

Advocates Applaud \$4 million DC Settlement with Predatory Rent-a-Bank Lender Elevate

February 8, 2022

FDIC should stop banks from laundering Elevate's 100% -251% APR loans nationwide

WASHINGTON – Advocates at the National Consumer Law Center applaud District of Columbia Attorney General Karl Racine's **announcement** today that DC has reached a settlement with predatory rent-a-bank lender Elevate that requires it to abide by the District's interest rate limits and to provide over \$4 million in relief to wronged consumers.

Elevate was charging 99% to 251% interest on installment loans and lines of credit in DC despite the District's 24% interest rate cap. Elevate used a rent-a-bank scheme to launder its loans through two state-chartered banks, FinWise Bank of Utah and Republic Bank & Trust of Kentucky, to disguise the loans as bank loans that are not subject to state interest rate laws. But DC alleged that the banks were not the true lenders, and that Elevate was subject to DC law.

"DC Attorney General Racine has once again shown that states can stand up to predatory rent-a-bank schemes trying to evade state laws," **said Lauren Saunders, associate director at the National Consumer Law Center**. "The FDIC now must stop FinWise Bank, Republic Bank & Trust, and other rogue banks from fronting for predatory lenders across the country."

"States should follow DC's lead and challenge **predatory rent-a-bank schemes within their borders**," **Saunders added**. "Due to DC's strong actions, most rent-a-bank lenders are staying out of DC, but they continue to offer illegal 100% APR loans in other states."

Elevate continues to make Rise-branded installment loans at rates of 99% to 149% in 20 states that prohibit those rates. Elevate also offers the Elastic line of credit at triple-digit rates in numerous states. DC earlier reached a \$2 million settlement with **OppFi** (aka OppLoans), but OppFi continues to make 160% APR rent-a-bank loans in 28 states that do not allow that rate.

Last week, 15 national consumer and civil rights groups **called on** the FDIC, under new leadership, to stop six rogue banks in Utah, Kentucky and Missouri from helping predatory lenders evade state interest rate laws. NCLC's **High-Cost Rent-a-Bank Loan Watch List** describes the predatory lenders that are laundering their loans through obscure banks so they can charge illegal, triple-digit interest rates.

Congress can also take action by passing the **Veterans and Consumers Fair Credit Act**, which would cap interest rates on lenders, including banks, at 36% and stop predatory rent-a-bank schemes. "Interest rate limits are the simplest and most effective protection against evasions of state laws by predatory rent-a-bank lenders," **said Saunders**.

For more information on rent-a-bank schemes, visit **NCLC's Rent-a-Bank Loans** page.