



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

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DFPI, CFPB, and Multiple States Announce Stipulated Final Judgment with Prehired in Action for Unlawful Student Lending Practices

SACRAMENTO —The California Department of Financial Protection and Innovation (DFPI) announced today that the U.S. Bankruptcy Court for the District of Delaware has approved a joint [Stipulated Final Judgment](#) in the Chapter 7 bankruptcy case of Prehired, LLC and its related entities (Prehired).

The agreement resolves a complaint brought by the DFPI, the Consumer Financial Protection Bureau (CFPB), and 10 state attorneys general against Prehired under the Consumer Financial Protection Act of 2010 (CFPA) for its administration of Income Share Agreements (ISAs) used to finance students' tuition for "tech sales bootcamps."

A key finding in the Stipulated Final Judgment is that Prehired made deceptive representations when it encouraged consumers to finance the cost of Prehired's vocational training program through ISAs. Prehired guaranteed students a "6-figure sales career" within 12 months of completing the program. It allowed students to participate with "zero upfront costs," electing to pay a fixed percentage of their future income through an ISA for a set number of years.

As a result of these misrepresentations, students took on large amounts of unsustainable debt. Prehired also buried contract terms requiring students to pay even if they never got a job and, in many cases, unilaterally increasing minimum monthly payments without evidence that the borrowers had secured employment or experienced an increase in income.

The Stipulated Final Judgment also finds that once borrowers were indebted to Prehired, the company engaged in unfair debt collection practices by falsely representing the amount of debt owed by consumers and inducing students to enter into harmful "settlement agreements" that ultimately benefited Prehired. In approving the Stipulated Final Judgment, the Court found that Prehired's conduct was unfair, deceptive, or otherwise unlawful and violated federal law.

According to the settlement, consumers who entered into ISAs or other financing agreements with Prehired may qualify for a full refund of what they paid, plus prejudgment interest. The total amount of restitution ordered to be repaid by Prehired is \$4,248,249.30. Though Prehired is insolvent, the Stipulated Final Judgment will make it possible for the CFPB to potentially use its victim relief fund to compensate borrowers harmed by the company's illegal conduct.

The Stipulated Final Judgment also provides for nominal damages to be paid by each of the Prehired entities, requires the cancellation of all ISAs and other financing agreements originated by Prehired, and orders Prehired to cease all ISA origination activities.

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 CFPB.

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 submit 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 immediately inform the DFPI by filing a complaint with the DFPI online (dfpi.ca.gov/submit-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.

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