



NEW YORK STATE SENATOR

Charles J. Fuschillo Jr.

Senate Approves Legislation Giving Dmv Stronger Tools to Fight Fraud

CHARLES J. FUSCHILLO JR. May 29, 2013

| ISSUE: **DMV (DEPARTMENT OF MOTOR VEHICLES)**

Senator Charles J. Fuschillo, Jr. (R-Merrick) today announced that the New York State Senate passed legislation he sponsored to allow the Department of Motor Vehicles (DMV) to suspend the driver's licenses of individuals who obtain their driver's licenses and vehicle registrations free of charge using a "charge back" fraud scheme.

Under the "charge back" fraud scheme, an individual pays for their driver's license or registration using a credit, then disputes the charge with their credit card company to get a "charge back" on their account. By fraudulently disputing a valid DMV charge, these individuals illegally obtain their driver's license or registration free of charge.

"Some dishonest individuals have found a way to obtain their licenses and vehicle registrations for free by abusing the system. DMV needs stronger tools to deter this type of fraud and ensure that these individuals pay their fair share like everyone else. Allowing DMV to utilize license and registration suspensions would do just that," said Senator Fuschillo, Chairman of the Senate's Transportation Committee.

Current law allows DMV to impose fines and suspend the driver's licenses and/or registrations of individuals whose checks were dishonored. In such cases, DMV sends written

notice to the individual informing them that their check was dishonored and giving them 30 days to make payment in order to avoid the suspensions. However, DMV cannot impose these same penalty provisions on individuals who fraudulently “charge back” their license or registration fees.

The legislation Senator Fuschillo is sponsoring (S4245) would allow DMV to impose the same sanctions against individuals who try to use the “charge back” system to avoid payment as it does with individuals whose checks are dishonored.

According to DMV, both the number of charge backs and the dollar amount of these transactions have been increasing. DMV receives an average of 100 charge back requests a month from credit card companies, totaling on average over \$300,000 each year. DMV anticipates that this trend will continue as the range of DMV transactions expands, especially as additional internet transactions are offered.