August 5, 2026

Kevin M. Warsh, Chair
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551-0001

Cc: Austan Goolsbee, President, Federal Reserve Bank of Chicago
Neel Kashkari, President, Federal Reserve Bank of Minneapolis

Dear Chairman Warsh:

Left-wing advocacy groups are urging federal regulators to block the bank license applications of fintech lenders to advance an ideological anti-private-lending agenda, but regulators should defer questions of policy to Congress and instead judge the pending applications solely on traditional criteria of whether the entities are qualified.

The leader of this effort is the Center for Responsible Lending, a left-wing political advocacy group co-founded and funded by Herb and Marion Sandler, who made their fortune by selling negative amortization mortgages that the New York Times called the "Typhoid Mary of the Mortgage Industry."[1] The Sandlers sold their portfolio to Wachovia Bank and it subsequently destroyed that institution. CRL advocates restrictions and limitations on lenders who compete with its own affiliated Self-Help Credit Union and advances an ideological agenda of ever-greater government control of capital.[2]

Ironically, not long ago CRL argued that non-bank lenders create "an unlevel playing field and a significant risk that consumer protection issues affecting vulnerable consumers will go undetected."[3] Now they oppose those same entities becoming banks and subjecting themselves to bank regulation.

The standing objection to partnership lending made by CRL and allied groups is that the real lender hides behind a nominal one. Acquisition eliminates that structure. The result is unified supervision by the OCC and the Federal Reserve. Opposing both the partnership model and its alternative shows the objection is to the lending itself. That is a policy argument that should be taken to Congress, not imposed as a license condition.

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[1] Michael Moss and Geraldine Fabrikant, "Once Trusted Mortgage Pioneers, Now Scrutinized," *New York Times*, December 24, 2008, https://www.nytimes.com/2008/12/25/business/25sandler.html.
[2] Sean Higgins, "The Irresponsible Center for Responsible Lending," *Organization Trends* (Capital Research Center), March 2010, https://capitalresearch.org/app/uploads/2013/07/OT0310.pdf.
[3] Consumer Bankers Association and Center for Responsible Lending, *Petition for Rulemaking to Define Larger Participants for Personal Loans* (Submitted to the Consumer Financial Protection Bureau, September 15, 2022), https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/petition_ltr_cba_crl_fintech_loans_cfpb.pdf.

Progressive state attorneys general have joined this cause, politicizing what should be a straightforward adjudication based on statutory standards.

Non-prime consumers need lending products and will find them from unlawful sources if lawful sources are restricted. More banks in this space would expand supervision, not reduce it. Every categorical denial pushes lending further from supervision. The borrower's need survives. Only the regulator's line of sight is lost.

Moreover, rate caps, where imposed, have not been successful. Rate caps do not lower the price of credit. They remove the borrowers who cannot be served at the capped price.

When Illinois adopted a 36 percent all-in cap, loans to subprime borrowers fell 38 percent, average loan size to subprime borrowers rose 35 percent, and survey evidence showed worsened financial well-being among borrowers who lost access. In that survey, only 11 percent of borrowers reported improved well-being after the cap, and 79 percent wanted the option to return to their prior lender.[4] The cap did not make loans cheaper; it made them less available.

We take no position on whether the pending applications should be approved, but we urge you to make the decision on the statutory criteria alone, specifically whether the entities pass the statutory tests for capital, managerial resources, and financial stability.

We strongly oppose the proposed abuse of this process to implement a policy agenda.

Sincerely,

Phil Kerpen
American Commitment

Jeffrey Mazzella
Center for Individual Freedom

John Berlau
Competitive Enterprise Institute

Kent Kaiser
Domestic Policy Caucus

Patrice Onwuka
Independent Women

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[4] J. Brandon Bolen, Gregory Elliehausen, and Thomas W. Miller Jr., "Credit for Me but Not for Thee: The Effects of the Illinois Rate Cap," Public Choice 197, no. 3 (December 2023): 397–420, https://doi.org/10.1007/s11127-023-01087-4.

Andrew Langer
Main Street Foundation

Patrick Brenner
Southwest Public Policy Institute