

**UNITED STATES OF AMERICA**  
**CONSUMER FINANCIAL PROTECTION BUREAU**

ADMINISTRATIVE PROCEEDING

File No. 2017-CFPB-0017

In the Matter of:

**ZERO PARALLEL, LLC**

**CONSENT ORDER**

The Consumer Financial Protection Bureau (Bureau) has reviewed the Lead Aggregation practices (as defined below) of Zero Parallel, LLC (Respondent, as defined below) and has identified the following law violations: Respondent conveyed the personal information of consumers interested in payday and installment loans to lenders and other recipients, which resulted in, or was likely to result in, loans that are void in whole or in part under the laws of the consumer's state of residence provided in the consumer's loan documents based on state-licensing requirements or interest-rate limits, in violation of §§ 1031(d) and 1036(a)(1)(B) of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531(d)(2)(A), 5536(a)(1)(B). Under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order (Consent Order).

**I**  
**Jurisdiction**

1. The Bureau has jurisdiction over this matter under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565.

**II**  
**Stipulation**

2. Respondent has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated August 31, 2017 (Stipulation), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondent has consented to the issuance of this Consent Order by the Bureau under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, without admitting or denying any of the findings of fact or conclusions of law, except that Respondent admits the facts necessary to establish the Bureau’s jurisdiction over Respondent and the subject matter of this action.

**III**  
**Definitions**

3. The following definitions apply to this Consent Order:
  - a. “Effective Date” means the date on which the Consent Order is issued.
  - b. “Enforcement Director” means the Assistant Director of the Office of Enforcement for the Consumer Financial Protection Bureau, or his or her delegate.
  - c. “Lead” is a consumer’s personal information received, transmitted, or otherwise used in connection with a consumer-financial product or service.

- d. “Lead Aggregators” are Persons that obtain Leads and convey that information to other Persons. “Lead Aggregation” is the practice of acting as a Lead Aggregator.
- e. “Lead Generators” are Persons that obtain Leads and transmit the Leads to Lead Aggregators or other Persons. “Lead Generation” is the practice of acting as a Lead Generator.
- f. “Person” means an individual, partnership, company, corporation, association (incorporated or unincorporated), trust, estate, cooperative organization, or other entity.
- g. “Related Consumer Action” means a private action by or on behalf of one or more consumers or an enforcement action by another governmental agency brought against Respondent based on substantially the same facts as described in Section IV of this Consent Order.
- h. “Relevant Period” includes the period from July 1, 2014, to the Effective Date.
- i. “Respondent” means Zero Parallel, LLC, and its successors and assigns.

#### **IV**

#### **Bureau Findings and Conclusions**

The Bureau finds the following:

- 4. Zero Parallel, LLC is a California limited-liability company with its principal place of business at 505 N. Brand Blvd., Glendale, CA 91203. Zero Parallel is in the business of receiving Leads from Lead Generators and selling the Leads to small-dollar and installment lenders and to remarketing companies.

5. The lenders to which Zero Parallel sells Leads are “covered persons” under the CFPA—they extend credit for use by consumers for personal, family, or household purposes. 12 U.S.C. § 5481(15)(A)(i).
6. Zero Parallel provides a material service to covered persons in connection with the offering or provision by the covered persons of a consumer financial product or service. Zero Parallel is a “service provider” to covered persons under the CFPA. 12 U.S.C. § 5481(26)(A).
7. During the Relevant Period, Zero Parallel’s business practice was to accept Leads in every U.S. state except New York, West Virginia, Arkansas, and Vermont, and sell Leads in any state for which a purchaser requested them, other than the four excluded states.
8. Zero Parallel received Leads from Lead Generators.
9. Zero Parallel also hosted and controlled certain websites from which it received Leads, acting as its own Lead Generator in those instances.
10. Zero Parallel sold the Leads it received from Lead Generators and its own websites to purchasers with whom it had entered Lead-sale agreements.
11. Zero Parallel’s network of Lead purchasers included online small-dollar or installment lenders and remarketing companies.
12. Lenders to which Zero Parallel sold Leads extend credit in the form of small-dollar or installment loans for use by consumers for personal, family, or household purposes, with an expectation that the principal, interest, and fees will be collected from consumers.
13. Remarketing companies buy consumer information to market products other than the loans for which consumers applied.

