

community through extensive technical assistance and advocacy, working closely with the field to articulate the profound impact of culture on New York City's quality of life and economy.

Tuesday, March 2, 2010

Elizabeth Miller/Beth Cohan, (212) 487-4283

NEW YORK CITY DEPARTMENT OF CONSUMER AFFAIRS ISSUES MORE THAN 2,000 VIOLATIONS IN CITYWIDE CRACKDOWN OF INCOME TAX PREPARERS

Commissioner Mintz Warns Consumers of Refund Anticipation Loans Illegally Marketed as "Fast Cash" or "Instant Refunds"

New Yorkers Encouraged to File Taxes for Free at nyc.gov/OnlineFreeTaxPrep

Department of Consumer Affairs (DCA) Commissioner Jonathan Mintz today announced that during a month-long investigation of income tax preparers throughout the City, DCA inspected nearly 800 tax preparation businesses and issued 2,010 charges for violations including illegally advertising refund anticipation loans (RALs) as "instant" or "rapid" refunds. Total fines from the enforcement sweep could reach more than \$1 million.

DCA inspected income tax preparers charged with violations in 2009, as well as businesses located in neighborhoods with large populations of immigrants or high usage of refund anticipation loans. The Department issued violations to nearly 250 income tax preparers, a compliance rate of 69 percent, which was up from 65 percent in 2009, and 56 percent in 2008.

"Consumers only have to wait eight to 10 days to enjoy every penny of their refunds from the IRS, and with the City's new, free online tax preparation service, filing *today* is easy," said

Consumer Affairs Commissioner Jonathan Mintz. "Refund anticipation loans are such expensive and unnecessary products that tax preparers and lenders generally have to violate New York City law and lie about them to sell them."

Refund anticipation loans are predatory, high-interest loans often marketed as "instant," "rapid," or "24-hour" refunds. However, they are actually expensive, high interest-bearing loans that consumers must pay back even if their refund is not as large as they had anticipated – a fact that is often not disclosed by income tax preparers. RALs are not illegal in New York City, but income tax preparers must disclose that these products are loans with annualized interest rates as high as 500 percent, significantly decreasing an expected refund.

To ensure New Yorkers protect their money and get every penny of their hard-earned refunds, the City is offering free, online tax preparation service for residents who earn \$58,000 or less per tax return by visiting nyc.gov/OnlineFreeTaxPrep. The service is powered by One Economy Corporation – a nonprofit that leverages the power of technology to empower people to enter the economic mainstream – with its online tax filing software The Beehive. In 2007, nearly 2.5 million New Yorkers paid to have their income tax returns prepared. The City estimates that more than 2.7 million New Yorkers may qualify for this free online tax preparation service.

DCA enforces the Consumer Protection Law and other related business laws throughout New York City. Ensuring a fair and vibrant marketplace for consumers and businesses, DCA licenses more than 71,000 businesses in 57 different industries. Through targeted outreach, partnerships with community and trade organizations, and informational materials, DCA educates consumers and businesses alike about their rights and responsibilities. DCA's Office of Financial Empowerment (OFE) is the first municipal office of its kind in the nation with a mission to educate, empower and protect New Yorkers with low incomes. DCA's OFE administers a citywide network of Financial Empowerment Centers and other products and services that help these New Yorkers make the best use of their financial resources to move forward economically. For more information, call 311 or visit DCA online at nyc.gov/consumers.

Hiring a Tax Preparation Service This Tax Season? Follow These Tips:

- **Avoid "Instant," "Rapid," "Express," or "Fast Cash" refunds.** "Instant" refunds are actually loans with extremely high interest rates known as refund anticipation loans (RALs). RALs must be repaid even if you don't get your refund or it is smaller than you expected. If you have a bank account and file your taxes electronically, you can arrange for direct deposit of your refund in as little eight days. Ask your tax preparer about this option.
- **Know Your Rights When Dealing with Tax Preparers.** Tax preparers must post their qualifications, fees and charges, and whether or not they will represent you at a government audit. Preparers must sign every tax return, and provide you with a copy of your tax return and a receipt for your services.
- **Protect Yourself.** Tax preparers may *not* charge you fees based on the amount of taxes you owe or your anticipated refund. Never sign a tax return that is blank, incomplete, or filled out in pencil. It could be changed later. Tax preparers are required by law to give each customer a free, current, and legible copy of the Consumer Bill of Rights Regarding Tax Preparers before any discussions with a consumer. Visit www.nyc.gov/consumers to download a copy.
- **Don't pay cash.** Never mail cash when paying your taxes. Pay by check or money

order only.

- **File a complaint with DCA.** Call 311 or visit www.nyc.gov/consumers to contact DCA.

Thursday, February 25, 2010

Kay Sarlin/Elizabeth Miller, (212) 487-4283

MORE THAN 825,000 ADULTS IN NEW YORK CITY DO NOT HAVE BANK OR CREDIT UNION ACCOUNTS ACCORDING TO NEW CITYWIDE STUDY

Commissioner Mintz Kicks Off Citywide Outreach Campaign to Enroll Unbanked New Yorkers into NYC SafeStart Bank Accounts

Department of Consumer Affairs (DCA) Commissioner Jonathan Mintz today announced that more than 825,000 adult New Yorkers do not have bank accounts, but instead use fringe financial services like check cashers to pay bills, cash payroll checks, buy money orders and conduct other financial transactions. To help New Yorkers transition from using high-cost fringe financial services, DCA has created NYC SafeStart Bank Account, the City's first banking product available to all New Yorkers.

The Citywide Financial Services Study, which for the first time quantifies the number of unbanked adults in New York City, was commissioned by DCA's Office of Financial Empowerment (OFE). In 2008, DCA's OFE released a Neighborhood Financial Services Study, which examined banking practices in two neighborhoods – Jamaica, Queens and the Melrose section of the Bronx – and found that residents in these areas spent more than \$19 million a year on check-cashing fees alone. This new study provides a complete Citywide picture of banking practices in all five boroughs, including local level data on the number and proportion