



NEW YORK STATE SENATOR

Charles J. Fuschillo Jr.

Senator Fuschillo: New Law Giving Dmv Stronger Tools to Fight Fraud Takes Effect Thursday

CHARLES J. FUSCHILLO JR. November 26, 2013

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Senator Charles J. Fuschillo, Jr. (R-Merrick) announced that a new law he authored giving the New York State Department of Motor Vehicles (DMV) stronger tools to combat fraud takes effect this Thursday, November 28th. The law allows 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 card, 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.

"Fraudulent charge back schemes cost DMV hundreds of thousands of dollars each year. The Department needs stronger tools to combat these thefts and prevent taxpayer dollars from being lost to fraud. Enabling DMV to withhold services from drivers until they settle their debts will help recover tax dollars and ensure these individuals pay their fair share like the rest of us," 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 new law allows 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 will notify such individuals in writing that they have an outstanding fee and that they have 30 days to make payment to avoid sanctions. Prior law did not allow DMV to impose sanctions or penalties on these drivers, as it does for drivers with dishonored checks.

The law was passed by the New York State Senate and Assembly on June 20th and signed by Governor Cuomo on July 31st.