No. ______

In the Supreme Court of the United States

TITLEMAX OF VIRGINIA, INC., ET AL., PETITIONERS,
v.
WENDY S. SPICHER, SECRETARY, PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES,
RESPONDENT.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether a State's "generic," *New Orleans Pub. Serv., Inc. v. Council of City of New Orleans*, 491 U.S. 350, 365 (1989), interest in regulating the transactions that out-of-state companies enter into with the State's residents within other States' borders is sufficiently important to permit the State to evade federal court under *Younger v. Harris*, 401 U.S. 37 (1971).

PARTIES TO THE PROCEEDINGS

Petitioners (plaintiffs-appellants below) are TitleMax of Virginia, Inc.; TitleMax of Delaware, Inc.; CCFI Companies, LLC; TitleMax of Ohio, Inc.; TMX Finance LLC; and TitleMax Funding, Inc.

Respondent (defendant-appellee below) is Wendy S. Spicher, the Secretary of the Pennsylvania Department of Banking and Securities.

CORPORATE DISCLOSURE STATEMENT

Pursuant to this Court's Rule 29.6, Petitioners TitleMax of Virginia, Inc.; TitleMax of Delaware, Inc.; CCFI Companies, LLC; TitleMax of Ohio, Inc.; TMX Finance LLC; and TitleMax Funding, Inc., provide the following Corporate Disclosure Statement.

Petitioner TMX Finance LLC is the parent corporation of Petitioners TitleMax of Virginia, Inc.; TitleMax of Delaware, Inc.; TitleMax of Ohio, Inc.; and TitleMax Funding, Inc.

Checksmart Financial Company is the parent corporation of Petitioner CCFI Companies, LLC.

Project Trident Purchaser, LLC, is the parent corporation of Petitioner TMX Finance LLC.

No publicly held corporation owns 10 percent or more of any of Petitioners' stock. No Petitioner or parent corporation of a Petitioner has an active stock ticker symbol.

STATEMENT OF RELATED PROCEEDINGS

This case arises from the following consolidated cases:

U.S. Court of Appeals for the Third Circuit:

- *TitleMax of Va., Inc. v. Sec'y Penn. Dep't of Banking & Sec.*, No. 25-1137 (3d Cir.) (judgment from panel entered January 7, 2026, denial of rehearing and rehearing en banc entered February 3, 2026);
- *TitleMax of Del., Inc. v. Sec'y Penn. Dep't of Banking & Sec.*, No. 25-1138 (3d Cir.);
- *CCFI Cos., LLC v. Sec'y Penn. Dep't of Banking & Sec.*, No. 25-1139 (3d Cir.);
- *TMX Fin. LLC v. Sec'y Penn. Dep't of Banking & Sec.*, No. 25-1140 (3d Cir.).

U.S. District Court for the Middle District of Pennsylvania:

- *TMX Fin. LLC v. Spicher*, No. 1:24-cv-02093 (M.D. Pa.) (order dismissing action under the doctrine of *Younger* abstention entered January 16, 2025);
- *TitleMax of Del., Inc. v. Spicher*, No. 1:24-cv-02224 (M.D. Pa.);
- *CCFI Cos., LLC v. Spicher*, No. 1:24-cv-02134 (M.D. Pa.);
- *TitleMax of Va., Inc. v. Spicher*, No. 1:24-cv-2212 (M.D. Pa.).

There are no proceedings in state or federal trial or appellate courts, or in this Court, directly related to this case within the meaning of this Court's Rule 14.1(b)(iii).

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Younger v. Harris, 401 U.S. 37 (1971), provides a limited exception to the federal courts' "virtually unflagging" "obligation" to exercise their jurisdiction, applicable to challenges to certain ongoing state proceedings. *Sprint Commc'ns, Inc. v. Jacobs*, 571 U.S. 69, 77 (2013) (citation omitted). This Court created the *Younger* abstention doctrine to give "proper respect for state functions." *Id.* (citation omitted). The party invoking *Younger* must—among other showings—establish that the "interest" that the State seeks to advance in the challenged state proceedings is sufficiently "important." *Id.* at 81. In deciding whether the State's interest is "important" enough for purposes of *Younger*, this Court has instructed courts to "look to [ ] the importance of the generic proceedings to the State." *New Orleans Pub. Serv., Inc. v. Council of City of New Orleans*, 491 U.S. 350, 365 (1989) *("NOPSI").* While *Younger* advances weighty state-sovereignty values, this Court has made clear that federal courts must keep tight reins on this narrow exception to avoid "extend[ing] *Younger* to virtually all parallel state and federal proceedings." *Sprint*, 571 U.S. at 81.

Unfortunately, several Courts of Appeals have misconstrued this Court's *Younger* case law, gutting *Younger*'s mandatory important-state-interest element. Misreading this Court's holding in *NOPSI* in the same manner, these lower courts have concluded that so long as the State is advancing facially legitimate interests defined at a high level of generality, federal courts need not consider whether those interests are important in light of our Nation's respect for federalism that is the animating purpose for *Younger*. The Fourth and Tenth Circuits have taken the correct approach, holding that the *Younger* analysis of the State's interest must account for the federalism interests weighing in favor of federal courts adhering to their obligation to exercise their jurisdiction over federal claims.

The present case, and the impending *certiorari* petition in *TMX Finance Corporate Services, Inc. v. Spicher*, No. 24-11087 (5th Cir. Mar. 5, 2026) ("*TMX FCS*"), present ideal vehicles to resolve this circuit split. Both cases arise out of a civil enforcement proceeding undertaken by a department of the Commonwealth of Pennsylvania. Pennsylvania has sought to impose millions of dollars in fines on out-of-state businesses for making out-of-state loans—or facilitating out-of-state businesses in making out-of-state loans—to Pennsylvania residents at interest rates that Pennsylvania believes are too high. These loans were all legal in the States where they were made. Pennsylvania undertook these extensive enforcement proceedings after its own investigation found that all of the loans at issue were made outside of Pennsylvania.

The out-of-state businesses that Pennsylvania targeted came to the federal courts that sit in their respective home States, raising claims against

Pennsylvania's unconstitutional enforcement proceedings under the dormant Commerce Clause (for regulating exterritoriality) and the Due Process Clause (for attempting to haul into Pennsylvania companies that lack minimum contacts with the Commonwealth). The Third Circuit in this case (and the Fifth Circuit in *TMX FCS*) held that *Younger* abstention closes the federal courthouse doors to these businesses. These courts reasoned that *Younger* applies because under this Court's decision in *NOPSI*, Pennsylvania is pursuing its "generic" consumer-protection interests against usurious rates. *See* App.8a. In reaching this conclusion, the Third Circuit (like the Fifth Circuit) did not find it relevant even to inquire whether it is sufficiently important under *Younger* for a State to regulate out-of-state transactions that its citizens enter into with out-of-state businesses, given other States' sovereign—and *much* stronger—interests in deciding what interest rates are legal when offered by businesses operating within their own borders.

This calls for this Court's intervention. This Court crafted the *Younger* abstention doctrine to further important interests of federalism. But the Third Circuit's decision—as well as the decisions of the other Courts of Appeals that apply the same approach as the Third Circuit—have turned *Younger* into a weapon that assaults federalism. Under these courts' reasoning, any State can target any business lawfully operating completely within another State for simply doing business with that home State's residents in a manner that their home State does not like. That State could then force any such out-of-state company into interminable, unconstitutional state proceedings far from any place where that company does business, without the company having any recourse to federal court. That is just what is happening to Petitioners in this case (as well as to the plaintiff in *TMX FCS*), as they have now spent two years and millions of dollars fighting still-ongoing, unconstitutional state enforcement proceedings in a State where they do no business. Nothing in *Younger* countenances such a Kafkaesque regime.

This Court should grant the Petition and reverse. Alternatively, this Court should grant the upcoming petition in *TMX FCS* and hold this Petition for disposition of that case.

DECISIONS BELOW

The Third Circuit's panel opinion is not reported but is available at 2026 WL 49584 (3d Cir. Jan. 7, 2026), and reproduced at App.1a–11a. The District Court's opinion is not reported but is available at 2025 WL 221798 (M.D. Pa. Jan. 16, 2025), and reproduced at App.12a–48a.

JURISDICTION

The Third Circuit entered its judgment on January 7, 2026. App.1a. The Third Circuit entered an order denying rehearing and rehearing en banc on

February 3, 2026. App.50a. On April 29, 2026, Justice Alito granted an application to extend the time to file a petition for a writ of *certiorari* to June 3, 2026. This Court has jurisdiction under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The Commerce Clause of the Constitution provides: "The Congress shall have Power . . . [t]o regulate Commerce . . . among the several States." U.S. Const. art. I, § 8, cl. 3.

The Due Process Clause of the Fourteenth Amendment to the Constitution provides: "No State shall . . . deprive any person of life, liberty, or property, without due process of law . . . ." U.S. Const. amend. XIV, § 1.

Subsection (a) of Section 201 of the Pennsylvania Loan Interest and Protection Law provides: "Except as provided in Article III of this act, the maximum lawful rate of interest for the loan or use of money in an amount of fifty thousand dollars ($50,000) or less in all cases where no express contract shall have been made for a less rate shall be six per cent per annum." P.L 13, 41 P.S. § 201(a).

Section 3(A) of the Pennsylvania Consumer Discount Company Act, P.L. 262, 7 P.S. § 6203(A), provides in part that "no person shall engage or continue to engage in this Commonwealth . . . in the business of negotiating or making loans or advances of money on credit . . . and charge, collect, contract for, or receive interest . . . in excess of the interest that the lender would otherwise be permitted by law to charge if not licensed under this act . . . ." Section 3(A) is reproduced in full in the Appendix. App.51a.

STATEMENT

A. Petitioners are six distinct financial services companies, some of which provide short-term loans secured by vehicle titles. TitleMax of Virginia, Inc. and TitleMax of Delaware, Inc. provided such loans to consumers at brick-and-mortar stores in Virginia and Delaware, respectively. JA63–66, 97–100.[1] TitleMax of Virginia, Inc. ceased operations in 2021, while TitleMax of Delaware, Inc., continues to operate. JA61–63, 96, 99. Neither entity originated loans in Pennsylvania, and both operated consistently with the laws of their respective home states. JA59−60, 94, 129. TitleMax of Ohio, Inc., was previously a credit-services organization that brokered consumer loans from an unaffiliated lender without issuing loans itself. JA131, 133–34, 136–38. While it is no longer active, it previously operated from brick-and-mortar stores in Ohio consistent with Ohio's laws and did not

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[1] References to JA___ are to pages in the Joint Appendix, *TitleMax of Va., Inc. v. Sec'y Penn. Dep't of Banking & Sec.*, No. 25-1137 (3d Cir. Apr. 24, 2025), Dkt. Nos. 59–60.

broker loans in Pennsylvania. JA133. The remaining three Petitioners have never originated any loans, but provide services to other companies, including in the lending space; none provide any service for loans made in Pennsylvania. CCFI Companies, LLC is a company that handles human-resources functions for various companies, including some Petitioners, from its principal place of business in Ohio. JA132. TMX Finance LLC is a holding company that operates in Georgia, where it files consolidated taxes for various entities, including some Petitioners. JA166. TitleMax Funding, Inc., which also primarily operates in Georgia, centralizes the financial operations of various subsidiaries including by holding their bank accounts. JA166.

B. The Secretary is the chief executive and administrative officer of the Pennsylvania Department of Banking and Securities ("Department"). JA166. She is responsible for enforcing the Pennsylvania Loan Interest and Protection Law ("LIPL") and the Consumer Discount Company Act ("CDCA"), JA169, which regulate how much interest can be charged on certain loans made "in th[e] Commonwealth," 7 P.S. § 6203(A).[2] Neither

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[2] The LIPL caps Pennsylvania's interest rate for most consumer loans at "six per cent per annum," 41 P.S. § 201(a), and the CDCA enforces this restriction against persons who "engage in this Commonwealth . . . in the business of negotiating or making loans or advances," 7 P.S. § 6203(A). The LIPL and CDCA are related statutes that are considered "in pari materia"

statute governs debt collection activities on any such loans, which are overseen by different Pennsylvania statutes and regulators, such as the Bureau of Consumer Protection. *See Commonwealth v. Auto Equity Loans of Del.*, 276 A.3d 1223, 2022 WL 946083, at *1 (Pa. Commw. Ct. Mar. 30, 2022) (unpublished table decision).

In 2016, the Department began what would prove to be a multi-year investigation into a variety of related companies, including Petitioners, and in 2017, issued an investigatory subpoena. The subpoena sought information that would allow the Department to determine whether the subpoenaed entities were "making loans" "in th[e] Commonwealth [of Pennsylvania]" that exceeded Pennsylvania's statutory interest rate caps under the CDCA and the LIPL. 7 P.S. § 6203(A); *see* Mem. Op. at 3–5, *Commonwealth of Pa. Dep't of Banking & Secs. v. TitleMax of Del., Inc.*, No. 417 M.D. 2017 (Feb. 22, 2023); *TitleMax of Del., Inc. v. Weissmann*, 505 F. Supp. 3d 353, 355 (D. Del. 2020).

The Petitioners who received the Secretary's 2017 subpoena brought a lawsuit in federal court, arguing that the investigation violated the dormant Commerce Clause because the subpoena targeted loans made outside of Pennsylvania. *TitleMax of Del., Inc. v. Weissmann*, 24 F.4th 230, 235 (3d Cir. 2022).

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and "construed together" "as one statute." 1 Pa. Cons. Stat. § 1932(b).

Although the District of Delaware agreed with this argument, *Weissmann*, 505 F. Supp. 3d at 353, the Third Circuit reversed. Emphasizing that Pennsylvania was merely investigating rather than bringing an enforcement proceeding, the Third Circuit held that the Secretary had a threshold entitlement to investigate the business activities to determine whether they violate Pennsylvania law. 24 F.4th at 236. The Third Circuit concluded that the investigation did not violate the Commerce Clause because "Pennsylvania has a strong interest in prohibiting usury." *Id.* at 241. The Third Circuit did not reach the question of whether the Secretary could initiate an administrative enforcement proceeding against loans made entirely outside of the Commonwealth without violating the Commerce Clause, nor did it evaluate any Due Process Clause challenge to Pennsylvania attempting to haul out-of-state Petitioners into the Commonwealth.

And when this Court denied *certiorari*, it did so after the Secretary emphasized in the Brief in Opposition that "any challenge to possible future prosecutions that may or may not occur would not be ripe" because such a challenge would depend on how Pennsylvania applied its usury laws in such a future proceeding. Br. in Opp'n at 10, *TitleMax of Del., Inc. v. Vague*, No. 21-1262 (May 23, 2022). Because that case involved only the "ability to investigate" to "discover the nature and scope" of the entities' "business activities," the Secretary successfully persuaded this Court to deny the *certiorari* petition. *Id.* at 8, 10–11.

