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The Weekly Sweep: Northeast Regulators Focus on Debt Collection, Dealership Practices, and Cybersecurity

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Regulators and attorneys general across the Northeast continued to focus on consumer financial services enforcement and compliance issues, with recent developments involving debt collection, dealership practices, and cybersecurity.

This week's developments include significant consumer relief in a Massachusetts debt collection matter, more than $1 million in refunds related to alleged dealership practices, and new cybersecurity risk assessment guidance from the New York Department of Financial Services.

Key Developments

New York DFS Issues Guidance on Cybersecurity Risk Assessments

The New York Department of Financial Services (DFS) published an Industry Letter providing guidance on risk assessments required under New York's cybersecurity regulation, 23 N.Y.C.R.R. Part 500.

Covered entities are required to maintain cybersecurity programs based on risk assessments. The Industry Letter does not create new obligations but is intended to clarify existing requirements and provide best practices for designing, conducting, and updating cybersecurity risk assessments.

DFS Industry Letter

Massachusetts Debt Collection Settlement Provides Approximately $52 Million in Consumer Relief

The Massachusetts Attorney General entered into a consent judgment resolving allegations of unfair and deceptive debt collection practices by a debt collection business and related parties.

The Attorney General alleged practices including seizing consumer vehicles to coerce payment, making misrepresentations to consumers, engaging in unlicensed debt collection and the unauthorized practice of law, overstating prejudgment interest in court filings, collecting debts outside applicable statutes of limitations, and initiating communications beyond legal limits.

Under the settlement, the defendants are prohibited from buying, selling, transferring, assigning, or collecting debts allegedly owed by Massachusetts consumers, providing approximately $52 million in relief to more than 6,000 consumers. The settlement also permanently bars the defendants from seeking a debt collector license in Massachusetts and from engaging in collection activity from or within the Commonwealth.

Massachusetts Attorney General Press Release

Consent Judgment

New York Settlement Provides More Than $1 Million in Refunds Over Alleged Dealership Charges

The New York Attorney General entered into an Assurance of Discontinuance with two auto dealerships concerning alleged charges imposed on consumers during vehicle purchases and leases.

The Attorney General alleged that consumers were charged a 2% fee presented as a sales commission even though the charge was optional, was not paid directly to the salesperson, and provided no benefit to the consumer. The dealerships were also alleged to have charged customers for an add-on package presented as a mandatory part of a vehicle lease or purchase.

The settlement provides for more than $1 million in consumer reimbursements.

New York Attorney General Press Release

Assurance of Discontinuance

Why It Matters

These developments highlight continued state regulatory attention to consumer financial services practices and compliance controls.

The Massachusetts debt collection settlement and New York dealership action demonstrate regulators' continued focus on collection practices, consumer charges, add-on products, and consumer disclosures. The size of the consumer relief involved also underscores the potential consequences of alleged violations in these areas.

At the same time, the DFS Industry Letter provides regulated financial institutions and other covered entities with additional guidance for evaluating their cybersecurity risk assessment processes under Part 500. Covered entities should consider the guidance when reviewing how their risk assessments are designed, conducted, documented, and updated.

Related Content

For additional analysis and ongoing coverage of state and federal developments, explore the following Hudson Cook and CounselorLibrary resources:

CounselorLibrary.com Reporters - In-depth coverage of enforcement, litigation, and regulatory trends impacting consumer financial services.

https://counselorlibrary.com/public/products-lr.cfm

State Watch - Timely updates on state-specific legislative and regulatory activity.

https://hudco.com/insights-subscribe.cfm

Upcoming Webinars - Practical insights and discussion on emerging issues, including recent Attorney General actions.

https://hudco.com/news.cfm?itemType=event

Hudson Cook will continue to monitor regulatory and enforcement developments across the Northeast.

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