

Coalition of State Attorneys General Secures \$550M Settlement with Subprime Auto Lender

“A coalition of 34 state attorneys general announced on May 19, 2020, that it had secured a settlement with one of the nation’s largest subprime auto financing companies for alleged violations of state consumer protection laws. Under the settlement agreement, the terms of which are discussed in detail below, the auto financing company is required to provide significant monetary relief to consumers, \$550 million in total, and substantially adjust its lending practices moving forward,” report Anthony E. DiResta and David L. Haller in *Holland & Knight’s Insights*.

“Without admitting any liability and to resolve the allegations without litigation, the auto financing company agreed to the entry of a consent judgment with each of the 34 state attorneys general participating in the multistate investigation and resulting enforcement actions. Collectively, those consent judgements require the auto financing company to provide \$550 million in monetary relief to consumers, including \$478 million in deficiency balance waivers, \$65 million in restitution and \$7 million in restitution management. The consent judgments do not stop at monetary relief. They also require considerable changes to the auto financing company’s lending practices.”

Read the article.