



Consumer Protection and Financial Enforcement Division Annual Report

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Acting Superintendent of Financial Services

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Introduction

Kaitlin Asrow, the Acting Superintendent of Financial Services, respectfully submits this report, pursuant to Section 409(b) of the New York Financial Services Law, summarizing the activities of the Consumer Protection and Financial Enforcement Division (“CPFED”)¹ of the Department of Financial Services (“DFS” or the “Department”) during 2025. 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.

Among other notable accomplishments included in this report, in 2025, DFS secured more than \$134 million in recoveries for New Yorkers, including \$128 million recovered through CPFED and collected more than \$100 million in penalties, including more than \$90 million through CPFED.

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 students and their families about available financial products and services.

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.

- **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 resolution process, conducts outreach and education on topics regulated by DFS, and oversees 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 Unit (“IIU”)**: IIU 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. IIU also houses the Criminal Investigations Bureau, which handles criminal banking investigations and related referrals to prosecution agencies.
- **Insurance Frauds Bureau (“IFB”)**: IFB 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.

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 2025.

Bayview Asset Management, LLC

In January 2025, Bayview Asset Management LLC (“Bayview”) and its affiliates Lakeview Loan Servicing, LLC (“Lakeview”), Community Loan Servicing, LLC (“Community Loan”), and Pingora Loan Servicing, LLC (“Pingora”) reached a multistate settlement with 53 state and territorial financial regulators, following a 2021 data breach that affected approximately 5.8 million customers. Pursuant to the settlement, coordinated by the Conference of State Bank Supervisors and led by regulators in California, Maryland, North Carolina, and Washington, the companies agreed to pay a \$20 million penalty and implement a corrective action plan.

The regulators found that the companies had deficient cybersecurity practices and did not fully cooperate with supervisory requests. Lakeview, a DFS licensee, was the third largest mortgage servicer in the U.S. as of September 2024, with a \$728 billion servicing portfolio.

The breach originated when an employee fell victim to a business email compromise and downloaded malicious software, enabling unauthorized access to sensitive customer data. Contributing factors to the breach included inadequate patch management, limited oversight over vulnerability remediation, insufficient IT asset tracking, and the failure to properly encrypt certain data. The companies also failed to notify all required state mortgage regulators within mandated timeframes. As part of the settlement, Bayview and its affiliates are required to strengthen cybersecurity controls, undergo independent third-party assessments, and provide detailed compliance reporting to state regulators for three years.

PayPal, Inc.

In January 2025, the Department announced a settlement with PayPal, Inc. (“PayPal”) to resolve DFS’s investigation into a cybersecurity incident. The Department’s investigation revealed that, in 2022, PayPal implemented changes to existing data collection flows to comply with an Internal Revenue Service requirement that companies like PayPal issue certain customers Form 1099-K. This change went “live” with unmasked customer Nonpublic Information (“NPI”), including names, dates of birth, and full Social Security numbers. Two months after the change was implemented, a PayPal security analyst found an online message explaining how to view PayPal customers’ Social Security numbers on the company’s website. PayPal’s cybersecurity team concluded that threat actors used credential stuffing to gain access to the unmasked NPI in the Forms 1099-K.

DFS’s investigation found that the PayPal team tasked with implementing the change to the existing data collection flows had not been properly trained on PayPal’s systems and application development processes. Consequently, the team did not follow proper procedures before the changes went live, ultimately allowing cybercriminals to access the Form 1099-Ks containing NPI. As a part of the settlement, PayPal paid a \$2 million penalty and took several remedial measures, including updating relevant policies, training the team that failed to follow procedures, and improving capabilities to monitor code as it is pushed to production.

Sigue Corporation

In March 2025, Sigue Corporation (“Sigue”), a licensed money transmitter, entered into a final consent order with 39 states, Puerto Rico, and the District of Columbia, following concerns about the company’s deteriorating financial condition. Regulators ordered Sigue to cease operations after the company reported approximately \$4.9 million in outstanding liabilities related to money transmission transactions originating in the participating jurisdictions and New York.

State regulators initiated an investigation to assess the circumstances leading to Sigue’s winddown and evaluate consumer impact. Regulators found that Sigue failed to satisfy

outstanding transmission obligations when due, did not maintain the net worth required to remain licensed, and lacked sufficient permissible investments to cover its liabilities, resulting in violations of state money transmission laws.

The order requires Sigue to preserve all books and records, make them available to state money transmission regulators, and respond promptly to information requests. The company must also provide participating regulators with the documentation necessary to support bond claims for consumers with outstanding transmission liabilities.

The company's dissolution occurred during a separate DFS investigation, which followed a supervisory examination identifying significant deficiencies in the company's BSA/AML compliance program. Pursuant to the investigation, DFS found that Sigue failed to maintain adequate transaction monitoring controls, did not sufficiently staff or resource its compliance function, and did not remediate previously identified weaknesses in a timely manner.

Block, Inc.

In April 2025, the Department announced a settlement with Block, Inc. ("Block"), formerly known as Square, Inc. Block is licensed by the Department as a money transmitter and virtual currency business. The Department's investigation revealed significant deficiencies in Block's anti-money laundering program, which covers both the fiat and virtually currency sides of its business. DFS found that there were critical gaps in Block's Bank Secrecy Act/Anti-Money Laundering ("BSA/AML") program, including inadequate customer due diligence, failure to implement sufficient risk-based controls designed to prevent money laundering and illicit activity, and failure to effectively and timely monitor transactions. Notably, Block's insufficient oversight of high-risk Bitcoin transactions allowed largely anonymous transactions to proceed without proper scrutiny. Additionally, Block's rapid growth between 2019 and 2020 contributed to a severe transaction alert backlog, which Block left unaddressed for a significant period.

Pursuant to the settlement, Block paid a \$40 million penalty to the State. Further, Block agreed to retain a monitor to conduct a full-scale review of Block's current AML program, as well as a lookback into prior conduct and transactions.

Roach & Murtha, P.C.

In June 2025, DFS entered into a consent order with Roach & Murtha Attorneys at Law, P.C. d/b/a Roach & Murtha, P.C. ("Roach & Murtha" or the "Firm") for compliance failures that resulted in violations of the Fair Debt Collections Practices Act ("FDCPA"). Pursuant to the settlement, Roach & Murtha paid a \$40,000 penalty to the Department and agreed to implement corrective actions.

DFS found that, in violation of the FDCPA, Roach & Murtha failed to conduct meaningful attorney review of case files prior to executing on default judgments, by restraining New York consumers' bank accounts and issuing property or income executions to garnish wages. The Firm used false, deceptive, and misleading representations in connection with the collection of

consumer debts in numerous instances and employed unfair and unconscionable means to collect on debts. DFS found Roach & Murtha took legal enforcement action against numerous consumers by freezing their bank accounts and garnishing wages, without ever reviewing documents from or requesting the underlying litigation case files related to the debts, in cases where the Firm was not involved in procuring the judgments. The Department also found that Roach & Murtha executed and collected on judgments without valid assignments in some instances and failed to provide numerous consumers with required FDCPA statutory disclosures prior to collecting on assigned judgments.

