Consumer Protection and Financial Enforcement Report

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INTRODUCTION

This report, required under Section 409(b) of the Financial Services Law, summarizes the activities of the Consumer Protection and Financial Enforcement Division ("CPFED") of the Department of Financial Services ("DFS") during 2020 in combating fraud committed against entities regulated under the Banking and Insurance laws, as well as fraud against consumers, and the Department's handling of consumer complaints. It also summarizes the Department's examination activities in the areas of consumer compliance, fair lending, and the Community Reinvestment Act; and DFS's work to assist Holocaust victims and their heirs. Finally, it reviews the Department's criminal banking and insurance investigations and work.

CPFED Organization and Oversight

The CPFED encompasses the units described below:

- **Enforcement Unit:** Investigates civil financial fraud and violations of consumer and fair lending laws, the Financial Services Law, the Banking Law, and the Insurance Law;
- **Student Protection Unit:** Licenses and supervises student loan servicers; Protects students from fraud and misrepresentation regarding financial products and services; monitors student-related financial practices in New York; educates student consumers and their families about available financial products and services; and informally mediates complaints by student borrowers and their families against student loan servicers, debt relief companies and debt collectors;
- **Consumer Examinations Unit:** Conducts fair lending, consumer compliance, and Community Reinvestment Act examinations; reviews the consumer impact of bank applications requiring regulatory approval; oversees the Banking Development District Program; and registers and supervises consumer credit reporting agencies;
- **Holocaust Claims Processing Office:** Advocates on behalf of Holocaust victims and their heirs, seeking the just and orderly return of assets to their rightful owners;
- **Consumer Assistance Unit:** Investigates and informally mediates complaints against regulated entities and individuals except those relating to producers and mortgages, as well as complaints concerning other financial products and services; and manages the deployment and staffing of the DFS Mobile Command Center; and
- **Investigations and Intelligence Unit:** Responsible for a variety of Department-related investigations, including those triggered by Part 500 cyber event notifications, as well as background investigations of licensing applicants in connection with student loan servicing, virtual currency exchanges, and other money services business licenses, and criminal banking and insurance fraud investigations.

Section 404 of the Financial Services Law provides the Superintendent with authority to investigate activities that may constitute violations subject to Section 408 of the Financial Services Law, or violations of the Insurance Law or Banking Law. In addition, the Superintendent is empowered to investigate persons and entities engaged in fraud or other

misconduct as defined by the Banking Law, the Insurance Law, the Financial Services Law, and other laws providing the Superintendent with investigatory and enforcement powers.

ENFORCEMENT ACTIVITIES

The Enforcement Unit investigates violations of the Financial Services Law, the Banking Law, and the Insurance Law. Discussed below are some of the Unit's investigations, initiatives, and other activities conducted in 2020.

Vision Property Management

In January 2020, DFS and the New York Attorney General ("NYAG") reached a $3.76 million settlement with Vision Property Management LLC ("Vision"), to resolve its operation as an illegal, unlicensed mortgage-lending business that profited from predatory subprime home loans issued to economically vulnerable New Yorkers. The settlement resulted from a federal court action jointly filed by DFS and the NYAG in August 2019 against Vision, its affiliates and CEO, for disguising seller-financed loans as contract for deed (CFD) or lease-with-option-to-purchase (LOP) agreements and engaging in unlicensed mortgage lending. Previously, DFS and the NYAG entered into a $2.77 million settlement with Atalaya Capital Management LP, an active, former investor in Vision's deceptive business practices, which resulted in direct restitution to affected consumers. The Vision settlement provided additional restitution to consumers who were defrauded by Vision as to the terms of their contracts, including concealed interest rates.

Vision agreed to pay $600,000 in consumer restitution and to transfer 58 identified properties with a combined property value of $3,161,805. The agreement includes the transfer of property deeds with clean title and relinquishment of any future payment obligations to Vision. In addition, Vision agreed to cease predatory lending in New York. Vision, under the name US Home Rentals LLC, a subsidiary of FTE Networks Inc., has paid approximately $96,000 in restitution to date and has transferred over 42 properties to New York consumers. US Home Rentals LLC is selling additional properties in New York to generate funds for restitution.

Athene

In April 2020, DFS finalized a settlement with Athene Holding Ltd. and Athene Annuity & Life Company (collectively, "Athene") following an investigation spanning over a year into Athene's unlicensed insurance business in the pension risk transfer (PRT) market.

The settlement followed a September 2019 Circular Letter in which the Department, after learning that unauthorized life insurers and their representatives were operating in the PRT market, addressed all life insurers and insurance producers warning them of their obligations under the Insurance Law and putting them on notice to fix any violations. PRT transactions involve a plan sponsor, usually an employer offering pension plan protection to its employees, transferring all or a portion of the assets and liabilities of a defined benefit pension plan to a life insurance company. The life insurance company, in turn, issues a group annuity contract obligating the company to make benefit payments to plan participants or the plan sponsor.

In this instance, Athene's Iowa-based subsidiary, Athene Annuity and Life Company, which is not authorized to do insurance business in New York, had engaged in 14 large-scale PRT transactions that involved thousands of New York policyholders and which included thousands of impermissible communications between Athene and New York-based plan sponsors. Athene agreed to pay a penalty of $45 million and place its New York policyholders with a New York-licensed subsidiary.

Deferred-to-Immediate Annuities Investigation

In April 2020 and October 2020, DFS finalized settlements with four life insurance companies: Lincoln Life & Annuity Company of New York, MassMutual Life Insurance Company, Pacific Life & Annuity Company, and Principal Life Insurance Company for violations of New York Insurance regulations in deferred-to-immediate annuity replacement transactions. DFS's investigation found that the four carriers failed to properly disclose to consumers income comparisons and suitability information, causing consumers to exchange more financially favorable deferred annuities with immediate annuities. Hundreds of New York consumers received incomplete information regarding the replacement annuities, resulting in less long-term income. The settlements are the result of DFS's industry-wide investigation into deferred-to-immediate annuity replacement practices in New York State.

Immediate annuities provide periodic income payments that begin within thirteen months after the annuity is issued, while deferred annuities allow consumers to earn interest on their premium before receiving payments at a future date. The evidence demonstrated that recommending that consumers replace existing deferred annuities with immediate annuities without proper disclosures may cost consumers substantial lifetime income.

In settling with DFS, the four insurers paid a collective $5.7 million in restitution to consumers and $3.2 million in penalties. As a result of the settlements, hundreds of New York consumers will receive additional restitution in the form of higher monthly payout amounts for the remainder of their contract terms. The insurers also agreed to take corrective actions, including revising their disclosure statements to include side-by-side monthly income comparison information and revising their disclosure, suitability and training procedures to comply with New York regulations. To date, the industry-wide investigation has resulted in settlements with 11 life insurers, totaling more than $12 million in restitution and penalties. Investigations into additional life insurance carriers licensed by the Department remain ongoing.

National Rifle Association

In November 2020, DFS entered into a consent order with the National Rifle Association ("NRA") for violations of New York Insurance Law, resolving charges filed against the Company in February 2020. The Department's investigation found that the NRA violated various New York insurance laws and regulations by, among other things, acting as a producer without a license to conduct insurance business in New York through the solicitation and marketing of its insurance products, including the NRA's Carry Guard program.

From 2000 to 2018, the NRA worked with the Lockton Affinity Series of Lockton Affinity, LLC ("Lockton") to offer a variety of insurance products to NRA members, their families, and affiliated New York businesses. More than 28,000 NRA-endorsed policies were placed in New York through Lockton. NRA endorsed these products and played a role in marketing them to its members through NRA-affiliated websites and via emails. In return, the NRA received substantial compensation, including royalties based on a percentage of the insurance premiums paid by its members. DFS's investigation also found that NRA aided unauthorized insurers by participating in efforts to market insurance in New York State and in doing so, called attention to unauthorized insurers.

Between April 2017 and November 2017, the NRA's Carry Guard program was marketed and sold throughout the US, with approximately 680 policies issued to New York consumers. DFS found that the program offered unlawful coverage in New York State, namely coverage for losses and costs associated with the aftermath of the purposeful use of a firearm, including defense costs in a criminal prosecution.

In settling with DFS in November 2020, the NRA agreed to pay a civil monetary penalty of $2.5 million. In addition, DFS banned the NRA from marketing insurance in New York State or receiving compensation in connection with any newly-issued New York insurance policies for five years, irrespective of whether the NRA obtains a license from DFS. The settlement concluded a three-year investigation that also resulted in several prior settlements with Lockton for serving as the producer and administrator of various NRA-branded insurance products; with certain underwriters at Lloyd's of London for underwriting NRA-branded insurance products; and with Chubb subsidiary Illinois Union Insurance Company for underwriting Carry Guard.

