

Consumer Financial Protection Bureau Drops Lawsuit Over 950% APR Loans

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WASHINGTON - Today, consumer groups deplored the Consumer Financial Protection Bureau's (Consumer Bureau) abrupt and unexplained decision to drop a lawsuit against four online payday lenders who preyed on working families by making loans up to 950% that were illegal in at least 17 states. All of the lenders are owned and incorporated by the Habematolel Pomo of Upper Lake Indian Tribe located in Upper Lake, California. The lenders claimed that only tribal law, not state law, applied to the loans. However, in 2014, the Supreme Court made clear that tribes "'going beyond reservation boundaries' are subject to any generally applicable state law.'" The loans to the borrowers were not made on the California reservation.

"It's outrageous that Acting Consumer Financial Protection Bureau Director Mick Mulvaney, who took more than \$62,000 from payday lenders while a member of Congress, is now giving a free pass to lenders that are collecting on illegal loans that charge an obscene 950% interest," **said Lauren Saunders, associate director of the National Consumer Law Center.**

Even in states that allow payday lending, rates are often capped far below 950%, and licenses are normally required. In at least 17 states, unlicensed loans are void in whole or in part and cannot be collected.

The action to drop the lawsuit follows an announcement on January 16 that the Consumer Bureau would delay and "revisit" the payday loan rule finalized last fall that stops payday lenders from putting borrowers into an endless cycle of debt.

"These actions make the answer to this question crystal clear: Whose side is Mulvaney on, that of lenders charging 300% to 950% interest or American families exploited by predatory lenders?," **said Saunders.**