

From: lee <lee@fairfinancewatch.org>

Sent: Tuesday, August 11, 2026 11:32:07 PM (UTC-05:00) Eastern Time (US & Canada)

To: Office-of-the-Secretary <office-of-the-secretary@frb.gov>

Cc: InnerCity Press <innercitypress@gmail.com>; matthew.katz@sidley.com
<matthew.katz@sidley.com>; Susana.Soriano@illinois.gov <Susana.Soriano@illinois.gov>;
Linda.Jun@ilag.gov <Linda.Jun@ilag.gov>

Subject: Supplemental Timely Comment Opposing Now-Shifting Proposal by OppFi Inc. to Become a Bank Holding Company through Acquisition of BNCCORP, Inc. and BNC National Bank (Glendale, AZ) - in light of lack of transparency on Enova's Grasshopper Bank Applicati...

NONCONFIDENTIAL // EXTERNAL

August 11, 2026

Via E-mail to Office-of-the-Secretary [at] [frb.gov](https://www.frb.gov)

Board of Governors of the Federal Reserve System

Attn: Chair Warsh and Secretary McDonough

20th Street and Constitution Avenue, NW

Washington, DC 20551

Dear Chair Warsh and Secretary McDonough:

Fair Finance Watch and I write regarding Sidley Austin's August 11, 2026 letter on behalf of OppFi Inc., notifying the Agencies that OppFi has abandoned the CRA compliance approach described in its original Applications and will instead pursue a CRA strategic plan — a plan OppFi states it will not even submit until "no later than September 18," and has not yet developed.

OppFi should withdraw its applications to acquire BNC, then, until at least September 18. The comment period must be opened until at least 30 days after September 18.

The public has been asked to comment on an application that, by the applicant's own admission, is being replaced with a fundamentally different regulatory mechanism the public has not yet seen, will not see for at least five more

weeks, and has had no opportunity to test through comment at all. This is not a minor technical amendment. A CRA strategic plan is a categorically different compliance path from the standard lending, investment, and service tests: it allows the institution itself to propose the goals and measurable standards against which its own performance will be judged, subject only to the Agencies' approval, rather than being held to the objective benchmarks applicable to every other bank of its size and type. It is, by design, the more permissive route — historically elected by a small number of institutions specifically because it allows self-authored targets in place of standardized evaluation. That OppFi would, at the eleventh hour and after comment periods close, pivot to the one CRA compliance mechanism it gets to write itself, is not a coincidence worth ignoring.

It also cannot be viewed in isolation from the OCC's and FDIC's pending proposal to weaken CRA. OppFi's timing, filing this notice only after the public's chance to comment on its actual CRA plan had closed or was closing, is a vivid illustration of exactly what that trajectory produces in practice.

Fair Finance Watch and I request that the Agencies either: (1) reopen the public comment period on these Applications for no fewer than 30 days following the actual filing and public availability of OppFi's CRA strategic plan, so that the public may comment on the compliance mechanism that will actually govern this institution, rather than the one it has abandoned; or (2) require that the Applications be withdrawn and refiled once the strategic plan is complete, so that a coherent, reviewable application exists at the time public comment is invited. Acting on these Applications, or closing the comment record, before the public has seen what OppFi actually intends to do would render the comment process meaningless.

FFW will submit additional comments as the record develops. Please immediately send all requested information -- including once it is received a copy of the now-promised CRA strategic plans -- and responses by e-mail to lee@fairfinancewatch.org and innercitypress@gmail.com -- and if also by regular mail, to Matthew R. Lee, Esq. Fair Finance Watch c/o Matthew R. Lee Esq, PO Box 130222, NY NY 10013. Please also confirm receipt of this formal submission. If you have any questions, please immediately telephone the undersigned, at (718) 716-3540.

Respectfully submitted,
Matthew R. Lee, Esq., Executive Director

Fair Finance Watch (and Inner City Press)

lee@fairfinancewatch.org | innercitypress@gmail.com

On Mon, Jun 15, 2026 at 7:39 PM lee <lee@fairfinancewatch.org> wrote:

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Via FedEZFile

Re: Comment Opposing Proposal by OppFi Inc. to Become a Bank Holding Company through Acquisition of BNCCORP, Inc. and BNC National Bank (Glendale, AZ) - in light of lack of transparency on Enova's Grasshopper Bank Application, necessitating a FOIA lawsuit, Request for Public Hearing

Dear Chair Warsh and Secretary McDonough, Governors:

Fair Finance Watch (FFW), Inner City Press (ICP) and I submit this timely comment opposing the application of OppFi Inc. to become a bank holding company through its proposed acquisition of BNCCORP, Inc. and its wholly owned subsidiary, BNC National Bank, a nationally chartered commercial bank headquartered in Glendale, Arizona.

