

Groups: FDIC & OCC Are Wrong to Support Predatory Small Business Lender

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WASHINGTON, D.C. – Small business advocates, consumer groups, and civil-rights advocates today **sent a letter** to the Federal Deposit Insurance Corp. (FDIC) and the Office of the Comptroller of the Currency (OCC) criticizing the agencies' decision to file an amicus brief supporting a predatory small business lender that used a bank to evade state interest rate laws so that it could make a 120% annual percentage rate (APR) \$550,000 loan.

"In taking this position, the FDIC and OCC risk sending a green light for predatory lending when the agencies should be doing the opposite: making clear that the banks you supervise cannot rent out their charters to help predatory lenders make usurious loans that create debt traps for consumers or small businesses," **the letter stated**. "It sends a terrible signal for the FDIC and OCC to support a predatory lender that used a bank to enable a destructive 120% APR loan. Supporting this type of subterfuge will only encourage banks to get involved with predatory products that put not only consumers and small businesses, but also the bank at risk."

The groups urged the FDIC and OCC "to clamp down on the spreading use of banks by payday lenders and subprime business lenders to enable predatory, high-cost loans."

The letter was joined by 21 groups, including Main Street Alliance, Small Business Majority, Americans for Financial Reform Education Fund (AFREF), the Center for Responsible Lending (CRL), and the National Consumer Law Center (NCLC).

World Business Lenders was the subject of a 2014 *Bloomberg* article, "Wall Street Finds New Subprime With 125% Business Loans," describing how the lender targeted struggling small businesses, sending many of them into bankruptcy, using many of the practices, and even the people, that fed the financial crisis.

The FDIC and OCC's amicus brief on behalf of World Business Lenders was submitted in the case *Rent-Rite Superkegs West, LTD. v. World Business Lenders, LLC*, Adv. Pro. No. 18-1099 TBM (D. Colo.).

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