Asurion Insurance Services, Inc. and Asurion Protection Services LLC

In February 2020, DFS finalized a settlement with Asurion Insurance Services, Inc. and Asurion Protection Services, LLC (collectively, "Asurion") for violations of New York Insurance law requirements and regulations related to insurance offerings for mobile phones, tablets, and wireless communications equipment. Pursuant to the settlement, Asurion agreed to pay $4 million in penalties. DFS's investigation found that the Company provided consumers with brochures that failed to properly disclose, among other things, how Asurion was compensated. Asurion also bundled insurance with other products at a discount, thereby providing an impermissible inducement to the purchase of insurance in violation of applicable laws. These violations persisted for over a year following DFS's guidance that addressed these shortcomings in the industry.

The Signal, LP, an Assurant Company

In August 2020, DFS entered into a consent order with The Signal Agency, LP, an indirect subsidiary of Assurant, Inc., ("Assurant") for violations of New York Insurance law and regulations related to the sale of wireless communications equipment insurance. In settling with DFS, Assurant agreed to pay a $2.8 million penalty. DFS's investigation found that Assurant provided brochures that failed to properly disclose, among other things, how Assurant was

compensated and how consumers could receive a premium discount that put third-party service contacts on the same footing as first-party offerings. The investigation found that Assurant also impermissibly bundled wireless insurance with the sale of a service contract or non-insurance benefit, due to the failure to properly disclose the availability of a discount. These violations continued after DFS issued guidance that addressed these shortcomings. In addition, Assurant offered a program that contained group identity theft insurance, underwritten by an unauthorized insurer.

Bank Hapoalim

In April 2020, the Department finalized a settlement with Bank Hapoalim, B.M., and three of its New York branches. Pursuant to the settlement, Bank Hapoalim, based in Israel, agreed to pay a civil monetary penalty of $220 million. The Department's investigation found that from the early 2000s through at least 2014, Bank Hapoalim opened and maintained undeclared accounts outside the United States for U.S. citizens, including New York residents, and offered various services that concealed customers' assets and income from the U.S. Internal Revenue Service and other federal and state authorities. Some examples include: the Bank (1) opened and maintained "coded," "numbered," and "encrypted" accounts, for which the name of the account holder, (including for U.S. citizens and permanent residents) would not appear on any correspondence or account statements; instead, a code or a pseudonym was used; (2) opened and maintained accounts in the names of trusts and suggested that U.S. citizens open trust accounts at entities, which were wholly-owned subsidiaries of the Bank, its Swiss subsidiary, or other structures; and (3) opened accounts in the name of offshore entities without indicating that the beneficial owner of the entity was a U.S. citizen or permanent resident.

The settlement amount, in part, reflects the Bank's initial failure to meet the Department's expectations for cooperation by regulated entities. Specifically, during the initial phase of the investigation, the Bank, through its then-lead outside counsel, conducted an inadequate internal investigation, resulting in some evidence produced to the Department being incomplete and inaccurate. As a result of the settlement, Bank Hapoalim agreed to continue implementing remediation measures and to update and modify them as necessary to ensure compliance with all relevant laws, including New York Tax and New York Banking laws and regulations.

Industrial Bank of Korea

In April 2020, the Department entered into a consent order with the Industrial Bank of Korea ("IBK") and its New York branch. According to the settlement, IBK agreed to pay a civil monetary penalty of $35 million. Following an extensive, multi-year investigation, the Department determined that IBK and its New York branch allowed serious deficiencies in the Branch's Bank Secrecy Act/Anti-Money Laundering compliance programs that persisted over multiple examination cycles from as early as 2010. Notably, IBK failed to implement and maintain an adequate transaction monitoring system, allowing a small business owner in 2011 to allegedly convert payments received in Korean Won from a restricted IBK account into U.S. Dollars using, among other means, fictitious invoices -- resulting in a billion-dollar fraud. Despite the massive fraud, the Branch continued its steady decline during the next three

examination cycles and was repeatedly cited for failing to establish a compliant transaction monitoring program.

Pursuant to the Consent Order, IBK further agreed to revise its BSA/AML compliance customer and due diligence programs, plus submit quarterly reports regarding any changes to the Branch's BSA/AML compliance program and IBK's governance structure and supervision.

Deutsche Bank

DFS finalized a settlement in July 2020 with Deutsche Bank AG, its New York Branch, and Deutsche Bank Trust company America (collectively "Deutsche Bank" or the "Bank"), following investigations into various compliance failures by the Bank. Specifically, DFS's investigation concentrated on the Bank's client relationship with Jeffrey Epstein, as well as its correspondent relationships with Danske Bank Estonia ("Danske") and FBME Bank ("FBME"). In its investigation of the relationship with Mr. Epstein, DFS uncovered that the Bank failed to properly monitor account activity conducted on behalf of the registered sex offender, despite there being ample publicly available information concerning the circumstances surrounding Mr. Epstein's earlier criminal misconduct. Such activity included making payments to individuals who were publicly alleged to have been Mr. Epstein's co-conspirators in the sexual abuse of young women, making millions of dollars in settlement payments and additional payments to Russian models, and engaging in periodic suspicious cash withdrawals over several years.

In the cases of Danske and FBME, DFS concluded that the Bank failed to properly monitor the activities of their foreign bank clients with respect to their correspondent and dollar clearing business. With regards to Danske, Deutsche Bank was repeatedly put on notice that the correspondent bank suffered from inherent control failures that resulted in large quantities of money being moved on behalf of Russian oligarchs. Likewise, Deutsche Bank failed to act on red flags with respect to FBME, who from the beginning of the relationship, was always considered a high-risk client. The Bank's relationship with FBME concluded only as a result of the U.S. Treasury Department's Financial Crimes Enforcement Network ("FinCEN") mandating that all banks operating in the United States stop doing business with them.

Pursuant to the settlement, Deutsche Bank agreed to pay $150 million in penalties. As DFS already had an Independent Monitor placed at the Bank at the time of the settlement, no new monitorship was implemented for this specific set of compliance failures.

Goldman Sachs 1MDB

In October 2020, DFS joined the U.S. Department of Justice, the U.S. Securities and Exchange Commission, the Federal Reserve Board, the United Kingdom's Financial Conduct Authority and Prudential Regulation Authority, and regulators in Singapore and Hong Kong to finalize concurrent settlement agreements with The Goldman Sachs Group, Inc ("GS Group"), the parent company of Goldman Sachs Bank USA ("GSBUSA") (together with any of GS Group's subsidiaries or affiliates, "Goldman Sachs") for a total of about $2.8 billion in fines and forfeiture. Pursuant to the settlement with the Department, Goldman Sachs agreed to pay a civil

monetary penalty of $150 million for conducting business in an unsafe and unsound manner and failing to submit a timely report to the Department. Goldman Sachs further agreed to create a written plan, acceptable to the Department, detailing enhancements to the policies and procedures that control how Goldman Sachs provides services to GSBUSA.

The violations stemmed from Goldman Sachs's involvement with three separate bond transactions for 1Malaysia Development Berhad ("1MDB") in 2012 and 2013, totaling $6.5 billion. The 1MDB transactions, however, ultimately involved a criminal scheme to divert funds from the bond offerings to pay bribes and kickbacks to government officials in Malaysia and elsewhere. Relying substantially on due diligence that Goldman Sachs conducted in connection with the bond transactions, GSBUSA purchased $250 million of bonds in the third bond offering and extended a $50 million loan to a special purchase vehicle, that was collateralized with bonds from the second offering. Despite numerous red flags and mounting evidence of widespread misconduct related to 1MDB, Goldman Sachs failed to adequately address these concerns, exposing GSBUSA to undue financial and reputational risk while causing unsafe and unsound conduct and reporting deficiencies.

Opioids

Following DFS's announcement in September 2019 of its investigation into opioid manufacturers, drug distributors, and pharmacy benefit managers for their roles in the opioid crisis, DFS filed charges between April 2020 and September 2020, against five corporate families of drug manufacturers for fraudulent acts in promoting opioids, which resulted in inflated insurance rates and premiums for consumers. Each of the pending statements of charges against the manufacturers alleges violations of New York Insurance and Financial Services Laws related to the drug industry's decades-old fraudulent and deceptive scheme of promoting opioids for medically inappropriate use to treat chronic pain, without regard for the drugs' highly addictive qualities.

The administrative proceedings seek penalties of up to $5,000 for each insurance claim for an opioid prescription caused by the manufacturers' fraudulent acts. On similar grounds, in 2020, DFS submitted a proof of claim in the bankruptcy proceeding of Purdue Pharma LLC, the maker of OxyContin, as well as in the bankruptcy proceeding of a New York opioid distributor. DFS is also a defendant in an adversary proceeding related to the bankruptcy of Mallinckrodt LLC, the largest distributor of opioids in New York. DFS's investigation is ongoing.