OppFi has said that regulatory approval is required from the Federal Reserve Board, to which these comments are submitted even prior to application. FFW respectfully requests that the Board deny the application, or in the alternative hold public hearings before taking any action, on the grounds set forth below.

These requests are made in the context of the Board's lack of transparency on the pending, somewhat similar application by Enova to acquire Grasshopper Bank. There, FFW commented early. But the Board withheld all substantive portions of its February 2, 2026 Additional Information letter to Enova. Inner City Press requested all segregable portions under FOIA; this was denied. Inner City Press appealed; this was denied. Having no other choice, I filed a FOIA lawsuit in SDNY, Lee v. Board of Governors of the Federal Reserve

System (1:26-cv-04556) District Court, S.D. New York. The Complaint was signed for by the Fed on June 9, and on June 10 I emailed a courtesy copy to the Board's Legal Division, asking that a notice of appearance be made and the merits reached asap. Five days later, nothing. Nothing at all. So this early comment.

I. OPPFI IS A DOCUMENTED PREDATORY LENDER — NOT A COMMUNITY BANK PARTNER

OppFi — operating as "OppLoans" — has charged consumers interest rates of up to 195-198% APR on personal installment loans. This is not a disputed characterization. It is documented in federal and state enforcement records, academic research, and OppFi's own SEC filings.

The District of Columbia Attorney General sued OppFi in April 2021, alleging it provided predatory high-interest loans to DC residents at up to 198% APR, more than eight times DC's 24% usury cap. OppFi settled for over \$2 million — paying \$1.5 million in refunds to more than 4,000 DC consumers, waiving over \$640,000 in outstanding interest, and agreeing to stop making loans above DC's legal rate cap. The California Department of Financial Protection and Innovation filed its own complaint against OppFi for operating an illegal rent-a-bank scheme to evade California's 36% rate cap.

OppFi's model has been described by state regulators, and Ohio state Senate testimony as a "rent-a-bank scheme." Under this scheme, OppFi partners with an out-of-state bank (most recently FinWise Bank, a Utah-chartered bank with no state interest rate cap) to originate loans at rates far above what most states permit, then acquires 95% or more of each loan through a participation agreement. The bank is nominal; OppFi holds the economic interest and the risk. Courts and regulators have recognized that OppFi is the "true lender" in these arrangements.

The purpose of this acquisition is transparent: by purchasing BNC National Bank's national bank charter, OppFi eliminates its need for a rent-a-bank partner and acquires directly the preemption authority it has been renting for years. OppFi CEO Todd Schwartz stated explicitly that the deal "simplifies and strengthens our compliance and risk management" — the compliance burden being the ongoing regulatory and litigation pressure on rent-a-bank schemes in California, Illinois, DC, and other states. The Federal Reserve should not approve an application designed primarily to legitimize a business model that state regulators have successfully challenged as predatory.

II. THE ACQUISITION RAISES SERIOUS CRA CONCERNS

The Community Reinvestment Act requires the Federal Reserve to evaluate an applicant's record of meeting the credit needs of its communities, including low- and moderate-income neighborhoods. OppFi's record is not a CRA record — it is a predatory lending record.

OppFi loans carry APRs averaging approximately 160%. The CRA, at least for now, does not define community credit needs to include triple-digit-APR personal installment loans. Consumers who borrow at 160% APR are not having their credit needs met — they are being trapped in debt at rates that no mainstream financial institution would charge. OppFi's own documentation of its loan portfolio shows that these loans are concentrated among borrowers with limited alternatives — exactly the non-prime, LMI borrowers the CRA is designed to protect.

III. THE CHARTER ACQUISITION IS DESIGNED TO EVADE STATE CONSUMER PROTECTION LAWS

Federal preemption doctrine allows a nationally chartered bank to export the interest rates of its home state to borrowers in other states. OppFi's acquisition of BNC's national bank charter would give OppFi — currently subject to ongoing regulatory scrutiny and litigation in California, Illinois, DC, and elsewhere — the same preemption authority it has been renting from FinWise Bank. The Bank Merger Act and the Bank Holding Company Act do not authorize the Federal Reserve to approve a transaction whose primary purpose is to help a predatory lender escape state consumer protection enforcement.

