

## Partner Michael Benoit comments for Automotive News on PA appeals court ruling

March 10, 2022 |

According to *Automotive News*, a recent decision by the 3rd U.S. Circuit Court of Appeals could be problematic for auto lenders. The court ruled that TitleMax, an auto finance company located outside of Pennsylvania, is still subject to the state's usury laws, reversing a lower court's decision granting summary judgement to TitleMax after it sued to challenge a subpoena from the Pennsylvania department of Banking and Securities. TitleMax argued that PA could not apply the state's usury laws when PA residents physically obtained loans in other states, citing the Dormant Commerce Clause.

*Automotive News* spoke to Hudson Cook Chairman and Partner Michael Benoit, who advises auto dealers and other creditors on compliance with state and federal regulations and in preparing for supervisory exams and enforcement matters. "I don't think the lower court was wrong," Michael told *Automotive News*. Michael said he could understand if Pennsylvania was regulating a loan taken out online within a resident's home. "To me, its quite something else when you physically cross the border and submit yourself to the jurisdiction of another state," he said.

Michael also noted that the appellate court's ruling was contradicted by a recent federal court decision. California, Illinois and New York disagreed with an Office of the Comptroller of the Currency rule allowing national banks to transfer loans to third parties without an effect on the interest rate. The states argued this allowed lenders to circumvent their state usury laws by acquiring loans from national banks able to write higher-interest loans. But Northern District of California Judge Jeffrey White ruled in *California v. OCC* that the rule wasn't unreasonable.

Subscribers to *Automotive News* may [click here to read the full article](#).

Hudson Cook, LLP provides articles, webinars and other content on its website from time to time provided both by attorneys with Hudson Cook, LLP, and by other outside authors, for information purposes only. Hudson Cook, LLP does not warrant the accuracy or completeness of the content, and has no duty to correct or update information contained on its website. The views and opinions contained in the content provided on the Hudson Cook, LLP website do not constitute the views and opinion of the firm. Such content does not constitute legal advice from such authors or from Hudson Cook, LLP. For legal advice

on a matter, one should seek the advice of counsel.

**SUBSCRIBE TO INSIGHTS**

# HUDSON COOK

Hudson Cook, LLP is a national law firm representing the financial services industry in compliance, privacy, litigation, regulatory and enforcement matters.

7037 Ridge Road, Suite 300, Hanover, Maryland 21076  
410.684.3200

**[hudsoncook.com](https://hudsoncook.com)**

© Hudson Cook, LLP. All rights reserved. Privacy Policy | Legal Notice  
Attorney Advertising: Prior Results Do Not Guarantee a Similar Outcome