C. In June 2024, the Secretary initiated the enforcement action at issue in this Petition by filing an Order to Show Cause ("OSC") directing Petitioners and certain other related companies to show cause why they should not be ordered to pay $52.7 million in civil penalties, plus restitution, for making loans with interest rates higher than permitted under the CDCA and the LIPL. JA180–83, 202–09. The Secretary's investigation arising from the 2017 subpoena definitively established that none of the targeted companies had ever originated a loan in Pennsylvania. Accordingly, the Secretary's theory in the OSC was that a loan is made "in" Pennsylvania for purposes of its usury laws if it is made to a Pennsylvania resident—even if the transaction occurs in a store in another State. JA205, 207. The Secretary alleged that Petitioners and other related companies made 5,270 such loans to Pennsylvania residents that exceeded the LIPL's interest cap. JA24. Nowhere did the OSC allege that any of these loans took place inside of Pennsylvania. JA205–07.

D. Petitioners promptly sued in their respective home federal districts[3] under 42 U.S.C. § 1983 to stop

[3] These suits were *TitleMax of Del., Inc. v. Spicher*, No. 1:24-cv-930 (D. Del.); *CCFI Cos., LLC. v. Spicher*, No. 3:24-cv-220 (S.D. Ohio); *TitleMax of Va., Inc. v. Spicher*, No. 7:24-cv-532 (W.D. Va); *TMX Fin. LLC v. Spicher*, No. 4:24-cv-175 (S.D. Ga.).

the Secretary's unconstitutional enforcement proceeding. Each Petitioner alleged that the OSC violated the Commerce Clause and the Due Process Clause. JA183–92. Petitioners argued that by bringing the OSC enforcement action against them for business activities that lawfully occurred in brick-and-mortar stores in their home states, the Secretary violated the dormant Commerce Clause. JA185−86. As Petitioners explained, "this case involves different facts and events that occurred after *Weissmann*," including that, "rather than merely seeking documents, [the OSC] seeks to regulate [Petitioners] formally, enforce claims not asserted in [*Weissmann*], and obtain $52.7 million in penalties." JA107; *see* JA71, JA142, JA159−60. Petitioners also argued that the OSC violated the Due Process Clause because Petitioners are out-of-state companies lacking minimum contacts with Pennsylvania. Petitioners "ha[ve] no offices or employees in Pennsylvania, do[ ] not conduct any business in Pennsylvania, and do[ ] not advertise in Pennsylvania," and "[e]very one of the loans at issue in the [OSC] . . . were originated [out]side the territorial and sovereign boundaries of" Pennsylvania. JA84; *see also* JA118, JA152, JA186. "[T]he Department's attempt to apply Pennsylvania law . . . offends the 'traditional notions of fair play and substantial justice.'" JA84 (quoting *Int'l Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945)); *see* JA119, JA153−54, JA188.

The Secretary filed motions to transfer each of Petitioners' cases to the U.S. District Court for the

Middle District of Pennsylvania. Def.'s Mot. to Transfer Venue or, Alternatively, Mot. to Stay Disc. & Pretrial Deadlines, *TMX Fin. LLC*, No. 1:24-cv-2093 (M.D. Pa. Oct. 31, 2024), Dkt. No. 35. The district courts granted those motions, and the Middle District of Pennsylvania assigned each Petitioner's case to the same judge (the "District Court").[4]

The District Court then granted the Secretary's motions to dismiss on *Younger* abstention grounds. App.48a; *see* App.22a–48a. In performing its *Younger* analysis, the District Court held that the Secretary's generalized "interest in prohibiting usury" was sufficiently important to warrant abstention. App.35a–36a. Its analysis of *Younger*'s important-state-interest element relied exclusively on the Third Circuit's statement in *Weissmann* that the Secretary had an important interest in prohibiting usury for purposes of a dormant Commerce Clause challenge to

[4] Related companies targeted by the OSC initiated other federal lawsuits in their home states in Northern District of Texas and the District of South Carolina. In those cases, the related companies similarly challenged Pennsylvania's enforcement action on constitutional grounds, but the district courts abstained under *Younger*. The Fifth Circuit affirmed the first case, *TMX Fin. Corp. Serv., Inc. v. Spicher*, No. 3:24-cv-2054, 2024 WL 4995580 (N.D. Tex. Dec. 5, 2024), *aff'd* No. 24-11087, 2026 WL 74504 (5th Cir. Jan. 9, 2026), and an appeal from the second case remains pending in the Fourth Circuit, *TitleMax of S.C., Inc. v. Spicher*, No. 4:24-cv-4399, 2025 WL 2378121 (D.S.C. Aug. 15, 2025), *appealed* No. 25-2027 (4th Cir).

an investigatory subpoena. App.35a–36a (citing *Weissmann*, 24 F.4th at 241).

The Third Circuit affirmed. App.1a–11a. In evaluating *Younger*'s important-state-interest element, the Third Circuit relied on language from one of its prior decisions quoting this Court's holding in *NOPSI* that in evaluating "the substantiality of the State's interest in its proceedings," courts must look to "the importance of the generic proceedings to the State." App.8a (quoting *PDX N., Inc. v. Comm'r New Jersey Dep't of Lab. & Workforce Dev.*, 978 F.3d 871, 885 (3d Cir. 2020)). The Third Circuit reasoned that, "[v]iewed generically, the enforcement of usury laws is important to Pennsylvania." App.8a. It supported this conclusion in the same way the District Court did. Citing to the dormant Commerce Clause holding in *Weissmann*, the Third Circuit explained that "it makes no difference that *Younger* abstention was not on the table there." App.7a. The Third Circuit did not conduct any inquiry as to whether Pennsylvania has an "important" state interest in enforcing interest rates that out-of-state companies can charge in out-of-state transactions, including whether this was important enough when considered in light of the federalism values animating *Younger*. App.7a–8a. The Third Circuit then denied Petitioners' petition for rehearing or rehearing en banc. App.49a–50a.

E. Since the Secretary filed the enforcement OSC in June 2024, Petitioners have spent millions of dollars and thousands of hours defending against what they have maintained is an unconstitutional enforcement proceeding in a State where they conduct no business. In all that time, Petitioners have been unable to get a federal court to adjudicate their Commerce Clause and Due Process Clause challenges to those proceedings.

Petitioners thus had no choice but to answer the OSC, while simultaneously moving to dismiss it. The hearing examiner presiding over the state proceedings recommended denying the motion to dismiss, but when Petitioners attempted to appeal that ruling through the agency's process, the Banking Commission—the final agency adjudicator—refused to rule. The Pennsylvania Commonwealth Court then held that it lacked appellate jurisdiction to hear Petitioners' appeal from the Banking Commission. *TitleMax of Del., Inc. v. Dep't of Banking & Sec.*, No. 635 C.D. 2025, 2026 WL 1077707, at *5–7 (Pa. Commw. Ct. Apr. 21, 2026).

Absent any opportunity for judicial review, Petitioners had to spend substantial sums preparing for and taking part in an extensive evidentiary hearing involving thousands of documents in Harrisburg, Pennsylvania in October 2025, again in a State where they do no business. The hearing examiner proposed ruling in Petitioners' favor in April 2026, dismissing the OSC in its entirety after concluding that the Secretary failed to meet her evidentiary burden of showing that the underlying loans had a sufficient connection to Pennsylvania.

The state proceedings are far from over, and likely will not be over for years more. The Department has sought review of the hearing examiner's proposed order with the Banking Commission, which is not required to defer to the hearing examiner's factual findings. *See Dowler v. Pub. Sch. Emps.' Ret. Bd.*, 620 A.2d 639, 641 (Pa. Commw. Ct. 1993). Worse for Petitioners' chances at a fair shake, the Secretary is the Vice Chair of the Banking Commission and presumably authorized the state proceedings, which staff under her oversight are prosecuting. JA166. Thus, the Secretary's Compliance Office has effectively appealed its $52.7 million loss to itself. *See* 1 Pa. Code § 35.211. And after the Banking Commission issues its final ruling, appeals as of right to the Pennsylvania state appellate courts are likely to follow. *See* Pa. R. App. P. 1511.

In all, Petitioners are now two years and millions of dollars in the hole resisting an administrative enforcement action that violates the Constitution in multiple respects, and they likely face years more of litigation before this saga concludes. Again, this is all happening in a State where none of the Petitioners do any business for actions undertaken in other States.

REASONS FOR GRANTING THE PETITION

I. The Third Circuit's Resolution Of The Question Presented Is Contrary To This Court's Case Law

Under the *Younger* abstention doctrine, federal courts abstain from exercising their congressionally conferred jurisdiction only when there are ongoing, parallel state proceedings that advance an "important" state interest. *NOPSI*, 491 U.S. at 365. When faced with a request to abstain under *Younger*, federal courts must assess whether the claimed state interest is "important" enough to justify abstention within the meaning of *Younger* from the perspective of "Our Federalism." *Younger*, 401 U.S. at 44. As relevant here, a State's interest in the regulation of commercial activities in other States is not "important" enough to justify abstention under *Younger*. The Third Circuit reached a contrary conclusion by looking at the State's interest at too high a level of generality—preventing usury generally—without considering the core federalism rationale underlying *Younger*, given that this case involves a State's claimed interest in regulating transactions in other States. Since the Third Circuit resolved this *Younger* issue "in a way that conflicts with relevant decisions of this Court," this Court's review is warranted. Rule 10(c).

A. Because federal courts have "no more right to decline the exercise of jurisdiction which is given, than to usurp that which is not given," *Sprint*, 571 U.S. at 77 (quoting *Cohens v. Virginia*, 19 U.S. (6 Wheat.) 264, 404 (1821)), a pending state-court action is generally "no bar to proceedings concerning the same matter in the Federal court having jurisdiction," *id.* at 73 (quoting *Colo. River Water Conservation Dist. v. United States*, 424 U.S. 800, 817 (1976)). The *Younger* abstention doctrine is a narrow exception to this general rule, applicable in certain narrow circumstances.

In *Younger*, 401 U.S. 37, this Court recognized that "Our Federalism"—the uniquely American system of government that allocates responsibilities between the national government and the state governments—generally requires federal courts to abstain from enjoining pending criminal proceedings in state courts, *id.* at 44. There, California had charged the defendant with violating its Criminal Syndicalism Act. *Id.* at 38–40. The defendant initiated an action in federal district court seeking to enjoin this state-court prosecution, based upon the First and Fourteenth Amendments, and the district court granted that injunctive relief. *Id.* This Court reversed, holding that federal courts should abstain from exercising jurisdiction "to restrain a [state] criminal prosecution, when the moving party has an adequate remedy at law and will not suffer irreparable injury if denied equitable relief." *Id.* at 43–44. This Court grounded this holding primarily in "the notion of 'comity'"—that federal courts should have a "proper respect for state functions" in recognition that our Nation "is made up of a Union of separate state governments" and that "the National Government will fare best if the States and their institutions are left free to perform their separate functions in their separate ways." *Id.* at 44. "Our Federalism" requires "sensitivity to the legitimate interests of both State and National Governments," meaning that federal actors must endeavor "to vindicate and protect federal rights and federal interests" without "unduly interfer[ing] with the legitimate activities of the States." *Id.*

Next, in *Middlesex County Ethics Committee v. Garden State Bar Association*, 457 U.S. 423 (1982), this Court extended *Younger* to state administrative proceedings if three factors are satisfied. First, the proceeding must constitute "an ongoing state judicial proceeding." *Id.* at 432. Second, the proceeding must "implicate important state interests" or "vital state interests." *Id.* And third, the federal plaintiff must have "an adequate opportunity in the state proceedings to raise constitutional challenges." *Id.* *Middlesex* remained rooted in *Younger*'s traditional, federalism-based limit; the state-bar proceeding at issue there was solely within the jurisdiction of the New Jersey Supreme Court, thus implicating that State's "vital" and "traditional[ ]" interest in regulating the professional conduct of New Jersey attorneys. *Id.* at 432–35. This Court later applied *Younger* to proceedings before state administrative bodies that, while not part of the judicial system, were subject to eventual judicial review—so long as those proceedings vindicated "important state interests." *Ohio Civ. Rts. Comm'n v. Dayton Christian Schs., Inc.*, 477 U.S. 619, 627–29 (1986).

This Court returned to *Younger* in *NOPSI*. There, a public utility brought a preemption challenge in federal district court to a decision of the New Orleans City Council to disallow its recovery of costs from retail electricity ratepayers in Louisiana through a retail rate increase. 491 U.S. at 356–58. *NOPSI* explained how federal courts are to conduct the "inquir[y] into the substantiality of the State's interest in its [parallel] proceedings" that *Younger* requires. *Id.* at 365. Federal courts "do not look narrowly to [the State's] interest in the *outcome* of the particular case"; that is, whether the federal plaintiff is raising a "substantial constitutional challenge" to the state proceedings. *Id.* Instead, federal courts must "look to [ ] the importance of the generic proceedings to the State." *Id.* Turning to the case at bar, *NOPSI* explained that "the appropriate question here is not whether Louisiana has a substantial, legitimate interest in reducing NOPSI's retail rate below that necessary to recover its wholesale costs, but whether it has a substantial, legitimate interest in regulating *intrastate* retail rates." *Id.* (emphasis added). *NOPSI* then held that Louisiana does have such an important interest, as "the regulation of utilities is one of the most important of the functions traditionally associated with the police power of the States." *Id.* (citations omitted).

Finally, in *Sprint*, this Court "define[d] *Younger*'s scope," 571 U.S. at 78, and "clarif[ied]" that it applies only in "exceptional circumstances," *id.* at 82. There, Sprint Communications brought a district-court action against the Iowa Utilities Board, seeking a declaration that federal law preempted a decision of the Iowa Utilities Board that was also pending review in the state courts. *Id.* at 73–76. The district court abstained under *Younger*, the Eighth Circuit agreed, and this Court reversed. *Id.* at 75–76, 82. *Sprint* clarified that *Younger* applies solely to three "exceptional categories" of parallel state cases—"ongoing state criminal prosecutions"; "certain civil enforcement proceedings"; and "pending civil proceedings involving certain orders uniquely in furtherance of the state courts' ability to perform their judicial functions." *Id.* at 78−79 (citations omitted; alterations omitted). *Sprint* also explained that *Younger* only applies if the three *Middlesex* factors are also met, including the requirement that pending state proceedings "implicate[ ] important state interests." *Id.* at 81 (citations omitted). *Sprint* warned that failure to adhere to *Younger*'s strictures gives this doctrine "extraordinary breadth," "extend[ing] *Younger* to virtually all parallel state and federal proceedings, at least where a party could identify a plausibly important state interest." *Id.*

Taken together, *Younger*, *Middlesex*, *NOPSI*, and *Sprint* direct federal courts to abstain only where a State's generic interests in parallel state proceedings are sufficiently "important"—when viewed through the lens of "Our Federalism." The principle underlying *Younger* abstention is the respect that federal courts owe to all "separate state governments," under "Our Federalism." *Younger*, 401 U.S. at 43–44. Accordingly, federal courts must assess whether parallel state proceedings implicate important state interests by considering the interests involved, viewed "generic[ally]," *NOPSI*, 491 U.S. at 365, rather than simply asking whether those proceedings relate in some general way to some high-level definition of a State's interest, such as "consumer protection." That is why, in *NOPSI*, this Court looked at whether Louisiana had a "substantial, legitimate interest in regulating *intrastate* retail rates," rather than in consumer protection in some general manner. *Id.* (emphasis added). After all, as this Court has explained, *Younger* applies when the "State's interests in the proceeding are so important that exercise of the federal judicial power would disregard the comity between the States and the National Government." *Pennzoil Co. v. Texaco, Inc.*, 481 U.S. 1, 11 (1987). A lax approach would give *Younger* "extraordinary breadth" and "extend [it] to virtually all parallel state and federal proceedings, at least where a party could identify a plausibly important state interest." *Sprint*, 571 U.S. at 81.

