



STATE OF CALIFORNIA

## Department of Business Oversight

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### **Point-of-Sale Lender Sezzle Agrees to Cease Illegal Loans, Pay Refunds in Settlement with the California Department of Business Oversight**

SACRAMENTO – The California Department of Business Oversight (DBO) today announced a [settlement](#) with point-of-sale lender Sezzle in which the company agreed to stop making illegal loans, refund \$282,000 to California consumers and pay a \$28,200 penalty.

The refunds represent all of the fees Sezzle has collected from almost 17,000 California consumers in transactions the DBO concluded were illegal loans. Under the settlement, Sezzle will only make future loans or extensions of credit to California residents under a California Financing Law (CFL) license. Consumers who believe they may be entitled to a refund should call 888-540-1867.

Following a review of the company's product and information Sezzle provided in connection with its application, the DBO had determined Sezzle was making unregulated loans to California consumers in violation of the CFL.

The DBO concluded the purported credit sales made by Sezzle's merchant partners were not bona fide but, rather, were structured to evade otherwise applicable consumer protections. In addition, the DBO found that Sezzle's extensive role in its merchants' transactions and pre-existing relationship with consumers who were parties to the purported credit sales showed that Sezzle was making loans as defined under California law.

The DBO continues to investigate other companies in the point-of-sale lending industry. Issuance of a lending license to such a company does not mean the Department has concluded that company's prior activities or products, or the prior activities or products of an affiliate of that company, complied with the law.

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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