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NEWS FOR IMMEDIATE RELEASE

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Attorney General Josh Kaul Criticizes Proposal That Would Allow Predatory Lenders to Take Advantage of Wisconsin's Most Vulnerable Communities

MADISON, Wis. – Wisconsin Attorney General Josh Kaul, as part of a bipartisan coalition of attorneys general led by California Attorney General Xavier Becerra, Illinois Attorney General Kwame Raoul and New York Attorney General Letitia James, submitted a comment letter opposing a proposal by the Office of the Comptroller of the Currency (OCC) to exempt payday and other high-cost lenders from state usury laws. Usury laws prevent predatory lenders from taking advantage of consumers by charging high interest rates 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 the laws of many states. While Wisconsin does not currently have a usury law that caps interest rates, it is important for Wisconsin to retain its ability to impose and enforce interest rate caps should the State decide to do so in the future.

“We need to strengthen our protections against predatory lending,” said Attorney General Kaul. “The federal government shouldn’t be limiting the ability of Wisconsin and other states to adopt policies that can help people avoid enormous amounts of debt.”

States have long played a critical role in protecting residents from high-cost loans. While federal law provides a carve out from state law 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. Yet, the new regulations proposed by 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. Wisconsin consumers are best served when the State retains the ability to regulate non-bank lenders which is why Attorney General Kaul opposes regulations that would effectively exempt non-banks from Wisconsin lending laws.

The multistate coalition argues in the comment letter 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.

Attorney General Josh Kaul joins California Attorney General Xavier Becerra, Illinois Attorney General Kwame Raoul, and New York Attorney General Letitia James, in filing the comment letter, along with the attorneys general of Colorado, DC, Hawaii, Iowa, Maryland, Massachusetts, Michigan, New Jersey, New Mexico, North Carolina, Oregon, Pennsylvania, South Dakota, Virginia, and Washington State.

A copy of the comment letter can be found [here](#).