B. The Third Circuit violated this Court's *Younger* precedent by holding that the OSC furthered Pennsylvania's "generic" state interest in enforcing its usury laws, thereby triggering *Younger* abstention under *NOPSI*. App.6a–8a (quoting circuit precedent that quotes *NOPSI*, 491 U.S. at 364–65). The Third Circuit's approach contravenes *Younger*, *NOPSI*, and *Sprint*. Under those cases, a court must analyze a State's interests in its parallel state proceedings by evaluating the ends that those proceedings advance from the point of view of "Our Federalism"—here, Pennsylvania's claimed interest in regulating the interest rates that out-of-state companies charge Pennsylvania residents for out-of-state transactions.

The Third Circuit departed from this Court's *Younger* case law with respect to this important-state-interest element by defining the state interest at issue at too high a level of generality, without any consideration of the federalism basis for *Younger*. In the Third Circuit's view, it was enough that Pennsylvania had an "important" interest in "prohibiting usury." App.6a–8a. But simply asserting that a State satisfies *Younger*'s important-state-interest element whenever it identifies a facially legitimate interest, phrased at a high level of generality, fails to heed this Court's admonitions in *Sprint*: federal courts are not to "extend *Younger* to virtually all parallel state and federal proceedings." 571 U.S. at 81. Every parallel state proceeding will involve the enforcement of state law in at least some respects, and such enforcement can always be said to advance some legitimate state interest, if the interest is defined generally enough. Thus, in every federal case implicating parallel state proceedings, the Third Circuit's approach would satisfy this element of

Younger abstention, rendering it a nullity. That would give *Younger* "extraordinary breadth," contrary to this narrow doctrine's design. *Sprint*, 571 U.S. at 81.

The root of the Third Circuit's mistake is its misreading of *NOPSI*'s directive that, to determine "the substantiality of the State's interest in its [parallel] proceedings," federal court must "look to [ ] the importance of the *generic* proceedings to the State." 491 U.S. at 365 (emphasis added). The Third Circuit misconstrued this "generic" language to mean that courts must consider the State's interests at the highest level of generality, concluding that "the enforcement of usury laws is important to Pennsylvania," when "[v]iewed *generically*." App.8a (emphasis added). But *NOPSI* did not look at Louisiana's interest in consumer protection, as a general matter, disconnected from any federalism-based concerns; rather, *NOPSI* considered Louisiana's "substantial, legitimate interest in regulating *intrastate* retail rates." 491 U.S. at 365 (emphasis added).[5]

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[5] The Third Circuit's citation of its previous decision in *Weissmann* to support its holding that Pennsylvania has an important state interest in the OSC for *Younger* purposes is a red herring. App.7a. *Weissmann* held that Pennsylvania's investigation into certain Petitioners for potential violations of its usury laws did not violate the dormant Commerce Clause on the merits. *Weissmann*, 24 F.4th at 236, 241. The conclusion

Had the Third Circuit conducted the *Younger* important-state-interest analysis correctly, it would have held that the OSC does not advance any "important state interest" under *NOPSI*. This Court has long recognized that, in our federalist system, "the general legislative power of a State to act upon persons and property" applies only "within the limits of its own territory." *Hoyt v. Sprague*, 103 U.S. 613, 630 (1880); *accord Huntington v. Attrill*, 146 U.S. 657, 669 (1892); *N.Y. Life Ins. Co. v. Head*, 234 U.S. 149, 161 (1914). States have the "reserved" power under our Constitution to regulate the "completely internal commerce of a State," *Gibbons v. Ogden*, 22 U.S. (9 Wheat.) 1, 194–95 (1824), and it is "now settled that States have power to legislate against what are found to be injurious practices in their internal commercial and business affairs, so long as their laws do not run afoul of some specific federal constitutional prohibition, or of some valid federal law," *Ferguson v. Skrupa*, 372 U.S. 726, 730–31 (1963) (citation omitted). Each State is "free to decide for itself [what] legislation [is] needed to deal with" the "business and industrial conditions" within its borders. *Id.* at 731.

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that a State has not violated the dormant Commerce Clause by investigating certain businesses for potential violations of the State's usury laws, where that State is unaware of what the results of the investigation will be, does not in any way answer the question of whether the State has an important state interest under *Younger* in regulating interest rates that out-of-state companies charge the State's residents in out-of-state transactions, in light of *Younger*'s federalism foundations.

It follows from these foundational principles that Pennsylvania regulating commerce in other States is not "important" within the meaning of *Younger*'s federalism-based rule. *Sprint*, 571 U.S. at 77 (citation omitted). As noted, the interest that Pennsylvania claims to be advancing through its OSC is not having its residents charged by out-of-state companies in out-of-state transactions interest rates that Pennsylvania believes are too high. *Supra* p.10. That is not an "important" interest under *Younger*'s federalism-based rule, given that other States have a strong sovereign interest in regulating the commercial transactions that occur within their own borders, under their own laws. *See Hoyt*, 103 U.S. at 630; *Huntington*, 146 U.S. at 669; *Ferguson*, 372 U.S. at 730–31.

The Third Circuit's contrary approach turns *Younger* on its head, transforming this federalism-protecting doctrine into a tool against federalism. The Third Circuit would allow a State like Pennsylvania to drag out-of-state companies across the country into its administrative proceedings, where those out-of-state companies must answer for charging interest rates that are legal in the States where the companies operate. These companies then would be stuck in those state proceedings for however long Pennsylvania wanted them to be stuck, without recourse to federal court to vindicate federal rights. "Our Federalism" does not require federal courts to "respect" the asserted extraterritorial interests of such States over and above the interests of the States where those transactions occurred by abstaining from adjudicating claims under the Constitution or federal law. *Younger*, 401 U.S. at 43–44.

II. The Third Circuit's Decision Is Part Of A Well-Established Circuit Split

The Question Presented also implicates a circuit split. The Third, Fifth, and Seventh Circuits have misread this Court's holding in *NOSPI* that the proper focus is on the State's "generic" interest to mean that a federal court need only look at whether the State's interest, defined at a high level of generality, is facially legitimate, including without any regard to whether abstention would undermine the federalism interests that undergird *Younger*. The Fourth and Tenth Circuits have taken a different approach, correctly holding that a State's proffered interest must be measured against the countervailing federalism interests that animate *Younger*. This Court answering the Question Presented would resolve this split. Rule 10(a).

A. The Third Circuit's approach here is consistent with how it has treated *Younger*'s important-state-interest analysis in published cases. In *PDX North, Inc. v. Commissioner New Jersey Department of Labor & Workforce Development*, 978 F.3d 871 (3d Cir. 2020), when shipping companies brought a Commerce Clause challenge to New Jersey's tax-enforcement proceedings alleging worker misclassification, the Third Circuit invoked *NOPSI* to hold that New

Jersey's "generic" "interest in the collection of unemployment compensation taxes" justified abstention, *id.* at 885. The Third Circuit ended its analysis once New Jersey asserted this interest, without evaluating this interest in the context of the federalism values that *Younger* advances. *Id.* The Third Circuit then cited to and relied upon *PDX* in reaching its conclusion in this case, including quoting *PDX*'s citation to *NOPSI*'s "generic" language. App.8a.

The Fifth Circuit followed the same approach in a case arising from the same enforcement proceedings as those at issue here. The entity at issue in that case is TMX Finance Corporate Services, Inc., a Texas-based corporation that had performed back-office support like information-technology services, product development, and title-lien management for related companies and that has never made a loan itself. *TMX Fin. Corp. Servs., Inc. v. Spicher*, No. 24-11087, 2026 WL 74504, at *1 (5th Cir. Jan. 9, 2026). When TMX Finance Corporate Services, Inc. brought federal constitutional challenges against the Pennsylvania OSC enforcement proceedings, the Fifth Circuit held that *Younger* abstention required dismissal based upon Pennsylvania's assertion of an interest in "enforcing [state] criminal laws and their analogs" such as its "usury laws," despite TMX Finance Corporate Services, Inc. having never issued a single loan, nor provided any services or support to any company issuing a loan in Pennsylvania. *Id.* at *2. Like the Third Circuit, the Fifth Circuit relied on

NOPSI's language to conclude that this "generic" interest—defined at the highest level of generality—justified abstention, without further weighing its importance against the "federal interest in enforcing the Dormant Commerce Clause" or Texas's sovereign interest in regulating what business activities are lawful within its borders. *Id.* A petition for a writ of *certiorari* from TMX Finance Corporate Services, Inc. in *TMX FCS* is forthcoming.

The Seventh Circuit has taken a similar approach. In *Stroman Realty, Inc. v. Martinez*, 505 F.3d 658 (7th Cir. 2007), the Seventh Circuit held that *Younger* abstention barred federal courts from reviewing a dormant Commerce Clause challenge to Illinois' consumer-protection enforcement action against a Texas timeshare company that employed associates who only held Texas real-estate licenses, *id.* at 660–61, 664. Like the Third and Fifth Circuits, the Seventh Circuit relied on *NOPSI* to hold that Illinois' "generic," "legitimate state interest" in regulating "real estate professionals engaged in the business of timeshare brokerage" was sufficiently important to justify *Younger* abstention. *Id.* at 663–64 (quoting *NOPSI*, 491 U.S. at 365). The Seventh Circuit did not evaluate that interest's importance in light of the federalism interest in interstate commerce or Texas's sovereign interest in regulating businesses operating within its borders. *Id.* at 663.

B. The Fourth and Tenth Circuits have taken a different approach, which is much more faithful to this Court's case law.

The Fourth Circuit's approach is most clearly contrary to that taken by the Third, Fifth, and Seventh Circuits. Recognizing that this Court's "requirement that the state interest be 'important' precludes some candidates from admission," the Fourth Circuit evaluates proffered state interests against the countervailing federalism interests animating the *Younger* doctrine. *Harper v. Pub. Serv. Comm'n of W. Va.*, 396 F.3d 348, 353 (4th Cir. 2005). Thus, in *Harper*, the Fourth Circuit declined to abstain from a dispute between an Ohio waste-disposal company and the Public Service Commission of West Virginia, which had barred the Ohio company from operating in West Virginia and mired it in West Virginia administrative proceedings. *Id.* at 350, 356. West Virginia asserted an "important state interest in protecting the health and welfare of its citizens"—a generic interest similar to those that the Third, Fifth, and Seventh Circuits found sufficient to justify abstention. *Id.* at 354. The Fourth Circuit rejected this interest as "too remote," concluding that West Virginia's "interest in limiting interstate access to the waste removal market" was inconsistent with *Younger*'s federalism values. *Id.* at 355. West Virginia's interest impeded interstate commerce "*by its very nature*," implicating "a peculiarly national interest" that made the state interest comparatively "more limited" and precluded *Younger* abstention. *Id.*

at 355–56; *see also Life Partners, Inc. v. Morrison*, 484 F.3d 284, 300–01 (4th Cir. 2007) (holding that Virginia's alleged "interest in regulating viatical settlements" was insufficient to justify abstention given the "overwhelming federal interest" in regulating interstate commerce (quoting *Harper*, 396 F.3d at 356)).

The Fourth Circuit thus applies *Younger*'s important-state-interest element with the rigor that this Court's jurisprudence contemplates. Rather than ending the inquiry with a State's articulation of a facially legitimate interest, defined at a high level of generality, the Fourth Circuit scrutinizes the interest at issue in light of the federalism values underlying *Younger*. It recognizes that reading *NOPSI* to authorize "a lofty level of generality" in characterizing state interests would "nulli[fy]" the important-state-interest element. *Harper*, 396 F.3d at 353.

Like the Fourth Circuit, the Tenth Circuit also understands *Younger*'s important-state-interest element to require considering the State's proffered interest in light of *Younger*'s federalism rationale. *See Seneca-Cayuga Tribe of Okla. v. State of Okla. ex rel. Thompson*, 874 F.2d 709, 711–14 (10th Cir. 1989). In *Seneca-Cayuga Tribe*, the Tenth Circuit declined to abstain from deciding an action brought by an Indian tribe to enjoin a pending state-court case initiated by Oklahoma to stop operation of the Indian tribe's bingo games. *Id.* at 710. Oklahoma had argued that it had "important state interest[s]" under *Younger* in that parallel state proceeding due to its desire to "prevent[ ] the infiltration of organized crime" in "high-stakes bingo games" and to "protect[ ] the State's economy and tax base." *Id.* at 711–12. The Tenth Circuit held that the State's "interests [were] not of great weight" because the Indian tribe's "activities" were "necessarily primarily of a federal interest" under the federal Indian Gaming Regulatory Act. *Id.* at 712–13 & n.3. So, because the parallel state action involved "issues of federal law in an area in which federal interests predominate, the State's interest in the litigation [was] in [the Tenth Circuit's] view not important enough to warrant *Younger* abstention." *Id.* at 713.

III. The Question Presented Is Important And This Court Should Resolve It In Either This Case Or In *TMX FCS*

A. This Court has consistently (including recently) emphasized the need for the federal judiciary to supervise disputes over "where one State's authority ends and another's begins," explaining that courts should rely on the "principles of 'sovereignty and comity' [that the Constitution] embraces" in doing so. *Nat'l Pork Producers Council v. Ross*, 598 U.S. 356, 375 (2023) (quoting *BMW of N. Am., Inc. v. Gore*, 517 U.S. 559, 572 (1996)). Significant "federalism implications" arise when one State asserts "jurisdiction over the corporate residents of another." *Mallory v. Norfolk S. Ry. Co.*, 600 U.S. 122, 144 (2023). In such cases, the federal courts have a responsibility to "referee disputes about" the limits of state authority in the federal system. *Ross*, 598 U.S. at 375.

The approach to *Younger* abstention that the Third Circuit adopted here has profoundly negative implications for these important values, which this Court should rectify by answering the Question Presented. Under the Third Circuit's approach, any State can drag virtually any out-of-state business that sells its services (or facilitates such sale of services) to consumers into its administrative proceedings for simply doing business with the State's residents. That business would then have no recourse to federal court to raise objections to those proceedings, including that this extraterritorial regulation violates the dormant Commerce Clause, *see Healy v. Beer Inst., Inc.*, 491 U.S. 324, 336 (1989), or that hauling the company into a State where it does no business violates the Due Process Clause on lack-of-minimum-contacts grounds, *see Bristol-Myers Squibb Co. v. Superior Ct. of Cal., S.F. Cnty.*, 582 U.S. 255, 262–63 (2017). The enforcing State could subject those companies to years of administrative proceedings and litigation in a far-flung jurisdiction, where the company does no business, without any recourse to federal court.

