



1 securities, at the time of issuance, are exempt from registration under the Securities Act of 1933  
2 pursuant to Rule 701; (2) that the terms of the option plan are in compliance with rules implemented  
3 by the Commissioner pursuant to California Code of Regulations, title 10, sections 260.140.41,  
4 260.140.45, and 260.140.46; and (3) the issuer must file a Notice of Issuance of Securities with the  
5 Commissioner.

6 5. On October 10, 2008, LendingClub became a reporting company subject to the  
7 reporting requirements of section 13 or 15 (d) of the Securities and Exchange Act of 1934. As a  
8 result, LendingClub could no longer rely on Rule 701 or Corporations Code section 25102,  
9 subdivision (o) as an exemption for qualification of the stock options offered. Consequently, the  
10 stock options LendingClub offered its employees, directors or contractors from October 10, 2008 to  
11 October 31, 2014 after becoming a reporting company were not qualified or otherwise exempt and  
12 were granted in violation of Corporations Code section 25110.

13 6. On or around October 3, 2014, pursuant to Corporations Code section 25507,  
14 subdivision (b), and California Code of Regulations, title 10, section 260.507, and in order to protect  
15 investors, the Commissioner directed LendingClub to file a notice of violation and offer option  
16 holders the right to rescind and repurchase the options issued in violation of Corporations Code  
17 section 25110. LendingClub filed the requested application on or around October 14, 2014.

18 7. Pursuant to an order issued by the Commissioner on May 20, 2015, and amended June  
19 3, 2015, LendingClub made a "Rescission Offer" to 150 common stock holders and 555 option  
20 holders. LendingClub represents that upon completion of the "Rescission Offer" on July 15, 2015,  
21 none of its stockholders accepted the "Rescission Offer" and two option holders accepted  
22 LendingClub's offer to repurchase 101,000 shares for \$192,310.20.

23 8. The securities in the form of stock options LendingClub offered to its employees,  
24 directors or contractors from October 2008 to October 31, 2014 described herein have been offered in  
25 California in issuer transactions.

26 9. Corporations Code section 25110 prohibits the offer and/or sale of non-exempt  
27 securities in this state that are subject to qualification. The Department has not issued a permit or  
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1 other form of qualification authorizing any person to offer and sell the described securities in this  
2 state.

3       Based on the foregoing findings, the Commissioner of Business Oversight is of the opinion  
4 that the stock options LendingClub offered to employees, directors or contractors pursuant to its  
5 employee and consultant stock option plan are securities subject to qualification under the California  
6 Corporate Securities Law of 1968 (Corporations Code, section 25000 et seq.) and are being or have  
7 been offered or sold without being qualified or exempt, in violation of Corporations Code section  
8 25110..

9       Pursuant to Corporations Code section 25532, LendingClub Corporation is hereby ordered to  
10 desist and refrain from the further offer or sale in the State of California of securities, including, but  
11 not limited to stock options issued pursuant to LendingClub’s employee and consultant stock option  
12 plans unless and until qualification has been made under said law or unless exempt.

13       This Order is necessary, in the public interest, for the protection of investors and consistent  
14 with the purposes, policies, and provisions of the CSL.

15 Dated: December 4, 2015  
16       Los Angeles, 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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