This Consent Order (Consent Order) is entered into by and between the Commissioner of
Financial Protection and Innovation (Commissioner) and Meratas Inc. (Meratas).

I.

RECIDTALS

Meratas & ISAs

A. Meratas is a New York corporation with a principal place of business at 317 West
Ave., #113342, Stamford, Connecticut 06902.

B. Darius Goldman (Goldman) is the founder and Chief Executive Officer of Meratas.
Goldman is duly authorized to enter into this Consent Order on behalf of Meratas.
C. Meratas provides a full-service software platform that allows a variety of schools and other institutions to issue their students an education-financing product called an income share agreement (ISA).

D. Generally, under an ISA, a student agrees to repay a school a fixed percentage of the student’s future gross income after graduation, but only if the student is employed and making more than an agreed-upon amount.

E. Historically, ISA issuers—the schools and skills-training courses—have not treated ISAs as “loans” or “credit,” and have typically not implemented certain state and federal laws that regulate “loans” or “credit.” Instead, ISA issuers usually maintain that ISAs are contingent debt, not true “loans” or “credit,” because, if a student does not find employment, the student may owe nothing under the ISA.

F. Meratas services ISAs and other forms of credit on behalf of the schools and other institutions that issue ISAs or extend other forms of credit directly to students.

G. Meratas does not issue ISAs or extend other forms of credit to students. Meratas also does not purchase or acquire any interest in already-issued ISAs or other already-made extensions of credit.

H. Utilizing the Nationwide Multistate Licensing System (NMLS), Meratas applied for a license to service “student loans” under the California Student Loan Servicing Act (SLSA) on April 19, 2021 (Application).

SLSA Legal Standards: ISAs are “student loans” for purposes of the SLSA

I. The Commissioner has jurisdiction over the licensing and regulation of persons engaged in the business of servicing “student loans” under the Student Loan Servicing Act (SLSA) (Fin. Code, § 28100 et seq.).

J. As a licensing and remedial statute, the SLSA should be construed broadly to effectuate its purposes. (Hughes v. Bd. of Architectural Exam’rs (1998) 17 Cal.4th 763, 786 [“W]hen the Legislature’s intent is to protect . . . the public rather than to serve punitive interests, that body additionally intends . . . that the law be interpreted broadly so that particular licensees not be able easily to evade the statute’s protective purposes.”]; Sternberg v. Cal. St. Bd. of Pharmacy
CONSENT ORDER


K. A “student loan” under the SLSA is credit that is extended “solely for use to finance a postsecondary education.” (Fin. Code, § 28104, subd. (l).) The SLSA defines “student loans” by the purpose for which financing is used, not in strict accordance with the labels or titles attached to a financing agreement, which might otherwise allow a financer to dictate regulatory protections.

L. “Student loan” under the SLSA generally encompasses “any loan” or “extension of credit,” while expressly excluding only a handful of very specific types of credit, such as residential mortgages. (See Fin. Code, § 28104, subd. (l).) Notably, the SLSA does not exclude contingent debt generally nor ISAs specifically. (Accord Fin. Code, § 90005, subd. (g-h & (k)(1) [“[e]xtending credit and servicing extensions of credit” includes extending and servicing “any obligation of a person to pay another person money regardless of whether the obligation is absolute or contingent, . . . is fixed, [or] contingent”].) Indeed, the Legislature intended the SLSA to encompass contingent debt, as federal student loans are similarly contingent in nature given the availability of income-based payment plans and other options for students to extinguish their obligations without repaying the amount advanced.

M. Consequently, the Commissioner finds that ISAs made solely for use to finance a postsecondary education are “student loans” for the purposes of the SLSA.

Meratas’ License Application

N. Acting in good faith and relying upon the Commissioner’s SLSA application instructions in NMLS, Meratas did not submit audited financial statements and did not report its ISA servicing activity as part of its initial Application.

O. Nevertheless, as part of the application process, the Commissioner requested that Meratas submit audited financial statements and a revised Supplemental Information Form containing details on Meratas’ ISA servicing activity (Request).

P. Meratas agreed to fulfill the Request; however, Meratas and the Commissioner (the Parties) require additional time to confer and ensure that audited financial statements are able to be
submitted and that serviced ISAs are appropriately and accurately reported under the SLSA, its implementing regulations, and the Commissioner’s pre-existing instructions and reporting requirements.

Q. As a result, the Parties desire to have Meratas’ Application approved and Meratas’ SLSA license issued during the pendency of conferrals on the Request.

NOW THEREFORE, in consideration of the foregoing, and the terms and conditions set forth herein, the Parties agree as follows:

1. **Purpose.** The Commissioner finds that entering into this Consent Order is in the public interest and consistent with the purposes fairly intended by the policies and provisions of the SLSA.