As part of the settlement, Roach & Murtha is required to maintain sufficient documentation and information to confirm its clients may collect against consumers before the Firm files collection suits or otherwise collects against those consumers. Roach & Murtha agreed to update its collection policies and procedures, mail judgment demand letters to consumers it seeks to collect from, prior to engaging in any form of collection activity involving those consumers and to implement a training program sufficient to prepare Firm staff for compliance with the terms of the Consent Order.

Wise U.S. Inc.

On July 9, 2025, DFS announced that the Department, along with regulators from Massachusetts, Texas, California, Minnesota, and Nebraska, had entered into a multistate consent order with New York-based Wise US, Inc. (“Wise”), a money transmitter, for inadequacies in Wise’s Bank Secrecy Act/Anti-Money Laundering/Countering the Financing of Terrorism Program (“AML/CFT Program”). Under the terms of the agreement, Wise committed to improving its AML/CFT Program and paid the states a total penalty of \$4.2 million.

The Department’s investigation into Wise was spurred by multiple examinations, which cited Wise for failing to provide an independent review of its AML Program on a frequency commensurate with the services provided, identified deficiencies in Wise’s processes for investigating and reporting suspicious activity, including the failure to timely file suspicious activity reports, noted transaction monitoring data integrity issues, and identified violations related to the Consumer Financial Protection Bureau’s Remittance Transfer Rule.

As part of the consent order, Wise agreed to hire an independent consultant to perform a comprehensive review and remediation of its AML/CFT program, conduct a lookback of previously improperly closed accounts, and report quarterly to the states with respect to remediation progress.

Paxos Trust Company, LLC

In August 2025, the Department entered into a Consent Order with Paxos Trust Company, LLC (“Paxos”) to resolve DFS’s investigation into Paxos’s due diligence of its former partner, Binance, and its own compliance program. The investigation revealed that Binance’s lax geofencing restrictions enabled U.S. users to access an unregulated exchange, and that Paxos remained unaware of this issue until it was made known through press reports.

DFS further determined that Paxos did not have appropriate controls in place to effectively monitor for significant illicit activity occurring at or through Binance and failed to escalate red flags to Paxos's senior management and Board. A review of historical Binance transactions between 2017 and 2022 found that \$1.6 billion in transactions flowed to or from the Binance platform involving illicit actors and found that Binance processed transactions to and from entities after the U.S. Office of Foreign Assets Control sanctioned them.

In addition to Paxos's failures related to Binance, the Department's investigation revealed that Paxos operated a deficient compliance program for years. As a result of its unsophisticated Know Your Customer/Customer Due Diligence program, customers who shared addresses, corporate documents, beneficial owners, and certain behavioral characteristics indicative of potential illicit coordinated activity, were able to open multiple accounts and remain undetected. Paxos's deficient transaction monitoring system also prevented the company from detecting patterns of money laundering, thus exacerbating its onboarding compliance deficiencies. In addition, Paxos lacked defined guidelines with respect to when investigations should be opened following receipt of a law enforcement request. This deficiency prevented the company from more readily identifying bad actors on its platform.

As a result of these findings, Paxos agreed to pay a civil monetary penalty of \$26.5 million and to invest \$22 million over the years 2025 through 2027 to strengthen its compliance program.

Healthplex, Inc.

In August 2025, the Department announced a settlement with Healthplex, Inc. ("Healthplex") to resolve the Department's investigation into a cybersecurity incident. Healthplex is a licensed provider of dental management services.

The Department's investigation revealed that, in late 2021, a Healthplex customer service employee received and clicked on a phishing email which granted threat actors access to consumer data in the employee's email account. The Department's investigation revealed that Healthplex had no data retention policy to limit the storage of emails in Microsoft Outlook. As a result, the NPI of tens of thousands of New Yorkers was vulnerable to exposure. Notably, Healthplex did not have multi-factor authentication ("MFA") controls set up on its Microsoft Outlook 365 email environment. These failures made it possible for the threat actors to gain access to troves of sensitive consumer NPI, including health data.

The Department's investigation also revealed that Healthplex waited over four months, well beyond the 72-hour reporting requirement in the Department's cybersecurity regulation, from initially learning of the phishing incident and data exposure before notifying DFS. This notice requirement is a critical safeguard that enables the Department to protect consumers and markets.

As part of the settlement, Healthplex paid a \$2 million penalty and hired an independent auditor to examine the adequacy of Healthplex's MFA controls and for Healthplex to remediate all identified issues.

Auto Quote Settlements

In October 2025, the Department announced that Farmers Insurance Exchange (“Farmers”), Hagerty Insurance Agency, LLC (“Hagerty”), Hartford Fire Insurance Company (“the Hartford”), Infinity Insurance Company (“Infinity”), Liberty Mutual Insurance Company (“Liberty Mutual”), Metromile Insurance Company (“Metromile”), Midvale Indemnity Company (“Midvale”), and State Automobile Mutual Insurance Company (“State Auto”) (collectively the “Auto Insurance Companies”) entered into settlements with the Department to resolve the Department’s findings that the companies failed to comply with DFS’s cybersecurity regulation, 23 NYCRR Part 500. Collectively, the entities paid more than \$19 million in penalties pursuant to the settlements.

The breaches experienced at the Auto Insurance Companies, all of which are licensed property and casualty insurance companies, were part of an industry-wide campaign by threat actors in late 2020 and early 2021. Specifically, this campaign sought to steal consumer NPI, including driver’s license numbers and dates of birth, accessible via the public-facing web applications and agent portals used by insurance companies to provide automobile insurance quotes to prospective customers.

The Department warned the insurance industry of these attacks in two industry letters, dated February 16, 2021 and March 30, 2021. Threat actors were using stolen NPI to fraudulently obtain unemployment benefits through the New York State Department of Labor. In November 2024, DFS entered into a settlement with The Travelers Indemnity Company for \$1.2 million and Government Employees Insurance Company (“GEICO) for \$5 million as part of this industry-wide investigation. In October 2025, the Department settled with another eight insurers:

Farmers

- Pursuant to the settlement, Farmers agreed to pay a \$2.775 million penalty and engage in corrective actions designed to bring the company into compliance with Part 500. The Department’s investigation found that Farmers’ web applications contained vulnerabilities, which left consumer information exposed to threat actors, and that the company failed to effectively implement its own policies and procedures concerning secure application development. Additionally, Farmers failed to timely report the cybersecurity event to DFS. As part of the settlement, Farmers agreed to conduct certain remedial measures, including conducting an audit of the company’s access controls and use of NPI, as well as update its application development policies and procedures.

