



STATE OF CALIFORNIA

Department of Business Oversight

GOVERNOR Gavin Newsom · COMMISSIONER Manuel P. Alvarez

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DBO Continues Crackdown on Illegal Loans in Settlement with Auto Title Lender TitleMax of California, Inc.

SACRAMENTO – The California Department of Business Oversight (DBO) today finalized a [settlement](#) with auto title lender TitleMax of California, Inc., continuing a three-year crackdown on illegal consumer loans.

The settlement will deliver nearly \$700,000 in refunds to more than 21,000 TitleMax customers and require the Georgia-based lender to pay a \$25,000 penalty to resolve allegations that it routinely charged excessive and illegal interest rates and fees. Consumers with questions about the refunds should call 888-485-3629.

“No one should take advantage of struggling consumers who are forced to take out loans on vehicles they desperately need,” said Commissioner of Business Oversight Manuel P. Alvarez. “I am pleased that TitleMax has agreed to make refunds, pay a fine, and cooperate in the settlement of this matter.”

TitleMax has 64 branches in Los Angeles, San Diego, Orange, Sacramento, Alameda, Santa Clara, Riverside, San Bernardino, San Joaquin, Fresno, Kern, Stanislaus, Ventura, Solano, and San Mateo counties. The lender has advised the DBO that it will stop making new loans in California as of Jan. 1.

The DBO moved in December 2018 to revoke TitleMax’s California Financing Law license based on allegations that the lender routinely charged excessive interest rates and fees; illegally included vehicle registration, lien and handling fees in bona fide principal loan amounts; charged illegal vehicle registration handling fees; and submitted inaccurate reports to the DBO during an examination that began in 2016.

The DBO exam and subsequent investigation found that TitleMax illegally required customers to pay the lender to cover Department of Motor Vehicles (DMV) charges to file its liens, for registration and for other fees owed on borrowers’ cars.

The DBO also found that TitleMax leveraged various fees, including fees borrowers owed to the DMV, to push loan amounts above \$2,500, the threshold at which state interest rate limits no longer apply. State law currently caps interest rates at about 30 percent on auto title loans of less than \$2,500.

Starting Jan. 1, state interest rate limits will be extended to consumer installment loans of \$2,500 to \$9,999. Interest rates on those loans will be capped at 36 percent plus the Federal Funds Rate.

The TitleMax settlement follows similar actions the DBO has taken against California Check Cashing Stores, LLC; Speedy Cash; Advance America; Check Into Cash of California, Inc.; Quick Cash Funding LLC; and Fast Money Loan.

California Check Cashing Stores agreed in January 2019 to refund \$800,000 to consumers and pay \$105,000 in costs and penalties to resolve allegations the company charged excessive interest and fees after steering customers to loans of \$2,500 or more to evade the state's interest rate caps.

Speedy Cash agreed in October 2018 to refund \$700,000 to 6,400 borrowers and pay \$50,000 in penalties and enforcement costs. The DBO alleged the company also steered consumers into higher-interest loans by telling them state law prohibited loans of less than \$2,600 and that they could quickly repay any amount they did not want.

Advance America agreed in March 2018 to refund \$82,000 to 519 borrowers and pay a \$78,000 penalty. The DBO alleged Advance America improperly added DMV fees to loan amounts to push the loans beyond \$2,500.

Check Into Cash agreed in December 2017 to refund \$121,600 to 694 customers and pay \$18,000 to cover the DBO's investigation costs. The same month Quick Cash Funding agreed to refund \$58,200 to 423 borrowers, and to pay \$9,700 in penalties and costs.

The DBO alleged Check Into Cash also duped consumers into taking out loans of more than \$2,500 by telling them state law prohibited loans smaller than that amount. The DBO alleged Quick Cash Funding steered customers into loans of more than \$2,500 for the express "purpose of evading" interest rate caps.

Fast Money Loan agreed in August 2019 to refund \$184,000 to consumers and pay a \$15,000 fine after DBO examinations found that the lender also leveraged DMV fees to push loan amounts beyond \$2,500.

These actions reflect the DBO's commitment to protect consumers from abusive high-interest loans. In September 2018, the DBO launched a fact-finding inquiry to examine the relationship between lead generation and high-interest loans. The DBO also is investigating whether certain high-interest loans are unconscionable under a recent California Supreme Court decision, *De La Torre v. CashCall*.

The DBO licenses and regulates financial services, including state-chartered banks and credit unions, money transmitters, securities broker-dealers, investment advisers, non-bank installment lenders, payday lenders, mortgage lenders and servicers, escrow companies, franchisors and more.

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