



NEW YORK STATE SENATOR

Charles J. Fuschillo Jr.

Senator Fuschillo: Dmv Would Receive New Tools to Fight Fraud Under Legislation Passed by State Senate

CHARLES J. FUSCHILLO JR. June 20, 2013

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

Senator Charles J. Fuschillo, Jr. (R-Merrick) announced that the New York State Senate gave final legislative passage to legislation he sponsored to give the Department of Motor Vehicles (DMV) stronger tools to combat fraud. The legislation would allow DMV to impose sanctions on drivers who try obtain a driver's license or vehicle registration for free through 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.

"DMV is losing over \$300,000 a year through fraudulent charge back schemes. It needs stronger tools to combat these thefts and ensure that individuals cannot abuse the system through fraud. Allowing DMV to withhold services from drivers until they fulfill their outstanding obligations will ensure these individuals will pay their fair share like everyone else," said Senator Fuschillo, Chairman of the Senate's Transportation Committee.

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. In addition to the lost revenue, DMV has experienced additional losses because credit card companies can impose additional fees for each charge back. DMV anticipates that this trend will continue as the range of DMV transactions expands, especially as additional internet transactions are offered.

The legislation (S5826) would allow DMV to deny further transactions to any driver who tries to use the “charge back” system to avoid payment until they pay the full amount of the charges to DMV. DMV would notify such individuals in writing that they have an outstanding fee and that they have 30 days to make payment to avoid sanctions. Current law does not allow DMV to impose sanctions or penalties on these drivers, as it does for drivers with dishonored checks.