Beyond imposing substantial harm on the out-of-state companies themselves, this also has profoundly negative implications for the State where these companies actually do business. Every State has sovereign authority to enact laws applying "within the limits of its own territory," *Hoyt*, 103 U.S. at 630, which "allows 'different communities' to live 'with different local standards,'" *Ross*, 598 U.S. at 375 (quoting *Sable Commc'ns of Cal., Inc. v. FCC*, 492 U.S. 115, 126 (1989)). When a State brings an enforcement action against a business for transactions that are lawful where they occur, the enforcing State substitutes its laws for those of the home State. This creates a regulatory race to the bottom, in which only the most restrictive State's laws matter. Fear of an enforcement action from a more restrictive State without any recourse to federal court incentivizes businesses to conform their operations to that State's policies, even if their home State's laws allow greater latitude. The enforcing State's laws thus trump the home State's legislative choices, injuring its sovereign interest in deciding what transactions are lawful within its borders.

Consider how this dynamic might play out in the real world; and, indeed, is likely to play out given the modern fissures among blue and red States. One State could ban any company from selling a particular type of firearm or ammunition magazine to any of its residents, invoking the State's general interest in public safety, on the theory that guns can be carried across state lines. If that State's residents travel to another State that permits these guns or ammunition magazines to be sold lawfully, the first State can subject the gun seller to years of litigation in unfamiliar administrative tribunals far from where it does any business—even though the gun sales were lawful where they occurred—with no recourse to federal court, including to raise potentially meritorious dormant Commerce Clause and Due Process/minimum-contacts arguments. Another State could enact a statute prohibiting doctors serving its residents anywhere in the country from providing what the State considers to be improper treatment for gender dysphoria, invoking a generic interest in protecting its residents from what that State considers to be harmful medical treatments. If residents fly across the country to obtain such treatments from doctors in another State where such procedures are legal, the residents' home State could drag those doctors into its administrative proceedings in a distant state, with the doctors having no ability to file federal lawsuits in their local federal district courts to raise potentially winning dormant Commerce Clause and Due Process/minimum-contacts claims.

B. This case is an ideal vehicle for deciding the Question Presented. The Third Circuit abstained based on Pennsylvania's purported important interest, defined "generically" and far too generally as "enforcement of usury laws," without testing that claimed interest under the federalism principles that animate *Younger*. App.8a. Pennsylvania targeted Petitioners for making loans that were lawful in their home States but had higher interest rates than Pennsylvania wanted its residents to be charged. Pennsylvania dragged Petitioners across borders from their home States and subjected them to years of expensive administrative proceedings—all because a fraction of the customers that voluntarily sought Petitioners' services happened to be Pennsylvanians. This overreach violated the sovereignty of Petitioners' home States and is contrary to the comity principles that justify the *Younger* doctrine.

Because the Third Circuit required *Younger* abstention, Petitioners remain trapped litigating in a State in which they conduct no business, as they have been for two years, with no end in sight. Despite spending millions of dollars and thousands of hours resisting this unconstitutional enforcement action, Petitioners still have not received judicial review of their federal constitutional challenges.

There are no vehicle problems to resolving the Question Presented in this case. Here, as with the forthcoming petition in *TMX FCS*, the Question Presented is dispositive as to whether Petitioners' complaints should have been dismissed under *Younger*. This Court's review would decide only the *Younger* abstention question under the dispositive important-state-interest factor, leaving the merits of Petitioners' federal claims for the lower federal courts on remand. No factual development is necessary to resolve the Question Presented: the district court dismissed solely on *Younger* grounds, App.48a, and the Third Circuit affirmed on the same basis, App.11a. And granting the Petition would provide much-needed guidance to federal courts considering their obligations under *Younger* in the cases that arise when one State endeavors to enforce its laws within the borders of a sister State—an issue that continues to recur.

CONCLUSION

This Court should grant the Petition.

Respectfully submitted,

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APPENDIX

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APPENDIX A — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT, FILED JANUARY 7, 2026

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

Nos. 25-1137, 25-1138, 25-1139, 25-1140

TITLEMAX OF VIRGINIA, INC.,

Appellant in No. 25-1137,

TITLEMAX OF DELAWARE, INC.,

Appellant in No. 25-1138,

CCFI COMPANIES, LLC;
TITLEMAX OF OHIO, INC.,

Appellants in No. 25-1139,

TMX FINANCE LLC; TITLEMAX FUNDING, INC.,

Appellants in No. 25-1140,

v.

SECRETARY PENNSYLVANIA DEPARTMENT
OF BANKING AND SECURITIES.

Filed January 7, 2026

Appendix A

OPINION*

On Appeal from the United States District Court
for the Middle District of Pennsylvania
(D.C. Civil Nos. 1:24-cv-2212, 1:24-cv-02224,
1:24-cv-02134, 1:24-cv-02093)
District Judge: Honorable Jennifer P. Wilson

Submitted Pursuant to Third Circuit L.A.R. 34.1(a)
December 12, 2025

Before: KRAUSE, PHIPPS, and FISHER, *Circuit Judges*.

FISHER, *Circuit Judge*.

Plaintiffs in this case are a group of affiliated business entities, which we refer to collectively as "TitleMax." In 2024, the Pennsylvania Department of Banking and Securities ordered TitleMax to show cause why it should not pay civil penalties and restitution for violating Pennsylvania's usury laws. In response, TitleMax brought several lawsuits against the Secretary of the Department alleging violations of the Commerce Clause, the Full Faith and Credit Clause, and the Fourteenth Amendment. Four of these suits were consolidated in the United States District Court for the Middle District of Pennsylvania. In a thorough and methodical opinion, the District Court concluded that

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* This disposition is not an opinion of the full Court and pursuant to I.O.P. 5.7 does not constitute binding precedent.

Younger v. Harris[1] and its progeny require abstention and dismissed the complaints. TitleMax appeals. We will affirm.[2]

Although federal courts generally must exercise the jurisdiction granted them, in "limited circumstances, . . . 'the prospect of undue interference with state proceedings counsels against federal relief.'"[3] This type of abstention, which we call *Younger* abstention, serves two purposes: promoting comity "by restricting federal courts from interfering with ongoing state judicial proceedings" and restraining federal courts' equity powers "when state courts provide adequate legal remedies."[4]

Before abstaining under *Younger*, we ask whether the state proceeding is a civil enforcement proceeding "akin to a criminal prosecution."[5] The factors that determine

1. 401 U.S. 37 (1971).

2. The District Court had jurisdiction under 28 U.S.C. § 1331 (federal questions). We have jurisdiction under 28 U.S.C. § 1291 (final decisions of district courts). We review de novo a district court's determination of whether to abstain under *Younger*. *PDX N., Inc. v. Comm'r N.J. Dep't of Lab. & Workforce Dev.*, 978 F.3d 871, 881–82 n.11 (3d Cir. 2020).

3. *Altice USA, Inc. v. N.J. Bd. of Pub. Utilities*, 26 F.4th 571, 576 (3d Cir. 2022) (quoting *Sprint Commc'ns, Inc. v. Jacobs*, 571 U.S. 69, 72 (2013)).

4. *PDX*, 978 F.3d at 882.

5. *Altice*, 26 F.4th at 576 (quoting *Sprint*, 571 U.S. at 72). Two other types of state proceedings may also warrant *Younger* abstention—criminal prosecutions and civil proceedings that further state courts' judicial functions, *id.*—but neither is at issue here.

whether a proceeding is quasi-criminal are met here: (1) Pennsylvania commenced the action "in its sovereign capacity"; (2) the proceeding was brought to "sanction" TitleMax "for [a] wrongful act," namely, charging usurious interest; (3) the proceeding is similar to a criminal action in that there was an "investigation that culminated with the filing of formal charges" through the show-cause order; and (4) as an alternative, Pennsylvania could have pursued criminal enforcement against TitleMax.[6]

TitleMax attacks the third factor, arguing the Department did not properly initiate sanctions after an investigation because TitleMax's corporate entities are presumed separate. TitleMax contends that the Department did not investigate "TitleMax" because no such entity exists; that the show-cause order "does not allege misconduct by any individual Appellant" because it refers generically to "TitleMax"; and that "several of [the] Appellants have *never even made a single loan to anyone anywhere*" because some of the corporate entities, rather than making consumer loans, provide back-office functions such as human resources and tax services.[7]

Cannatella v. California[8] does not help TitleMax. The parties there—two California attorneys challenging state bar statutes—were "treated independently for purposes

6. *Id.* (internal quotation marks and citations omitted); *see also* 18 Pa. Stat. §§ 4806.1(h), 4806.3 (imposing penalties for "criminal usury").

7. Appellants' Br. 29–32.

8. 404 F.3d 1106 (9th Cir. 2005).

of *Younger* abstention" because they were "legally distinct . . . without a sufficiently close relationship or sufficiently intertwined interests."[9] Each attorney practiced separately and neither had a direct interest in the other's disciplinary proceedings, which were not interrelated.[10] That non-relationship is distinguishable from the TitleMax entities' corporate affiliations and intertwined interests.

A First Circuit case, by contrast, persuasively articulates why TitleMax's argument fails. A party there argued that *Younger* abstention did not apply because of problems in the state proceedings, including a defective order and an overly long investigation.[11] The First Circuit held that "these alleged shortcomings, though regrettable, are beside the point; courts ordinarily should look to the general class of proceedings" rather than case-specific facts "in determining whether *Younger* abstention applies."[12] The Court ruled that "procedural defects . . . do not change" a proceeding's "fundamental character."[13] We agree. Any naming defects in the show-cause order do not change the quasi-criminal nature of this general class of Pennsylvania proceedings.

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9. *Id.* at 1116.

10. *Id.* at 1115.

11. *Sirva Relocation, LLC v. Richie*, 794 F.3d 185, 195 (1st Cir. 2015).

12. *Id.* (citing *New Orleans Pub. Serv., Inc. v. Council of New Orleans*, 491 U.S. 350, 365 (1989)).

13. *Id.*

Because the state proceeding is quasi-criminal, we move on to the second step of the *Younger* inquiry: whether abstention is warranted under three additional factors.[14] These "*Middlesex* factors"[15] are met here. First, there were "ongoing . . . judicial proceeding[s]"[16] when TitleMax filed its federal complaints in August 2024, because the Department had initiated the action in June 2024 by filing the show-cause order. The proceedings are "judicial" in nature because they are administrative processes subject to state judicial review.[17] Second, there are "important state interests" at stake[18] because "Pennsylvania has a strong interest in prohibiting usury."[19] And third, TitleMax may raise its constitutional challenges in the state action.[20]

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14. *Altice*, 26 F.4th at 578.

15. *Id.*

16. *Id.* (quoting *Middlesex Cnty. Ethics Comm. v. Garden State Bar Ass'n*, 457 U.S. 423, 432 (1982)).

17. *See Gonzalez v. Waterfront Comm'n of N.Y. Harbor*, 755 F.3d 176, 183 (3d Cir. 2014); 2 Pa. C.S. § 702 (allowing agency determinations to be appealed to courts).

18. *Altice*, 26 F.4th at 578 (quoting *Middlesex*, 457 U.S. at 432).

19. *TitleMax of Del., Inc. v. Weissmann*, 24 F.4th 230, 241 (3d Cir. 2022).

20. "[I]t is sufficient under *Middlesex* that constitutional claims may be raised in state-court judicial review of the administrative proceeding." *Ohio Civ. Rts. Comm'n v. Dayton Christian Sch., Inc.*, 477 U.S. 619, 629 (1986) (citation omitted).

TitleMax argues that the state proceedings are not ongoing under the first factor because, under Pennsylvania law, the Department did not serve the show-cause order correctly. Once again, TitleMax relies on the separateness of its corporate entities, contending that the show-cause order was sent to the wrong entities. But once again, any "procedural defects . . . do not change [the] fundamental character" of the state proceeding.[21] It began before TitleMax filed the federal lawsuits and, thus, was ongoing.

TitleMax argues that the state action does not involve important state interests under the second factor because the federal government's interest in enforcing the Commerce Clause outweighs Pennsylvania's interest in enforcing its usury laws. But in TitleMax's earlier appeal, we held that "Pennsylvania has a strong interest in prohibiting usury"; that "any burden on interstate commerce from doing so is, at most, incidental"; and that "Pennsylvania may therefore investigate and apply its usury laws to TitleMax without violating the Commerce Clause."[22] Contrary to TitleMax's argument, it makes no difference that *Younger* abstention was not on the table there. We substantively answered the important-state-interest inquiry of *Middlesex* factor two.

TitleMax also attacks the importance of Pennsylvania's interests by again waving the flag of corporate separateness. It argues that Pennsylvania's interest in prohibiting usury is "not relevant here" because "[n]one

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21. *Sirva*, 794 F.3d at 195.

22. *Weissman*, 24 F.4th at 241.

of the [TitleMax entities] negotiated or made any loans in Pennsylvania."[23] But this is an inquiry into the merits of the state proceeding—that is, whether Pennsylvania law was violated when some of the TitleMax entities made loans in other states to over 5,000 Pennsylvanians—and "we do not consider the merits 'when we inquire into the substantiality of the State's interest in its proceedings.'"[24] Instead, we consider "the importance of the generic proceedings to the State."[25] Viewed generically, the enforcement of usury laws is important to Pennsylvania.[26]

In sum, both steps of the *Younger* analysis are met: the Pennsylvania proceeding is quasi-criminal and the *Middlesex* factors are present. Federal courts should therefore abstain from exercising jurisdiction absent "exceptional circumstances" such as "bad faith."[27] TitleMax argues the Department exhibited bad faith in two ways: it lacked a "theory of liability" because "none of the [TitleMax entities] ever negotiated or made loans in Pennsylvania," and it "fail[ed] to establish jurisdiction . . . through proper service."[28] These by-now-familiar

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23. Appellants' Br. 43.

24. *PDX*, 978 F.3d at 885 (quoting *O'Neill v. City of Phila.*, 32 F.3d 785, 791–92 (3d Cir. 1994)).

25. *Id.* (quoting *O'Neill*, 32 F.3d at 792).

26. *Weissman*, 24 F.4th at 241.

27. *Mitchum v. Foster*, 407 U.S. 225, 230 (1972) (citation omitted).

28. Appellants' Br. 46–47.

arguments cannot be repurposed to show bad faith, which means bringing an action "without hope" of success.[29] The Department's arguments about why TitleMax is liable for penalties and restitution, and why there is no fatal service defect, are colorable—though we decline to determine the answers.[30]

Finally, TitleMax argues that some of its claims for relief are prospective and that the District Court improperly abstained, because deciding those claims "would not have interfered with the State Proceeding."[31] The first "prospective" claim is what TitleMax now describes as its request for "an injunction against further extraterritorial regulation."[32] What TitleMax actually requested in the complaints were preliminary and permanent injunctions prohibiting the Department "from initiating any action to enforce the June 2024 Subpoena, to

29. *Perez v. Ledesma*, 401 U.S. 82, 85 (1971).

30. TitleMax filed two motions, Dkt. 61, 76, asking us to take judicial notice of hundreds of pages filed in the ongoing state proceeding. TitleMax cites these filings throughout its briefing. We will grant the motions, but the filings do not change our conclusion regarding bad faith—or any other part of our analysis. The filings show that the Department took different positions at different times regarding the availability of interlocutory review of administrative orders. That is not necessarily bad faith, though, because the same rule can lead to different results in different circumstances. Notably, the Commonwealth Court agreed with the Department both times.

