

# ***Madden* Remand Muddles Contract Law: SDNY Decision or Sign of National Trend?**

A recent ruling by a U.S. district court's in New York is another example of a court using public policy reasons to override voluntarily entered into contractual choice-of-law provisions, according to an article published by **Paul Hastings LLP**.

The court ruled in the remand of *Madden v. Midland Funding, LLC* that New York's fundamental public policy against usury overrode a credit card agreement's Delaware choice-of-law provision, write Thomas P. Brown, Lawrence D. Kaplan, Gerald S. Sachs, Amanda M. Kowalski and Laura E. Bain.

"*Madden* is the latest decision to look past the contractual agreement of the parties to apply state usury and other consumer protection requirements to consumer credit and collections activity. Various courts have taken up some version of the issues presented in *Madden*, but none have held that bank originated loans sold are subject to interest rate determinations based on the location of collection (as opposed to the location of origination)," according to the article.

**Read the article.**

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