First American Title Insurance Company

DFS filed a statement of charges in July 2020 against First American Title Insurance Company (“"First American"), following an investigation into the data exposure of hundreds of millions of documents -- millions of which contained consumers' sensitive personal information or Nonpublic Information ("NPI") such as bank account numbers, mortgage and tax records, Social Security Numbers, wire transaction receipts, and drivers' license images, located on First American's data repository. DFS initiated its investigation in May 2019, when the data exposure

was made public. The charges against First American represent the first enforcement action alleging violations of DFS's Cybersecurity Regulation, 23 NYCRR 500.

The statement of charges sets forth that First American's cybersecurity program failed in several ways to protect the vast amount of consumer data stored on its systems. The most egregious examples include neglecting to perform a risk assessment with respect to the creation of the Company's cybersecurity program, failing to implement a reliable method for the identification of NPI on its systems, and failing to encrypt all data containing NPI on the Company's systems. The investigation further found that First American had ignored the advice of its own cybersecurity defense team and did not prioritize vulnerabilities involving NPI, failed to provide adequate data security training to its employees and affiliates, and failed to properly identify and classify sensitive documents. The Department seeks penalties pursuant to the Financial Services Law, which authorizes up to $1000 per violation, and a hearing has been scheduled.

Aliera & Trinity HealthShare

In October 2020, DFS filed a statement of charges against the Aliera Companies ("Aliera") and Trinity HealthShare ("Trinity"), alleging that for years, Aliera and Trinity deceived consumers while operating an illegal insurance business in the State of New York, thereby leaving consumers who believed they had purchased legitimate health care coverage responsible for medical expenses.

According to the statement of charges, Aliera and Trinity conducted an illegal insurance business in New York by selling health insurance to New York consumers, while overstating the coverage offered and pocketing consumers' premiums. DFS alleges that Aliera used Trinity as a shell entity to operate an illegal insurance business, claiming to facilitate a "health care sharing ministry" or an organization in which health care costs are shared among members with a common religious belief. The statement of charges sets forth that health care sharing ministries are not exempt from insurance regulation under New York law, and that the products operate effectively as insurance. DFS also alleges that Aliera and Trinity aggressively marketed these products in the health insurance marketplace, preying on uninsured New Yorkers. A substantial portion of customer premiums were diverted to so-called administrative costs, rather than retained for the reimbursement of members' medical claims. As a result, New York consumers were short-changed when requesting reimbursement for valid medical expenses.

Forster & Garbus LLP

In September 2020, DFS filed a statement of charges against debt collector Forster & Garbus LLP ("Forster & Garbus"). DFS alleges that Forster & Garbus, over the course of years, failed to adhere to treat consumers as required by law and failed to abide by the Department's debt collection regulations. In particular, the statement of charges alleges that Forster & Garbus did not honor requests by consumers for substantiation of debt, that is, requests for information proving the validity of the debt and the firm's right to collect the debt. New York law requires that substantiation is provided within 60 days of any such request and describes the specific

types of documentation a collector must show to substantiate the debt. An upcoming hearing has been scheduled.

Kayla Check Cashing

In February 2020, the Department announced an action through administrative proceeding to revoke the licenses of, and impose civil penalties on, Kayla Check Cashing Corp., South Island Check Cashing Corp., East Island Check Cashing Corp., Bay Shore Check Cashing Corp., and Brentwood Check Cashing Corp. All five businesses were owned by President Lisa Lentini and Vice President John Drago and were managed by Mr. Drago.

The Department brought this action following examination and investigation of the entities, which identified serious deficiencies in their compliance with New York and Federal laws and regulations concerning the business of check cashing, anti-money laundering (AML) compliance, and Bank Secrecy Act (BSA) requirements. DFS examinations found that, despite the Department's repeated criticism of the entities' performance, management had not yet implemented effective controls to mitigate and manage BSA/AML and OFAC risks. The Department's subsequent investigation revealed, among other things, additional violations of state and Federal banking laws, including the entities' hiring of employees undisclosed to the Department and paid off the books; running an unlicensed mobile check-cashing business; and structuring numerous transactions and falsifying business records to create the appearance that checks were cashed on several different dates when, in fact, they were cashed on the same date.

Tax Preparers Investigation

In 2019, DFS initiated an investigation to address allegations that members of the online tax preparation industry had steered eligible Free File consumers towards commercial products through deceptive and misleading practices. DFS' investigation focused on Intuit, Inc. ("Intuit") and H&R Block, Inc. ("H&R Block"), the two largest tax preparation companies in the industry and included the collection and review of thousands of documents, and the taking of sworn testimony. In 2002, a coalition of private sector tax preparation companies, including Intuit and H&R Block, partnered with the Internal Revenue Service to provide free online tax preparation services to lower income Americans. Shortly thereafter, Inuit and H&R Block introduced ostensibly "free" commercial products to compete with their separate Free File program offerings.

DFS's investigation found that Intuit, H&R Block and other tax preparers engaged in misleading and deceptive tactics by steering consumers towards revenue-generating commercial products, while deceptively hiding free tax filing program options from low-income New York consumers, who were eligible to file through the Free File program. In July 2020, DFS issued a report of its investigation findings, informing consumers about the questionable business practices undertaken by members of the tax preparer industry, and to advise them of options to file federal and state tax returns for free pursuant to the Free File program. During DFS's investigation, the federal government also rescinded its agreement not to enter the online tax preparation sector.

Utilities Investigation

In August 2020, Tropical Storm Isaias struck New York State, causing significant damage to parts of New York City, Long Island, and the Hudson Valley. As a result of the storm, approximately 1 million New York customers experienced outages. As a result of the apparent inadequate response to the storm by certain of the state's electric and telecommunications providers, Governor Cuomo directed the Department of Public Service (DPS) to investigate these utilities and further directed DFS to assist DPS in its investigation.

DFS and DPS worked together closely to investigate several utilities, including electric service providers Con Edison, Orange & Rockland, Central Hudson, and PSEG LI, and telephone, cable, and internet provider Altice-Optimum. In November 2020, DPS and DFS completed their investigation of the electric utilities, and DPS released an interim report detailing numerous failures, including failures concerning pre-storm efforts, information technology, communications, and estimated restoration times reported to customers and government officials. In November 2020, the Public Service Commission ("Commission") issued an order to show cause to initiate proceedings against Con Edison, Orange & Rockland, and Central Hudson. The order alleged violations and proposed penalties as follows: Con Edison – 33 violations, up to $102,300,000; Orange & Rockland – 38 violations, up to $19,000,000; Central Hudson – 32 violations, up to $16,000,000. Additionally, Con Edison and Orange & Rockland were put on notice that the Commission may commence a proceeding to revoke or modify one or both of their certificates to operate in New York State. In December 2020, LIPA also filed a lawsuit in Nassau County Supreme Court alleging approximately $70 million in damages resulting from PSEG LI's grossly negligent performance.

STUDENT PROTECTION UNIT

Background

Governor Cuomo established the Student Protection Unit ("SPU") as part of his 2014–15 Executive Budget to serve as a consumer watchdog for New York's students. SPU 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.

Consumer Outreach and Assistance

In 2020, SPU conducted 31 workshops, all but one of which was conducted virtually due to the ongoing COVID-19 crisis. The workshops provided vital information about the best methods for financing a college education, as well as managing student loans after graduation.

SPU also reviewed and successfully resolved complaints regarding student financial products and services, including student loans, student banking products, student debt relief services, and student health insurance. SPU accepted complaints through DFS's online complaint portal and by mail.

SPU continually monitored the COVID-19 pandemic 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 available under the CARES Act, and subsequent federal guidance.

DFS's website includes information for prospective college students, their families, and graduates in loan repayment status to help them navigate decisions relating to financing and repaying a college education. In addition, SPU continues to collaborate with the Enforcement Unit on various investigations related to student loan servicing, consolidation and debt relief companies.

Licensing and Supervision of Student Loan Servicers

Governor Cuomo's 2019 Executive Budget included legislation authorizing the Department to license and examine student loan servicers. The law addresses common abuses, many of which were identified through SPU's complaint handling process, that are found in the student loan servicing industry. In addition, the Department promulgated regulations in October 2019 that include additional measures to protect consumers from unscrupulous practices in the student loan servicing industry. To date, the Department has received 38 applications for student loan servicer licenses. After reviewing applicants' submissions, the Department issued 15 licenses and determined eight entities were exempt.

Further, in 2020, the Department conducted its first examination of a student loan servicer, jointly with the Colorado Department of Law's Consumer Credit Unit. As part of this examination, the Department worked with the servicer 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. The Department has also begun to incorporate student loan servicer examinations into its exam schedules.

On April 7, 2020, the Department issued guidance to all New York State-regulated student loan servicers to provide further relief for private student loan borrowers affected by the pandemic. The Department announced an agreement with student loan servicers that covers roughly 90% of the private student loan industry to provide pandemic-related relief for borrowers not covered by the federal CARES Act. These servicers agreed to provide the following forms of relief:

- A minimum of 90 days of forbearance relief for borrowers;
- Waiver of late payment fees for borrowers;
- Ensuring no borrower is subject to negative credit reporting;
- Cessation of debt collection lawsuits for 90 days; and
- Working with eligible borrowers to enroll them in other applicable borrower assistance programs.