The Board should scrutinize whether this transaction serves any legitimate banking purpose that could not be accomplished without acquiring a nationally chartered bank. The answer in this case is no: the business purpose is preemption, the means is charter acquisition, and the beneficiary is a lender with a documented history of charging 160-198% APR to borrowers who have no other options.

IV. MILITARY LENDING ACT CONCERNS

OppFi has been alleged to violate the Military Lending Act (MLA), which caps interest rates at 36% APR for active-duty service members and their dependents and prohibits mandatory arbitration clauses. Loans issued at 160% APR inherently risk MLA violations if made to covered borrowers. The Federal Reserve should require OppFi to demonstrate full MLA

compliance in its existing loan portfolio before approving it to become a bank holding company with authority to lend nationwide under OCC preemption.

V. REQUEST FOR PUBLIC HEARING AND PRODUCTION OF RECORDS

Fair Finance Watch respectfully requests that the Federal Reserve:

1. Deny the application of OppFi Inc. to become a bank holding company through acquisition of BNCCORP, Inc. and BNC National Bank, on the grounds that the acquisition is inconsistent with the public interest, is designed to evade state consumer protection laws, and reflects a record of predatory lending incompatible with CRA obligations;
2. In the alternative, hold public evidentiary hearings before taking any action other than summary denial on the application;
4. Require OppFi to produce records of all state and federal regulatory actions, consumer complaints, and litigation related to its lending practices;
5. Extend in advance the public comment period to ensure adequate time for community organizations, consumer advocates, and affected borrowers to be heard; and
6. Provide Fair Finance Watch with notice the moment the application is filed so that it can more formally request it under FOIA.

FFW will submit additional comments as the record develops. Please immediately send all requested information -- including once it is received a copy of the portions of application for which confidential treatment is not requested -- and responses by e-mail to lee@fairfinancewatch.org and innercitypress@gmail.com -- and if also by regular mail, to Matthew R. Lee, Esq. Fair Finance Watch c/o Matthew R. Lee Esq, PO Box 130222, NY NY 10013. Please also confirm receipt of this formal submission. If you have any questions, please immediately telephone the undersigned, at (718) 716-3540.

Respectfully submitted,

Matthew R. Lee, Esq.

Fair Finance Watch / Inner City Press

THE STURDEVANT LAW FIRM

A PROFESSIONAL CORPORATION

PO Box 151560

SAN RAFAEL, CA 94915

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jsturdevant@sturdevantlaw.com

August 18, 2026

Via Email:

CRACommentCollector@fdic.gov

Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

LicensingPublicComments@occ.treas.gov

John (J.J.) Hansen
Director for Licensing
Community Bank West Region
Office of the Comptroller of the Currency
400 7th St. SW
Washington, D.C. 20219

Comments.applications@chi.frb.org

Benjamin W. McDonough, Secretary of the Board
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave., NW
Washington, DC 20551-0001

Comments.applications@chi.frb.org

Christopher Koopmans, Senior Vice President
Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, IL 60690-1414

Re: Application of Opportunity Financial ("OppFi") to FDIC (#20260654), OCC (#27220) and FRB acquire BNC National Bank, to create and merge with OppFi Bank, and to become a bank holding company, 91 Fed. Reg. 42961 (July 13, 2026)

Dear Gentlemen,

The undersigned appreciates the opportunity to submit these comments in reply to the August 12, 2026 letter from Todd Schwartz and Marv Gurevich ("OppFi's Letter") on behalf of OppFi to the Federal Deposit Insurance Corp. (FDIC), Office of the Comptroller of the Currency (OCC) and Board of Governors of the Federal Reserve System (FRB) on the application of Opportunity Financial ("OppFi") to become a national bank. OppFi's Letter states that it was submitted in response to my letter of July 27, 2026 to the same federal agencies in opposition to OppFi's application. OppFi seeks to acquire BNC Bank, to create OppFi National Bank, to merge BNC and OppFi banks, and to become a bank holding company. **For the additional reasons set forth below, we urge you to deny the application after holding a public hearing, including consideration by the full Board of Governors of the Federal Reserve.**

OppFi's Letter does not address any of the specifics that I detailed in my letter about the factual, evidentiary record of CashCall, Inc., a predatory lender like OppFi. Nor does his letter respond to any of the specific, highlighted points I detailed about the deficiencies and harmful nature of OppFi's predatory lending program. Instead, the letter includes a section about the benefit of predatory loans to subprime lenders unsupported by any evidence or studies. It also includes a section about the ability of national banks to charge interest rates authorized by the state in which the national bank is incorporated. In the context of small value loans, 45 states now cap interest rates at 36%. Thus OppFi and other predatory lenders now seek federal approval to purchase national banks incorporated in one of the 5 remaining states which have no limits on interest rates. This reply seeks to focus on those two issues.

