

Negotiated a landmark settlement for a New Jersey bank in “true lender” litigation brought by the State of Colorado that threatened the viability of the multibillion-dollar fintech consumer lending industry.

2020

WTO negotiated a landmark settlement for Cross River Bank, a leading innovator and provider of banking services, in litigation brought by the State of Colorado that challenged the multibillion-dollar fintech consumer lending industry. The agreement establishes a framework for banks to continue to work with online partners to offer personal loans to consumers.

In 2017 the State of Colorado asserted that Cross River Bank was not the “true lender” of the personal loans it offered borrowers, and that the true lender was Cross River’s online fintech partner. These online loans are a part of a growing “bank-fintech” industry that provides billions dollars of credit to consumers each year.

The State alleged that the fintech company was using its association with Cross River to avoid Colorado’s cap on loan interest rates. After three years of litigation, the State settled with Cross River and its fintech partner on extremely favorable terms. Those terms include a safe harbor that permits Cross River Bank and its partner fintechs to continue

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responsible lending to consumers, with rational interest rates and oversight. The innovative settlement may set a precedent for others to follow in this cutting-edge industry.