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Consumer Bureau ‘Zoning In’ on Tribal Payday Firms

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U.S. Consumer Financial Protection Bureau Director [Richard Cordray](#) said his agency is prepared to use federal authority to crack down on payday lenders who dodge state laws by affiliating with Native American tribes.

Responding to a question from Colorado Attorney General John Suthers in Washington today, Cordray said his agency and the Federal Trade Commission are looking into what they can do about tribe-based lenders who claim immunity from state laws.

“The FTC is zoning in on this issue and we are as well,” Cordray said after a speech at a National Association of State Attorneys General conference. “If there is legitimately a tribal entity that can oust a state of effective jurisdiction to enforce laws against that entity, it does not oust the federal government.”

Sovereign immunity allows [Native American \(NAGP\)](#) tribes to run businesses such as casinos even in states or localities where gambling is illegal. Some tribes have claimed immunity for payday lending firms, which consumer groups have accused of charging usurious [interest rates](#) to mainly low-income borrowers.

Suthers, the Colorado attorney general, lost a case last month that stemmed from more than seven years of investigation and litigation against tribal payday lenders. In the case, which reached the state supreme court, a judge concluded that lenders affiliated with the Miami tribe of [Oklahoma](#) and Santee Sioux Nation enjoy the same immunity as the tribe itself.

Colorado sought to prove that private companies affiliated with race car driver Scott Tucker were the de facto lenders. Rulings that granted sovereign immunity to the tribal lenders stopped the Suthers from obtaining documents necessary to prove their case, he said.

Suthers said in an interview that he has given documents on tribal payday lending to the FTC, the consumer bureau, “and other” federal agencies.

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