31. Appellants' Br. 36.

32. *Id.*

enforce the Order to Show Cause, or to further regulate [TitleMax]."[33]

A federal-court order that prohibits the Department from regulating TitleMax in the future could interfere with the determination in the state proceeding of whether the Department may regulate TitleMax's identical past conduct—and not just by "providing persuasive authority," as TitleMax says.[34] "Pennsylvania courts have long recognized the principle that state courts are bound by the judgments of federal courts."[35] Under the Full Faith and Credit Clause, "a federal claim that was the subject of a final federal judgment that directs ongoing compliance from the Commonwealth" has *res judicata* effect in Pennsylvania courts.[36] So, contrary to what TitleMax says, the relief it requests could interfere with the state proceeding.[37]

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33. *See, e.g.*, App. 193.

34. Appellants' Br. 38.

35. *In re Stevenson*, 40 A.3d 1212, 1225 (Pa. 2012) (quoting *Del. Valley Citizens' Council for Clean Air v. Commonwealth*, 755 F.2d 38, 44 (3d Cir. 1985)).

36. *Id.*

37. Covering its bases, TitleMax quotes a U.S. Supreme Court opinion to support its argument that "a federal proceeding 'may well affect, or for practical purposes pre-empt,' a pending state-court action without triggering *Younger.*" Appellants' Br. 38 (quoting *New Orleans Pub. Serv.*, 491 U.S. at 373). That part of *New Orleans Public Service* discusses federal-court challenges to state legislative (not judicial) proceedings. *New Orleans Pub. Serv.*, 491 U.S. at 372–73. Because this case involves state judicial (not legislative) proceedings, TitleMax's *New Orleans Public Service* quotation is irrelevant.

The second "prospective" claim TitleMax identifies is its request for "declaratory and injunctive relief against the 2024 subpoena."[38] The District Court held this claim was not ripe—that is, the claim did not "present[ ] a real and substantial threat of harm," but rather "involve[d] uncertain and contingent events."[39] TitleMax argues the claim is ripe because the subpoena is part of an ongoing campaign that "has a chilling effect on future activity protected by the Dormant Commerce Clause."[40] This "chilling effect" is not a concern, however: we have held that "Pennsylvania may . . . investigate and apply its usury laws to TitleMax without violating the Commerce Clause."[41] So case law forecloses the only argument TitleMax offers to show ripeness.

The District Court correctly abstained from exercising jurisdiction, promoting *Younger*'s twin goals of comity and restraint where the state provides an adequate remedy.[42] For the foregoing reasons, we will affirm.

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38. Appellants' Br. 36, 38.

39. *Wayne Land & Min. Grp. LLC v. Del. River Basin Comm'n*, 894 F.3d 509, 523 (3d Cir. 2018) (quoting *Surrick v. Killion*, 449 F.3d 520, 527 (3d Cir. 2006)).

40. Appellants' Br. 39.

41. *Weissman*, 24 F.4th at 241.

42. *PDX*, 978 F.3d at 882.

APPENDIX B — MEMORANDUM OF THE UNITED STATES DISTRICT COURT FOR THE MIDDLE DISTRICT OF PENNSYLVANIA, FILED JANUARY 16, 2025

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

Civil No. 1:24-CV-02093

TMX FINANCE LLC AND
TITLEMAX FUNDING, INC.,

Plaintiffs,

v.

WENDY SPICHER, IN HER OFFICIAL CAPACITY
AS SECRETARY OF THE PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES,

Defendant.

MEMORANDUM

Filed January 16, 2025

Judge Jennifer P. Wilson

Plaintiffs and their affiliates filed this and other federal lawsuits throughout the country in an effort to enjoin a state civil enforcement action initiated by the Pennsylvania Department of Banking and Securities ("Department"). The Department accuses Plaintiffs and their affiliates of issuing usurious loans to Pennsylvania consumers in violation of Pennsylvania's statutory usury laws. Currently submitted for the court's consideration is the motion to dismiss submitted by Defendant, Wendy Spicher, the Secretary of the Department ("Defendant"). Defendant contends that this court must abstain from exercising jurisdiction over this matter pursuant to *Younger v. Harris*, 401 U.S. 37 (1971), and its progeny. For the reasons set forth herein, the *Younger* abstention doctrine necessitates this action's dismissal. Accordingly, the court will grant the Defendant's motion.

BACKGROUND

This lawsuit is another episode in a years-long dispute between Plaintiffs and the Department over alleged usury. Plaintiff TMX Finance LLC is the parent company of Plaintiff TitleMax Funding, Inc. and certain "TitleMax entities" that offer loans secured by liens in borrowers' automobiles. (Doc. 1 ¶ 20; Compl. at 2, *TitleMax of Delaware, Inc. v. Spicher*, No. 1:24-CV-02224 (M.D. Pa. Aug. 13, 2024).)[1] These TitleMax entities include TitleMax of Ohio, Inc.; TitleMax of Delaware, Inc.; and TitleMax of Virginia, Inc. (collectively with TMX Finance LLC and TitleMax Funding, Inc., "TitleMax").[2] None of these TitleMax companies are Pennsylvania entities. (*See* Doc. 1 ¶¶ 19, 22.)

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1. For ease of reference, the court uses the page numbers from the CM/ECF header.

2. CCFI Companies, LLC—a plaintiff in the related action *CCFI Companies, LLC v. Spicher*—is a subsidiary of TMX Finance's parent company. (Compl. at 6, *CCFI Cos., LLC v. Spicher*, No. 24-CV-02134 (M.D. Pa. Aug. 13, 2024).)

A. Pennsylvania's Usury Laws

Pennsylvania's Loan Interest and Protection Law ("LIPL") prohibits usury by setting a maximum permissible interest rate of six percent per annum on loans under $50,000. 41 Pa. Stat. § 201(a). Lenders licensed by the Department, however, may exceed that six-percent limit under certain circumstances, pursuant to Pennsylvania's Consumer Discount Company Act. *See* 7 Pa. Stat. §§ 6203(A), 6213. LIPL provides both a criminal and a civil penalty for violations of its provisions. A knowing and intentional violation subjects the offender to a misdemeanor of the third degree. 41 Pa. Stat. § 505(a). Any violation of the statute subjects the offender to a $10,000 fine per offense. *Id.* § 505(b).

B. 2017 Subpoena and Associated Lawsuits

In August 2017, the Department began investigating TitleMax for possible violations of Pennsylvania's usury laws. It did so by issuing a subpoena to TitleMax Funding's principal place of business ("2017 Subpoena"). (Doc. 1, ¶ 34; Doc. 16-4.) In general, the 2017 Subpoena sought documents and records concerning loans that TitleMax entities made to Pennsylvania consumers. (Doc. 16-4, pp. 5–7.) TitleMax refused to comply with the 2017 Subpoena and, instead, filed a lawsuit in the United States District Court for the District of Delaware. *See generally TitleMax of Delaware, Inc. v. Weissmann*, 505 F. Supp. 3d 353 (D. Del. 2020). In that action, TitleMax argued that the Department's investigative subpoena was an attempt to extraterritorially enforce Pennsylvania's usury laws in violation of, *inter alia*, the Commerce Clause. *Id.* at 354–55. The district court found in favor of TitleMax and deemed the Department's actions unconstitutional. *Id.* at 360. The Third Circuit, however, reversed and determined that the Department's actions did not contravene the Commerce Clause's extraterritoriality principle, because TitleMax's actions did not wholly occur outside of Pennsylvania. *TitleMax of Delaware, Inc. v. Weissmann*, 24 F.4th 230, 239–40 (3d Cir. 2022).

Concurrently with that federal lawsuit, the Department filed an enforcement action in Pennsylvania Commonwealth Court to compel TitleMax's response to some, but not all, of the 2017 Subpoena's requests. *See Pa. Dep't of Banking & Sec. v. TitleMax of Delaware, Inc.*, No. 417 M.D. 2017, slip op. at 5 (Pa. Commw. Ct. Feb. 22, 2023).[3] Specifically, the Department sought the following information: (1) loan agreements and other agreements ancillary to loans between TitleMax and Pennsylvania consumers; (2) records relating to payments made by Pennsylvania consumers to TitleMax for loan or pawn obligations; and (3) records involving TitleMax's repossessions of vehicles owned by Pennsylvania consumers. *Id.* at 10–11. Following the Third Circuit's decision, the Commonwealth Court found in favor of the Department and ordered TitleMax to respond to the applicable requests. *Id.* at 23. TitleMax produced a response in accordance with the Commonwealth Court's order. (Doc. 1, ¶ 38.)

3. This opinion is available at this case's docket number 25-2.

C. 2024 Subpoena and the Department's Enforcement Proceeding

On June 7, 2024, the Department issued another subpoena to TitleMax ("2024 Subpoena"). (Doc. 1-1.) The 2024 Subpoena included requests for the same information TitleMax provided in response to the 2017 Subpoena, but was limited to the time period of "August 23, 2017 through the present." (*Id.* at 4.) TitleMax does not allege that the Department has sought court intervention to enforce the 2024 Subpoena.

One week later, the Department initiated a civil enforcement action ("Pennsylvania Proceeding") by issuing an order to show cause ("OSC") to TitleMax.[4] (*See* Doc. 1-2.) The OSC alleges that TitleMax charged interest rates in excess of the LIPL's six-percent limit, even though TitleMax was never licensed by the Department. (Doc. 1-2, p. 7.) The OSC accuses TitleMax of 5,270 violations of the LIPL between July 2008 and September 2017. (*Id.* at 7–8.) As sanctions for TitleMax's alleged conduct, the Department seeks a $10,000 fine for each of the alleged violations, for a total fine of $52,700,000. (*Id.* at 8.)

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4. The OSC lists the following entities as respondents: "TitleMax of Delaware, Inc.; TitleMax of Ohio, Inc.; TitleMax of Virginia, Inc.; TitleMax of South Carolina, Inc.; TitleMax Funding, Inc.; TMX Finance LLC; TMX Finance Corporate Services, Inc.; CCFI Companies, LLC; and all successors or predecessors in interest, affiliates, subsidiaries, or parent companies, however named." (Doc. 1-2, p. 2.)

D. TitleMax's Federal Lawsuits

TitleMax's answer to the OSC was initially due on July 15, 2024. (*See* Doc. 1-2, p. 2.) On August 13, 2024, following extensions to the due date, TitleMax filed six federal lawsuits in six different districts—the Northern District of Georgia, the Southern District of Ohio, the Western District of Virginia, the District of Delaware, the District of South Carolina, and the Northern District of Texas—rather than answer the OSC. In each of the lawsuits, TitleMax alleges that the Department, through the OSC, is attempting to extraterritorially apply Pennsylvania's usury laws in violation of the Commerce Clause and the Due Process Clause. (*E.g.*, Doc. 1, pp. 21–27.) Moreover, TitleMax claims that the Department defectively served the 2024 Subpoena in violation of the Full Faith and Credit Clause and the Equal Protection Clause. (*E.g.*, *id.* at 27–30.) All of the lawsuits seek the same remedies: (1) a declaratory judgment that the 2024 Subpoena and OSC are unconstitutional; (2) a permanent injunction prohibiting the Department from enforcing the 2024 Subpoena; (3) a preliminary and permanent injunction enjoining the Department from enforcing the OSC and continuing the Pennsylvania Proceeding; and (4) a preliminary and permanent injunction enjoining the Department from initiating any action to enforce the 2024 Subpoena, to enforce the OSC, or to further regulate TitleMax.[5] (*E.g.*, *id.* at 30–31.)

5. The Complaint also seeks reasonable attorneys' fees and costs pursuant to 42 U.S.C. § 1988.

1. TitleMax's Attempts to Stay Pennsylvania Proceeding

Each of the federal lawsuits have followed the same procedural path. Once TitleMax filed its federal complaints, the Department extended the deadline to answer the OSC to October 14, 2024. (Doc. 25, p. 6.) Rather than immediately seek injunctive relief in federal court, TitleMax sought a stay in the Pennsylvania Proceeding. (*See* Doc. 16-6.) The chief hearing examiner of the Pennsylvania Proceeding denied that request on September 20, 2024. (*Id.* at 1.) Five days later, TitleMax filed motions for preliminary injunction in each of the federal lawsuits in the hopes of enjoining the Department from enforcing the OSC and prosecuting the Pennsylvania Proceeding. (*E.g.*, Doc. 16.)

On October 7, 2024, the chief hearing examiner of the Pennsylvania Proceeding granted TitleMax's motion to reconsider her refusal to grant a stay. (Doc. 29-1.) Accordingly, the chief hearing examiner ordered a stay of the Pennsylvania Proceeding. (*Id.*) TitleMax thereafter requested a stay of its preliminary-injunction motions in the federal lawsuits. (*E.g.*, Doc. 29.)

The stay of the Pennsylvania Proceeding, however, did not last long. On appeal, the Department's Commission reversed the chief hearing examiner's stay and ordered TitleMax to respond to the OSC by December 15, 2024. (Doc. 40-1.) Accordingly, TitleMax renewed its requests for a preliminary injunction, which are presently pending. (Doc. 40.) The current deadline for TitleMax to answer the OSC is January 30, 2025.

2. Defendant Files Motions to Dismiss and Motions to Change Venue.

While TitleMax was attempting to halt the Pennsylvania Proceeding, the Department was attempting to dismiss the federal lawsuits. On October 7, 2024, Defendant filed motions to dismiss the complaints in each of the federal lawsuits. (*E.g.*, Doc. 24.) These motions are currently pending, except for one. The Northern District of Texas, concluding that *Younger* abstention was required, granted the Defendant's motion to dismiss on December 5, 2024. *TMX Fin. Corp. Servs., Inc. v. Spicher*, No. 3:24-CV-2054-N, 2024 WL 4995580, at *1 (N.D. Tex. Dec. 5, 2024).

In late-October and early-November, the Department also filed motions to transfer venue to the Middle District of Pennsylvania. (*E.g.*, Doc. 35.) In turn, the Southern District of Georgia, the Southern District of Ohio, the District of Delaware, and the Western District of Virginia each granted Defendant's request to transfer venue.[6] Only the District of South Carolina has yet to rule on Defendant's venue-transfer motion.[7]

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6. The above-captioned action was transferred from the Southern District of Georgia. *TitleMax of Virginia, Inc. v. Spicher*, No. 24-CV-02212, was transferred from the Western District of Virginia. *TitleMax of Delaware, Inc. v. Spicher*, No. 24-CV-02224, was transferred from the District of Delaware. Finally, *CCFI Companies, LLC v. Spicher*, No. 24-CV-02134, was transferred from the Southern District of Ohio.

7. That case is docketed in the District of South Carolina as *TitleMax of South Carolina, Inc. v. Spicher*, 4:24-CV-04399.

