



STATE OF CALIFORNIA

Department of Business Oversight

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For Immediate Release

April 22, 2020

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Point-of-Sale Lender QuadPay 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 QuadPay in which the company agreed to stop making illegal loans, refund more than \$685,000 to California consumers and pay almost \$69,000 in penalties.

The refunds represent all the fees QuadPay has collected from more than 45,000 Californians in so-called “buy now, pay later” transactions that the DBO concluded were illegal loans. Consumers who believe they may be entitled to a refund should call QuadPay at 1-888-748-0185.

The settlement is the third in a series of similar DBO enforcement actions involving point-of-sale lenders that will deliver nearly \$1.9 million in refunds to California consumers.

After an inquiry launched last year, the DBO concluded QuadPay had engaged in the business of a finance lender without obtaining a required license. Under the settlement, QuadPay will only make future loans or extensions of credit to California residents under a California Financing Law (CFL) license.

Like other point-of-sale financiers, QuadPay targets young consumers who are unable to qualify for traditional financing options like credit cards. Consumers pay QuadPay a percentage of the purchase price at the time of the purchase and the remainder in three equal installments. Merchants pay QuadPay a cut of each transaction and consumers pay QuadPay late fees if they miss a payment.

The DBO reached similar settlements in January and March with two other point-of-sale lenders, Sezzle and Afterpay. Sezzle agreed to pay more than \$300,000 in refunds and penalties. Afterpay agreed to pay \$900,000 in refunds and \$90,000 in administrative fees. In both cases, the DBO concluded purported credit sales made by the lenders’ merchant partners were not bona fide but, rather, were structured to evade otherwise applicable consumer protections.

The DBO licenses and regulates financial services, including state-chartered banks and credit unions, student loan servicers, 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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