



Office of Commissioner  
Rohit Chopra

UNITED STATES OF AMERICA  
Federal Trade Commission  
WASHINGTON, D.C. 20580

## **STATEMENT OF COMMISSIONER ROHIT CHOPRA**

*In the Matter of Yellowstone Capital, LLC  
Commission File No. X200054  
May 4, 2021*

Many small businesses are facing extinction as a result of COVID-19, and many are looking for a lifeline. Unfortunately, too many bad actors are seeking to profit from their pain. Last year, the FTC charged Yellowstone with misleading borrowers about key financing terms and withdrawing funds the company was not even owed. The settlement entered today returns \$10 million to small businesses that were harmed by these practices. While this doesn't fully compensate victims, these businesses need help quickly.

This settlement resolves federal claims brought by the FTC, but does not affect New Jersey's suit alleging violations of state law. The New Jersey Attorney General has alleged that Yellowstone weaponizes confessions of judgment and employs improper collection practices to convert its "flexible" repayment product into a usurious loan. Nothing in the FTC's order releases the company of liability for these claims, for which New Jersey may seek national relief to further help small business victims.<sup>1</sup>

As enforcers confront abuses targeting struggling small businesses, we should avoid repeating the mistakes of the early 2000s, when federal financial regulators actively undermined their state counterparts as they sought to rein in predatory mortgage lending. States play a vital role – often, the primary role – in challenging unlawful practices targeting consumers and small businesses, and the federal government should be a partner in these efforts, rather than an obstacle.

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<sup>1</sup> Yellowstone's principal place of business is in Jersey City, New Jersey. *See* Answer ¶ 6.