3. Proceedings in the Middle District of Pennsylvania

Following transfer of TitleMax's cases to this court, TitleMax filed in each of the lawsuits a motion titled, "motion for judicial determination of non-waiver of personal jurisdiction defenses or, alternatively, motion to transfer venue." (*E.g.*, Doc. 53.) The motions ask the court to enter an order stating that TitleMax "may maintain this action and seek affirmative relief on their constitutional claims in this Court without waiving their objection to personal jurisdiction over them in Pennsylvania or otherwise consenting to jurisdiction in the" Pennsylvania Proceeding. (*Id.* at 2.) Alternatively, the motions ask the court to transfer each case back to its original district court. (*Id.*)

The court's threshold task—before it can consider any of TitleMax's motions—is to resolve Defendant's motions to dismiss. The court has reviewed the Defendant's motion to dismiss and brief in support, Plaintiffs' brief in opposition, and Defendant's reply brief. (Docs. 24, 25, 31, & 37.) The court has also reviewed the same briefing filed in the other three TitleMax lawsuits pending before the court. The Department argues that the *Younger* abstention doctrine necessitates the dismissal of TitleMax's lawsuits.[8] The court agrees and, therefore, need not resolve TitleMax's pending motions.

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8. Defendant filed each of her motions to dismiss before the cases were transferred to the Middle District of Pennsylvania. Accordingly, each of her motions also argue for dismissal on personal-jurisdiction grounds. These arguments are moot now that the cases are before this court.

JURISDICTION

This case presents a dispute arising under the Constitution of the United States. Thus, subject matter jurisdiction is vested in this court pursuant to 28 U.S.C. § 1331. Venue is proper in this court under 28 U.S.C. § 1391(b).

STANDARD OF REVIEW

Motions to dismiss based on the *Younger* abstention doctrine are properly considered under Federal Rule of Civil Procedure 12(b)(6).[9] *Heritage Farms, Inc. v. Solebury Twp.*, 671 F.2d 743, 745 (3d Cir. 1982). In order "[t]o survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.'" *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). A claim is plausible on its face "when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Id.* (quoting *Twombly*, 550 U.S. at 556). "Conclusory allegations of liability are insufficient" to survive a motion to dismiss. *Garrett v. Wexford Health*, 938 F.3d 69, 92 (3d Cir. 2019) (quoting *Iqbal*, 556 U.S. at 678–79). To determine whether a complaint survives a motion to dismiss, a court identifies

9. Defendant moves to dismiss on abstention grounds under Rule 12(b)(1) and Rule 12(b)(6). (Doc. 24, p. 1.) The distinction is ultimately immaterial here, because no factual dispute exists for the purpose of Defendant's motion to dismiss. *Carsten v. Boylan*, No. 3:17-CV-00733, 2018 WL 1696649, at *2 (M.D. Pa. Apr. 6, 2018).

"the elements a plaintiff must plead to state a claim for relief," disregards the allegations "that are no more than conclusions and thus not entitled to the assumption of truth," and determines whether the remaining factual allegations "plausibly give rise to an entitlement to relief." *Bistrian v. Levi*, 696 F.3d 352, 365 (3d Cir. 2012) *abrogated on other grounds as recognized in Mack v. Yost*, 968 F.3d 311, 319 n. 7 (3rd Cir. 2020). In addition to the complaint and exhibits attached thereto, the court may consider "matters of public record" and "undisputably authentic document[s] that a defendant attaches as an exhibit to a motion to dismiss if the plaintiff's claims are based on the document." *Pension Benefit Guar. Corp. v. White Consol. Indus., Inc.*, 998 F.2d 1192, 1196 (3d Cir. 1993).

DISCUSSION

Federal courts are duty-bound to exercise the jurisdiction bestowed upon them by Congress. *See, e.g.*, *Colo. River Water Conservation Dist. v. United States*, 424 U.S. 800, 817 (1976) (describing "the virtually unflagging obligations of the federal courts to exercise the jurisdiction given them"). The federal judiciary has "no more right to decline the exercise of jurisdiction which is given, then to usurp that which is not given." *Sprint Commc'ns, Inc. v. Jacobs*, 571 U.S. 69, 77 (2013) (quoting *Cohens v. Virginia*, 19 U.S. (6 Wheat.) 264, 404 (1821)).

However, considerations arising from our federal system of government have justified exceptions to the judiciary's "unflagging obligation" to exercise its given jurisdiction. As the Supreme Court acknowledged, "[s]ince the beginning of this country's history Congress has, subject to few exceptions, manifested a desire to permit state courts to try state cases free from interference from federal courts." *Younger*, 401 U.S. at 43.

In *Younger*, the Supreme Court recognized the "far-from-novel" exception that federal courts must abstain from enjoining state criminal prosecutions, "absent bad faith, harassment, or a patently invalid statute." *Sprint*, 571 U.S. at 77 (citing *Younger*, 401 U.S. at 53–54.) Two foundational principles justify "this longstanding public policy against federal court interference with state court proceedings." *Younger*, 401 U.S. at 43. First, *Younger* abstention promotes "'comity,' that is, a proper respect for state functions." *Sprint*, 571 U.S. at 77 (quoting *Younger*, 401 U.S. at 44). The second principle is "the basic doctrine of equity jurisprudence that courts of equity should not act . . . to restrain a criminal prosecution, when the moving party has an adequate remedy at law and will not suffer irreparable injury if denied equitable relief." *Id.* (quoting *Younger*, 401 U.S. at 43–44.)

The *Younger* abstention doctrine has since been expanded to encompass state "civil enforcement proceedings" and "civil proceedings involving certain orders . . . uniquely in furtherance of the state courts' ability to perform their judicial functions." *Id.* at 78 (quoting *New Orleans Pub. Serv., Inc. v. Council of the City of New Orleans*, 491 U.S. 350, 368 (1989)); *accord Juidice v. Vail*, 430 U.S. 327, 335 (1977); *Huffman v. Pursue, Ltd.*, 420 U.S. 592, 604 (1975).

To determine whether *Younger* abstention is appropriate here, the court must consider two sets of factors. First, the court must consider whether the Pennsylvania Proceeding is "quasi-criminal" in nature, since only quasi-criminal civil enforcement proceedings can justify *Younger* abstention. *Sprint*, 571 U.S. at 81–82; *PDX N., Inc. v. Comm'r N.J. Dep't of Labor & Workforce Dev.*, 978 F.3d 871, 882–83 (3d Cir. 2020). Second, the court must determine whether the Pennsylvania Proceeding satisfies the three factors articulated in *Middlesex County Ethics Committee v. Garden State Bar Association*, 457 U.S. 423 (1982).

If the court determines that both sets of factors are satisfied, *Younger* abstention is required. The fate of TitleMax's lawsuits then would hinge on the type of relief sought. Courts abstaining under *Younger* must dismiss a lawsuit that seeks only injunctive or declaratory relief. *Borowski v. Kean Univ.*, 68 F.4th 844, 850 (3d Cir. 2023). Conversely, courts cannot dismiss a lawsuit if it includes a claim for damages, but may stay the damages claims for the pendency of the state proceeding. *Id.* Here, TitleMax seeks only injunctive and declaratory relief. (Doc. 1, pp. 30–31.) Thus, *Younger* abstention, if applicable here, would require the dismissal of TitleMax's lawsuits. *See Borowski*, 68 F.4th at 850.

A. The Pennsylvania Proceeding is Quasi-Criminal in Nature.

The parties dispute whether the Pennsylvania Proceeding is a quasi-criminal proceeding. A proceeding is quasi-criminal if: (1) "the proceeding was initiated by a state in its sovereign capacity"; (2) "the proceeding sought to sanction the federal plaintiff for a violation of a legal right or duty"; and (3) "the proceeding has another striking similarity with a criminal prosecution, such as by beginning with a preliminary investigation that culminates with the filing of formal charges or by the state's ability to sanction the federal plaintiff's conduct through a criminal prosecution." *Borowski*, 68 F.4th at 851; *accord Sprint*, 571 U.S. at 79–80; *Altice USA, Inc. v. N.J. Bd. of Pub. Utils.*, 26 F.4th 571, 576 (3d Cir. 2022); *PDX N.*, 978 F.3d at 882–83.

1. Pennsylvania initiated the Pennsylvania Proceeding in its sovereign capacity.

A state civil enforcement proceeding not initiated by a state in its sovereign capacity cannot be "quasi-criminal" for purposes of *Younger* abstention. *See Borowski*, 68 F.4th at 851. TitleMax contends this factor is not satisfied, because it was the Department's Compliance Office that initiated the Pennsylvania Proceeding, not the Commonwealth of Pennsylvania ("Commonwealth"). (Doc. 31, pp. 9–10.) This argument is wholly unpersuasive.

The Department is an administrative agency of the Commonwealth that acts under the direction of the Governor and has only the authority prescribed to it by statute. *Pa. Dep't of Banking & Sec. v. TitleMax of Delaware, Inc.*, No. 17-CV-02112, 2020 WL 127995, at *2–3 (M.D. Pa. Jan. 10, 2020). The Third Circuit has already implicitly recognized that the enforcement action concerning the 2017 Subpoena was commenced by the Department in a sovereign capacity.[10] *See TitleMax of Delaware*, 24 F.4th at 236. Indeed, a civil enforcement proceeding commenced by a state regulatory agency through a formal accusation of unlawful conduct is precisely the type of case contemplated by this factor. *See Altice USA*, 26 F.4th at 576 (finding a state regulatory agency commenced an administrative action in its sovereign capacity when it filed a "formal complaint" in the form of a show cause order, pursuant to a state statute and implementing regulations). It is unclear what state entity the Commonwealth would have to act through to satisfy this factor under TitleMax's theory, if not the Department. Accordingly, the court finds that the Pennsylvania Proceeding was initiated by the Commonwealth in its sovereign capacity.

2. The Pennsylvania Proceeding seeks to sanction TitleMax as retribution for an unlawful act.

The second factor considers whether the Pennsylvania Proceeding seeks to sanction TitleMax for unlawful conduct. TitleMax presents two primary arguments concerning why the Pennsylvania Proceeding does not satisfy this factor. First, TitleMax contends that the Pennsylvania Proceeding does not seek to sanction TitleMax, because the Department does not seek injunctive relief. (Doc. 31, p. 10.) This argument is easily dismissed. There simply is no requirement that a civil

10. The Third Circuit ultimately found *Younger* abstention was unwarranted in that matter for other reasons. *See TitleMax of Delaware, Inc.*, 24 F.4th at 230.

enforcement proceeding seek injunctive relief to fall within the purview of *Younger* abstention.

Second, TitleMax contends that the Pennsylvania Proceeding merely seeks to incentivize TitleMax—through civil penalties—to comply with "a statute directed at commercial activity." (*Id.*) It is true that civil penalties can be distinguishable from sanctions in certain contexts. Indeed, "negative consequences are not the same thing as sanctions." *ACRA Turf Club, LLC v. Zanzuccki*, 748 F.3d 127, 140 (3d Cir. 2014). Sanctions are unique in that they "are retributive in nature and are typically imposed to punish the sanctioned party "for some wrongful act."' *Id.* (quoting *Sprint*, 571 U.S. at 79). A penalty imposed for violating a statutory or regulatory prohibition is clearly a "sanction." *See Altice USA*, 26 F.4th at 577–78; *PDX N.*, 978 F.3d at 883–84. Conversely, penalties unrelated to unlawful or even wrongful conduct cannot be properly classified as sanctions. *ACRA Turf Club*, 748 F.3d at 140; *NCAA v. Corbett*, 25 F. Supp. 3d 557, 567 (M.D. Pa. 2014).

On this issue, TitleMax primarily relies on *ACRA Turf Club* and *NCAA v. Corbett.* (Doc. 31, pp. 10–11.). The facts of those cases, however, bear little resemblance to this one. In neither of those cases did the federal plaintiff engage in unlawful or wrongful conduct. Instead, those cases involved ordinary economic disputes. In *ACRA Turf Club*, the federal plaintiff faced potential penalties for failing to open wagering facilities for which it had a state-issued permit to open, unless it showed that it was making progress towards doing so. 748 F.3d at 129. The Third Circuit held these possible negative consequences were clearly not sanctions. *Id.* at 140. The failure to open wagering facilities was in no way unlawful or wrongful conduct. *Id.* Rather than trying to punish such conduct, the state was simply trying to incentivize the federal plaintiff to exercise its rights, which the state thought would be economically beneficial. *Id.*

Similarly, *NCAA v. Corbett* involved a state proceeding seeking compliance with "a state statute directed at commercial activity." 25 F. Supp. 3d at 567. In that case, Pennsylvania State University ("Penn State") and the NCAA entered a consent decree following investigations into an assistant football coach's sexual abuse of children. *Id.* at 560. In the consent decree, Penn State agreed to pay $60 million over 5 years "into an endowment for programs to prevent child sexual abuse" nationwide. *Id.* The Commonwealth later passed a statute that had the effect of requiring all money paid by Penn State pursuant to the consent decree to be deposited into an endowment for the benefit of Pennsylvania residents. *Id.* at 561. A state lawsuit was then initiated to force the NCAA to comply with the Pennsylvania statute. *Id.* at 562. This court determined that the state lawsuit was not intended to punish the NCAA. *Id.* at 566–67. The state lawsuit was merely concerned with "economic control over the funds Penn State agreed to pay pursuant to the consent decree" and, importantly, did not "implicat[e] a closely-associated state criminal statute." *Id.* at 566.

Unlike the federal plaintiffs in *ACRA Turf Club* and *NCAA v. Corbett*, TitleMax is accused of conduct that is undoubtedly unlawful and, in some instances, criminal. *See* 41 Pa. Stat. § 505(a). *ACRA Turf Club* and *NCAA v.*

Corbett dealt with nothing of the sort. In relying on those cases, TitleMax erroneously frames the Department's attempt to prevent usury—conduct long-prohibited in our legal system[11]—as a simple economic dispute. It is clear that the Pennsylvania Proceeding is seeking a $52.7 million penalty as a sanction for alleged unlawful conduct. Accordingly, this factor is satisfied.

3. The Pennsylvania Proceeding is sufficiently similar to a criminal proceeding so as to justify *Younger* Abstention.

The third factor considers whether the Pennsylvania Proceeding "has another striking similarity with a criminal prosecution, such as by beginning with a preliminary investigation that culminates with the filing of formal charges" or the state having the ability to enforce a parallel criminal statute. *Borowski*, 68 F.4th at 851. Here, TitleMax disputes both (1) that the Pennsylvania Proceeding was preceded by an investigation and (2) that the Commonwealth could have enforced a parallel criminal statute. (Doc. 31, pp. 10–11.) The court addresses each contention in turn.

