



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

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DFPI Reaches Agreement to End High-Interest Rate Loans Marketed by LoanMart for 21 Months

Los Angeles-based company agrees to not market or service title loans with rates higher than permitted under the California Fair Access to Credit Act

SACRAMENTO – The California Department of Financial Protection and Innovation (DFPI) today announced it entered a novel [consent order](#) with Los Angeles-based Wheels Financial Group, Inc., doing business as LoanMart, that prohibits the company from marketing or servicing automobile title loans of less than \$10,000 with rates greater than 36 percent in California for the next twenty-one months.

The agreement comes on the heels of an investigation the Department launched last year to assess whether the company was evading California’s newly enacted interest rate caps through a partnership with an out-of-state bank. LoanMart stopped marketing the high-interest loans in November 2020 while the [DFPI investigation](#) of its partnership with Utah-based bank, Capital Community Bank was pending.

“The DFPI is committed to ensuring that out-of-state banks do not exploit Californians,” said DFPI Commissioner Clothilde V. Hewlett. “The DFPI will continue to combat any effort to evade California’s Fair Access to Credit Act and will work closely with state and federal regulators to monitor and respond to practices that hurt consumers.”

In 2019, the California Legislature passed the landmark Fair Access to Credit Act (AB 539), which capped interest rates on most loans made by state-licensed lenders at about 36 percent. Those rate caps took effect on Jan. 1, 2020. The DFPI licenses and regulates lenders subject to the Fair Access to Credit Act and the California Financing Law, the law providing the authority through which LoanMart has previously made loans in California. The agreement provides that LoanMart may not make loans available through a state-chartered bank partner until September 2023 unless there is an intervening change in the law or regulation that would otherwise permit it to do so.

In addition to regulating finance lenders and brokers, the DFPI licenses and regulates financial products and services, including state-chartered banks and credit unions, commodities and investment advisers, money transmitters, the offer and sale of securities and franchises, broker-dealers, nonbank

installment lenders, payday lenders, mortgage lenders and servicers, student loan servicers, escrow companies, Property Assessed Clean Energy (PACE) program administrators, debt collectors, rent-to-own contractors, credit repair and consumer credit reporting companies, debt-relief companies, and more.

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