



STATE OF CALIFORNIA

**Department of Financial Protection and Innovation**

GOVERNOR **Gavin Newsom** • COMMISSIONER **Clothilde V. Hewlett**

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## **DFPI Joins CFPB, Multiple States In Action Against Prehired for Illegal Student Lending Practices**

SACRAMENTO – The California Department of Financial Protection and Innovation (DFPI) announced today that it has joined the Consumer Financial Protection Bureau (CFPB) and 10 state attorneys general in filing a [complaint](#) against Prehired, LLC and its related entities (Prehired) for violations of the Consumer Financial Protection Act of 2010 (CFPA).

Prehired offered students unfair and deceptive income share agreements (ISAs) to pay for Prehired-provided training as a percentage of future income. Prehired deceptively buried terms that required consumers to pay even if they never got a job and, in many cases, unilaterally increased consumers' required minimum monthly payments without any evidence they had secured employment or experienced an increase in income. The complaint was filed in the U.S. Bankruptcy Court for the District of Delaware.

“Too often, for-profit colleges and training programs take advantage of vulnerable students seeking to better their futures,” said DFPI Commissioner Clothilde V. Hewlett. “Any school offering financing in California must adhere to California and federal law. We are pleased to work with the CFPB and the multistate coalition to hold these entities accountable.”

Prehired described itself as a “tech sales career launch program” that offered training, mentoring, and networking to consumers to help them find employment in the field of software sales. Students who signed up for the program were guaranteed a “6-figure sales career” within 12 months of completion. A central part of Prehired’s marketing strategy was the offering of Income Share Agreements to students who could not afford to pay for the program upfront. Per the terms of the ISAs, students could participate in the program for “zero upfront cost,” electing instead to pay a fixed percentage of their future income for a set number of years after completing the program.

The complaint seeks a declaration that Prehired’s conduct relating to its ISAs is in violation of the CFPA, a permanent injunction to stop violations of the CFPA, full restitution to injured consumers, disgorgement of corporate profits, civil monetary penalties, and rescission of contracts where necessary to redress injury to consumers.

The DFPI joins the CFPB and the attorneys general from Washington, Oregon, Delaware, Minnesota, Illinois, Wisconsin, Massachusetts, North Carolina, South Carolina, and Virginia in the action.

### **What Consumers Should Know**

The DFPI regulates and oversees educational financial products and services under the [California Consumer Financial Protection Law](#). Educational financial products and services include loans, retail installment contracts, deferred tuition agreements, and income share agreements offered or serviced by private or for-profit colleges, such as coding bootcamps, trade schools, or other education finance providers. The DFPI also has the power under federal law to bring actions under the CFPA.

To [learn more](#) about student loan and borrower resources and the DFPI “*Back on Track*” program for Californians with student loans, visit the DFPI website.

Borrowers can file a complaint directly with the DFPI if a company is suspected of using unlawful, unfair, deceptive, or abusive practices. Victims of a scam or fraud should let the DFPI know immediately by [filing a complaint](#) with the DFPI online ([dfpi.ca.gov/file-a-complaint](https://dfpi.ca.gov/file-a-complaint)) or calling toll-free at (866) 275-2677.

### **About DFPI**

The California Department of Financial Protection and Innovation (DFPI) protects consumers, regulates financial services, and fosters responsible innovation. The DFPI protects consumers by establishing and enforcing financial regulations that promote transparency and accountability. We empower all Californians to access a fair and equitable financial marketplace through education and preventing potential risks, fraud, and abuse. Learn more at [dfpi.ca.gov](https://dfpi.ca.gov).

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