1. Small Value Loans at High Interest Rates Do Not Benefit Subprime Borrowers

OppFi's Letter stated that OppFi small value loans ranging from \$500 to \$5,000 at interest rates of 160%-195% actually benefit subprime borrowers who cannot obtain credit elsewhere. That is not true and there are no court decisions, statistical evidence or studies which support that assertion. In fact, they are to the contrary.

In the case of CashCall. The California Supreme Court ruled in 2018 that an interest rate alone could render a loan unconscionable. *De La Torre v. CashCall, Inc.*, 5 Cal.5th 966, 9__ (2018). Subsequently, following a two-week bench trial, the trial court held that CashCall's interest rates of 96% and 135% on \$2,600 loans between August, 2005 and July, 2011 were unconscionable under California law. The trial court awarded the class of more than 100,000 borrowers \$245 million consisting of all the interest they had paid above the principal amount of the loans. Those findings of fact and legal conclusions were upheld by the California appellate court. *De La Torre v. CashCall, Inc.*, 2026 WL 551024. The California Supreme Court denied review in June, 2026.

In *De La Torre*, the trial court examined CashCall's small loan product model. It concluded that the lender targeted subprime borrowers, refused to loan less than \$2,600 because at the time interest rates on loans below \$2,500 were statutorily capped, adopted underwriting based upon a known default or charge off rate of 35-40% and predicted a profitability range of 15-20%. At the time the loans were made, CashCall predicted an even higher percentage of the number of loans -- approximately 50% of the Class loans—to default outright.

During the class period of 2005 through July, 2011 which included the Great Recession, the only change CashCall made to the loan model was to increase the interest rate by more than 40% to 135%. Subsequently, CashCall raised interest rates on these loans to as much as 200% before it ended the loan program in California in 2018. In 2019, the California Legislature changed its statute by imposing a rate cap of 36% plus the federal funds rate on consumer loans from \$2,500 up to \$10,000. (Fin. Code, § 22304.5, subd. (a) [AB 539].)

Based on very substantial evidence, much of which was confirmed by CashCall's own expert, the trial court found that the financial illiteracy rate of subprime borrowers as to loan amortization, the impact on monthly payments of very high interest rates and any right of repayment were high. In the trial court's view, CashCall "attempt[ed] to reap money through onerous loan contracts preying upon financially desperate people who were not creditworthy."

Similarly, the CFPB sued CashCall regarding its attempt to evade the usury laws of 16 other states involving similar subprime loans made to non-California borrowers at interest rates ranging from 89% to 169%. *Consumer Fin. Prot. Bureau v. CashCall, Inc.* 2016 U.S. Dist. Lexis 42105, (C.D. Cal. Aug. 31, 2016, No. CV 15-7522-JFW (RAOx)), *aff'd* (as to grant of summary judgment in favor of the CFPB), *Consumer Fin. Prot. Bureau v. CashCall, Inc.* 35 F.4th 734 (9th Cir. 2022).

In February 2023, the district court rendered a \$134 million restitution judgment jointly against CashCall and its founder and sole owner Paul Reddam. *Consumer Fin. Prot. Bureau v. CashCall, Inc.*, C.D. Cal. Feb. 10, 2023, No. CV 15-7522-JFW (RAOx) 2023 U.S. Dist. Lexis 106276, at *22. In early 2026, that judgment became final after being affirmed in full on appeal. *Consumer Fin. Prot. Bureau v. CashCall, Inc.*, 135 F.4th 683 (9th Cir. 2025), *cert. denied*, *CashCall, Inc. v. Consumer Fin. Prot. Bureau*, ___ U.S. ___, 146 S. Ct. 1779 (2026).

