

1 STATE OF CALIFORNIA
2 BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
3 DEPARTMENT OF BUSINESS OVERSIGHT

4 TO: Zero Parallel, LLC
5 505 North Brand Boulevard, 16th Floor
6 Glendale, California 91203

7 DESIST AND REFRAIN ORDER
8 (For violations of California Financial Code Sections 22100 and 23005)

9 The Commissioner of Business Oversight (Commissioner) finds that:

10 1. The Commissioner is authorized to pursue administrative actions and remedies against
11 persons who engage in violations of the California Financing Law (Financial Code § 22000, *et seq.*)
12 (CFL) and the California Deferred Deposit Transaction Law (Financial Code § 23000, *et seq.*)
13 (CDDTL).

14 2. Zero Parallel, LLC (Zero Parallel) is a California limited liability company with its
15 principal place of business at 505 North Brand, 16th Floor, Glendale, California 91203.

16 3. Zero Parallel operates as an online lead generator and lead aggregator for short-term,
17 small-dollar loans across the United States. In vendor contracts, Zero Parallel described its business
18 as follows: “Zero Parallel is the owner and operator of websites that assist consumers in finding loans
19 by collecting consumers’ loan applications online and forwarding the applications to prospective
20 lenders making payday and installment loans.”

21 4. Zero Parallel collects payday loan and longer-term loan applications from consumers
22 directly at its websites OnlinePersonalLoans.com, LendYou.com, and MyInstallmentLoans.com
23 (Zero Parallel Websites). On the Zero Parallel Websites, consumers are urged to “apply now for
24 online personal loans” or to “apply for the loan that best fits your needs” by completing an
25 application form that collects the consumer’s social security number, driver’s license number,
26 banking account number, desired loan amount, and other, personally-identifiable information. In a
27 press release announcing the debut of OnlinePersonalLoans.com, Zero Parallel touted that its new
28 website “simplifies the process of registering for a loan and offers no-collateral personal loans [up to]

1 \$15,000. . . . Consumers can start their application immediately, speak with lenders directly, and
2 compare lenders – all from the convenience of their mobile device.”

3 5. In addition to its direct collection of applications on the Zero Parallel Websites, Zero
4 Parallel acquires consumer loan applications and application data from third-party websites.

5 6. Under the guise of “matching” consumers with lenders, Zero Parallel sells the
6 consumer loan applications and application data it collects to the highest-bidding of its lender
7 partners by means of a “ping tree.” When Zero Parallel “matches” a consumer to one of Zero
8 Parallel’s state-licensed lender partners, Zero Parallel does not consider whether the lender can or
9 will make a loan of the consumer’s desired amount under the lender’s applicable state law.

10 7. Zero Parallel is paid a fee by its lender partners when a lender successfully makes a
11 loan to one of the consumers referred or “matched” by Zero Parallel.

12 8. Zero Parallel sold applications and application data of California residents to at least
13 85 lenders or purported lender affiliates. Approximately 12 of those 85 lenders hold or held a license
14 under the CFL and/or the CDDTL (California-licensed Lenders). The majority of the remaining 73
15 lenders or purported lender affiliates make loans outside of the authority of the CFL and the CDDTL
16 and are either tribal-affiliated or operate off-shore.

17 9. Zero Parallel did not disclose its list of 85 lender partners to California consumers
18 before it took the consumers’ applications or application data.

19 10. Some of the California consumers whom Zero Parallel “matched” with California-
20 licensed Lenders obtained a loan made under the CFL or a deferred deposit transaction (payday loan)
21 made under the CDDTL.

22 11. Zero Parallel has never obtained a licensed under the CFL or the CDDTL.

23 12. Financial Code section 22100, subdivision (a), provides that “[n]o person shall
24 engage in the business of a . . . broker without obtaining a license from the commissioner.”

25 13. Financial Code section 22004 defines “broker” to “include[] any person who is
26 engaged in the business of . . . performing any act as broker in connection with loans made by a
27 finance lender.”

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1 14. Collecting consumer loan applications or application data and forwarding it to a
2 lender licensed under the CFL for the purposes of making of a CFL loan is an act of a broker under
3 the CFL. (*See, e.g.*, Financial Code § 22602, subd. (c) [inferentially listing activities that require a
4 broker license, including “[c]ounseling or advising the borrower about a loan[,]” “[p]articipating in
5 the preparation of any loan documents, including credit applications[,]” “[g]athering loan
6 documentation from the borrower or delivering the documentation to the licensee[,]” and
7 “[o]btaining the borrower’s signature on documents”]; Cal. Code Regs., tit. 10, § 1422, subd. (c)
8 [“[F]inance lenders may not pay compensation for brokerage services (i.e., brokerage commission,
9 finder’s fee, referral fees, etc.) to anyone not licensed as a broker under [the CFL.]”]; Cal. Code
10 Regs., tit. 10, § 1451, subd. (c) [CFL-licensed lender “shall [not] pay any compensation to an
11 unlicensed person or company for soliciting or accepting applications for loans[.]”]; Sen. Com. on
12 Banking and Finance, Analysis of Sen. Bill 197 (2015-2016 Reg. Sess.) as amended Aug. 31, 2015,
13 p. 4 [“Existing [CFL] regulations prohibit [CFL] licensees from paying any compensation to any
14 person or company that is unlicensed, in exchange for the referral of business.”].)

15 15. Financial Code section 22712, subdivision (a), provides, in relevant part:

16 Whenever, in the opinion of the commissioner, any person is engaged in
17 the business as a broker . . . without a license from the commissioner, . . .
18 the commissioner may order that person . . . to desist and to refrain from
19 engaging in the business or further violating [the CFL].

20 16. Financial Code section 23005, subdivision (a), provides, in relevant part:

21 A person shall not . . . arrange a deferred deposit transaction for a deferred
22 deposit originator . . . or assist a deferred deposit originator in the
23 origination of a deferred deposit transaction without first obtaining a
24 license from the commissioner and complying with the provisions of [the
25 CDDTL.]

26 17. Financial Code section 23050 provides:

27 Whenever, in the opinion of the commissioner, any person is engaged in
28 the business of deferred deposit transactions . . . without a license from the
29 commissioner, . . . the commissioner may order that person . . . to desist
30 and to refrain from engaging in the business or further violating [the
31 CDDTL].

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1 Based on the foregoing, the Commissioner of Business Oversight is of the opinion that
2 Zero Parallel, LLC violated Financial Code section 22100, subdivision (a), by engaging in the
3 business of a broker without obtaining a license from the commissioner. Pursuant to Financial Code
4 section 22712, subdivision (a), Zero Parallel, LLC is hereby ordered to desist and refrain from
5 violating Financial Code section 22100, subdivision (a).

6 Based on the foregoing, the Commissioner of Business Oversight is further of the opinion that
7 Zero Parallel, LLC violated Financial Code section 23005, subdivision (a), by assisting a deferred
8 deposit originator in the origination of a deferred deposit transaction without first obtaining a license
9 from the Commissioner. Pursuant to Financial Code section 23050, Zero Parallel, LLC is hereby
10 ordered to desist and refrain from violating Financial Code section 23005, subdivision (a).

11 This Order is necessary, in the public interest and consistent with the purposes, policies, and
12 provisions of the California Financing Law and the California Deferred Deposit Transaction law.
13 This Order shall remain in full force and effect until further order of the Commissioner.

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15 Dated: December 7, 2018
16 Sacramento, California

JAN LYNN OWEN
Commissioner of Business Oversight

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18
19 By: _____
20 MARY ANN SMITH
21 Deputy Commissioner
22 Enforcement Division
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