Hagerty

- Pursuant to the settlement, Hagerty agreed to pay a \$1.85 million penalty and engage in corrective actions designed to bring the company into compliance with Part 500. The Department’s investigation found that Hagerty’s web applications contained vulnerabilities which left consumer information exposed to threat

actors, and that the company failed to effectively implement its own policies and procedures concerning secure application development. As part of the settlement, Hagerty agreed to conduct certain remedial measures, including conducting an audit of the company's access controls and use of NPI, as well as updating its application development policies and procedures.

The Hartford

- Pursuant to the settlement, the Hartford agreed to pay a \$3 million penalty and engage in corrective actions designed to bring the company into compliance with Part 500. The Department's investigation found that the Hartford's public-facing and agent-facing web applications contained vulnerabilities which left consumer information exposed to threat actors, and that the company failed to effectively implement its own policies and procedures concerning access controls. As part of the settlement, the Hartford agreed to conduct certain remedial measures, including performing an audit of the company's access controls and use of NPI, as well as updating its application development policies and procedures.

Infinity

- Pursuant to the settlement, Infinity agreed to pay a \$2.25 million penalty and engage in corrective actions designed to bring the company into compliance. In addition to vulnerabilities in Infinity's web applications which left consumer NPI exposed to threat actors, the Department's investigation revealed shortcomings with Infinity's cybersecurity risk assessments and written policies. As part of this settlement, Infinity agreed to conduct certain remedial measures, including conducting a comprehensive cybersecurity risk assessment and an audit of the company's access controls and use of NPI.

Liberty Mutual

- Pursuant to the settlement, Liberty Mutual agreed to pay a \$2.7 million penalty and engage in corrective actions designed to bring the company into compliance with Part 500. The Department's investigation found that Liberty Mutual's web applications contained vulnerabilities that left consumer information exposed to threat actors, and that the company failed to effectively implement its own policies and procedures concerning secure application development. As part of this settlement, Liberty Mutual agreed to conduct certain remedial measures, including conducting an audit of the company's access controls and use of NPI, as well as updating its application development policies and procedures.

Metromile

- Pursuant to the settlement, Metromile agreed to pay a \$2.05 million penalty and engage in corrective actions designed to bring the company into compliance with

the Department's cybersecurity regulation. In addition to vulnerabilities in one of Metromile's web applications that left consumer NPI exposed to threat actors, the Department's investigation revealed that Metromile failed to perform regular comprehensive risk assessments as required by Part 500. As part of this settlement, Metromile agreed to conduct certain remedial measures, including conducting a comprehensive cybersecurity risk assessment and an audit of the company's access controls and use of NPI.

Midvale

- Pursuant to the settlement, Midvale agreed to pay a \$2 million penalty, and engage in corrective actions designed to bring the company into compliance. The Department's investigation found that Midvale failed to maintain and design a cybersecurity program to identify and assess external risks that may threaten the security or integrity of NPI stored on its Information Systems or to use defensive infrastructure and implement policies and procedures to protect its NPI stored on its Information Systems from unauthorized access. Additionally, Midvale failed to ensure the proper implementation of its cybersecurity policies and did not use effective controls to protect against unauthorized access to NPI. As part of the settlement, Midvale agreed to conduct certain remedial measures, including conducting an audit of the company's access controls and use of NPI, as well as updating its application development policies and procedures.

State Auto

- Pursuant to the settlement, State Auto agreed to pay a \$2.5 million penalty and engage in corrective actions designed to bring the company into compliance. The Department's investigation found that in addition to State Auto's cybersecurity program failing to implement defensive infrastructure designed to prevent unauthorized access to NPI, State Auto failed to implement its cybersecurity policies. State Auto failed to (i) ensure the protection of NPI that was accessible through its Agent Portal, (ii) require independent Agents use multi-factor authentication ("MFA") or other equivalent controls, and (iii) implement sufficient policies and procedures, or controls designed to monitor the activity of authorized users. As part of the settlement, State Auto agreed to conduct certain remedial measures, including conducting an audit of the company's access controls and use of NPI, as well as to update its application development policies and procedures.

The Department's industry-wide investigation into these events remains ongoing. The Department's investigations were conducted in parallel with investigations by the New York Attorney General.

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 the Department’s 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 and 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 2025, CEU conducted 23 CCFL exams including 15 examinations of state-chartered depository institutions, five examinations of indirect auto lenders, one direct auto lender examination, one credit union examination, and one examination of an institution specializing in reverse mortgages. The examinations revealed that most evaluated institutions have generally adequate compliance processes, with non-bank and subprime auto lenders generally having fewer adequate processes and procedures.

However, the examinations also showed that several institutions failed to develop and/or properly implement comprehensive training activities related to compliance and fair lending; failed to have adequate complaint handling reporting; and failed to have various policies and procedures in place intended to ensure compliance with applicable federal and New York state consumer protection laws, regulations, and supervisory guidance, including in relation to fair lending plans and fair lending review procedures.

CEU examiners uncovered improper practices committed by several institutions. Some of these practices included failure to provide rebates for unused portions of vehicle service contracts, failure to comply with certain provisions of the Servicemembers Civil Relief Act (“SCRA”), providing unclear or non-compliant deposit account disclosures, and providing inconsistent fee

descriptions. CEU required certain institutions to revise their account disclosures and to properly designate basic banking accounts and/or approved alternative accounts required by New York law to ensure such accounts met statutory requirements. CEU also identified instances in which institutions failed to properly credit account interest and failed to apply loan payments in a timely manner.

CEU examiners discovered various improper practices related to fair lending, including inadequate fair lending training given to key lending personnel; inadequate second-level review processes related to loan denials and withdrawals; failure to adequately describe specific loan collection activities at the various stages of non-payment; lack of adequate fair lending testing and self-assessment practices such as comparative file reviews; and failure to extend fair lending monitoring, policies, and lending-related activities to all protected classes covered by New York law.

Through the issuance of examination findings, CEU takes action to ensure institutions remediate improper practices or deficiencies to come into compliance with state and federal laws, and where necessary, pay restitution to their customers. If issues cannot be remediated through supervision, CEU refers findings to CIU for further investigation which may result in a public enforcement action.

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 protected classes of borrowers as compared to control groups. CEU also reviewed and recommended improvements to many institutions' written fair lending plans, including those submitted as part of other DFS divisions' license application packages.

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. Through 2025, 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 2025. These examinations revealed failures of CCRAs to timely implement and remove security freezes upon consumer requests; implement proper procedures to assure maximum possible accuracy of consumer information, including through audits of and remedial action taken towards furnishers; implement proper procedures or corrective measures as a result of investigations; provide clear notice of dispute investigation results; and respond in a complete, timely, and accurate manner to consumer inquiries. 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.