As a result of the Department's leadership and initiative, a coalition of student loan servicing regulators in other states shortly thereafter followed suit, reaching a similar agreement with

major private student loan servicers in April 2020. Thus, in addition to the 300,000 New York State borrowers who became eligible for relief through the Department's agreement, student borrowers across the country benefited indirectly from the agreement as well.

CONSUMER EXAMINATIONS UNIT

Background

The mission of the Consumer Examinations Unit ("CEU") is to maintain and enhance consumer confidence in New York's financial services industry and protect customers. 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 under-served 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 credit reporting agencies. CEU often coordinates its examination activities with those of federal counterparts.

Operations and Activities

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 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 2020, CEU conducted 22 CCFL exams. The examinations revealed that most institutions have adequate compliance processes. However, the examinations also showed that several institutions failed to develop and/or properly implement training, 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. Some of these practices included charging unauthorized or illegal account fees; providing unclear or non-compliant disclosures; improperly calculating penalties; illegally depriving consumer choice in selecting providers of ancillary products; failing to provide and/or properly disclose required consumer assistance channels; and failing to update thresholds for protected wages pursuant to the Exempt Income Protection Act. Certain institutions also failed to provide statutorily required disclosures, either in whole or in proper form, including those mandated by the Truth in Lending Act, the Truth in Savings Act, those relating to basic banking accounts or approved alternative accounts required by New York law, and those relating to safe deposit boxes.

CEU examiners also discovered various improper practices relating to fair lending, including: inadequate fair lending training given to key lending personnel; failure to ensure training

adequacy through testing; inadequate safeguards against fair lending violations committed by third parties involved in the lending process; excessive discretion to individual lending personnel in approving or denying applicants and in pricing loans; failure to maintain appropriate marketing policies and procedures intended to avoid discrimination against protected class applicants; failure to document and appropriately preserve information collected for fair lending monitoring purposes; and failure to extend fair lending monitoring and policies to 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. As a result, CEU has sought restitution for consumers and required improvements in fair lending risk monitoring and prevention. CEU also reviewed and recommended improvements to numerous institutions' written fair lending plans.

CEU works with institutions to improve their compliance practices and, where necessary, requires institutions to make restitution to their customers. In the past four years, CEU's examinations resulted in depository institutions refunding to nearly 10,000 New York consumers a total of over $860,000 in improper and/or illegal fees and interest, and penalties to New York State in excess of $500,000.

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 2020, CEU has registered 20 CCRAs, including Equifax Information Services, LLC, Experian Information Solutions, Inc., and TransUnion, LLC.

Support for Borrowers Relating to their Credit Reports

In 2020, the Department reached an agreement with all New York State-registered CCRAs to avoid unjustified negative impacts on consumer credit reports in light of the ongoing COVID-19 crisis. As noted in the Department's Guidance to New York State-Regulated Consumer Credit Reporting Agencies Regarding Support for New York Consumers Impacted by the Novel Coronavirus (COVID-19), dated June 17, 2020, all New York State-registered CCRAs agreed to, among other things:

- Allow New York consumers access to at least one free credit report per month;
- Ensure that furnishers of consumer information are aware of the CARES Act requirement that the furnishers report as "current" those accounts for which payments are not required to be made pursuant to an accommodation, and certain student loan accounts for which payments have been suspended;
- Use procedures to permit furnishers to report consumers' missed payments after January 31, 2020 as a result of COVID-19, but for whom there is no accommodation in place, as

forborne, deferred, affected by a natural or declared disaster, or otherwise report that the payment(s) are not due; and
- Prominently post on their websites a link to a page dedicated to COVID-19-related information and updates.

In addition, on June 17, 2020, the Department also issued Guidance to New York State-Regulated Financial Institutions Regarding Support for New York Consumers Impacted by the Novel Coronavirus (COVID-19). This Guidance to financial institutions urged the financial industry to take steps to protect consumers by, among other things:

- Reporting accounts for which an accommodation has been reached as "current" regardless of payment status;
- Reporting certain student loan accounts as "current" even though payments have been suspended; and
- Reporting consumer accounts with missed payments, but which do not have an accommodation with creditors, as forborne, deferred, affected by a natural or declared disaster, or otherwise report that the payment(s) are not due.

Community Reinvestment Act Examinations

Through CRA examinations, 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 examinations 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 2020, the Consumer Examination Unit conducted 20 CRA exams. Through analysis of loan data and community development activities, CEU assesses how well banks serve the credit needs of their communities. CEU conducts intensive examinations to support banks' efforts to comply with New York State's 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.

Community Development Unit

The Community Development Unit ("CDU") facilitates the development and preservation of banking services in under-served 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 reviewing requests for designations of new BDDs, the re-activation 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. In addition, 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.

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 in 2020: Community District 16 (Brownsville and Ocean Hill neighborhoods) in Kings County. CDU also assisted institutions with pre-application work. In 2020, CDU received new inquiries relating to nine communities seeking to establish a BDD.

CDU reviewed 10 BDD Requests for Renewal of Deposit Applications and in each case issued recommendations for the renewal of deposits. CDU also reviewed seven BDD Progress Reports for which it issued responses noting satisfactory progress.

Review of Applications for Community Impact

In 2020, CDU processed 61 branch applications comprised of the following: 39 closings; 4 electronic facility (ATM branch) openings; 16 full branch openings; and 2 relocations. In addition, CDU processed 21 specialized applications, including 2 basic banking account alternatives, 3 changes of control, 2 credit union conversions and field of membership expansions, and 1 merger. Finally, CDU reviewed 13 community development equity investment notifications (including 9 requests for prior approval of investments and 5 self-certification notifications), of which all were either acknowledged or approved.

Community Outreach and Special Projects

CDU participated in the Federal Deposit Insurance Corporation's ("FDIC") Youth Employment Program Roundtable, which seeks to identify opportunities for young people in underserved communities to obtain exposure to and experience in the financial services industry and personal financial management. In addition, CEU management presented informational sessions at compliance conferences of the Independent Bankers Association of New York State.

CDU continued to coordinate with New York City's Department of Housing Preservation and Development and the University Neighborhood Housing Program to further DFS's mission to protect tenants of multifamily properties in physical or financial distress through CRA examinations. CDU also participated in the Cypress Hills Local Development Corporation's Annual Meeting, to bring awareness to the importance of providing public comments either in

response to applications published in the Department's Weekly Bulletin or in response to localized concern.

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 virtual CRA Listening Session focused on community reinvestment and the effects of COVID-19 in Buffalo, New York.

Summary of Consumer Examination Unit Activity

A breakdown of CEU's activities in 2020, including exams conducted and applications processed, is summarized below:

Type of Work	2020
CCFL Examinations	22
CRA Examinations	20
CCRA Examinations	2
CDU – applications	82
CDU – BDD request for renewal	10
CDU – BDD progress reports	7

HOLOCAUST CLAIMS PROCESSING OFFICE

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 from anywhere in the world. From its inception through December 31, 2020, the HCPO has assisted individuals from 46 states, the District of Columbia, and 39 countries.

To date, the HCPO has secured $182,421,635 in offers[1] for bank, insurance, and other losses. The office facilitated restitution settlements involving 179 cultural objects. In 2020, HCPO

[1] Processes offer victims or heirs monetary compensation calculated on the value of the lost assets, however, the total amount of funds available to a claims agency 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.

claimants received $1,169,384 in offers and the office coordinated settlements for 17 works of art.

As required by Section 37-a of the Banking Law, HCPO submitted its 2020 Annual Report to the Governor and Legislature in January 2020. The report is available on the Department's website.

CONSUMER ASSISTANCE UNIT

Operations and 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 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 manages the deployment and staffing of 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 emergencies such as regional flooding and other disasters. CAU also acts as an industry watchdog by working closely with companies and financial institutions to investigate and help correct patterns of consumer abuse and fraud.

CAU employs a multifaceted approach to assisting consumers:

- **Enhanced Complaint 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 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 Department of Tax and Finance. DFS staff works 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

CAU received 33,115 insurance complaints in 2020, closed more than 30,800 insurance complaints and recovered $67,152,540 on behalf of consumers and providers. CAU also responded to 1,330 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	3,949	1,372	34.74%	$ 5,184,591
Health	2,834	990	34.93%	$ 3,401,943
Prompt Pay	18,432	6,669	36.18%	$44,052,996
Property Casualty & Service Contracts	1,843	425	23.06%	$ 6,429,762
Life	918	252	27.45%	$ 6,782,953
Workers Compensation & Paid Family Leave	2,892	983	33.99%	$ 1,300,295
Total	**30,868**	**10,691**	**34.63%**	**$67,152,540**

CAU was successful in obtaining monetary value for the consumer in approximately 35% 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 2020, CAU processed 3,708 non-mortgage-related complaints, referrals, and inquiries, recovering $849,186 for New York consumers. A breakdown is set out below:

	2020	2019
Complaints and Referrals	3,693	3,214
Written Inquiries	15	48
Total	**3,708**	**3,262**

In addition to resolving formal complaints, CAU also assists New York consumers by responding to questions received via email and phone calls that the Consolidated Call Center was unable to handle. In 2020, CAU responded to 5,293 emails and 4,575 phone calls.