2. **ISA Reporting.** While licensed under the SLSA in any capacity, and until a change in applicable law or regulation, Meratas agrees that it shall report to the Commissioner any ISAs it services as “student loans” for purposes of the SLSA.

3. **No Servicing of Unenforceable ISAs.** While licensed under the SLSA in any capacity, Meratas agrees that it shall not service any ISAs or other forms of credit extended to California consumers that have been determined or declared unenforceable or void by the DFPI or any regulatory agency that licenses, charters, registers, or otherwise approves the issuer of the ISA.

4. **Conditional Approval of Pending Application and Issuance of Conditional License.** In consideration of Meratas’ agreement to the issuance of this Consent Order, and other relief as provided for in this Consent Order, the Commissioner hereby agrees to conditionally approve Meratas’ Application and to issue a conditional SLSA license to Meratas (Conditional License) within five business days from the Effective Date of this Consent Order. The Conditional License shall expire within one year of the Effective Date of this Consent Order.

5. **Conditions for Issuance of Regular License.** By March 15, 2022, Meratas agrees to submit audited financial statements demonstrating satisfaction of Financial Code section 28112, subdivision (c), for the calendar year 2021 (Audited Financials). The Commissioner further agrees to issue Meratas a regular, unconditional SLSA license within 5 business days of the Commissioner’s approval of Meratas’ Audited Financials.
6. **Failure to Comply with Consent Order.** Meratas agrees that, if it fails to comply with Paragraphs 2, 3, and 5 of this Consent Order, the Commissioner may, following 20 business days from Meratas’ receipt of notice from the Commissioner of Meratas’ failure to comply, in addition to all other available remedies it may invoke under the SLSA, summarily suspend any SLSA license of Meratas until Meratas is in compliance. In such case, Meratas waives any notice and hearing rights to contest such remedies which may be afforded under the SLSA, the California Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law in connection therewith.

7. **Independent Legal Advice.** Each party represents that it has received independent advice from its counsel or representatives regarding the advisability of executing this Consent Order.

8. **Reliance.** Each party represents that in executing this Consent Order it has relied solely on the statements in this Consent Order and on the advice of its counsel or representatives. Each party also represents that it has not relied on any statement or promise not contained in this Consent Order from any other person or on the failure of such person to make a statement or promise. The Parties have included this clause to preclude any claim that a party was fraudulently induced to execute this Consent Order.

9. **Integration.** This Consent Order is the final written expression and the complete and exclusive statement of all the agreements, conditions, promises, representations, and covenants between the Parties concerning its subject matter and supersedes all discussion regarding such subject matter between the Parties, their representatives, and any other person. The Parties have included this clause to preclude the introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

10. **No Presumption Against Drafting Party.** Each party acknowledges that it has had the opportunity to draft, review, and edit the language of this Consent Order. Accordingly, the Parties intend that no presumption for or against the drafting party will apply in construing any part of this Consent Order. The Parties waive the benefit of Civil Code section 1654 as amended or corresponding provisions of any successor statute, which provide that in cases of uncertainty,
1. language of a contract should be interpreted most strongly against the party that caused the uncertainty to exist.

11. **Waiver, Amendments, and Modifications.** No waiver, amendment, or modification of this Consent Order will be valid or binding unless it is in writing and signed by all Parties affected by it. Waiver of a provision of this Consent Order will not be deemed a waiver of any other provision.

12. **Headings.** The headings in this Consent Order are for convenience only and do not affect its meaning.

13. **Governing Law.** This Consent Order will be governed by and construed in accordance with the laws of the State of California.

14. **Authority to Sign.** Each party represents that the person signing this Consent Order on its behalf has the authority and capacity to do so.

15. **Voluntary Agreement.** Meratas enters into this Consent Order voluntarily and without coercion and acknowledges that no promises, threats, or assurances about this Consent Order have been made by the Commissioner or any of her officers or agents.

16. **Counterparts.** This Consent Order may be executed in any number of counterparts, each of which will be deemed an original when executed. All counterparts together will be deemed to constitute a single document.

17. **Signatures.** A signature delivered by facsimile or electronic mail will be deemed an original signature.

18. **Authority to Sign.** Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Consent Order and undertake the obligations set forth herein.

19. **Public Record.** Meratas acknowledges that this Consent Order shall be a matter of public record.

20. **Effective Date.** This Consent Order will become effective on the date it is signed by all Parties and delivered by the Commissioner to Meratas’ counsel by electronic mail at mearley@mofo.com.
CONSENT ORDER

Dated: August 5, 2021

CHRIS SHULTZ
Acting Commissioner of Financial Protection and Innovation

By: _____________________________
MARY ANN SMITH
Deputy Commissioner

Dated: August 3, 2021

MERATAS, INC.

By: _____________________________
DARIUS GOLDMAN
Chief Executive Officer

Approved as to form:

Dated: August 3, 2021

By: ___________________________
Maria B. Earley
MORRISON & FOERSTER LLP