Other courts have ruled that high interest rates are unconscionable. In a case challenging small value loans to purchase used or below market retail products, the district court held that an interest rate of 120% was unconscionable under California Law. *Andrade v. American first Finance, Inc.*, 2023 WL 4281642 * 6 (N.D. Cal.) (“Although allowing purchases for furniture to consumers who might not otherwise be able to afford it is helpful, saddling consumers with debt at this high a rate is crippling for those very consumers.”) Its ruling was premised in part upon studies conducted by the CFPB which found that the highest interest rate on subprime loans was 40%. *Andrade v. American First Finance, Inc.* Civil No. 18-cv-06743 SK (N. D. Cal. April 20, 2023), Memorandum Opinion Regarding Unconscionability, at 4.

OppFi’s loan parameters are even more severe than the above examples. Its interest rates range from 160-195% and its charge off rate is 53.8% on small value loans. And these interest rates greatly exceed the interest rate cap of 45 states on these loans. Seeking federal agency approval to make such loans to desperate subprime borrowers whom the lender knows from its own charge off rate are unable to pay not only provides no benefit but is unconscionable by any measure.

OppFi, like CashCall, has collection and credit reporting systems in place to deal with borrowers who become delinquent on their payments. Those built in systems impose additional harm on subprime borrowers. First, the collection procedures are unrelenting and threaten borrowers with adverse credit consequences. In addition to reporting delinquent borrowers to credit unions, loan

accounts which are charged off are frequently sold to debt buyers who initiate collection lawsuits against those borrowers. In many cases these lawsuits results in default judgments which then trigger wage garnishment and bank levies. These negative financial and emotional harms do not benefit those subprime borrowers who are targeted for these unconscionable interest rate loans.

Working Americans may obtain short term payday loans under state laws which protect the borrowers from impoverishment. They are short term and the amount of the loans and the interest rates are both capped. There are also limits on repeat payday loans. These are available in Illinois, the state highlighted by Mr. Katz, and California among many other states. So subprime borrowers are not without options if the applications of OppFi and other predatory lenders are denied.

2. Provisions in the National Bank Act Concerning a Home State Interest rate to Not Apply to Predatory Loans.

Through its application to become a national bank, OppFi seeks the protection of section 85 of the National Banking Act. That section was interpreted nearly 50 years ago to permit national banks to export the interest rate from the state in which a national bank is incorporated. *Marquette National Bank of Minneapolis v. First Omaha Service Corp.*, 439 U.S. 299 (1978). While that rule was extended in 2020 by the OCC, no court has sanctioned its applicability to the circumstances here – an application by a predatory lender charging interest rates on small value loans to become a national Bank.

As noted in my original letter opposing OppFi's application, since their creation in 1791, national banks have been chartered to protect depositors and their deposits and regulate lending practices. Congress adopted the *Marquette* rule in the Dodd-Frank Act to protect bank depositors and credit card holders, not provide a vehicle for overriding the laws of 45 states to control interest rates on small value loans.

OppFi cites no appellate decision which has sanctioned the relief it seeks here. It cites a single non-precedential trial court decision from Los Angeles County which is currently on appeal. That decision merely validated the bank-fintech partnership model and concluded that FinWise Bank was the actual legal lender. The case was about the "true lender" theory, not whether a predatory lender could obviate either the state's interest rate rule or escape the state's unconscionability statute.

The federal regulatory agencies should not countenance what 45 separate states have now prohibited. They should reject OppFi's application.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'JCM', with a horizontal line drawn underneath it.

James C. Sturdevant

cc. Todd Schwartz via email
Marv Gurevich via email
Matthew S. Katz via email

From: lee <lee@fairfinancewatch.org>
Sent: Wednesday, August 26, 2026 10:57:52 PM (UTC-05:00) Eastern Time (US & Canada)
To: Office-of-the-Secretary <office-of-the-secretary@frb.gov>
Cc: matthew.katz@sidley.com <matthew.katz@sidley.com>; Susana.Soriano@illinois.gov <Susana.Soriano@illinois.gov>; Linda.Jun@ilag.gov <Linda.Jun@ilag.gov>
Subject: Re: Supplemental Comment Opposing Largely-Withheld Proposal by OppFi Inc. to Become a Bank Holding Company through Acquisition of BNCCORP, Inc. and BNC National Bank (Glendale, AZ) - in light of lack of transparency on Enova's Grasshopper Bank Applicat...

