STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

LETITIA JAMES
ATTORNEY GENERAL

212.416.8050

July 6, 2026

<u>BY ELECTRONIC MAIL</u>

Benjamin W. McDonough, Deputy Secretary of the Board
Board of Governors of the Federal Reserve System
20th Street & Constitution Ave. NW
Washington, DC 20551
Email: comments.applications@chi.frb.org

Request for Public Hearing on Enova International Application
91 Fed. Reg. 3725 (Jan. 28, 2026)

Dear Mr. McDonough,

Pending before the Board of Governors of the Federal Reserve is an application by Enova International to acquire Grasshopper Bank, N.A. Enova is a nonbank lender that offers high-cost loans to consumers and small businesses under the trade names CashNetUSA and NetCredit. These loans frequently carry APRs in the triple digits and result in default, trapping consumers in cycles of costly lending. Enova, however, is currently prohibited from offering its high-interest loans in many states with limits on high-cost lending that prevent the spread of harmful products. We, the undersigned Attorneys General for New York, California, Colorado, Connecticut, Illinois, Maine, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, North Carolina, Oregon, and Vermont, along with the Hawaii Office of Consumer Protection, write to urge the Board to hold public hearings to confirm that Enova's application is not merely an effort to evade these critical state laws, and to deny Enova's application in the absence of such assurances.

For centuries, states have exercised their sovereign authority to protect their citizens from high-cost lending through limits on usury.[1] As New York's Court of Appeals explains, these laws have "religious and moral underpinnings," they focus "on the protection of persons in weak bargaining positions from being taken advantage of," and they reflect state legislatures' "consistent

---

[1] N.Y. G.O.L. § 5-511.

condemnation of the evils of usury."[2] These laws have survived numerous and repeated attempts at evasion, with courts in New York and elsewhere long-recognizing that a "usurer usually seeks to conceal the usury, and to accomplish his purpose by indirect methods."[3]

Enova, operating as CashNetUSA and NetCredit, among other brand names, offers high-cost, high-interest loans directly to consumers and small businesses throughout much of the United States. Enova's loans disclose lines of credit or loan terms with APRs well above 36%,[4] and in many cases with APRs above 200%.[5] For example, one Enova website provides an example of a $600 loan repaid with biweekly $100 payments over nearly 8 months, resulting in more than $1,400 repaid and an APR of nearly 300%.[6] Unsurprisingly, these products result in frequent consumer default, with Enova publicly reporting charge-off rates in excess of 50%. In the wake of default, consumers face harassment, lawsuits, and wage garnishment, among other hardships.

As a result of the State AG's enforcement of state usury laws and other consumer protections, Enova does not currently offer all of its products in New York or other jurisdictions. This is precisely what Congress intended. Specifically, in late 2020, the Office of the Comptroller of the Currency issued a final rule that would have permitted national banks to partner with nonbanks to issue loans that would be marketed, offered, and sold by the nonbanks, but for which the national banks would be permitted to charge any desired interest rate, regardless of state law[7]—the very same practice in which Enova currently engages in partnership with a state-chartered bank.[8] Congress, however, overturned this final rule under the Congressional Review Act, making clear that nonbanks may not evade state usury laws through partnerships with national banks.[9]

Enova, through its proposed acquisition, seeks to evade Congress and circumvent state limits on high-cost or usurious lending. Specifically, though Grasshopper Bank is currently headquartered in New York—and thus subject to New York's usury limits[10]—Enova proposes to move the headquarters to Utah, where no such limit exists. The high-cost, high-charge-off lending practices that characterize Enova's business is not traditional bank lending, and Enova should not be permitted to use a bank charter to spread such practices throughout the United States.

The State AGs are deeply concerned that approval of Enova's acquisition will result in the proliferation of high-cost credit throughout the United States, in contravention of centuries of state limits on abusive lending. We respectfully request that the Board hold a public hearing on

---

2 *Adar Bays, LLC v. GeneSYS ID, Inc.*, 37 N.Y.3d 320, 331–32 (2021).

3 *Id.* at 332.

4 *See, e.g.*, https://www.netcredit.com/rates-and-terms/alaska.

5 *See, e.g.*, https://www.cashnetusa.com/rates-and-terms/alabama.

6 Alex Horowitz & Chase Hatchett, *Rent-a-Bank Payday Lenders' New Filings Show 55% Average Loss Rates*, PEW Charitable Trusts (Jan. 9, 2023), *available at* https://www.pew.org/en/research-and-analysis/articles/2023/01/09/rent-a-bank-payday-lenders-new-filings-show-55-average-loss-rates.

7 85 Fed. Reg. 68742 (Oct. 30, 2020).

8 Horowitz & Hatchett, *supra* n.6.

9 *See* 167 Cong. Rec. 81, at S2437 (adopting CRA resolution "to prevent this end-run on usury caps").

10 12 U.S.C. § 85.

Enova's application to confirm that Enova will at no time sell its high-cost, usurious loans in states where such products are illegal, regardless of its status as a national bank. And, in the absence of such assurances, the State AGs respectfully urge the Board to deny Enova's application.

Respectfully submitted,

Letitia James

LETITIA JAMES
ATTORNEY GENERAL
STATE OF NEW YORK

Rob Bonta

ROB BONTA
ATTORNEY GENERAL
STATE OF CALIFORNIA

Philip J. Weiser

PHILIP J. WEISER
ATTORNEY GENERAL
STATE OF COLORADO

WILLIAM TONG
ATTORNEY GENERAL
STATE OF CONNECTICUT

Mana Moriarty

MANA MORIARTY
EXECUTIVE DIRECTOR
HAWAII OFFICE OF
CONSUMER PROTECTION

KWAME RAOUL
ATTORNEY GENERAL
STATE OF ILLINOIS

Aaron M. Frey

AARON M. FREY
ATTORNEY GENERAL
STATE OF MAINE

ANTHONY G. BROWN
ATTORNEY GENERAL
STATE OF MARYLAND

ANDREA JOY CAMPBELL
ATTORNEY GENERAL
COMMONWEALTH OF
MASSACHUSETTS

KEITH ELLISON
ATTORNEY GENERAL
STATE OF MINNESOTA

AARON D. FORD
ATTORNEY GENERAL
STATE OF NEVADA

JENNIFER DAVENPORT
ATTORNEY GENERAL
STATE OF NEW JERSEY

JEFF JACKSON
ATTORNEY GENERAL
STATE OF NORTH CAROLINA

DAN RAYFIELD
ATTORNEY GENERAL
STATE OF OREGON

CHARITY R. CLARK
ATTORNEY GENERAL
STATE OF VERMONT