On the first issue, TitleMax proffers an unconvincing contention that the complaint does not allege "any state

11. Pennsylvania's maximum annual interest rate of six-percent dates back to as early as 1700, and Massachusetts adopted the first American usury law in 1641. Christopher L. Peterson, *Usury Law, Payday Loans, and Statutory Sleight of Hand: Salience Distortion in American Credit Pricing Limits*, 92 Minn. L. Rev. 1110, 1117–18 (2008).

actor conducted a formal investigation." (Doc. 31, p. 10). However, TitleMax acknowledges in its complaint that it received, and was ordered to respond to, the 2017 Subpoena. (*See* Doc. 1, ¶¶ 37–38). The 2017 Subpoena identifies itself as an "investigative subpoena" issued pursuant to a statute that empowers the Department to conduct investigations. (Doc. 16-4, p. 3); *see generally* 41 Pa. Stat. § 506(b) ("The department may examine any instrument, document, account, book, record, electronic data or file of any person, or make such other investigation as may be necessary to administer the provisions of this act."). This is precisely the type of pre-proceeding inquiry that has justified *Younger* abstention. *Cf. Ohio Civil Rights Comm'n v. Dayton Christian Sch., Inc.*, 477 U.S. 619, 624 (1986) (state actor notified respondent "it was conducting a preliminary investigation"); *PDX N.*, 978 F.3d at 883 (state actor conducted audits prior to administrative proceeding).

TitleMax further argues that some of its entities were not investigated at all, because they were unnamed in the 2017 Subpoena. (Doc. 31, p. 10.) Yet, TitleMax acknowledges that the 2017 Subpoena was broadly directed at TitleMax's businesses. (*See* Doc. 1, ¶ 34.) Indeed, TitleMax recognizes that the Pennsylvania Commonwealth Court ordered all of the named respondents in the enforcement action to respond to the 2017 Subpoena, regardless of whether they appeared on the 2017 Subpoena's face. (*See id.*, ¶¶ 35, 38); *see also TitleMax of Delaware*, No. 417 M.D. 2017, slip op. at 1 (ordering "TitleMax", defined as all "respondents," to respond to the 2017 Subpoena). Whether a discrete legal entity or two that are part of a large conglomerate were not specifically named in an investigative subpoena generally directed at the conglomerate does not speak to the quasi-criminal nature of a proceeding brought against the conglomerate. The fact is that the Department conducted an investigation of TitleMax before formally accusing many of its entities of unlawful conduct. That imbues the Pennsylvania Proceeding with a quasi-criminal quality.

On the second issue, it is beyond doubt that Pennsylvania criminalizes usury. *TitleMax of Delaware*, 24 F.4th at 237 (citing 18 Pa. Stat. § 4806.3). Nevertheless, TitleMax argues that the Commonwealth could not have enforced its criminal usury statutes here because TitleMax is not alleged in the OSC to have acted with the requisite *mens rea.* (Doc. 31, p. 11.) TitleMax's argument simply ignores the governing standard. It is irrelevant whether TitleMax's conduct was "criminal or whether criminal charges are warranted" or "whether a criminal case against [TitleMax] would succeed." *Altice USA*, 26 F.4th at 578 (quoting *PDX N.*, 978 F.3d at 884.) The only question is whether a parallel criminal statute exists. *Id.* The answer is unquestionably yes. *See* 18 Pa. Stat. § 4806.3 ("Whoever engages in criminal usury, or conspires to do so, is guilty of a felony . . . .") Therefore, having found all three factors are satisfied, the court determines that the Pennsylvania Proceeding is a quasi-criminal proceeding for purposes of *Younger* abstention.

B. *Middlesex* Factors

The court now must determine if the Pennsylvania Proceeding satisfies the three *Middlesex* factors. The

Pennsylvania Proceeding must (1) "be ongoing and judicial in nature"; (2) "implicate important state interests"; and (3) "afford [TitleMax] an adequate opportunity to raise [its] federal claims." *Borowski*, 68 F.4th at 849; *accord Sprint*, 571 U.S. at 81; *Middlesex*, 457 U.S. at 432; *Altice USA*, 26 F.4th at 578.

1. The Pennsylvania Proceeding is ongoing and judicial in nature.

A state proceeding is ongoing for the purposes of *Younger* abstention if it was pending at the time the federal plaintiff filed its federal complaint. *PDX N.*, 978 F.3d at 885. Here, the Department issued the OSC, which initiated the Pennsylvania Proceeding, before TitleMax filed its federal complaints. *TMX Fin. Corp. Servs.*, 2024 WL 4995580, at *1. Nevertheless, TitleMax advances several arguments as to why the proceeding is not "ongoing" for purposes of *Younger.*

First, TitleMax insists that courts determine whether a proceeding is ongoing by "look[ing] to the date the same constitutional claims pled in the federal complaint were raised in the state proceeding." (Doc. 31, p. 13.) Since it has not raised its constitutional claims in the Pennsylvania Proceeding, TitleMax argues, there is no ongoing proceeding for the purposes of *Younger* abstention. (*Id.*) TitleMax's proposed standard makes little sense. The only case upon which TitleMax relies involved an attempt by federal plaintiffs' to invoke *Younger* after they raised counterclaims in a state proceeding, even though substantive proceedings had already occurred in federal court. *See Smith v. HSBC Bank USA, N.A.*, No. 2:15-CV-70, 2017 WL 3840273, at *3 (S.D. Ga. Sept. 1, 2017). The *Smith* court's refusal to abstain based on the federal plaintiffs' later-filed state claims was predicated on the principle that abstention doctrine should not reward procedural gamesmanship. *See id.*; *accord Swatt v. Hawbaker*, No. 4:21-CV-01025, 2022 WL 4453344, at *10 (M.D. Pa. Sept. 23, 2022) (explaining that abstention doctrine should not "reward a strategic gamesmanship that has no place in a dual system of federal and state courts"). TitleMax's proposed standard would reward just that. A policy of abstaining only when the party contesting abstention has taken certain affirmative actions in the state proceeding would support gamesmanship and ultimately vitiate *Younger*.

Second, TitleMax contends that the issuance of the OSC alone is insufficient to create an "ongoing" proceeding. (Doc. 31, p. 13.) To support this proposition, TitleMax relies on *Louisiana Debating & Literary Association v. City of New Orleans*, 42 F.3d 1483 (5th Cir. 1995). TitleMax misconstrues the Fifth Circuit's ruling. In *Louisiana Debating*, "complaints" filed with a city commission would trigger an investigation conducted by the city commission "in order to make a probable cause determination." 42 F.3d at 1486. Only if the city commission found probable cause could it initiate an administrative proceeding. *Id.* The filing of complaints with the city commission was the only substantive administrative activity in *Louisiana Debating* by the time that federal lawsuit was pending; no investigation had occurred and no probable-cause determination was made. *Id.* at 1490.

The differences between *Louisiana Debating* and the present matter are readily apparent. By the time TitleMax filed its federal complaints, the Department had investigated TitleMax, made formal accusations of wrongdoing, and initiated the Pennsylvania Proceeding via the OSC. This case, in fact, is more similar to *Dayton Christian Schools* and *Middlesex*, cases the Fifth Circuit distinguished in *Louisiana Debating*. *Id.* ("Unlike the present action, the regulating agencies in those cases had investigated the allegations, made determinations that probable cause existed, and served formal charges on the entities.") (citing *Dayton Christian Schs.*, 477 U.S. at 623–624; *Middlesex*, 457 U.S. at 428).

Third, TitleMax contends that the Pennsylvania Proceeding is not ongoing because it was never properly initiated due to the Department's allegedly defective service of the OSC. (Doc. 31, pp. 12–13.) Yet, all of the TitleMax plaintiffs had actual notice of the Pennsylvania Proceeding—otherwise they could not have filed their complaints—and none of them were prejudiced, as evidenced by the fact that TitleMax's own actions in the Pennsylvania Proceeding has led to its response date being pushed back from July 15, 2024 to January 30, 2025. *Cf. McCreesh v. City of Phila.*, 888 A.2d 664, 666 (Pa. 2005) (noting that "initial procedurally defective service where the defendant has actual notice of the commencement of litigation and is not otherwise prejudiced" will not lead to "the draconian action of dismissing claims based on technical failings that do not prejudice the defendant"). Even if the Department's initial service of the OSC was technically defective, which this court is not deciding, TitleMax's subsequent actions fully support the determination that the Pennsylvania Proceeding is ongoing.

Finally, the Pennsylvania Proceeding bears all the hallmarks of a judicial proceeding.[12] "Proceedings may be judicial in nature if, for example, judicial review is available, they are initiated by a complaint, adjudicative in nature, governed by court rules or rules of procedure, or employ legal burdens of proof." *Altice USA*, 26 F.4th at 579 (internal quotation marks omitted) (quoting *Kendall v. Russell*, 572 F.3d 126, 131 (3d Cir. 2009)). The Pennsylvania Proceeding was initiated by a formal pleading, the OSC. (*See* Doc. 1-2.) TitleMax has a right to challenge the OSC's allegations. (*Id.* at 2.) The Pennsylvania Proceeding is governed by a comprehensive set of rules, Pennsylvania's General Rules of Administrative Practice and Procedure. (*Id.* at 3 (citing 1 Pa. Code. §§ 31.1–35.251).) Finally, as discussed more fully below, judicial review is available to TitleMax. 2 Pa. Cons. Stat. § 702. Thus, the court concludes that the first *Middlesex* factor is satisfied.

2. The Pennsylvania Proceeding implicates important state interests.

The second *Middlesex* factor asks whether the state proceeding implicates an important state interest. The

12. Seemingly on this point, TitleMax argues that *Younger* abstention is unwarranted, because the injunctions it seeks are directed at Defendant, not a state judicial court. (Doc. 31, p. 14.) It is axiomatic that *Younger* applies to administrative civil enforcement proceedings, not just court proceedings. *See Sprint*, 571 U.S. at 79–80.

Third Circuit has already stated in this exact context that "Pennsylvania has a strong interest in prohibiting usury" and that "[a]pplying Pennsylvania's usury laws to TitleMax's loans furthers that interest." *TitleMax of Delaware*, 24 F.4th at 241. Notwithstanding this Third Circuit precedent, TitleMax contends that Pennsylvania has no interest in regulating loans that originated in other states and that federal interests in this matter supersede Pennsylvania's interests. (Doc. 31, pp. 14–15.) These arguments speak to the merits of TitleMax's underlying claims. This factor, however, contemplates "the importance of the generic proceeding to the State," not the narrow "interest in the outcome of the particular case." *NOPSI*, 491 U.S. at 365; *accord PDX N.*, 98 F.3d at 885 (rejecting argument that "federal preemption supersedes any state interest to the contrary" because courts do not consider the merits when analyzing the second *Middlesex* factor). TitleMax's argument, therefore, is unpersuasive. Accordingly, the second *Middlesex* factor is satisfied.

3. The Pennsylvania Proceeding affords TitleMax an adequate opportunity to raise its federal claims.

The final *Middlesex* factor considers whether the state proceeding affords the federal plaintiff an adequate opportunity to raise its federal claims. As a threshold matter, TitleMax bears the burden of establishing that Pennsylvania procedure fails in this regard. *Pennzoil Co. v. Texaco, Inc.*, 481 U.S. 1, 14 (1987); *Schall v. Joyce*, 885 F.2d 101, 107 (3d Cir. 1989); *see Baker v. Reitz*, No. 3:18-CV-2330, 2018 WL 6574782, at *3 (M.D. Pa. Dec. 13,

2018) (quoting *Kelm v. Hyatt*, 44 F.3d 415, 420 (6th Cir. 1995)) ("Initially, we must presume that the state courts are able to protect the interests of the federal court.").

TitleMax first argues that it cannot raise its federal claims in the Pennsylvania Proceeding, because Pennsylvania's General Rules of Administrative Practice and Procedure preclude the filing of and rulings on motions to dismiss. (Doc. 31, p. 15.) The court disagrees that the Pennsylvania rules definitively foreclose motions to dismiss or the resolution of them. Instead, they seemingly permit them, *see* 1 Pa. Code § 35.178 ("Motions may be made in writing at any time . . . ."), and allow for rulings on them before any hearing occurs. 1 Pa. Code. § 35.180(a). Moreover, TitleMax's failure to even attempt to file a motion to dismiss in the Pennsylvania Proceeding reveals that its argument is really based on an assumption that Pennsylvania rules will not permit presentation of its federal claims. Such an assumption is improper. *See Pennzoil*, 481 U.S. at 15 ("We cannot assume that state judges will interpret ambiguities in state procedural law to bar presentation of federal claims."). In fact, "when a litigant has not attempted to present his federal claims in related state-court proceedings, a federal court should assume that state procedures will afford an adequate remedy, in the absence of unambiguous authority to the contrary." *Pennzoil*, 481 U.S. at 15. Since no such contrary authority has been identified, TitleMax's argument fails.

TitleMax further argues that it cannot present its constitutional claims in the Pennsylvania Proceeding, because the Department has no authority to rule on the constitutionality of the laws it enforces. (Doc. 31, p. 16.) Even accepting this proposition, *arguendo*, TitleMax's argument would still fail. The third *Middlesex* factor is satisfied when federal plaintiffs have the opportunity to raise federal claims during judicial review of administrative proceedings. *Dayton Christian Sch.*, 477 U.S. at 629 ("[I]t is sufficient under *Middlesex* . . . that constitutional claims may be raised in state-court judicial review of the administrative proceeding."); *PDX N.*, 978 F.3d at 885 (holding that third *Middlesex* factor is satisfied when federal plaintiff could reserve constitutional questions "for the judicial review process, after the administrative process is complete.").

TitleMax resists the application of this principle by arguing it has no right to seek judicial review of the Pennsylvania Proceeding because it is not registered to do business in Pennsylvania. (Doc. 31, p. 16.) The statute on which TitleMax relies states, "[a] foreign filing association or foreign limited liability partnership doing business in this Commonwealth may not maintain an action or proceeding in this Commonwealth unless it is registered to do business under this chapter." 15 Pa. Con. Stat. § 411(b). This statute plainly does not prevent TitleMax from seeking judicial review. First, the statute only applies to entities "doing business in this Commonwealth." *Id.* TitleMax's entire Commerce Clause claim is premised on its insistence that it does *not* do business in Pennsylvania. Additionally, the statute's commentary states that the statute's prohibition does not extend to entities defending an action or proceeding, *i.e.*, not seeking affirmative relief. *Id.* cmt. Therefore, in this context, Section 411(b) does not conflict with the statute granting "[a]ny person aggrieved by an adjudication of a Commonwealth agency who has a direct interest in such adjudication . . . the right to appeal therefrom to the court vested with jurisdiction of such appeals." 2 Pa. Con. Stat. § 702. This opportunity for judicial review provides TitleMax with an adequate opportunity to raise its federal claims.

TitleMax has failed to satisfy its burden on this issue. Thus, the court concludes that the third *Middlesex* factor is satisfied.

C. None of the *Younger* Exceptions Apply.

Having determined that the Pennsylvania Proceeding satisfies all three *Middlesex* factors, the court next considers whether any exception to *Younger* is applicable. Avoiding otherwise-warranted *Younger* abstention is only justified in "exceptional circumstances" such as "where irreparable injury is both immediate and great, where the state law is flagrantly and patently violative of express constitutional prohibitions, or where there is a showing of bad faith, harassment, or . . . other unusual circumstances that would call for equitable relief." *Mitchum v. Foster*, 407 U.S. 225, 230 (1972) (internal quotation marks and citations omitted). Additionally, *Younger* abstention is unwarranted when a federal plaintiff seeks relief that is "wholly prospective" and not "designed to annul the results of a state [proceeding]." *Wooley v. Maynard*, 430 U.S. 705, 711 (1977). These exceptions are "narrowly construed." *Velasquez v. Litz*, No. 3:21-CV-1658, 2021 WL 5298910, at *1 (M.D. Pa. Nov. 13, 2021). TitleMax, as the party seeking to avoid *Younger* abstention, bears the burden of establishing the applicability of an exception. *G.S. ex rel. F.S. v. Rose Tree Media Sch. Dist.*, 393 F. Supp. 3d 420, 427 (E.D. Pa. 2019).

