New York Executive Law § 63 (12): What Businesses Should Know About Attorney General Investigations



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Key Takeaways:

- New York Executive Law § 63(12) gives the New York Attorney General broad authority to pursue repeated or persistent fraud or illegality in business.
- The Attorney General has used § 63(12) against nursing homes, debt relief companies, and businesses with little consumer contact, including in a 2022 lawsuit against Donald J. Trump.
- Consequences can include disgorgement, loan bans, and limits on serving as an officer or director, so businesses that receive an Attorney General subpoena should call experienced counsel immediately.

Thanks to media attention to the civil fraud case New York Attorney General Letitia James brought against President Donald J. Trump, an obscure statute first enacted in 1956 has become a major point of interest for businesses operating in New York.

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What Is New York Executive Law § 63(12)?

New York Executive Law § 63(12) grants the Office of the Attorney General *broad* authority to investigate and regulate “repeated fraudulent or illegal acts” and “persistent fraud or illegality in the carrying on, conducting or transaction of business…” The statute defines "fraud" to include "any device, scheme or artifice to defraud and any deception, misrepresentation, concealment, suppression, false pretense, false promise or unconscionable contractual provisions." The New York Attorney General has employed the power of § 63(12) against nursing homes debt relief companies, and businesses with little or no consumer contact, such as in the Trump case. In 2022, for instance, the Attorney General provoked national headlines by using § 63(12) to file a lawsuit generally alleging that President Trump and other defendants submitted inflated financial statements to financial institutions to receive favorable interest rates.

On February 16, 2024, following a nonjury trial, the Supreme Court, New York County, found the defendants liable and awarded disgorgement totaling more than $464 million, including prejudgment interest, along with injunctive relief. On August 21, 2025, the Appellate Division, First Department, modified the judgment to vacate the disgorgement awards, leaving the liability findings and injunctive relief in place. As of November 2026, cross-appeals are pending before the New York Court of Appeals.

What Penalties Can Businesses Face Under Executive Law § 63(12)?

As in the Trump case, the sweeping authority granted to the Office of the Attorney General by § 63(12) can have detrimental effects on a business, including disgorgement of gains, prohibitions on loan applications, cancellation of business certificates, and limits on an individual’s ability to serve as a corporate officer or director. Other potential consequences include receiverships, heightened reporting requirements, and fines.

What Should a Business Do If It Receives a New York Attorney General Subpoena?

If a New York-based business receives a subpoena or other investigatory instrument from the Office of the Attorney General, it is absolutely crucial that an experienced attorney with a government investigation background be contacted immediately. More broadly, in a highly regulated market like New York State, with far-reaching investigatory and enforcement provisions such as § 63(12), it is imperative that New York State businesses are guided in their corporate transactions by experienced counsel.

If you have questions regarding your business or § 63(12) specifically and its ramifications on New York State business, contact Lippes Mathias' Government & Corporate Investigations Practice Team members Dennis C. Vacco (dvacco@lippes.com), Scott S. Allen, Jr. (sallen@lippes.com), or Michael G. Rossetti (mrossetti@lippes.com); or Banking & Financial Transactions Practice Team member Mitchell J. Ream (mream@lippes.com).

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