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 2025, the Consumer Examination Unit conducted 18 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.

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. On January 7, 2026, DFS issued regulations to implement the new law. Mortgage bankers will be subject to CRA evaluations beginning July 7, 2026.

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, and open, close, or relocate branches. CDU reviews and makes determinations on an institution’s compliance with the basic banking statute² and regulations. CDU also collaborates with CEU’s CRA team by providing and maintaining community contacts and participating in CRA community contact interviews to ascertain how institutions are meeting the community’s need for affordable and accessible banking products and services.

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

² Section 14-F of the New York Banking Law.

the New York State Geographic Information Systems Clearinghouse and provides internal support to DFS divisions and operating units seeking assistance with mapping projects.

Banking Development District Applications

CDU administers the Banking Development District (“BDD”) program, which includes working with community stakeholders to explore the viability of a BDD in their community and/or providing 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. The BDD Program is a DFS priority, as it assists financially underserved communities to obtain 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 two new BDD areas in 2025: (i) the towns of Neversink in Sullivan County and Denning in Ulster County and (ii) the towns of Butternuts, New Lisbon and Morris, including the villages of Morris and Gilbertsville in Otsego County and one reactivation/participating branch to serve the Red Hook BDD in Kings County. These designations are noteworthy, as they include a former Catskill Hudson branch that was acquired during a merger with Hudson Valley Credit Union. The new participating branch designation is in a BDD area formerly serviced by Santander Bank, which exited the program in March 2017.

In 2025, CDU received nine inquiries from communities or institutions seeking to establish a BDD. As a result of inquiries that began in 2024, CDU received two BDD Designation Applications, as follows: (i) BDD Designation Application to designate the Towns of Butternuts, New Lisbon and Morris, including the villages of Morris and Gilbertsville in Otsego County and (ii) Community District 12 in the Borough of Manhattan in New York County.

BDD participating branches submit BDD Requests for Renewal of Deposit Applications on an annual basis to report on the activities undertaken and outcomes achieved in furtherance of their BDD goals. In 2025, CDU reviewed 15 BDD Requests for Renewal of Deposit Applications. All 15 requests resulted in recommendations for the renewal of deposits. CDU also reviewed six BDD Progress Reports and issued five responses noting satisfactory progress and one marginal progress. These reports are submitted by BDD participating branches on an annual basis during the first four years of BDD participation and report on the activities undertaken and outcomes achieved in furtherance of BDD goals. CDU processed one BDD Branch Exit from the BDD Program: Citibank in the Central Harlem BDD, a portion of Central Harlem neighborhood in the Borough of Manhattan in New York County.

Review of Applications for Community Impact

CDU also reviews the impact on communities of applications to merge, convert charters, and open, close, or relocate branches. CDU reviews and makes determinations on an institution’s compliance with the basic banking statute and regulations. In 2025, CDU processed 38 branch

applications comprised of the following: 21 closings, 11 full branch openings, two electronic facilities openings, one mobile branch opening, and three relocations. In addition, CDU processed 20 specialized applications, comprised of the following: 13 basic banking accounts, including six compliance reviews (*See New Program Administration and Expanded Duties*); three changes of control; three mergers; and one conversion.

New Program Administration and Expanded Duties

In 2025, CDU's program administration expanded to include the Community Bank Deposit Program, which deposits State funds in banks that have a history of meeting local business needs as demonstrated by their small business, small farm, community development, and home mortgage lending. As a result, CDU updated the Department's Community Bank Deposit Program webpage and application form, created an administration plan for the program, and worked closely with the New York State Office of the Comptroller to reduce the timeline for renewal of deposits from 15 months to 12 months. During the year, CDU received and approved one request for renewal of CBDP deposits.

CDU's support of CEU examination teams expanded to include review of basic banking compliance for the CCFL Examinations Team. During the year, CDU issued six memos of compliance to the examiners in charge.

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.

Student Loan Consumer Outreach and Assistance

In 2025, SPU conducted 18 in-person and virtual workshops. The workshops provide the public with vital information about the best methods for financing college education and managing student loans post-graduation.

SPU mediates consumer student lending complaints submitted through DFS's online complaint portal and through mail, working 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.

DFS's website includes information for prospective college students, their families, and graduates in loan repayment statuses to help navigate decisions related to financing and repaying a college education. SPU continually monitored the Department of Education's Direct student loan repayment plans and regularly updated the "Student Lending Resource Center" on the Department's website to provide the most current information on federal student loan relief and subsequent federal guidance. SPU continues to monitor and update the student section of the DFS webpage to provide up-to-date information regarding all relevant federal student loan initiatives impacting New York State borrowers.

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 31 licenses and is currently reviewing 5 applications.

In 2025, the Department conducted six examinations of student loan servicers. As part of the examination process, the Department worked with servicers to address a variety of issues, including 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.

Summary of Consumer Examination Unit Activity

A breakdown of CEU’s activities in 2025, including exams conducted and applications processed, is summarized below:

Type of Work	2025
CCFL Examinations	23
CRA Examinations	18
CCRA Examinations	2
CDU Applications	58
CDU BDD request for renewal	15
CDU BDD progress reports	6
SLS Applications under review	5
SLS Examinations	6
Total	133

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. In 2025, DFS secured more than \$134 million in recoveries for consumers and health care providers, including \$127 million recovered by CAU.

CAU also screens requests for a review of certain health insurance coverage denials – known as external appeals – to determine external appeal eligibility and has oversight of 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 is also deployed to communities throughout New York State to provide information and assistance in the event of natural disasters, such as regional flooding and other disasters.

CAU employs a multifaceted approach to assisting consumers:

- **Enhanced Complaint System:** When CAU identifies a trend, it may notify the relevant 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 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 CCC to provide consumers with relevant updates and other information to assist them 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 2025, CAU received 39,443 insurance complaints, closed 39,064 insurance complaints, referred 2,411 consumer issues to other jurisdictions, and recovered over \$121 million on behalf of consumers and providers. CAU also responded to 2,472 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	8,122	1,905	23.45%	\$14,403,199.14
Health	3,487	607	17.41%	\$9,800,455.79
Prompt Pay	23,298	7,200	30.90%	\$71,933,809.19
Property Casualty & Service Contracts	2,869	498	17.36%	\$17,949,504.83
Life	1,004	117	11.65%	\$7,032,014.60

Other ³	284	9	0.03%	\$1,08968.09
Total	39,064	10,336	26.46%	\$121,227,951.64

CAU was successful in obtaining monetary value or other relief – e.g., increased claim payments, reinstatement of lapsed coverage, payment for denied medical claims, or coverage for previously denied disaster-related claims – for approximately 26% of the consumers and healthcare providers who contacted CAU.