### **Findings and Conclusions**

14. Many states protect consumers from harmful practices associated with the origination, servicing, and collection of certain loans.
15. Such legal protections include restrictions upon the types of entities that may engage in these types of transactions, licensing requirements, and civil and criminal usury limits.
16. In some states, loans that violate these laws are declared void, meaning that the lender has no legal right to collect, and the borrower is not obligated to pay, some or all of the principal or interest on the loan.
17. Zero Parallel knew the consumer's state of residence for each Lead it sold, and Zero Parallel regularly sold Leads for consumers located in states where the resulting loan was void or the lender had no legal right to collect the principal, interest, or fees from the consumer based on state-licensing requirements or interest-rate limits.
18. A consumer who submits his or her information on a Lead Generator's webpage is immediately redirected from that page to a lender's webpage. This automated process takes just seconds, and the consumer is not informed that his or her information has been filtered through Zero Parallel or sold by Zero Parallel.
19. Zero Parallel sets the order in which purchasers have the opportunity to purchase a given Lead. The higher the price the purchaser is willing to pay, the more likely they are to have the opportunity to purchase the Lead.

20. Zero Parallel knows in advance of its sales the identity of each purchaser in its network and whether they are likely to abide by state laws governing their loans.
21. Zero Parallel knows or has reason to believe that the Leads it sells are likely to result in loans with interest rates that exceed state usury limits or otherwise fail to comply with laws of the state where the consumer is located.
22. Section 1036(a)(1)(B) of the CFPA prohibits “unfair, deceptive, or abusive” acts or practices. 12 U.S.C. § 5536(a)(1)(B).
23. An act or practice is abusive if it “takes unreasonable advantage of . . . a lack of understanding on the part of the consumer of the material risks, costs, or conditions of a product or service.” 12 U.S.C. § 5531(d)(2)(A).
24. Zero Parallel’s sale of Leads resulting in, or likely to result in, loans that are void in whole or in part under the laws of the consumer’s state of residence based on state-licensing requirements or interest-rate limits takes unreasonable advantage of a lack of understanding on the part of the consumer of the material risks, costs, and conditions of the loans.
25. Zero Parallel engaged in abusive acts and practices in violation of §§ 1036(a)(1)(B) and 1031(d) of the CFPA, 12 U.S.C. §§ 5536(a)(1)(B), 5531(d).

**ORDER**

**V**

**Conduct Provisions**

**IT IS ORDERED**, under §§ 1053 and 1055 of the CFPA, that:

26. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not violate §§ 1031(d) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(d)(2)(A), 5536(a)(1)(B), and must take the following affirmative actions in connection with Lead Generation or Lead Aggregation:
- a. undertake reasonable efforts to ensure that Leads conveyed to recipients do not result in consumer loans that are void in whole or in part under the laws of the consumer's state of residence provided in the consumer's loan documents based on state-licensing requirements or interest-rate limits;
  - b. obtain and preserve information about any end user of its Leads sufficient to ensure compliance with this paragraph (No. 26), including but not limited to copies of all licenses required by each state in which the recipient does business where the absence of such a license would render a loan void in whole or in part under the laws of that state;
  - c. create and implement a process for reviewing loans resulting from Leads conveyed by Respondent to reasonably ensure compliance with this paragraph (No. 26) and with federal and state privacy laws;
  - d. establish a policy that prohibits lenders to which it conveys Leads, directly or indirectly, from making consumer loans that are void in whole or in part under the laws of the consumer's state of residence provided in the

