The Weekly Sweep: Northeast Regulators Focus on Enforcement, Emerging Financial Products, and Consumer Protection

July 21st, 2026 | and Thomas P. Quinn, Jr.

The latest Weekly Sweep highlights significant regulatory and enforcement developments across New York and Massachusetts involving anti-money laundering compliance, debt collection, buy-now-pay-later regulation, data security, peer-to-peer payments, and pricing transparency. Recent actions by state regulators and attorneys general demonstrate continued scrutiny of financial services providers and other businesses handling sensitive consumer information, while proposed and delayed regulations signal important compliance developments for companies operating in the Northeast.

Key Developments

New York – DFS Consent Order Addresses Responses to Regulatory Inquiries Following Panama Papers Investigation

Summary:

The New York Department of Financial Services (DFS) entered into a consent order with a Swedish bank operating a licensed New York branch in connection with an investigation arising from the 2016 Panama Papers leak involving records from the Mossack Fonseca law firm.

Following the leak, DFS commenced investigations of licensed entities and issued two information requests to the bank seeking information concerning its relationships with Mossack Fonseca and related banks, institutions, and individuals. According to the consent order, the bank withheld information responsive to those regulatory inquiries. The consent order imposes a $50 million penalty in resolution of the matter.

DFS Press Release:
https://www.dfs.ny.gov/reports_and_publications/press_releases/pr20260716

Consent Order:
https://www.dfs.ny.gov/system/files/documents/2026/07/Swedbank-Consent-Order.pdf

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New York City – DCWP Delays Effective Date of Amended Debt Collection Rule

Summary:

The New York City Department of Consumer and Worker Protection (DCWP) has delayed the effective date of its amended debt collection rule, commonly referred to as the “SHIELD Rule,” from September 1, 2026, to January 1, 2027.

The additional time is intended to provide the industry with more time to operationalize the new requirements and allow DCWP to publish a Frequently Asked Questions document addressing industry inquiries. A revised version of the rule reflecting the January 1, 2027, effective date is expected to be published.

The effective-date change was communicated separately to industry stakeholders and, as of this update, had not yet been published on the DCWP website.

New York – DFS Advances Buy-Now-Pay-Later Regulation

Summary:

The New York Department of Financial Services (DFS) has published a proposed regulation to implement the state’s Buy-Now-Pay-Later (BNPL) statute. The proposed regulation represents the next step in the rulemaking process following the pre-proposed version released by DFS in February.

Comments on the proposed regulation are due September 14, 2026.

For additional background on the earlier proposal, see Thomas P. Quinn, Jr.’s article, “New York Buy-Now-Pay-Later Rules: Overly Broad?” published in the February issue of Hudson Cook’s *Insights*.

Proposed Regulation:
https://www.dfs.ny.gov/system/files/documents/2026/07/rp-bank-3nycrr-423-text.pdf

Related Hudson Cook Article:
https://www.hudsoncook.com/article/new-york-buy-now-pay-later-rules-overly-broad/

Massachusetts and New York – Attorneys General Announce $18 Million Multistate Settlement Following Genetic Data Breach

Summary:

The Massachusetts and New York Attorneys General announced an $18 million multistate settlement involving a genetic testing company following a 2023 data breach that exposed genetic information associated with nearly 7 million individuals.

The settlement addresses allegations concerning the company’s protection of sensitive consumer information and represents another significant state enforcement action involving data security and privacy. The matter highlights the heightened regulatory attention surrounding businesses that collect and maintain particularly sensitive categories of consumer data.

Massachusetts Attorney General Press Release:
https://www.mass.gov/news/ag-campbell-announces-multistate-settlement-with-23andme-over-genetic-data-breach

New York Attorney General Press Release:
https://ag.ny.gov/press-release/2026/attorney-general-james-secures-18-million-23andme-failing-protect-customers

Settlement:
https://www.mass.gov/doc/23andme/download

Massachusetts and New York – $45 Million Multistate Settlement Addresses Peer-to-Peer Payment App Practices

Summary:

The Massachusetts Attorney General announced a $45 million multistate settlement with a company operating a peer-to-peer payment application. The New York Attorney General also participated in the settlement.

The matter resolves allegations concerning inadequate information security practices that exposed users to fraud, along with allegations regarding inadequate customer service for consumers seeking assistance with questions or concerns involving their accounts. The settlement reflects continued state regulatory attention to fraud prevention, information security, and consumer support in the rapidly evolving digital payments marketplace.

Massachusetts Attorney General Press Release:
https://www.mass.gov/news/ag-campbell-announces-45-million-multistate-settlement-with-block-inc-over-deceptive-practices-on-cash-app

Massachusetts Settlement:
https://www.mass.gov/doc/cash-app-cj/download

New York Attorney General Press Release:
https://ag.ny.gov/index%2ephp/press-release/2026/attorney-general-james-secures-45-million-block-enabling-fraud-and-misleading

New York Consent Judgment:
https://ag.ny.gov/sites/default/files/settlements-agreements/new-york-v-block-inc-consent-judgment-2026.pdf

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New York City – DCWP Proposes "Junk Fee" Rule Requiring Total Price Disclosures

Summary:

The New York City Department of Consumer and Worker Protection (DCWP) has proposed a "junk fee" rule that would establish a "total price" disclosure requirement for advertisements of goods and services.

Comments on the proposed rule are due August 7, 2026, and a public hearing is scheduled for the same date. Based on the text of the proposal, there do not appear to be express exclusions for financial products or services, potentially making the scope of the proposal relevant to financial services providers operating or advertising in New York City.

Proposed Rule and Comment Information:
https://rules.cityofnewyork.us/wp-content/uploads/2026/07/DCWP-NOH-Rules-Relating-to-Junk-Fees.pdf

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Why It Matters

This week's developments illustrate the breadth of state and local regulatory activity affecting financial services providers and businesses handling consumer information. Enforcement actions involving regulatory reporting, data security, fraud prevention, and digital payments demonstrate continued scrutiny by state regulators and attorneys general, while developments involving debt collection, buy-now-pay-later products, and total-price disclosures may require businesses to evaluate and adjust compliance processes as new requirements take effect.

Financial services providers operating in New York, Massachusetts, and other states participating in multistate enforcement initiatives should continue to monitor these developments closely, including applicable comment periods, implementation deadlines, and emerging regulatory expectations.