NONCONFIDENTIAL // EXTERNAL

August 26, 2026

Via E-mail to Office-of-the-Secretary [at] [frb.gov](mailto:office-of-the-secretary@frb.gov)

Board of Governors of the Federal Reserve System
Attn: Chair Warsh and Secretary McDonough
20th Street and Constitution Avenue, NW
Washington, DC 20551

Dear Chair Warsh and Secretary McDonough:

Fair Finance Watch and I submit this supplemental comment on OppFi Inc.'s application under Section 3(a)(1) of the Bank Holding Company Act to acquire BNCCORP, Inc. and BNC National Bank, in light of OppFi's August 21, 2026 response to the Board's Additional Information Request. In that light, this should be considered timely / be considered and made part of the record.

That response confirms a systematic pattern: at least seven of OppFi's answers — Questions 7, 8, 9, 10, 12, 13, and 20 — provide only a generic public statement before directing the reader to a "Confidential Supplement" for the actual substance.

Question 7 is the clearest example, and the most telling. Asked to explain why OppFi currently cannot facilitate consumer loans in ten states where it operates in forty others, OppFi's public answer states only that its bank partners made "independent evaluations of state-specific statutory frameworks" — naming no state and no statute — before directing the Board to a confidential supplement. This is precisely the question that determines whether OppFi seeks a national bank charter to escape state interest-rate caps its current model cannot

circumvent, the central concern eighteen state attorneys general and this organization have both raised regarding this application. FFW has filed a FOIA request for these supplements and cites its pending litigation against the Board on a related practice, Lee v. Board of Governors, No. 1:26-cv-04556-AT-RWL (S.D.N.Y.). [On August 26 I sent a meet and confer proposal to the DOJ lawyer representing the Fed, with no response as of this writing].

Inner City Press and I have submitted a FOIA request:

"From: <FRBFOIA@foia.federalreserve.gov> Date: Wed, Aug 26, 2026 at 9:15 PM Subject: Request Acknowledgement by Federal Reserve Board To: <innercitypress@gmail.com>
NONCONFIDENTIAL // EXTERNAL Dear Matthew Lee: Your request has been assigned number FOIA-2026-00804. Please reference this number in all future correspondence.

Request description: Pursuant to 5 U.S.C. § 552, Fair Finance Watch / Inner City Press requests Confidential Supplements 7, 8, 9, 10, 12, 13, and 20 to OppFi Inc.'s August 21, 2026 Response to the Federal Reserve Bank of Chicago's Additional Information Request, in the pending application to acquire BNCCORP, Inc. and BNC National Bank. Confidential Supplement 7 is of particular public interest. OppFi's public response states that its bank partners have "chosen not to deploy products in these ten states based on their independent evaluations of state-specific statutory frameworks," without identifying a single state or a single statutory provision, and directs the reader to the withheld supplement for the actual explanation. The question being answered — why a nationally operating consumer lender currently cannot lend in ten states, and whether a national bank charter would let it do so — goes to the central regulatory question this application raises: whether OppFi seeks a charter to escape state interest-rate caps its current bank-partnership model cannot circumvent. A general explanation of which state legal frameworks bar OppFi's current lending in these ten states is not a competitive trade secret; it is the kind of information the public comment process exists to test. etc

FFW renews its request that the Board require OppFi to identify, in the public record, which specific states and which specific statutory provisions prevent its current lending, before this application is acted upon, and renews its request for a public hearing.

Respectfully submitted,
Matthew R. Lee, Executive Director
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I. OPPFI IS A DOCUMENTED PREDATORY LENDER — NOT A COMMUNITY BANK PARTNER

OppFi — operating as "OppLoans" — has charged consumers interest rates of up to 195-198% APR on personal installment loans. This is not a disputed characterization. It is documented in federal and state enforcement records, academic research, and OppFi's own SEC filings.

The District of Columbia Attorney General sued OppFi in April 2021, alleging it provided predatory high-interest loans to DC residents at up to 198% APR, more than eight times DC's 24% usury cap. OppFi settled for over \$2 million — paying \$1.5 million in refunds to more than 4,000 DC consumers, waiving over \$640,000 in outstanding interest, and agreeing to stop making loans above DC's legal rate cap. The California Department of Financial Protection and Innovation filed its own complaint against OppFi for operating an illegal rent-a-bank scheme to evade California's 36% rate cap.