Impact of COVID-19

During 2020, CAU's work took on new importance as a result of the COVID-19 pandemic. While CAU's usual duties continued, CAU was also tasked with helping New York consumers navigate various pandemic-related issues, contributing to an overall increase in complaints received. Insurance complaints rose by 16% from 2019 and banking complaints rose by 22%.

With respect to Insurance, CAU heard from consumers and small businesses experiencing difficulties paying their premiums for all types of insurance policies. CAU educated consumers on the premium payment and policy cancellation moratorium, prescribed by a DFS Emergency Regulation, which afforded policyholders more time to pay their premiums. CAU also received many property and casualty complaints concerning a lack of payout under travel insurance and business interruption policies. With regard to health insurers, CAU addressed many questions and complaints related to the other Emergency Regulations CAU issued, including the waiver of cost share for in-network telehealth services, COVID-19 testing and in-person mental health treatment for essential workers.

Banking-related complaints primarily pertained to consumers experiencing financial difficulties. CAU fielded complaints, for example, relating to overdraft charges, credit card interest rate relief and postponing payments due. These and other areas were covered by the Industry Guidance DFS issued to regulated financial institutions, which urged institutions to work with and provide accommodations to consumers and businesses affected by COVID-19. Additionally, CAU fielded complaints from and assisted businesses seeking payment from banks administering the Paycheck Protection Program.

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. The 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 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 2020 and the preceding five years:

Summary of External Appeal Applications Received by Year						
Year	**Received**	**Closed**	**Ineligible**	**Voluntary Reversal**	**Denial Upheld**	**Overturned**
2015	9,771	9,867	2,499	721	4,121	2,526
2016	8,602	8,620	2,255	607	3,349	2,409
2017	7,909	7,879	2,311	511	3,208	1,849
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
Voluntary Reversals—plan overturned its denial before the appeal was submitted to a reviewer **Ineligible**—the appeal was not eligible for an external review **Overturned**—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 2020				
Type of Denial	**Total**	**Overturned**	**Overturned in Part**	**Upheld**
Medical Necessity	5,378	2,203	93	3,082
Experimental/Investigational	220	113	3	104
Clinical Trial	0	0	0	0
Out-of-Network Service	0	0	0	0
Out-of-network Referral	41	27	0	14
Rare Disease	8	6	0	2
Step Therapy	17	9	0	8
Formulary Exception	193	69	1	123
Total	**5,857**	**2,427 (41.4%)**	**97 (1.7%)**	**3,333 (56.9%)**

The table below summarizes the external appeals that were rejected:

2020 External Appeals Rejected as Ineligible	
Reason	**Quantity**
Applicant Withdrew Appeal	191
Contractual Issue	162
Coverage Terminated	11
Covered benefit issue	92
Coding issue	23
Doctor unable to complete attestation	2
Duplicate Application	177
Failure to respond to request for information	1,339
Federal Employees Health benefit program	4
Hospital failed to notify plan of admission	1
Medicaid Fair Hearing	11
Medicare	115
No internal appeal	388
Out-of-Network denial	11
Out-of-state contract	52
Overturned on Internal Appeal	27
Provider ineligible to Appeal	2
Reimbursement issue	108
Self-insured coverage	241
Untimely	71
Total	**3,028**

As part of DFS 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 that 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.

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 Independent Dispute Resolution 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 2020:

Summary of Independent Dispute Resolutions Received in 2020			
Emergency Services		**Surprise Bills**	
Total Received	**1031**	**Total Received**	**1402**
Not eligible	378	Not eligible	272
Still in process	22	Still in process	30
Decision rendered:		**Decision rendered:**	
Health plan payment more reasonable	174	Health plan payment more reasonable	70
Provider charges more reasonable	129	Provider charges more reasonable	699
Split decision	227	Split decision	230
Settlement reached	101	Settlement reached	101

Not eligible—the dispute was not eligible for a review.
Split decision—health plan payment more reasonable for one 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.

IDRs rejected as not eligible:

Independent Dispute Resolutions Rejected as Ineligible in 2020			
Emergency Services		**Surprise Bills**	
AOB not signed/submitted to health plan	0	AOB not signed/submitted to health plan	52
Application not received by IDRE or incomplete	59	Application not received by IDRE or incomplete	62
Application withdrawn	21	Application withdrawn	50
Claim paid, Balance patient responsibility	1	Claim paid, Balance patient responsibility	0
Date of Service Prior to 3/31/2015	2	Date of Service Prior to 3/31/2015	0
Duplicate submission	10	Duplicate submission	4
Federal Employee coverage	1	Federal Employee coverage	4
Incorrect Insurer	26	Incorrect Insurer	7
Incorrect Date of Service	0	Incorrect Date of Service	1
Medicaid/Essential Plan ER Service	9	Medicaid/Essential Plan ER Service	3
Medicare	4	Medicare	2
Not a surprise bill	0	Not a surprise bill	14
Not emergency services	82	Not emergency services	0
Not OON claim	9	Not OON claim	4
Out of State coverage	52	Out of State coverage	13
Out of State Facility	5	Out of State Facility	5
Self-funded coverage	72	Self-funded coverage	36
Services not rendered by a physician	1	Services not rendered by a physician	3
Services rendered by a par-provider	1	Services rendered by a par-provider	4
Settlement reached before IDR filed	2	Settlement reached before IDR filed	1
Unable to Determine Eligibility	21	Unable to Determine Eligibility	7
Total	**378**	**Total**	**272**

Outreach and Response Efforts in 2020

From January through mid-March 2020, CAU staff participated in 14 outreach events covering topics that include “How DFS Can Help Consumers, Identify Theft and Elder Abuse”. The COVID-19 pandemic had an obvious effect on CAU’s outreach efforts, halting CAU’s ability to

travel and engage with the community. In June, observing social distancing protocol, CAU deployed the DFS Mobile Command Center for five days to assist business owners in the Bronx and Manhattan who were affected by civil unrest. CAU staff has modified its outreach efforts by participating in virtual events and providing printed material to various organizations.

INVESTIGATIONS AND INTELLIGENCE UNIT ACTIVITIES

DFS's two criminal units, the Criminal Investigations Bureau on the banking side of DFS 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 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, Bank Secrecy Act, Patriot Act and additional state and federal money laundering statutes. In the furtherance of criminal investigations, they also issue administrative subpoenas and respond to grand jury subpoenas and other requests for assistance from law enforcement and prosecutorial agencies, including provision of 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 and certain enumerated 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:

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 are encouraged to increase uniformity, enhance consumer protection, and reduce mortgage fraud through the establishment of a national mortgage licensing system. One key provision of the SAFE Act is the requirement of a criminal background check of each mortgage loan originator applicant.

During 2020, CIB investigators reviewed 219 criminal history reports related to mortgage loan originator applications filed with DFS. 1,373 mortgage loan originator applications were processed in total.

CIB's Additional Operations and Activities

Due Diligence Support

CIB attorneys provide support to various business units within DFS by vetting license applicants. In that capacity, they conduct due diligence background investigations of companies and control parties seeking student loan servicing, money services business and virtual currency licenses from DFS's Banking Division. In 2020, CIB vetted the businesses and control parties underlying 73 DFS applications.

Cyber Event Investigations

The DFS cyber incident response team investigates all cybersecurity events reported to DFS pursuant to Section 500.17 of the DFS Cybersecurity Regulations. DFS licensees that are covered entities under Part 500 of the DFS Cybersecurity Regulations report cybersecurity events through the DFS secure cyber portal. Information underlying cyber event notifications is gathered by the incident response team and escalated to the 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 Regulations. 225 cyber events noticed to DFS were investigated by the cyber incident response team in 2020.

Major Criminal Investigations Bureau Cases and COVID-19-Related Support

To support New York State initiatives in battling COVID-19's infection rate and devastating death rates in New York, DFS criminal investigators, who are also New York State peace officers, joined field investigators of state agencies to participate in the following state-wide

initiatives, in each instance providing masks, hand sanitizer, information, warnings and, when required, citations:

State Liquor Authority Initiative: Ensure that state-licensed bars and restaurants are compliant with COVID-19 occupancy limits, food consumption mandates, social distancing and mask-wearing requirements

Department of Health Airport Initiative: Advise travelers arriving in New York State of quarantine requirements and collect information about their flights' origination and the locations of travelers' intended stay while in New York State

Department of Health Local Business Initiative: Patrol of New York State COVID-19 "hot-spot" locations to ensure compliance with mask-wearing and social distancing requirements by businesses and individuals

COVID Complaint Hotline Initiative: Receive, record and escalate complaints from citizens reporting violations of compliance with COVID-19 restrictions by businesses located throughout New York State

Outside Assistance

During the height of the COVID-19 pandemic, the Criminal Investigations Bureau coordinated with the Kings County District Attorney to facilitate the live expert witness testimony of an experienced DFS mortgage examiner before one of the few grand juries empaneled after March 2020. The examiner's testimony, given from behind a specially constructed plexiglass booth and face-shield, educated the grand jury and helped provide the basis for a 77-count mortgage fraud indictment voted in December 2020.

