

**January 22, 2020**

**ATTORNEY GENERAL RAOUL OPPOSES PROPOSAL THAT WOULD ALLOW PREDATORY LENDERS TO TAKE ADVANTAGE OF VULNERABLE COMMUNITIES**

**Chicago** — Attorney General Kwame Raoul today joined California Attorney General Xavier Becerra, and New York Attorney General Letitia James in leading a bipartisan coalition of 22 attorneys general in submitting [a comment letter](#) opposing a proposal by the Office of the Comptroller of the Currency (OCC) to exempt entities that are not national banks (including payday and other high-cost lenders) from state usury laws. Usury laws prevent predatory lenders from taking advantage of consumers by limiting the interest rates that can be charged on loans.

If finalized, the OCC's proposed regulations would enable predatory lenders to circumvent these caps through "rent-a-bank" schemes, in which banks act as lenders in name only, passing along their state law exemptions to non-bank payday lenders. These arrangements would allow lenders to charge consumers rates that far exceed the rates permissible under United States usury laws.

"States have long played a critical role in protecting residents from high-cost loans, and I am committed to continuing to do so" Raoul said. "Payday and other high-cost lenders prey on vulnerable residents who need help making ends meet. I urge the OCC to withdraw this proposal that would ease regulations on these predatory lenders and put our residents at risk of being trapped in a cycle of debt."

While federal law provides a carve-out from state law usury caps for federally-regulated banks, state law continues to protect residents from predatory lending by non-banks such as payday, auto title, and installment lenders. Congress affirmed that role with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, preserving more protective state laws. The new regulations proposed by the OCC would extend the National Bank Act exemption for federally-regulated banks to non-bank debt buyers, such as payday lenders. The proposed rule is a sharp reversal in policy and a deliberate attempt to evade state laws that target predatory lending, including Illinois' Payday Loan Reform Act and Consumer Instalment Loan Act.

Raoul and the coalition argue that the OCC's attempt to extend National Bank Act preemption to non-banks conflicts with the National Bank Act and Dodd-Frank Act, exceeds the OCC's statutory authority; and violates the Administrative Procedure Act.

Joining Attorney General Raoul, Attorney General Becerra, and Attorney General James in filing the comment letter are the attorneys general of Colorado, the District of Columbia, Hawaii, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New Mexico, North Carolina, Oregon, Pennsylvania, South Dakota, Virginia, Washington, and Wisconsin.