OppFi's model has been described by state regulators, and Ohio state Senate testimony as a "rent-a-bank scheme." Under this scheme, OppFi partners

with an out-of-state bank (most recently FinWise Bank, a Utah-chartered bank with no state interest rate cap) to originate loans at rates far above what most states permit, then acquires 95% or more of each loan through a participation agreement. The bank is nominal; OppFi holds the economic interest and the risk. Courts and regulators have recognized that OppFi is the "true lender" in these arrangements.

The purpose of this acquisition is transparent: by purchasing BNC National Bank's national bank charter, OppFi eliminates its need for a rent-a-bank partner and acquires directly the preemption authority it has been renting for years. OppFi CEO Todd Schwartz stated explicitly that the deal "simplifies and strengthens our compliance and risk management" — the compliance burden being the ongoing regulatory and litigation pressure on rent-a-bank schemes in California, Illinois, DC, and other states. The Federal Reserve should not approve an application designed primarily to legitimize a business model that state regulators have successfully challenged as predatory.

II. THE ACQUISITION RAISES SERIOUS CRA CONCERNS

The Community Reinvestment Act requires the Federal Reserve to evaluate an applicant's record of meeting the credit needs of its communities, including low- and moderate-income neighborhoods. OppFi's record is not a CRA record — it is a predatory lending record.

OppFi loans carry APRs averaging approximately 160%. The CRA, at least for now, does not define community credit needs to include triple-digit-APR personal installment loans. Consumers who borrow at 160% APR are not having their credit needs met — they are being trapped in debt at rates that no mainstream financial institution would charge. OppFi's own documentation of its loan portfolio shows that these loans are concentrated among borrowers with limited alternatives — exactly the non-prime, LMI borrowers the CRA is designed to protect.

III. THE CHARTER ACQUISITION IS DESIGNED TO EVADE STATE CONSUMER PROTECTION LAWS

Federal preemption doctrine allows a nationally chartered bank to export the interest rates of its home state to borrowers in other states. OppFi's acquisition of BNC's national bank charter would give OppFi — currently subject to ongoing regulatory scrutiny and litigation in California, Illinois, DC, and elsewhere — the same preemption authority it has been renting

from FinWise Bank. The Bank Merger Act and the Bank Holding Company Act do not authorize the Federal Reserve to approve a transaction whose primary purpose is to help a predatory lender escape state consumer protection enforcement.

The Board should scrutinize whether this transaction serves any legitimate banking purpose that could not be accomplished without acquiring a nationally chartered bank. The answer in this case is no: the business purpose is preemption, the means is charter acquisition, and the beneficiary is a lender with a documented history of charging 160-198% APR to borrowers who have no other options.

IV. MILITARY LENDING ACT CONCERNS

OppFi has been alleged to violate the Military Lending Act (MLA), which caps interest rates at 36% APR for active-duty service members and their dependents and prohibits mandatory arbitration clauses. Loans issued at 160% APR inherently risk MLA violations if made to covered borrowers. The Federal Reserve should require OppFi to demonstrate full MLA compliance in its existing loan portfolio before approving it to become a bank holding company with authority to lend nationwide under OCC preemption.

V. REQUEST FOR PUBLIC HEARING AND PRODUCTION OF RECORDS

Fair Finance Watch respectfully requests that the Federal Reserve:

1. Deny the application of OppFi Inc. to become a bank holding company through acquisition of BNCCORP, Inc. and BNC National Bank, on the grounds that the acquisition is inconsistent with the public interest, is designed to evade state consumer protection laws, and reflects a record of predatory lending incompatible with CRA obligations;
2. In the alternative, hold public evidentiary hearings before taking any action other than summary denial on the application;
4. Require OppFi to produce records of all state and federal regulatory actions, consumer complaints, and litigation related to its lending practices;
5. Extend in advance the public comment period to ensure adequate time for community organizations, consumer advocates, and affected borrowers to be heard; and
6. Provide Fair Finance Watch with notice the moment the application is filed so that it can more formally request it under FOIA.

FFW will submit additional comments as the record develops. Please immediately send all requested information -- including once it is received a copy of the portions of application for which confidential treatment is not requested -- and responses by e-mail to lee@fairfinancewatch.org and innercitypress@gmail.com -- and if also by regular mail, to Matthew R. Lee, Esq. Fair Finance Watch c/o Matthew R. Lee Esq, PO Box 130222, NY NY 10013. Please also confirm receipt of this formal submission. If you have any questions, please immediately telephone the undersigned, at (718) 716-3540.

Respectfully submitted,

Matthew R. Lee, Esq.

Fair Finance Watch / Inner City Press