1. TitleMax faces no irreparable injury, let alone one that is great and immediate.

TitleMax contends that the Pennsylvania Proceeding will cause it to suffer irreparable injury that is great and immediate. (Doc. 31, p. 18.) The only injury TitleMax identifies is alleged violations of constitutional rights. (*Id.*) The court is unconvinced that TitleMax's "constitutional rights will be irreparably harmed," since it is perfectly capable of "rais[ing] constitutional challenges in the [Pennsylvania] Proceeding." *TMX Fin. Corp Servs.*, 2024 WL 4995580, at *3. TitleMax's argument is also conceptually unsound. Under TitleMax's theory, *Younger* abstention would be inappropriate anytime a federal plaintiff raised constitutional challenges, even if those challenges could be raised in the state proceeding. Broadening the scope of this exception to include the present circumstances would, thus, create an exception that swallows the rule. Accordingly, TitleMax fails to establish that it faces a great and immediate irreparable injury.

2. No bad faith, harassment, or unusual circumstances justify exercising jurisdiction.

TitleMax presents three additional arguments as to why this court should decline *Younger* abstention here. None of these arguments are availing.

First, TitleMax insists that the Department brought the Pennsylvania Proceeding in bad faith. (Doc. 31, p. 18.) A proceeding is conducted in bad faith only when it is brought "without hope" of success. *Getson v. New Jersey*, 352 F. App'x 749, 753 (3d Cir. 2009) (quoting *Perez v. Ledesma*, 401 U.S. 82, 85 (1971)). Instances in which this exception applies are exceedingly rare. *See* 17B Charles Alan Wright & Arthur R. Miller, *Federal Practice & Procedure* § 4255 (3d ed. 2024) ("There is no case since *Younger* was decided in which the [Supreme] Court has found that the exception for bad faith or harassment was applicable."). TitleMax believes that the Pennsylvania Proceeding has no hope of success against certain TitleMax entities because those entities never actually made loans. (Doc. 31, p. 18.) Beyond this merits-based argument, TitleMax points to no other indicia of bad faith, such as retaliatory motive or an intent "to discourage [TitleMax] from exercising [its] constitutional rights." *Getson*, 352 F. App'x at 754. The court agrees with the Northern District of Texas's conclusion that TitleMax's merits-based argument alone "does not convincingly establish any bad faith." *TMX Fin. Corp. Servs.*, 2024 WL 4995580, at *3.

Second, TitleMax argues that the Department's pecuniary interest in the outcome of the Pennsylvania Proceeding renders it impermissibly biased. (Doc. 31, pp. 18–19.) *Younger* abstention is inappropriate when state authorities have such a pecuniary interest in the outcome of the case that it would render them "unconstitutionally disqualified" from hearing the case. *Gibson v. Berryhill*, 411 U.S. 564, 579 (1973). An insubstantial pecuniary interest is not enough to defeat *Younger* abstention. *See*

All Am. Check Cashing, Inc. v. Corley, 191 F. Supp 3d. 646, 664 (S.D. Miss. 2016). Rather, to satisfy its burden, the party claiming bias must show: (1) that the agency's "enforcement activities constitute a material source of [the agency's] funding" such that it could affect the agency's impartiality; and (2) "the agency has control over how the[ ] funds are spent." *Id.* (collecting cases).

Nothing in TitleMax's complaints or briefs suggests that these factors are present here. TitleMax merely points to a discrete statement on the Department's website that states, "[o]ur work is funded entirely by the assessments and fees paid by Pennsylvania's regulated and licensed financial community. No taxpayer dollars are used to support our work."[13] This is plainly insufficient to carry TitleMax's burden. *See id.*

Finally, TitleMax argues that the Pennsylvania Proceeding is impermissibly biased because Defendant is a member of the Department's Commission, which has appellate authority over hearing officers' decisions. (Doc. 31, p. 18.) TitleMax fails to cite any authority that this alone is sufficient to trigger an exception to *Younger.* In fact, Defendant previously recused herself when the Department's Commission reversed the chief hearing examiner's decision to stay the Pennsylvania Proceeding, Doc. 42-1, p. 3., and she has expressed an intention to recuse herself in future TitleMax-related matters. (Doc. 37, p. 11 n.8.) The Defendant's mere membership on the

13. About DoBS, Commonwealth of Pennsylvania, https://www.pa.gov/agencies/dobs/about.html (last visited January 16, 2025).

Department's Commission does not present "unusual circumstances" that necessitates the disregard of *Younger* abstention. *TMX Fin. Corp. Servs., Inc.*, 2024 WL 4995580, at *3.

3. TitleMax does not seek "wholly prospective" relief.

As noted above, TitleMax seeks not only to enjoin the Department from prosecuting the Pennsylvania Proceeding but also from further regulating TitleMax, which includes initiating future administrative proceedings. (Doc. 1, p. 31; Doc. 31, pp. 7–8.) TitleMax claims that the request to enjoin the Department from initiating future administrative proceedings falls outside the scope of *Younger* abstention, because the "relief sought is wholly prospective." (Doc. 31, p. 7.)

In support of its position, TitleMax cites *Wooley* and *Singleton v. Taylor*, No. 2:20-CV-99-WKW, 2021 WL 3862001 (M.D. Ala. Aug. 25, 2021). These cases, however, are distinguishable. In *Wooley*, there were no pending state proceedings, thus a federal ruling would not in any way have interfered with a pending or completed state proceeding. 430 U.S. at 711. In *Singleton*, the federal plaintiffs did not seek *any* injunctive relief against pending state court cases. *Singleton*, 2021 WL 3862001, at *3. Unlike those cases, TitleMax seeks declaratory and injunctive relief regarding a currently pending state administrative proceeding. (Doc. 1, pp. 30–31.) Indeed, the purpose of TitleMax's singular request for prospective relief cannot be separated from the purpose of its requesting present relief or the overall purpose of TitleMax's lawsuits, *i.e.*, to interfere with the Pennsylvania Proceeding. In this way, the relief that TitleMax seeks cannot be considered "wholly prospective." *Cf. Coyle v. Pennsylvania*, No. 23-CV-1618, 2023 WL 3594146, at *4 (E.D. Pa. May 22, 2023) (finding that the federal plaintiff's lawsuit to enjoin enforcement of a bail condition imposed in state prosecution did not seek "wholly prospective" relief, even though he had not yet been charged with violating the bail condition, because the relief was related to a currently pending case); *Laurel Sand & Gravel, Inc. v. Wilson*, 519 F.3d 156, 166–67 (4th Cir. 2008) (Federal plaintiff's lawsuit was attempt to annul outcome of state administrative proceeding and, thus, did not seek "wholly prospective relief."). The *Wooley* exception contemplates a case in which there would be no interference with pending state proceedings. *See* 430 U.S. at 711. Since the relief sought by TitleMax's presents a significant potential for such interference here, the court finds that *Wooley* is inapplicable. Having determined that no *Younger* exception applies, the court will abstain.

D. TitleMax's Claims Concerning the 2024 Subpoena are Not Ripe.

Finally, the court considers TitleMax's claims for declaratory and injunctive relief concerning the 2024 Subpoena. TitleMax argues that *Younger* abstention cannot apply to these claims, because the 2024 Subpoena is not a "civil enforcement proceeding." (Doc. 31, p. 7.) These claims, however, present a threshold ripeness issue.

Courts employ the doctrine of ripeness, among others, to ensure they exercise their judicial power only over "cases" and "controversies," as required by Article III of the United States Constitution. *Plains All Am. Pipeline L.P. v. Cook*, 866 F.3d 534, 538–39 (3d Cir. 2017) (quoting U.S. Const. art. III, § 2). Ripeness doctrine primarily "serves to determine whether a party has brought an action prematurely." *Siemens USA Holdings, Inc. v. Geisenberger*, 17 F.4th 393, 412 (3d Cir. 2021) (quoting *Khodara Envtl., Inc. v. Blakey*, 376 F.3d 187, 196 (3d Cir. 2004)). Claims are not ripe if they "depend[ ] on 'contingent future events that may not occur as anticipated, or indeed may not occur at all.'" *Trump v. New York*, 592 U.S. 125, 131 (2020) (quoting *Texas v. United States*, 523 U.S. 296, 300 (1998)).

TitleMax's claims challenging the 2024 Subpoena are based on speculative injuries that depend entirely on a contingency: the Department initiating an enforcement action in Pennsylvania courts. The 2024 Subpoena is a non-self-executing subpoena, which is to say the Department has no authority to sanction a party for failing to comply with it. *See* 7 Pa. Stat. § 6212. Instead, when someone fails to comply with a subpoena issued by the Department, "the Secretary of Banking may invoke the aid of the courts, and such court shall thereupon issue an order requiring the person subpoenaed to obey the subpoena." *Id.* Only after someone has failed to comply with the court order can the contemptuous party be sanctioned. *See id.* ("Any failure to obey such order of the court may be punished by such court as a contempt thereof."). Therefore, the mere issuance of the 2024 Subpoena does not cause TitleMax any injury. *See, e.g.*, *Wearly v. FTC*, 616 F.2d 662, 667 (3d Cir. 1980) (finding issuance of non-self-executing subpoena alone did not place subpoenaed party "on the horns of a dilemma . . . to either turn over the documents . . . or suffer civil or criminal penalties as a result"); *First Choice Women's Res. Ctrs., Inc. v. Platkin*, No. 23-CV-23076, 2024 WL 150096, at *4 (D.N.J. Jan. 12, 2024) (explaining that alleged injury resulting from issuance of non-self-executing subpoena was merely contingent on future enforcement proceedings).

Here, TitleMax does not allege that the Department has sought any court intervention to enforce the 2024 Subpoena. Courts have generally found similar pre-enforcement challenges to non-self-executing state administrative subpoenas to be not ripe. *See, e.g.*, *Google, Inc. v. Hood*, 822 F.3d 212, 224–26 (5th Cir. 2016) (finding Google's challenge to subpoena issued by the Mississippi Attorney General's Office was not ripe when that office had no authority to enforce the subpoena and had not to that point initiated an enforcement proceeding); *First Choice Women's Res. Ctrs.*, 2024 WL 150096, at *3–4 (holding challenge to subpoena issued by New Jersey's Attorney General's Office was premature when the subpoena was only enforceable via court intervention and no such intervention had been sought); *see also, e.g.*, *Reisman v. Caplin*, 375 U.S. 440, 443–44 (1964) (finding no jurisdiction over pre-enforcement challenge to IRS investigative subpoena); *Wearly*, 616 F.2d at 665 ("Resort to a court by recipients of investigative subpoenas before an action for enforcement has commenced is generally disfavored"). The court finds these authorities persuasive.

Whether TitleMax will be subject to injury is entirely contingent on the Department initiating future enforcement proceedings, which the Department may or may not pursue. Under these circumstances, the court is convinced that TitleMax's challenge to the 2024 Subpoena is not ripe. The court therefore will dismiss these claims without deciding whether *Younger* abstention applies to them.

E. Issue Preclusion

Finally, the court acknowledges that it ordered supplemental letter briefing on whether the Northern District of Texas's dismissal of TitleMax's case implicated the doctrine of issue preclusion. The parties submitted letter briefs on this issue, Docs. 52, 56, & 64, and the court has carefully considered the parties' arguments. The court has independently determined that *Younger* abstention is necessary here, and application of issue preclusion would lead to the same result. Accordingly, it is unnecessary for the court to reach this issue.

CONCLUSION

The court determines that *Younger* abstention necessitates the dismissal of TitleMax's lawsuits. Accordingly, the court will grant Defendant's motions to dismiss and deny as moot all other pending motions in each of TitleMax's cases pending before this court. An appropriate order will issue.

s/Jennifer P. Wilson
Jennifer P. Wilson
United States District Judge
Middle District of Pennsylvania

Dated: January 16, 2025

APPENDIX C — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT DENYING REHEARING AND REHEARING EN BANC, FILED FEBRUARY 3, 2026

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

Nos. 25-1137, 25-1138, 25-1139, 25-1140

TITLEMAX OF VIRGINIA, INC.,

Appellant in No. 25-1137,

TITLEMAX OF DELAWARE, INC.,

Appellant in No. 25-1138,

CCFI COMPANIES, LLC;
TITLEMAX OF OHIO, INC.,

Appellants in No. 25-1139,

TMX FINANCE LLC; TITLEMAX FUNDING, INC.,

Appellants in No. 25-1140,

v.

SECRETARY PENNSYLVANIA DEPARTMENT
OF BANKING AND SECURITIES.

Filed February 3, 2026

Appendix C

SUR PETITION FOR REHEARING WITH SUGGESTION FOR REHEARING EN BANC

(M.D. Pa. Nos. 1:24-cv-02212, 1:24-cv-02224, 1:24-cv-02134 and 1:24-cv-02093)

Present: CHAGARES, *Chief Judge*, HARDIMAN, SHWARTZ, KRAUSE, RESTREPO, BIBAS, PORTER, MATEY, PHIPPS, FREEMAN, MONTGOMERY-REEVES, CHUNG, BOVE, MASCOTT and FISHER*, *Circuit Judges*

The petition for rehearing filed by Appellants, TitleMax of Virginia, Inc., TitleMax of Delaware, Inc., CCFI Companies, LLC, TitleMax of Ohio, Inc., TitleMax Funding Inc., and TMX Finance LLC. in the above-entitled case having been submitted to the judges who participated in the decision of this Court and to all the other available circuit judges of the circuit in regular active service, and no judge who concurred in the decision having asked for rehearing, and a majority of the judges of the circuit in regular service not having voted for rehearing, the petition for rehearing by the panel and the Court en banc, is denied.

BY THE COURT:

s/ D. Michael Fisher
D. Michael Fisher
Circuit Judge

Dated: February 3, 2026

* Judge Fisher's vote is limited to panel rehearing only.

APPENDIX D — STATUTORY PROVISION INVOLVED

Section 3(A) of the Pennsylvania Consumer Discount Company Act, P.L. 262, 7 P.S. § 6203(A).

Section 3. License Required.—A. On and after the effective date of this act, no person shall engage or continue to engage in this Commonwealth, either as principal, employe, agent or broker, in the business of negotiating or making loans or advances of money on credit, in the amount or value of twenty-five thousand dollars ($25,000) or less, and charge, collect, contract for or receive interest, discount, bonus, fees, fines, commissions, charges, or other considerations which aggregate in excess of the interest that the lender would otherwise be permitted by law to charge if not licensed under this act on the amount actually loaned or advanced, or on the unpaid principal balances when the contract is payable by stated installments except a domestic business corporation organized under or existing by virtue of the Business Corporation Law of this Commonwealth, after first obtaining a license from the Secretary of Banking of the Commonwealth of Pennsylvania in accordance with the provisions of this act.