Gift Card 'Washing' Scheme Conviction

In 2019, CIB's criminal investigators joined the New York City Police Department and Queens District Attorney's Office in the investigation and arrests of participants in a multimillion-dollar gift card scheme. The crime involved the purchase of stolen credit card numbers from the dark web, which were then transferred to gift cards that were exchanged for cash to hide their illicit source. In 2020, the ringleader of the scheme pled guilty to Attempted Enterprise Corruption, a class "C" felony, for using a New York City check casher to launder the proceeds, valued at approximately $24 million.

Automobile Finance Fraud

In 2020, a consumer's complaint to CIB led DFS criminal investigators to an auto financing fraudster in the Bronx. The fraudster was arrested and charged by the Bronx District Attorney's Office. As charged at arrest, the defendant preyed upon consumers with weak credit scores who had difficulty securing loans and posed as a legitimate automobile finance company. After pocketing the complainant's hefty down payment, the defendant neither delivered the promised loan nor refunded the down payment.

Former NYPD Officer and Supervisory Committee Member of New York's Oldest Credit Union Receives Federal Prison Sentence for Embezzlement

CIB worked with the U.S. Attorney's Office for the Southern District of New York and the New York County District Attorney's Office in an investigation of the credit union's president and chief executive officer (CEO) and a retired New York City police officer, who was a long-time member of the credit union's Supervisory Committee. Together, they used the credit union as their personal piggy bank. The CEO had, for at least five years, embezzled millions of dollars belonging to the non-profit institution. The Supervisory Committee member illegally diverted half-a-million dollars of the credit union's money to a security service and an advertising service he owned and operated, while providing the CEO with illicitly obtained prescription pills. The credit union's earnings are intended to benefit its federal, state and municipal employee-members in the form of more favorable rates and fewer and lower fees for products and services. In 2019, the CEO was sentenced to a five-and-a-half-year prison term and ordered to repay all of the nearly $10 million of money he stole. The Supervisory Committee member was removed from his position by DFS during the investigation and pled guilty in 2020 to charges in connection with defrauding the institution he was appointed to oversee. He was sentenced to 27 months in federal prison and ordered to repay $500,000 in restitution to the credit union.

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 those frauds. The Bureau is headquartered in New York City, with offices in Garden City, Albany, Syracuse, Oneonta, Rochester, and Buffalo.

Highlights of 2020

- 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;
- Investigations resulted in 160 arrests, 38 of which were for healthcare fraud;
- The Bureau opened 324 cases for investigation;
- Investigations led to $2.4 million in court-ordered restitution;
- Prosecutors obtained 148 convictions in cases in which the Bureau was involved;
- Suspected no-fault fraud accounted for 64% of all fraud reports received by the Bureau.

DFS investigators have staffed a 24-hour daily hotline, created to allow the public to report violations of executive orders online or by telephone. Each report is logged and routed to the appropriate state or local agency for investigation. In addition, DFS investigators have been

assigned to enforcement details at airports, licensed premises and areas that have been identified as COVID-19 "hotspots." In instances of credible violations of executive orders, DFS investigators issued summonses and testified at administrative hearings.

Reports of Suspected Fraud/Investigations

The Bureau received 30,113 reports of suspected fraud in 2020. 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 324 cases for investigation in 2020. Tables showing the number of fraud reports received, investigations opened, and arrests by type of fraud appear in the Appendices.

In 2020, the Bureau referred 100 cases to prosecutorial agencies for prosecution. Prosecutors obtained 148 convictions in cases in which the Bureau participated.

No-Fault Fraud Reports and Investigations

The number of suspected no-fault fraud reports received by the Bureau accounted for 64% of all fraud reports received by the Bureau in 2020.

Number of Suspected Fraud Reports Received Compared with Number of Suspected No-Fault Reports Received 2016 - 2020

Combating no-fault fraud is one of DFS'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 160 arrests for insurance fraud and related crimes in 2020.

Restitution

Criminal investigations conducted by the Bureau resulted in $2.4 million in court-ordered restitution.

Multi-Agency Investigations

In 2020, 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
- Fire Department of New York's 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
- District Attorney's Offices
- State and local Police and Sheriff's Departments
- 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)

Task Force and Working Group Participation

The Bureau is an active participant in 10 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. Among the groups in which Bureau staff participated during the past year are the following:

- 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
- National Insurance Crime Bureau Working Group
- High Intensity Drug Trafficking Area
- Drug Enforcement Administration Tactical Diversion Task Force (Upstate/Downstate)
- Suffolk County District Attorney's Office Insurance Crime Bureau
- New York Alliance Against Insurance Fraud

Highlights of Task Force Participation

DFS, working jointly with the FBI, NYPD, HHS-OIG and the Drug Enforcement Administration, investigated a New York doctor who worked with a former patient from Old Bridge, New Jersey, and operated a pain-management clinic located in Midtown Manhattan. The clinic serviced patients seeking oxycodone and other pain-relief medications commonly diverted for illicit purposes. In exchange for cash payments, the doctor wrote thousands of prescriptions for large quantities of oxycodone to individuals whom the doctor knew did not need the pills for any legitimate medical purpose. Generally, the doctor dispensed these pills after conducting limited or no examinations of the patients. The doctor fraudulently prescribed more than 1.3 million oxycodone pills. Most patients were referred to the clinic by the trusted "gatekeeper" or a former patient. The clinic primarily operated on a cash-only basis, and generally operated only for a few hours per day. Both defendants were arrested and charged with one count each of conspiracy to distribute oxycodone, a charge that carries a maximum sentence of 20 years in prison.

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 11 calls per month in 2020. 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 2020. A summary of the data appears in the Appendices under the Section titled "2021 Data Call: Vehicle Principal Location Misrepresentation."

Approval of Fraud Prevention Plans

Section 409 of the New York 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, 2020 appears in the Appendices.

Section 409 of the New York Insurance Law sets forth that insurers required 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. Insurers reported, in their electronically filed Annual SIU Reports, $709 million in savings resulting from SIU investigations in 2019 (the most recent year for which data is available). Property and casualty insurers reported $64 million in recoveries from SIU investigations.

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 15th of each year that describes the provider's experience, performance, and cost effectiveness in implementing its plan. There were 20 licensed life settlement providers in New York as of December 31, 2020 with approved plans on file. A complete list of those life settlement providers appears in the Appendices.

Major Insurance/Financial Fraud Cases in 2020

- DFS's assistance was requested by the Otsego County District Attorney's Office with respect to an investigation into an arson/homicide that occurred in December 2018 in Oneonta, NY. The investigation led to the arrest of a 35-year-old resident of Oneonta. The subject of the investigation was convicted of arson and murder and sentenced to life without parole in July 2020. This case was a joint investigation with the Oneonta City Police, New York State Police, and the New York State Arson Bureau. The defendant was accused of setting fire to an occupied apartment house in December 2018, which resulted in the death of a tenant.

- DFS investigated an individual who was arrested and charged with federal wire fraud and identity theft. The charges stemmed from an investigation conducted with the FBI into the individual's business practices. The subject is a licensed insurance agent/broker, who had created fraudulent applications for life insurance and forged the names of clients to change policy documents, which were then used to increase his commissions. In addition, the subject stole funds from clients by providing false documents related to

policies and annuities that he claimed were going to hold his clients' invested funds, when, in fact, he had never made those investments. This individual's activities defrauded investors and insurance carriers out of approximately $950,000.

- DFS, working with the Federal Bureau of Investigation, and the Internal Revenue Service, investigated two subjects who were arrested and charged with conspiracy to commit mail fraud and money laundering. The U.S. Attorney's Office stated that the subject and his partner ran a business known as Lucian Development, and ran a Ponzi scheme that defrauded approximately 1,000 investors of more than $115 million. Over the span of years, the co-conspirators solicitated money from new investors and then used the funds to make promised interest and payments to earlier investors. The remainder of the investors' money was used to finance lavish lifestyles for the co-conspirators and pay salaries for a sales force and other related expenses. All investors' money was misappropriated in furtherance of keeping the scheme going and maintaining a facade of a legitimate business operation. The main subject was arrested and charged with conspiracy to commit mail fraud and conspiracy to commit money laundering. His partner had previously pleaded guilty for his role in the scheme and is awaiting sentencing.