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

In 2025, CAU processed over 5,300 non-mortgage-related banking complaints, referrals, and inquiries, recovering over \$6.1 million for New York consumers. A breakdown is set out below:

	2025	2024
Complaints and Referrals	5,259	5,191
Written Inquiries	49	23
Total	5,308	5,214

In addition to resolving formal complaints, CAU also assisted New York consumers by responding to questions received via email and phone calls that the CCC was unable to handle. In 2025, CAU responded to 16,513 emails and 5,450 phone calls referred by the CCC to CAU.

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 health care 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 health care services to be experimental or investigational;
- the treatment is for a rare disease;
- the request is for participation in a clinical trial;

³ Workers’ Compensation complaints from health care providers are now referred to the Workers’ Compensation Board. Provider-filed complaints represented the majority of these complaints, so this category is now called “Other.”

- 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 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 DFS makes the assignment, it 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 2024 and the preceding five years:

Summary of External Appeal Applications Received by Year						
Year	Received	Closed	Ineligible	Voluntary Reversal	Denial Upheld	Overturned
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
2024	15,098	15,130	5,126	593	4,799	4,612
2025	17,361	17,089	4,969	596	5,459	6,065

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 2025				
Type of Denial	Total	Overturned	Overturned in Part	Upheld
Medical Necessity	10,071	5,219	218	4,634
Experimental/Investigational	356	144	1	211
Clinical Trial	1	0	0	1
Out-of-Network Service	0	0	0	0
Out-of-Network Referral	158	104	0	54
Rare Disease	8	6	0	2
Step Therapy	16	4	0	12

Formulary Exception	914	369	0	545
Total	11,524	5,846 (50.7%)	219 (1.9%)	5,459 (47.4%)

The table below summarizes the external appeals that were rejected:

2025 External Appeals Rejected as Ineligible	
Reason	Quantity
Applicant Withdrew Appeal	192
Contractual Issue	191
Coverage Terminated	90
Covered Benefit Issue	89
Coding Issue	6
Doctor Unable to Complete Attestation	1
Duplicate Application	393
Failure to Respond to Request for Information	2,342
Federal Employees Health Benefit Program	2
Medicaid Fair Hearing	4
Medicare	105
No Internal Appeal	571
Non-Par Provider	1
No Surprises Act Not Eligible	22
Out-of-Network Denial	11
Out-of-State Contract	110
Overtured on Internal Appeal	39
Provider Ineligible to Appeal	191
Reimbursement Issue	118
Self-Insured Coverage	318
Untimely	173
Total	4,969

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 NPI is included.

Out-of-Network Law

Article 6 of the New York 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 health care 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 2025:

Summary of Independent Dispute Resolutions Received in 2025			
Emergency Services		Surprise Bills	
Total Received	16,612	Total Received	30,079
Not eligible	3,457	Not eligible	5,019
Still in process	7,124	Still in process	7,928
Decision rendered		Decision rendered	
Health plan payment more reasonable	464	Health plan payment more reasonable	2,234
Provider charges more reasonable	3,537	Provider charges more reasonable	11,520

Split decision	973	Split decision	2,257
Closed with an additional payment	345	Closed with an additional payment	289
Settlement reached	712	Settlement reached	832
<p>Not eligible: The dispute was not eligible for a review.</p> <p>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.</p> <p>Settlement reached: The health plan and provider agreed to settle the dispute prior to a full review.</p>			

Independent Dispute Resolutions Rejected as Ineligible in 2025			
Emergency Services		Surprise Bills	
AOB not signed/submitted to health plan	N/A	AOB not signed/submitted to health plan or received less than 30 days after date of service	299
Application not received by IDRE or incomplete	724	Application not received by IDRE or incomplete	1,444
Application withdrawn	273	Application withdrawn	763
Claim paid, Balance patient responsibility	6	Claim paid, Balance patient responsibility	1
Duplicate submission	57	Duplicate submission	181
Federal employee coverage	60	Federal employee coverage	12
Incorrect insurer	495	Incorrect insurer	103
Incorrect patient information	8	Incorrect patient information	22
Incorrect provider for date of service	41	Incorrect provider for date of service	198
Incorrect date of service	45	Incorrect date of service	64
Medicaid/Essential Plan ER service	168	Medicaid/Essential Plan ER service	40
Medicaid coverage-patient not stable	N/A	Medicaid coverage-patient not stable	37
Medicare	23	Medicare	88

Not emergency services	77	Not a surprise bill	475
Not OON claim	42	Not OON claim	57
Out-of-state coverage	380	Out-of-state coverage	113
Paid according to fee schedule	5	Paid according to fee schedule	8
Secondary insurer	3	Secondary insurer	1
Self-funded coverage	673	Self-funded coverage	108
Services rendered by a par-provider	43	Services rendered by a par-provider	121
Services rendered out of state	9	Services rendered out of state	21
Settlement reached before IDR filed	11	Settlement reached before IDR filed	13
Timely filing	19	Timely filing	33
Submitted NPI does not match claim	46	Submitted NPI does not match claim	116
Unable to determine eligibility	249	Unable to determine eligibility	701
Total	3,457	Total	5,019

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, 2025, 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 \$184,600,252 in offers⁴ for bank, insurance, and other losses, and has facilitated restitution settlements involving 356 cultural objects. In 2025, HCPO claimants received \$300,892 in offers, and the office coordinated settlements for 69 works of art.

As required by Section 37-a of the New York Banking Law, HCPO submitted its [2025 Annual Report](#) to the Governor and Legislature in January 2026. The report is available on the Department's website.

Investigations and Intelligence Unit Activities

The Investigations and Intelligence Unit (“IIU”) supports the Department’s efforts to protect the integrity of New York’s financial system by detecting and deterring illegal activities conducted at or through New York State’s financial institutions. Through independent investigations, and in partnership with other law enforcement agencies, the unit conduct criminal investigations, particularly in the investigation of crimes involving violations of the New York Banking Law, Penal Law, and additional state and federal money laundering statutes. In the furtherance of criminal investigations, the Criminal Investigations Bureau within IIU also issues administrative subpoenas and responds 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

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 on 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

⁴ 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.

currencies on their respective blockchains, CIB has provided expert guidance and testimony to law enforcement and juries to understand how alleged criminals moved digital assets.

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.

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 2025, CIB investigators reviewed 290 criminal history reports related to mortgage loan originator applications filed with DFS. In total, 1,439 mortgage loan originator applications were processed.

Representative Cases

In 2025, CIB commenced a joint investigation with the Kings County District Attorney and New York State Attorney General's offices to disrupt a wide-scale cryptocurrency scam that used Facebook advertisements and fraudulent websites to defraud Russian-speaking New Yorkers and others who believed they were making legitimate investments online. To date, the investigation has resulted in the seizure of more than 100 fraudulent cryptocurrency trading platforms, the recovery of \$140,000, and freezing of \$300,000 more in stolen funds.

