WASHINGTON – Advocates at the National Consumer Law Center applauded District of Columbia Attorney General Karl Racine’s announcement today that DC has reached a settlement with predatory rent-a-bank lender OppFi that requires it to abide by the District’s interest rate limits and to provide over $2 million in relief to wronged consumers.

OppFi tried to charge 160% interest in DC despite the District’s 24% interest rate cap, using a rent-a-bank scheme to launder its loans through an out-of-state bank.

“DC Attorney General Racine stood up to enforce the District’s interest rate limits protecting consumers and showed that predatory rent-a-bank schemes can be successfully challenged,” said Lauren Saunders, associate director at the National Consumer Law Center. “State interest rate limits are the simplest and most effective protection against predatory lending, and states need not countenance evasions of their laws by predatory rent-a-bank lenders.”

“States should follow DC’s lead and challenge predatory rent-a-bank schemes within their borders,” Saunders added. “The FDIC also needs to stop letting its banks front for predatory lenders, and Congress should pass 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.”

For more information on rent-a-bank schemes, visit NCLC’s Rent-a-Bank Loans page and our Predatory Rent-a-Bank Loan Watch List.