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Governor Cuomo Announces the 6th Proposal of the 2017 State of the State: Banning Bad Actors from the Financial Services Industry for Egregious Conduct

Governor Andrew M. Cuomo today announced a new proposal to further protect consumers from egregious and deceptive behavior in the financial services industry by pushing to empower the state Superintendent of Financial Services to ban certain bad actors from the banking and insurance industries for misconduct like that seen in the Wells Fargo scandal.

"New York is the financial center of the world and we have zero tolerance for those who seek to defraud customers and undermine the system," **Governor Cuomo said.** "The excesses and systematic abuse at the center of the Wells Fargo scandal is unacceptable and New York, in its role as a regulator, is seeking to take bold steps to crack down on this unacceptable behavior and ensure these bad actors are barred from working in this industry once and for all."

Under Governor Cuomo's leadership, New York has made great strides in establishing a strong financial regulator and protecting consumers. In 2011, the Governor created the Department of Financial Services by merging the former Banking and Insurance Departments and since its creation, the Department has established itself as a leading financial regulator by bringing in billions of dollars through enforcement actions to protect consumers. However, as the financial services industry continues to change, New York's approach to regulating the banking industry and lending activities must change too.

Now, the Governor is seeking to take the state's effort a step further by empowering the DFS Superintendent with the ability to ban certain bad actors from the financial services industry for this type of conduct. Specifically, new legislation will add a section to New York's Financial

Services Law disqualifying certain individuals from the banking or insurance industries if, after a hearing, the Superintendent finds they have done something so severe as to have a direct bearing on their fitness or ability to continue participating in the industry.

This proposal is the latest action New York State is taking to better help prevent situations like the one seen recently at Wells Fargo. The bank was fined for fraudulently setting up accounts and selling products to consumers without their consent or knowledge. This misconduct was motivated by the bank's culture of giving bonuses based on volume sales. Following this scandal, DFS issued guidance that incentive compensation will not be tolerated in New York.

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