In 2025, CIB investigators' work also led to the conviction of the leader of a fraudulent and unlicensed mortgage lending business on Long Island.

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 124 requests for FinCEN suspicious activity reports ("SARS") in 2025.

Due Diligence Investigations

Conducting public records research into, for example, negative news, court decisions and litigation, enforcement, and sanctions reports, IIU 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. Recently, IIU added community and regional bank and foreign and wholesale bank applicants to its research portfolio. In 2025, IIU vetted the businesses and control parties underlying applications for 50 DFS licenses and charters.

Cybersecurity Incident Investigations

IIU's cyber incident response team investigates all cybersecurity events reported to DFS pursuant to Section 500.17 of Part 500. DFS licensees that are covered entities under Part 500 report cybersecurity events through DFS's secure cyber portal. Details underlying these incidents are 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 2025, the cyber incident response team investigated and internally escalated findings in connection with 160 cybersecurity incidents.

Insurance Frauds Bureau Activities

The Insurance Frauds Bureau ("IFB") has a longstanding commitment to combating insurance fraud in New York State. IFB conducts complex and impactful statewide investigations implicating insurance fraud and adjacent financial fraud schemes by leveraging its one-of-a-kind insurance fraud intelligence database and partnering with key state and federal law enforcement authorities.

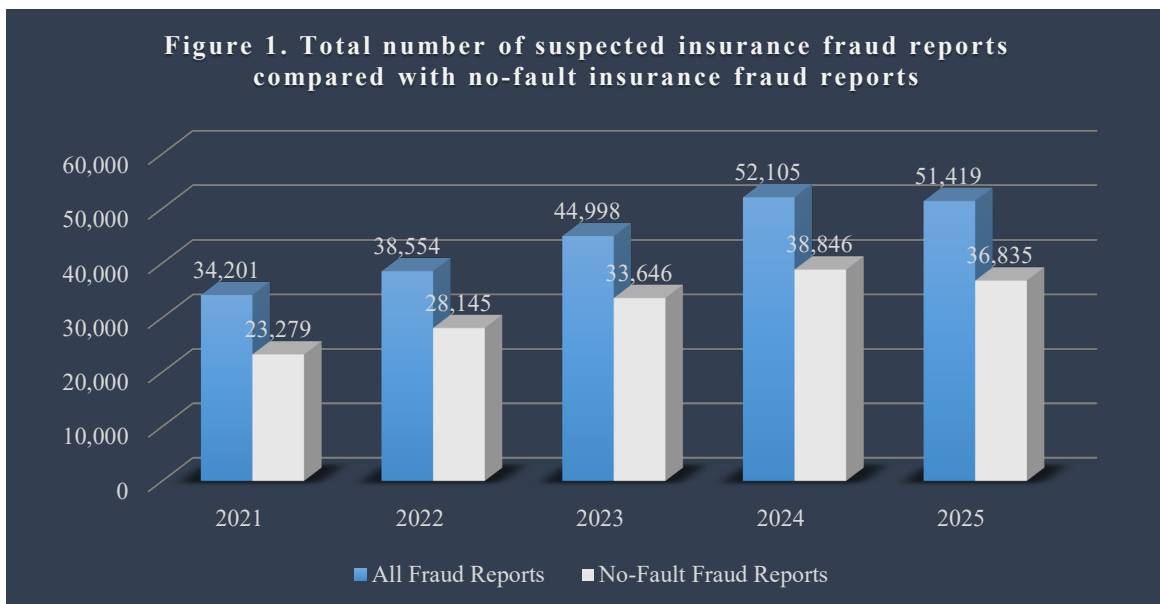
In 2025, DFS transformed its approach to combating financial fraud by rebuilding and modernizing IFB. The Department hired new, experienced leadership and subject-matter experts,

while also investing in modern technology solutions, securing essential resources, and strengthening partnerships with law enforcement statewide.

2025 Statistics

In 2025, IFB received 51,419 reports of suspected fraud, the vast majority of which originated from licensees statutorily required to file reports of suspected insurance fraud with DFS. Approximately 1,400 of the total reports received originated from other sources, including non-profit organizations, businesses, consumers, and anonymous tips. Approximately 72% of all suspected fraud reports, or 36,835, concerned no-fault automobile insurance (see Figure 1).

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



In 2025, IFB opened 243 cases for investigation, affected 169 arrests, and referred 95 cases to prosecutorial agencies for prosecution. Tables showing the number of fraud reports received, investigations opened, and arrests appear in Appendix 1.

Multi-Agency Investigations

In 2025, IFB conducted multi-agency investigations with the following government departments, agencies, and offices:

- New York State Police

- New York City Police Department’s Fraudulent Collision Investigation Squad and Auto Crime Division
- New York City Fire Department, Bureau of Fire Investigations
- New York State Attorney General’s Office
- New York State Department of Motor Vehicles
- New York State Insurance Fund
- New York State Metropolitan Transportation Authority
- New York State Office of the Workers’ Compensation Fraud Inspector General
- State and local police and sheriff departments
- Federal Bureau of Investigation (“FBI”)
- U.S. Department of Health and Human Services
- U.S. Department of Labor
- U.S. Drug Enforcement Administration
- U.S. Homeland Security Investigations (“HSI”)
- U.S. Postal Inspection Service
- National Insurance Crime Bureau
- Regional district attorneys’ offices
- Regional U.S. Attorneys’ offices

Task Force and Working Group Participation

IFB is active in 11 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 IFB staff participated during the past year:

- High Intensity Drug Trafficking Areas Program
- Long Island Financial Crimes Group
- Monroe County Auto Crimes Task Force
- Nassau County District Attorney’s Office Revenue, Auto, Insurance, and Labor Crime Unit
- National Insurance Crime Bureau Working Group
- New York Alliance Against Insurance Fraud
- New York Anti-Car Theft and Fraud Association

- Rochester Arson Task Force
- Rochester Health Care Fraud Working Group
- Suffolk County District Attorney’s Office Insurance Crime Bureau
- Western New York Health Care Fraud Task Force

Consumer Reporting

IFB encourages consumers to report suspected insurance fraud through its toll-free hotline at 1-888-FRAUDNY (1-888-372-8369) or through its [online webform](#). In 2025, IFB received an average of 17 calls per month concerning suspected insurance fraud.

Collection of Rate Evasion Data

IFB collected data from insurers that wrote private passenger automobile insurance and met the reporting requirements in Insurance Law Section 409 concerning insureds who misrepresented the principal location of where they garaged and drove their vehicles in 2025 to obtain lower premiums. A summary of the data appears in the Appendices under the section titled “Vehicle Principal Location Misrepresentation Data Call.”

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 fraud prevention plans. Plans must provide for a full-time special investigations unit (“SIU”) and address 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 IFB that were active as of December 31, 2025, appears in the Appendices.