- consumer's loan documents based on state-licensing requirements or interest-rate limits;
- e. refrain from conveying Leads where Respondent knows or reasonably believes that the Leads are likely to result in consumer loans that are void in whole or in part under the laws of the consumer's state of residence provided in the consumer's loan documents based on state-licensing requirements or interest-rate limits; and
  - f. within 30 days of the Effective Date, complete all steps necessary to register for the Bureau's Company Portal, including providing the information required at [www.consumerfinance.gov/company-signup](http://www.consumerfinance.gov/company-signup) and in the Bureau's Company Portal Boarding Form (OMB No. 3170-0054). Respondent, in connection with responding to consumer complaints and inquiries, whether acting directly or indirectly, is subject to and may not violate § 1034(b) and (c) of the CFPA, 12 U.S.C. §§ 5534(b), (c).

For purposes of this paragraph (No. 26) and its subparts, no Person may take into consideration any contention that state or federal law is inapplicable, or that lenders are not subject to state or federal law, because of lender sovereignty or a lender's foreign, offshore, or tribal status or affiliation, or because of choice of foreign or tribal law.

## **VI**

### **Order to Pay a Civil Money Penalty**

**IT IS FURTHER ORDERED** that:

- 27. Under § 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section IV of this Consent Order, and taking into account the



factors in 12 U.S.C. § 5565(c)(3), Respondent must pay a civil money penalty of \$100,000 to the Bureau.

28. Within 10 days of the Effective Date, Respondent must pay the civil money penalty by wire transfer to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions.
29. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by § 1017(d) of the CFPB, 12 U.S.C. § 5497(d).
30. Respondent must treat the civil money penalty paid under this Consent Order as a penalty paid to the government for all purposes. Regardless of how the Bureau ultimately uses those funds, Respondent may not:
  - a. claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Consent Order; or
  - b. seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made under any insurance policy, with regard to any civil money penalty paid under this Consent Order.
31. In the event of any default on Respondent's obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as amended, will accrue on any outstanding amounts not paid from the date of default to the date of payment and will immediately become due and payable.
32. Respondent must relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law, and no part of the funds may be returned to Respondent.

33. Under 31 U.S.C. § 7701, Respondent, unless it already has done so, must furnish to the Bureau its taxpayer-identifying numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.
34. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent must notify the Enforcement Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondent paid or is required to pay to consumers and describe the consumers or classes of consumers to whom that redress has been or will be paid.
35. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondent may not argue that Respondent is entitled to, nor may Respondent benefit by, any offset or reduction of any compensatory monetary remedies imposed in the Related Consumer Action because of the civil money penalty paid in this action or because of any payment that the Bureau makes from the Civil Penalty Fund (Penalty Offset). If the court in any Related Consumer Action grants such a Penalty Offset, Respondent must, within 30 days after entry of a final order granting the Penalty Offset, notify the Bureau, and pay the amount of the Penalty Offset to the U.S. Treasury. Such a payment will not be considered an additional civil money penalty and will not change the amount of the civil money penalty imposed in this action.

## **VII Reporting Requirements**

**IT IS FURTHER ORDERED** that:

36. Respondent must notify the Bureau of any development that may affect compliance obligations arising under this Consent Order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor company; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Consent Order; the filing of any bankruptcy or insolvency proceeding by or against Respondent; or a change in Respondent's name or address. Respondent must provide this notice, if practicable, at least 30 days before the development, but in any case no later than 14 days after the development.
37. Within 7 days of the Effective Date, Respondent must:
  - a. designate at least one telephone number and email, physical, and postal address as points of contact, which the Bureau may use to communicate with Respondent;
  - b. identify all businesses of which Respondent is the majority owner, or that Respondent directly or indirectly controls, by all of their names, telephone numbers, and physical, postal, email, and Internet addresses;
  - c. describe the activities of each such business, including the products and services offered, and the means of advertising, marketing, and sales.