- DFS, working with the Westchester District Attorney's Office, investigated an enterprise insurance fraud scheme in 2020. Pursuant to the scheme, five registered businesses and nine defendants were charged with "enterprise corruption" in connection with defrauding insurance companies by enhancing motor vehicle damage and falsifying insurance claims. Additionally, three other individuals were charged, on separate felony complaints, with crimes relating to this scheme. All individual defendants and companies have been charged with enterprise corruption, grand larceny, money laundering and insurance fraud. The scheme involved members of the enterprise strategically striking insured vehicles with heavy objects, such as sledgehammers, or rubbing light assemblies alongside vehicles thereby enhancing or creating new damage to increase billed repair costs. The damage was created to simulate collisions with stationary vehicles. At times, members of the enterprise created no new damage to their vehicles, but instead submitted claims to multiple insurance companies under different policies to receive money. Another scheme involved staging accidents between two or more vehicles, at least one of which was owned by an individual with insurance coverage.

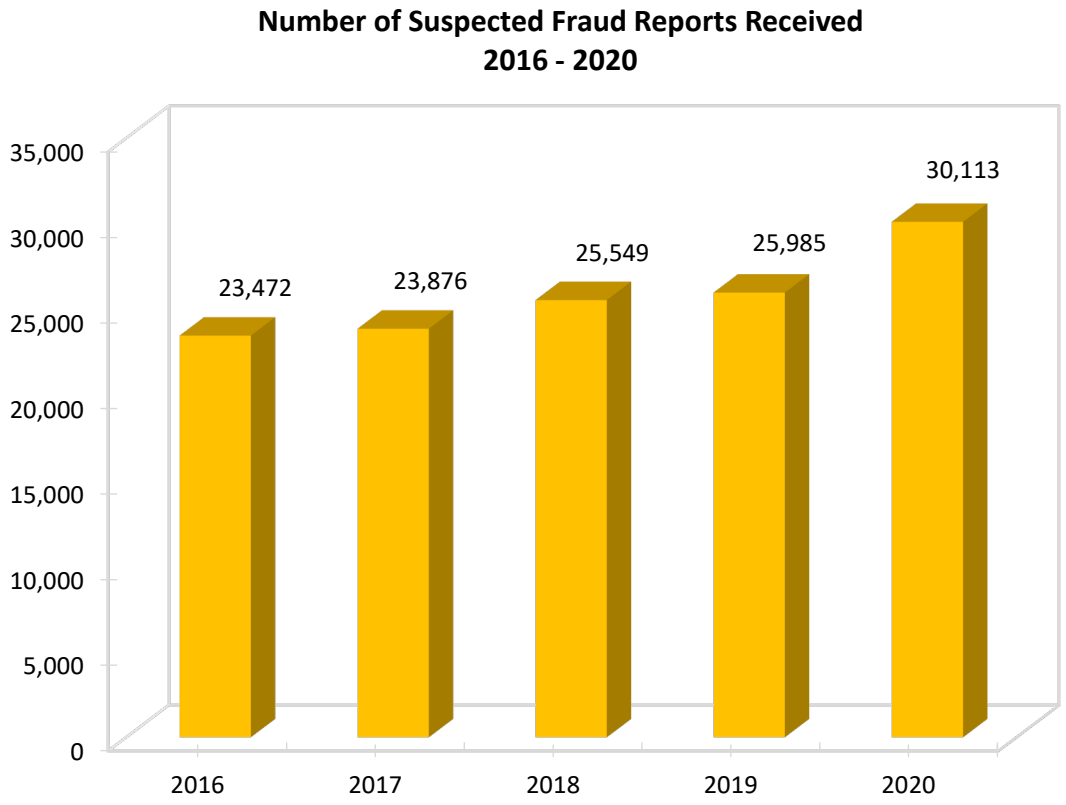
- DFS, working jointly with the New York State Insurance Fund (NYSIF) and the New York State Inspector General's Office, conducted investigations into two subjects: the owner and president of Lagos Construction Corp ("Lagos Construction") and the owner and president of Encino's Construction Corp ("Encino Construction"). Lagos Construction was a policyholder with NYSIF, which provided worker's compensation benefits for the business's employees. NYSIF conducted four audits into Lagos

Construction's business records to verify the appropriate amounts the Company ought to pay in premiums to the Fund. The audit proved that Lagos Construction had falsified business records and underreported the total amount of business it conducted in order to avoid paying $2.2 million in insurance premiums. The audit of Encino Construction's books and records revealed that the owner had concealed revenue totaling $3 million and had, therefore, defrauded NYSIF of more than $460,000, plus interest, in insurance premiums. In December 2020, the owners of Encino Construction and Lagos Construction were both arraigned. The complaint charged the owners with grand larceny, insurance fraud, falsifying business records and offering a false instrument for filing.

APPENDICES—2020 STATISTICS

The Bureau received 30,113 reports of suspected fraud in 2020 compared with 25,985 in 2019.

Number of Suspected Fraud Reports Received



Information Furnished By (IFB) Reports Received by Year

IFBs Received by Year	2016	2017	2018	2019	2020
Boat Theft	0	4	1	0	0
Auto Theft	613	559	610	547	569
Theft from Auto	22	28	32	55	54
Auto Vandalism	372	324	331	272	321
Auto Collision Damage	2,542	2,293	2,211	2,297	2,756
Auto Fraudulent Bills	111	114	76	76	62

Auto Miscellaneous	1,433	1,342	1,360	1,358	1,764
Auto I.D. Cards	4	6	7	5	9
Total - Auto Unit	**5,097**	**4,670**	**4,628**	**4,610**	**5,535**

Workers' Compensation	1,650	1,147	1,044	803	726
Total - Workers' Comp Unit	**1,650**	**1,147**	**1,044**	**803**	**726**
Disability Insurance	267	235	163	247	173
Health Accident Insurance	1,535	1,500	1,562	1,641	1689
No-Fault Insurance	12,339	12,887	14,459	15,297	19,153
Total - Medical/No-Fault Unit	**14,141**	**14,622**	**16,184**	**17,185**	**21,015**

Boat Fire	2	0	1	0	0
Auto Fire	113	126	87	99	96
Fire – Residential	106	99	86	136	97
Fire – Commercial	24	36	14	22	16
Total - Arson Unit	**245**	**261**	**188**	**257**	**209**

Burglary - Residential	194	179	122	184	144
Burglary - Commercial	33	33	19	22	23
Homeowners	674	580	644	639	597
Larceny	125	214	202	218	200
Lost Property	478	1,027	1,351	834	678
Robbery	24	15	16	33	23
Bonds	3	3	5	2	0
Life Insurance	400	517	523	564	402
Ocean Marine Insurance	13	12	13	20	26
Reinsurance	0	1	1	2	2
Appraisers/Adjusters	9	5	8	21	15
Agents	83	71	106	97	72
Brokers	53	40	35	39	23
Ins. Company Employees	2	5	33	60	62
Insurance Companies	37	81	110	60	97
Title/Mortgage	8	17	9	8	1
Commercial Damage	110	287	238	239	235
Unclassified	93	89	70	88	28
Total - General Unit	**2,339**	**3,176**	**3,505**	**3,130**	**2,628**

IFBs Received	**2016**	**2017**	**2018**	**2019**	**2020**

Auto Unit Totals	5,097	4,670	4,628	4,610	5,535
Workers Comp Unit Totals	1,650	1,147	1,044	803	726
Medical/No-Fault Unit Totals	14,141	14,622	16,184	17,185	21,015
Arson Unit Totals	245	261	188	257	209
General Unit Totals	2,339	3,176	3,505	3,130	2,628
Grand Total	**23,472**	**23,876**	**25,549**	**25,985**	**30113**

Cases Opened by Year	**2016**	**2017**	**2018**	**2019**	**2020**
Boat Theft	0	0	0	0	0
Auto Theft	22	55	78	81	77
Theft from Auto	0	1	0	1	0
Auto Vandalism	9	11	7	12	17
Auto Collision Damage	24	26	29	31	26
Auto Fraudulent Bills	0	1	1	3	0
Auto Miscellaneous	7	11	14	15	16
Auto I.D. Cards	0	2	0	0	0
Total - Auto Unit	**62**	**107**	**129**	**143**	**136**
Workers' Compensation	90	136	194	130	48
Total - Workers' Comp Unit	**90**	**136**	**194**	**130**	**48**
Disability Insurance	13	10	0	3	1
Health Accident Insurance	43	39	28	31	27
No-Fault Insurance	58	67	47	39	8
Total - Medical/No-Fault Unit	**114**	**116**	**75**	**73**	**36**
Boat Fire	0	0	0	0	0
Auto Fire	6	14	11	6	5
Fire – Residential	16	10	10	17	12
Fire – Commercial	5	6	2	5	3
Total - Arson Unit	**27**	**30**	**23**	**28**	**20**
Burglary – Residential	9	4	9	5	4
Burglary – Commercial	0	0	0	1	1
Homeowners	20	9	9	6	11
Larceny	26	13	28	45	20
Lost Property	6	3	1	1	3