Section 409 of the Insurance Law also requires insurers to file a fraud prevention plan report (Annual SIU Report) every year describing insurers' experience, performance, and cost effectiveness in implementing the plan. In their electronically filed Annual SIU Reports, insurers reported approximately \$3.5 billion in savings and approximately \$40.3 million in recoveries from SIU investigations in 2024 (the most recent year for which data is available).

Investigation of Life Settlement Fraud and Review of Fraud Prevention Plans

IFB 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 requires that they submit an annual report by March 15 of each year describing providers' experience, performance, and cost effectiveness in implementing their plans. There were 22 licensed life settlement providers in New York as of December 31, 2025, with approved plans on file. A complete list of those life settlement providers appears in the Appendices.

Noteworthy Insurance Fraud Cases in 2025

Summarized below are noteworthy insurance and financial fraud cases that IFB conducted in 2025 (to the extent that information is public). IFB investigated these cases in partnership with federal, state and local agencies; insurance investigative units; and non-profit groups such as the National Health Care Anti-Fraud Association and National Insurance Crime Bureau. IFB has numerous other confidential investigations of insurance and financial fraud that are pending.

Fraud Involving Life Insurance

IFB partnered with the United States Attorney's Office for the Southern District of New York and the United States Postal Inspection Service in an investigation concerning life insurance fraud and aggravated identity theft.

The investigation determined that an insurance company employee targeted the insurance company's Personal Transition Account ("PTA") program for fraud. Beneficiaries of the company's group benefit life insurance policies may elect to receive check books

preauthorized to draw from their PTAs, thereby giving them access to their full benefits. Pursuant to the scheme, the employee and his co-conspirators opened bank accounts under fictitious businesses, sometimes using real names and Social Security numbers of unwary third parties. Thereafter, the conspirators caused the victims' PTA funds to be deposited into the fictitious businesses' bank accounts to fund expenses and re-directed remaining proceeds to other conspirators.

The investigation determined that the insurance company employee and his co-conspirators caused the insurance company to transfer more than \$250,000 to bank accounts controlled by the co-conspirators under the pretense that the accounts were held by life insurance policy beneficiaries.

The investigation resulted in the arrest of the insurance company employee who is being prosecuted by the United States Attorney's Office. The investigation relating to the remaining conspirators is ongoing.

Fraud Involving a Staged Automobile Accident

IFB and the New York City Police Department's Fraudulent Collision Investigation Squad ("FCIS") conducted a joint investigation culminating in the arrest and prosecution of a staged accident fraud ring's principal organizers. One of several staged accidents orchestrated by the fraud ring was captured on a victim's vehicle dashcam recorder and the footage was uploaded to the social media site, TikTok, where it gained wide public attention. The video showed the bad actors deliberately causing a collision by pulling their car in front of the victim's moving car on the Belt Parkway, suddenly stopping, and then reversing into it.

The investigation determined that prior to staging the accident, the organizers met with a group of individuals inside an East New York medical clinic and instructed them on how to stage car crashes. The participants were told to send photos of the crash scene to another co-conspirator. They were also directed to go to a specific medical clinic after the crash. In exchange, the individuals were promised thousands of dollars.

This case was referred to the Queens County District Attorney and is being prosecuted by their Insurance Fraud Unit.

In a separate matter, IFB, working in partnership with the National Insurance Crime Bureau and FCIS, investigated a no-fault insurance fraud incident concerning a staged motor vehicle accident in Bronx County resulting in several thousand dollars in fraudulent medical claims being filed.

Investigators determined that the scheme involved a conspirator reporting that while driving his car he was struck by another car that had pulled out into the street from a parked position and later claimed injuries and insurance payments. The investigation

determined that the claimants provided false testimony in their examinations under oath. The surveillance footage showed the conspirators in discussion on the street moments before one conspirator entered his car and repeatedly drove into the side of the other conspirator's car. The investigation resulted in the arrest and prosecution of five individuals for insurance fraud by the Bronx County District Attorney's Office.

Fraud Involving Disability Insurance

IFB partnered with the Richmond County District Attorney's Office in a financial fraud investigation involving the disability insurance policy of an individual who died in June 2021. The investigation determined that the insurer was never notified about the insured's death. Rather, over a two-year period, the decedent's family member fabricated monthly disability status updates to the insurer as if the insured was alive. The family member submitted numerous fraudulent documents to the insurer including fictitious doctor visit forms, diagnoses, and daily activities to further the scheme and received more than \$237,000. The investigation resulted in the arrest of the decedent's family member who is being prosecuted for grand larceny by the Richmond County District Attorney's Office.

Appendix 1: Annual Fraud Reports, New Cases, and Arrests

Fraud Report Categories	2021	2022	2023	2024	2025
Agents	71	42	64	68	126
Appraisers/Adjusters	16	8	19	34	42
Auto Collision Damage	2,543	2,241	2,193	2,377	3,401
Auto Fire	69	70	67	65	55
Auto Fraudulent Bills	40	38	46	59	108
Auto I.D. Cards	15	18	44	39	52
Auto Miscellaneous	1,645	1,613	1,511	2,350	2,665
Auto Theft	653	512	468	382	412
Auto Vandalism	296	260	180	161	250
Boat Fire	0	0	0	0	2
Boat Theft	1	3	3	1	0
Bonds	2	2	3	5	5
Brokers	41	30	21	65	96
Burglary – Commercial	15	18	13	19	10
Burglary – Residential	123	94	85	83	44
Commercial Damage	124	156	342	482	538
Disability Insurance	166	143	163	194	190
Fire – Commercial	27	21	26	22	25
Fire – Residential	101	91	94	94	82
Health Accident Insurance	1,797	1,791	1,913	2,646	2,651
Homeowners	644	621	757	663	476
Identification Theft	153	125	124	266	277
Ins. Comp. Employees	53	55	18	13	27
Insurance Companies	135	134	376	340	322
Larceny	159	264	516	468	462
Life Insurance	476	491	425	417	377
Lost Property	783	896	865	1,071	1,186
No-Fault Insurance	23,279	28,145	33,646	38,846	36,835
Ocean Marine Insurance	18	12	26	12	22
Reinsurance	1	1	4	0	5
Robbery	38	24	42	37	12
Theft from Auto	55	66	115	82	33
Title/Mortgage	8	6	2	1	12
Unclassified	51	46	108	101	60

Workers' Compensation	596	517	719	642	541
Total	34,201	38,554	44,998	52,105	51,419

