29	7
No-Fault Insurance	39	8	28	21	49
Total (Medical/No-Fault Unit)	**73**	**36**	**60**	**53**	**65**
Boat Fire	0	0	0	0	0
Auto Fire	6	5	6	8	2
Fire – Residential	17	12	4	8	4
Fire – Commercial	5	3	11	3	1

Total (Arson Unit)	**28**	**20**	**21**	**19**	**7**
Burglary – Residential	5	4	3	2	1
Burglary – Commercial	1	1	1	0	1
Homeowners	6	11	7	12	8
Larceny	45	20	23	14	46
Lost Property	1	3	3	2	2
Robbery	1	0	0	0	0
Bonds	0	0	0	0	0
Life Insurance	17	13	4	12	14
Ocean Marine Insurance	0	0	0	0	1
Reinsurance	0	0	0	0	0
Appraisers/Adjusters	1	0	0	0	0
Agents	4	10	1	1	4
Brokers	5	5	6	4	3
Ins. Company Employees	0	0	0	0	0
Insurance Companies	2	1	1	1	4
Title/Mortgage	1	0	0	0	0
Commercial Damage	7	6	0	0	3
Miscellaneous	56	10	12	3	0
Identification Theft			9	9	10
Total (General Unit)	**152**	**84**	**70**	**60**	**97**
Auto Unit Totals	143	136	112	91	108
Workers Compensation Unit Totals	130	48	20	56	64
Medical/No-Fault Unit Totals	73	36	60	53	65
Arson Unit Totals	28	20	21	19	7
General Unit Totals	152	84	70	60	97
Grand Total	**526**	**324**	**283**	**279**	**341**

2019	IFBs	Cases	Arrests
Auto Unit Total	4,610	143	220
Workers' Comp Unit Total	803	130	31
Medical/No-Fault Unit Total	17,183	73	125
Arson Unit Total	256	28	18
General Unit Total	3,129	152	87
Grand Total	**25,981**	**526**	**481**

2020	IFBs	Cases	Arrests
Auto Unit Total	5,535	136	77
Workers' Comp Unit Total	726	48	19
Medical/No-Fault Unit Total	21,015	36	38
Arson Unit Total	209	20	7
General Unit Total	2,628	84	19
Grand Total	**30,113**	**324**	**160**

2021	IFBs	Cases	Arrests
Auto Unit Total	5,248	112	63
Workers' Comp Unit Total	596	20	19
Medical/No-Fault Unit Total	25,242	60	16
Arson Unit Total	197	21	10
General Unit Total	2,356	70	30
Grand Total	**34,201**	**283**	**138**

2022	IFBs	Cases	Arrests
Auto Unit Total	4,751	91	60
Workers' Comp Unit Total	517	56	33
Medical/No-Fault Unit Total	30,079	53	58
Arson Unit Total	182	19	23
General Unit Total	3,025	60	10
Grand Total	**38,554**	**279**	**184**

2023	IFBs	Cases	Arrests
Auto Unit Total	4,560	108	71
Workers' Comp Unit Total	719	77	25
Medical/No-Fault Unit Total	35,722	65	36
Arson Unit Total	187	22	27
General Unit Total	3,810	115	30
Grand Total	**44,998**	**387**	**189**

Appendix 4: 2024 Data Call - Vehicle Principal Location Misrepresentation

The 2024 Vehicle Principal Location Misrepresentation data call concerned misrepresentations by New York insureds of the principal place where their vehicles were garaged and/or driven during 2023.

Summary of Data Reported

- 100% (determined by market share) of the personal line automobile insurance market responded to the data call.
- The total number of reported New York insureds who misrepresented the principal place where their vehicles were garaged and/or driven in 2023 was 16,365.
- The total amount of reported premium lost in 2023 as a result of New York insureds who misrepresented the principal place where their vehicles were garaged and/or driven was $38,304,698.
- In 2023, 85.6%of the reported misrepresentations involved a location within New York State. The remaining 14.4% involved a location outside of New York State.

Misrepresentations Involving a New York State Location

- Total amount of reported premium lost in 2023 due to misrepresentations that involved a location (county) within New York State was $38,304,698.
- The top reported New York counties where insureds, who misrepresented the garaging/driving location of their vehicles, actually garaged and/or drove their vehicles in 2023 were:

Kings	28.0%
Queens	24.0%
Bronx	20.0%
Nassau	6.0%
Suffolk	5.0%
New York	4.0%
Westchester	3.0%
Erie	1.0%
Richmond	1.0%

- The top reported New York counties used by insureds to misrepresent where their vehicles were garaged and/or driven in 2023 were:

Suffolk	8.0%
Nassau	6.0%

Albany	5.0%
Broome	4.0%
New York	4.0%
Erie	4.0%
Dutchess	3.0%
Orange	3.0%
Schenectady	3.0%
Orange	3.0%
Onondaga	3.0%

Misrepresentations Involving a Location Outside of New York State

- Total amount of reported premium lost in 2023 due to misrepresentations that involved a location outside of New York State was $5,522,039.
- The top reported New York counties where insureds, who misrepresented the garaging or driving location of their vehicles, actually garaged and/or drove their vehicles in 2023 were:

Kings	15.0%
Suffolk	12.0%
Queens	11.0%
Nassau	9.0%
Bronx	9.0%
New York	7.0%
Westchester	6.0%
Erie	3.0%
Richmond	2.0%

- The top reported states used by insureds to misrepresent where vehicles were garaged and/or driven in 2023 were:

Florida	49.0%
Pennsylvania	15.0%
North Carolina	5.0%
South Carolina	4.0%
New Jersey	3.0%
Virginia	3.0%
Connecticut	3.0%
California	2.0%
Arizona	2.0%

Appendix 5: Approved Fraud Prevention Plans on File as of December 31, 2023

- Aetna Life Insurance Company
- Allianz Global Risks US Insurance Company
- American Bankers Insurance Company of Florida
- American Family Home Insurance Company
- American Family Life Assurance Company of New York
- American Home Assurance Company
- American Progressive Life and Health Insurance Company of New York
- American Transit Insurance Company
- Ameritas Life Insurance Corp. of New York
- AmGUARD Insurance Company
- Amica Mutual Insurance Company
- Anthem Life & Disability Insurance Company
- Arch Insurance Company
- Bankers Conseco Life Insurance Company
- Berkshire Hathaway Specialty Insurance Company
- Capital District Physicians Health Plan
- Central Mutual Insurance Company
- Cincinnati Insurance Company
- Connecticut General Life Insurance Company
- Continental Insurance Company
- Countryway Insurance Company
- Country-Wide Insurance Company
- Delta Dental Insurance Company
- Delta Dental of New York, Inc.
- Dentcare Delivery Systems, Inc.
- Eastern Vision Service Plan, Inc.
- Electric Insurance Company
- Employers Compensation Insurance Company
- Equitable Financial Life Insurance Company
- Erie Insurance Company
- Essentia Insurance Company
- Esurance Insurance Company
- Farm Family Casualty Insurance Company
- Farmers Property and Casualty Insurance Company
- Fidelity Security Life Insurance Company of New York
- First Symetra National Life Insurance Company of New York
- First Unum Life Insurance Company
- GEICO General Insurance Company
- Genworth Life Insurance Company of New York
- Gerber Life Insurance Company

- Globe Life Insurance Company of New York
- Hanover Insurance Company
- Hartford Accident and Indemnity Company
- Healthfirst Insurance Company, Inc.
- Healthplex Insurance Company
- Hereford Insurance Company
- Highmark Western and Northeastern New York Inc.
- HM Life Insurance Company of New York
- John Hancock Life Insurance Company of New York
- Kingstone Insurance Company
- Lancer Insurance Company
- Liberty Mutual Fire Insurance Company
- Liberty Mutual Insurance Company
- Life Insurance Company of Boston & New York
- Lincoln Life & Annuity Company of New York
- Massachusetts Mutual Life Insurance Company
- Merchants Mutual Insurance Company
- Metropolitan Life Insurance Company
- Mutual of Omaha Insurance Company
- MVP Health Plan, Inc.
- National Liability & Fire Insurance Company
- New York Life Insurance Company
- Niagara Life and Health Insurance Company
- Nippon Life Insurance Company of America
- Northwestern Mutual Life Insurance Company
- Oscar Insurance Corporation
- Oxford Health Plans (NY), Inc.
- Palisades Insurance Company
- Permanent General Assurance Corporation
- Plymouth Rock Assurance Preferred Corporation
- Preferred Mutual Insurance Company
- Privilege Underwriters Reciprocal Exchange
- Progressive Northern Insurance Company
- QBE Insurance Corporation
- ReliaStar Life Insurance Company of New York
- Renaissance Life & Health Insurance Company of New York
- Rochdale Insurance Company
- SBLI USA Life Insurance Company, Inc.
- Securian Life Insurance Company
- Selective Insurance Company of New York
- ShelterPoint Life Insurance Company
- Solstice Health Insurance Company

- Standard Life Insurance Company of New York
- Indemnity & Liability Company
- State Farm Mutual Automobile Insurance Company
- State Insurance Fund
- Sun Life and Health Insurance Company (US)
- Talcott Resolution Life Insurance Company
- Transamerica Financial Life Insurance Company
- Travelers Property Casualty Company of America
- Trustmark Insurance Company
- Unimerica Life Insurance Company of New York
- Union Security Life Insurance Company of New York
- United Concordia Insurance Company of New York
- Utica Mutual Insurance Company
- Zurich American Insurance Company

Appendix 6: 2023 Approved Life Settlement Provider Fraud Prevention Plans on File

- Abacus Settlements, LLC
- Apex Settlement Group, LLC
- Berkshire Settlements, Inc.
- Coventry First, LLC
- Credit Suisse Life Settlements, LLC
- EagiL Life Settlement Inc.
- Encore Life Settlement, LLC
- FairMarket Life Settlements Corp.
- Georgia Settlement Group (Incorporated in its state of domicile as The Settlement Group, Inc.)
- Habersham Funding, LLC
- Institutional Life Services, LLC
- Life Capital Group, Inc.
- Life Equity, LLC
- Liferoc Capital, LLC
- LifeTrust, LLC
- Lighthouse Life Solutions LLC
- Magna Life Settlements, Inc.
- Montage Financial Group, Inc.
- Q Capital Strategies, LLC
- SLG Life Settlements LLC
- Spiritus Life, Inc.
- Vespera Life LLC