Robbery	0	0	0	1	0
Bonds	0	0	0	0	0
Life Insurance	20	26	18	17	13
Ocean Marine Insurance	0	1	1	0	0
Reinsurance	0	0	0	0	0
Appraisers/Adjusters	0	0	1	1	0
Agents	6	10	6	4	10
Brokers	13	7	4	5	5
Ins. Company Employees	1	1	0	0	0
Insurance Companies	3	0	0	2	1
Title/Mortgage	0	0	2	1	0
Commercial Damage	4	1	2	7	6
Miscellaneous	48	57	52	56	10
Total - General Unit	**156**	**132**	**133**	**152**	**84**
Grand Total	**449**	**521**	**554**	**526**	**324**

Cases Opened by Year	**2016**	**2017**	**2018**	**2019**	**2020**
Auto Unit Totals	62	107	129	143	136
Workers Comp Unit Totals	90	136	194	130	48
Medical/No-Fault Unit Totals	114	116	75	73	36
Arson Unit Totals	27	30	23	28	20
General Unit Totals	156	132	133	152	84
Total	**449**	**521**	**554**	**526**	**324**

2016	**IFBs**	**Cases**	**Arrests**
Auto Unit Total	5,097	62	35
Workers' Comp Unit Total	1,650	90	33
Medical/No-Fault Unit Total	14,141	114	133
Arson Unit Total	245	27	14
General Unit Total	2,339	156	80
Grand Total	**23,472**	**449**	**295**

2017	**IFBs**	**Cases**	**Arrests**
Auto Unit Total	4,670	107	63
Workers' Comp Unit Total	1,147	136	38
Medical/No-Fault Unit Total	14,622	116	105
Arson Unit Total	261	30	9

General Unit Total	3,176	132	77
Grand Total	**23,876**	**521**	**292**

2018	IFBs	Cases	Arrests
Auto Unit Total	4,628	129	107
Workers' Comp Unit Total	1,044	194	109
Medical/No-Fault Unit Total	16,184	75	91
Arson Unit Total	188	23	9
General Unit Total	3,505	133	47
Grand Total	**25,549**	**554**	**363**

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	17
General Unit Total	2,628	84	19
Grand Total	**30,113**	**324**	**160**

2021 DATA CALL: VEHICLE PRINCIPAL LOCATION MISREPRESENTATION

The 2021 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 2020.

Summary of Data Reported

- More than 99% (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 2020 was 19,890.

- The total amount of reported premium lost in 2020 as a result of New York insureds who misrepresented the principal place where their vehicles were garaged and/or driven was $42,997,652.
- In 2020, 87% of the reported misrepresentations involved a location within New York State. The remaining 13% involved a location outside of New York State.

Misrepresentations Involving a New York State Location

- Total amount of reported premium lost in 2020 due to misrepresentations that involved a location (county) within New York State was $40,727,533.
- 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 2020:

Kings	28.11%
Queens	20.61%
Bronx	18.72%
Nassau	6.30%
Suffolk	4.71%
New York	3.68%
Westchester	3.44%
Monroe	2.20%
Erie	1.50%

- Top reported New York counties used by insureds to misrepresent where their vehicles were garaged and/or driven in 2020:

Suffolk	11.53%
Westchester	8.95%
Nassau	6.88%
Monroe	6.32%
Albany	5.31%
Broome	4.32%
Erie	3.64%
Orange	3.63%
Queens	3.36%
Dutchess	3.22%
Schenectady	3.03%
New York	2.91%

Misrepresentations that Involved a Location Outside of New York State

- Total amount of reported premium lost in 2020 due to misrepresentations that involved a location outside of New York State was $2,270,119.
- 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 2020:

Suffolk	14.51%
Kings	11.71%
Nassau	10.46%
Queens	9.68%
New York	8.71%
Bronx	6.22%
Westchester	6.07%
Erie	3.07%
Richmond	2.64%

- Top reported states used by insureds to misrepresent where vehicles were garaged and/or driven in 2020:

Florida	50.49%
Pennsylvania	9.36%
Connecticut	5.63%
South Carolina	4.66%
North Carolina	3.61%
New Jersey	2.99%
Arizona	2.76%
Virginia	2.68%
California	2.06%

Approved Fraud Prevention Plans on File as of December 31, 2020

Aegis Security Insurance Company
Aetna, Inc.
AIG Companies
Allianz Global Corporate & Specialty
Allstate Insurance Group
Allstate Life Insurance Company of New York
Amalgamated Life Insurance Company
American Family Connect Property and Casualty Insurance Company
American Family Life Assurance of New York
American Modern Insurance Group
American Transit Insurance Company
Ameritas Life Insurance Corp. of New York
AMEX Assurance Company
Amica Mutual Insurance Company
AMTrust Financial Services, Inc.
Anthem, Inc.
Arch Insurance Company
Assurant Group
Atlantic Specialty Insurance Company
AXA US
AXIS Insurance Company
Bankers Conseco Life Insurance Company
Chubb Ltd. Group
CDPHP
Central Mutual Insurance Company
CIGNA Health Group
Cincinnati Insurance Company
CMFG Life Insurance Company
CNA Insurance Companies
Commercial Travelers Life Insurance Company
Countryway Insurance Company
Country-Wide Insurance Company
CSAA Fire & Casualty Insurance Company
Delta Dental Insurance Company
Delta Dental of New York, Inc.
Dentcare Delivery Systems, Inc.
Emblem Health Inc.
Electric Insurance Company
Employers
Erie Insurance Group
Esurance
Excellus Health Plan, Inc. and MedAmerica Insurance Company of New York

Farm Family Casualty Insurance Company
Farmers Insurance Group of Companies
Fidelity Security Life 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
GEICO
Genworth Life Insurance Company of New York
Gerber Life
Global Liberty Insurance Company of New York
Globe Life
Guardian Life Insurance Company of America
Guard Insurance Group
Hanover Group
HealthNow New York Inc.
Healthplex Insurance Company
Hereford Insurance Company
HM Life Insurance Company of New York
Humana
Independent Health Association, Inc.
Ironshore Indemnity Inc.
John Hancock New York
Kemper
Kingstone Insurance Company
Lancer Insurance Company
Liberty Mutual Commercial Insurance
Liberty Mutual Personal Insurance
Life Insurance Company of Boston & New York
Lincoln Financial Group
Main Street America Group
Markel North American Insurance Group
MassMutual Financial Group
Merchants Insurance Group
Mercury Insurance Group
Metropolitan Life Insurance Company
Metropolitan Property and Casualty Insurance Company
Mutual of Omaha Insurance Company
MVP Health Care
National General Insurance
National Liability & Fire Insurance Company
Nationwide Mutual Insurance Company
New York Automobile Insurance Plan
New York Central Mutual Fire Insurance Company
New York Life Insurance Company
Nippon Life Insurance Company of America

Northwestern Mutual Life Insurance Company
Oscar Insurance Corporation
Oxford Health Plans
Philadelphia Indemnity Insurance Company
Preferred Mutual Insurance Company
Principal Life Insurance Company
Privilege Underwriters Reciprocal Exchange (PURE)
Progressive
Prudential
QBE Insurance Group, Ltd.
Renaissance Life & Health Insurance Company of New York
SBLI USA Life Insurance Company, Inc.
Securian Financial Group
Selective Insurance Group
ShelterPoint Life Insurance Company
Solstice
Standard Life Insurance Company of New York
Standard Security Life Insurance Company of New York
State Farm Insurance Companies
Sterling Insurance Company
Sun Life and Health Insurance Company (U.S.)
Talcott Resolution Life Insurance Company
The Hartford Financial Services Group
The Plymouth Companies
The Sentry Insurance Group
The State Insurance Fund
Transamerica Financial Life Insurance Company
Travelers Companies, Inc.
Tri-State Consumer Insurance Company
Trustmark Mutual Holding Company Group
Unimerica Insurance Company of New York, Inc.
Union Labor Life Insurance Company
Union Security Life Insurance Company of New York
United Concordia Insurance of New York
United Healthcare Insurance Company of New York
United Healthcare of New York, Inc.
Universal American
Unum Provident Company
USAA Group
Utica National Insurance Group
Voya Financial Inc.
VSP
Zurich in North America

2020 Approved Life Settlement Provider Fraud Prevention Plans on File

Abacus Settlements, LLC
Berkshire Settlements, Inc.
Coventry First LLC
Credit Suisse Life Settlements LLC
EAGiL Life Settlement Inc.
FairMarket Life Settlements Corp.
Georgia Settlement Group (Incorporated in its state of domicile as The Settlement Group, Inc.)
GWG Life Settlements, LLC
Habersham Funding, LLC
Institutional Life Settlements, LLC
Life Capital Group, Inc.
Life Equity, LLC
Life Policy Traders, Inc.
LifeTrust, LLC
Magna Life Settlements, Inc.
Maple Life Financial Inc.
Montage Financial Group, Inc.
Q Capital Strategies, LLC
SLG Life Settlements LLC
Spiritus Life, Inc.