New Investigations by Fraud Category

Cases Opened	2021	2022	2023	2024	2025
Agents	1	1	4	6	2
Appraisers/Adjusters	0	0	0	0	1
Auto Collision Damage	18	23	23	28	26
Auto Fire	6	8	2	6	3
Auto Fraudulent Bills	1	1	1	1	0
Auto I.D. Cards	0	3	6	0	0
Auto Miscellaneous	17	26	24	32	31
Auto Theft	67	36	48	30	15
Auto Vandalism	9	2	4	5	2
Boat Fire	0	0	0	0	0
Boat Theft	0	0	0	0	0
Bonds	0	0	0	1	0
Brokers	6	4	3	5	2
Burglary – Commercial	1	0	1	0	0
Burglary – Residential	3	2	1	2	0
Commercial Damage	0	0	3	0	1
Disability Insurance	6	3	9	5	2
Fire – Commercial	11	3	1	0	3
Fire – Residential	4	8	4	10	6
Health Accident Insurance	26	29	7	15	14
Homeowners	7	12	8	13	6
Identification Theft	9	9	10	13	8
Ins. Company Employees	0	0	0	0	0
Insurance Companies	1	1	4	2	4
Larceny	23	14	46	34	21
Life Insurance	4	12	14	7	4
Lost Property	3	2	2	2	3
Miscellaneous	12	3	0	0	9
No-Fault Insurance	28	21	49	51	57
Ocean Marine Insurance	0	0	1	0	1
Reinsurance	0	0	0	0	0

Robbery	0	0	0	2	0
Theft from Auto	0	0	2	1	2
Title/Mortgage	0	0	0	1	0
Workers' Compensation	20	56	64	44	20
Total	283	279	341	316	243

Annual Arrests

	2021	2022	2023	2024	2025
Fraud referrals	34,201	38,554	44,998	52,105	51,419
New investigations	283	279	387	316	243
Arrests	138	184	189	227	169

Appendix 2: Vehicle Principal Location Misrepresentation Data Call

In January 2026, DFS issued a data call to insurers writing private passenger automobile insurance and meeting the reporting requirements in Insurance Law Section 409. The Vehicle Principal Location Misrepresentation data call requested information about New York insureds who misrepresented the principal place of where their vehicles were garaged and/or driven in 2025.

Summary of Data Reported

- The total number of reported New York insureds who misrepresented the principal place where their vehicles were garaged and/or driven in 2025 was 18,514.
- The total amount of reported premium lost in 2025 as a result of New York insureds who misrepresented the principal place where their vehicles were garaged and/or driven was \$57,496,303.
- In 2025, 85% of the reported misrepresentations involved a location within New York State. The remaining 15% involved a location outside of New York State.

Misrepresentations Within New York State

The total amount of reported premium lost in 2025 from insureds who misrepresented their actual garaging/driving location as another county within New York State was \$49,291,822.

The top 10 counties in 2025 where insureds who misrepresented their vehicles' locations actually garaged and/or drove their vehicles:

1. Kings
2. Queens
3. Bronx
4. Nassau
5. Suffolk
6. New York
7. Westchester
8. Erie
9. Monroe
10. Onondaga

The top 10 counties in 2025 where insureds who misrepresented their vehicles' locations indicated that they garaged and/or drove their vehicles:

1. Suffolk

2. Westchester
3. Monroe
4. Nassau
5. Albany
6. Erie
7. Broome
8. Queens
9. Orange
10. Onondaga

Misrepresentations Outside of New York State

The total amount of reported premium lost in 2025 from insureds who misrepresented their actual garaging/driving location as a place outside of New York State was \$8,204,481.

The top 10 counties in 2025 where insureds who misrepresented their vehicles' locations as out of New York State actually garaged and/or drove their vehicles:

1. Kings
2. Queens
3. Suffolk
4. Bronx
5. Nassau
6. New York
7. Westchester
8. Erie
9. Richmond
10. Monroe

The top 10 states in 2025, referenced by insureds to misrepresent where their vehicles were garaged and/or driven were:

1. Florida
2. Pennsylvania
3. New Jersey
4. Connecticut
5. North Carolina

6. South Carolina
7. Virginia
8. Maryland
9. Arizona
10. California

Appendix 3: Approved Fraud Prevention Plans on File as of December 31, 2025

- 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
- AMEX Assurance Company
- AmGUARD Insurance Company
- Amica Mutual Insurance Company
- Anthem HealthChoice Assurance, Inc.
- Arch Insurance Company
- AXIS Insurance Company
- Bankers Consec Life Insurance Company
- Bankers Standard Insurance Company
- Berkshire Hathaway Specialty Insurance Company
- Capital District Physicians Health Plan
- Central Mutual Insurance Company
- Cincinnati Insurance Company
- Combined Life Insurance Company of New York
- Connecticut General Life Insurance Company
- Continental Insurance Company
- Countryway Insurance Company
- Country-Wide Insurance Company
- CSAA Fire & Casualty Insurance Company
- CMFG Life Insurance Company

- Dentcare Delivery Systems, Inc.
- Eastern Vision Service Plan, Inc.
- Employers Compensation Insurance Company
- Equitable Financial Life Insurance Company
- Erie Insurance Company
- Essentia Insurance Company
- Esurance Insurance Company
- Excellus Health Plan, Inc.
- Farm Family Casualty Insurance Company
- Farmers New Century Insurance Company
- Farmers Property and Casualty Insurance Company
- Fidelity Security Life Insurance Company of New York
- First Reliance Standard Life Insurance Company
- First Symetra National Life Insurance Company of New York
- First Unum Life 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.
- Hereford Insurance Company
- Highmark Western and Northeastern New York Inc.
- HM Life Insurance Company of New York
- Humana Insurance Company of New York
- Independent Health Association, Inc.
- Integon National Insurance Company
- John Hancock Life Insurance Company of New York
- Kemper Independence Insurance Company
- 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
- Mercury Casualty Company
- Metropolitan Life Insurance Company
- Mutual of Omaha Insurance Company
- MVP Health Plan, Inc.
- New York Central Mutual Fire Insurance Company
- New York Life Insurance Company
- Niagara Life and Health Insurance Company
- Nippon Life Insurance Company of America
- Oscar Insurance Corporation
- Oxford Health Plans (NY), Inc.
- Palisades Insurance Company
- Permanent General Assurance Corporation
- Plymouth Rock Assurance Preferred Corporation
- Preferred Mutual Insurance Company
- Principal Life Insurance Company
- Privilege Underwriters Reciprocal Exchange
- Prudential Insurance Company of America
- 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.
- Selective Insurance Company of New York

- Solstice Health Insurance Company
- Standard Life Insurance Company of New York
- Starr Indemnity & Liability Company
- State Farm Mutual Automobile Insurance Company
- State Insurance Fund
- Sterling Insurance Company
- Stillwater Insurance Company
- Sun Life and Health Insurance Company (U.S.)
- 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
- UnitedHealthcare Insurance Company of New York
- Utica Mutual Insurance Company
- Wellfleet New York Insurance Company

Appendix 4: 2025 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