38. Respondent must report any change in the information required to be submitted under paragraph 36 at least 30 days before the change or as soon as practicable after the learning about the change, whichever is sooner.
39. Within 120 days of the Effective Date, and again one year after the Effective Date, Respondent must submit to the Enforcement Director an accurate written compliance progress report (Compliance Report), which, at a minimum:
  - a. Describes in detail the manner and form in which Respondent has complied with this Consent Order; and
  - b. Attaches a copy of each Order Acknowledgment obtained under Section VIII, unless previously submitted to the Bureau.

## **VIII**

### **Order Distribution and Acknowledgment**

**IT IS FURTHER ORDERED** that:

40. Within 30 days of the Effective Date, Respondent must deliver a copy of this Consent Order to its executive officers, as well as to any managers, employees, Service Providers, or other agents and representatives who have responsibilities related to the subject matter of the Consent Order.
41. For 3 years from the Effective Date, Respondent must deliver a copy of this Consent Order to any business entity resulting from any change in structure referred to in Section VII, any future executive officers, as well as to any managers, employees, Service Providers, or other agents and representatives

who will have responsibilities related to the subject matter of the Consent Order before they assume their responsibilities.

42. Respondent must secure a signed and dated statement acknowledging receipt of a copy of this Consent Order, ensuring that any electronic signatures comply with the requirements of the E-Sign Act, 15 U.S.C. § 7001 *et seq.*, within 30 days of delivery, from all persons receiving a copy of this Consent Order under this Section.

## **IX Recordkeeping**

**IT IS FURTHER ORDERED** that:

43. Respondent must create, or if already created, must retain for at least 5 years from the Effective Date, all documents and records necessary to demonstrate full compliance with each provision of this Consent Order, including all submissions to the Bureau.
44. Respondent must retain the documents identified in paragraph 43 for the duration of the Consent Order.
45. Respondent must make the documents identified in paragraph 43 available to the Bureau upon the Bureau's request.

## **X Notices**

**IT IS FURTHER ORDERED** that:

46. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, or other documents relating to this

Consent Order in writing, with the subject line, “*In re Zero Parallel, LLC*, File No. 2017-CFPB-0017,” and send them either:

- a. By overnight courier (not the U.S. Postal Service), as follows:

Assistant Director for Enforcement  
Consumer Financial Protection Bureau  
ATTENTION: Office of Enforcement  
1625 Eye Street, N.W.  
Washington D.C. 20006; or

- b. By first-class mail to the below address and contemporaneously by email to

Enforcement\_Compliance@cfpb.gov:

Assistant Director for Enforcement  
Consumer Financial Protection Bureau  
ATTENTION: Office of Enforcement  
1700 G Street, N.W.  
Washington D.C. 20552

## **XI**

### **Cooperation with the Bureau**

**IT IS FURTHER ORDERED** that:

47. Respondent must cooperate fully with the Bureau in this matter and in any investigation related to or associated with the conduct described in Section IV. Respondent must provide truthful and complete information, evidence, and testimony. Respondent must cause Respondent’s officers, employees, representatives, or agents to appear for interviews, discovery, hearings, trials, and any other proceedings that the Bureau may reasonably request upon 10 days written notice, or other reasonable notice, at such places and times as the Bureau may designate, without the service of compulsory process.

**XII**  
**Compliance Monitoring**

**IT IS FURTHER ORDERED** that, to monitor Respondent's compliance with this Consent Order:

48. Within 14 days of receipt of a written request from the Bureau, Respondent must submit additional Compliance Reports or other requested information, which must be made under penalty of perjury; provide sworn testimony; or produce documents.
49. For purposes of this Section, the Bureau may communicate directly with Respondent, unless Respondent retains counsel related to these communications.
50. Respondent must permit Bureau representatives to interview any employee or other person affiliated with Respondent who has agreed to such an interview. The person interviewed may have counsel present.
51. Nothing in this Consent Order will limit the Bureau's lawful use of civil investigative demands under 12 C.F.R. § 1080.6 or other compulsory process.
52. For the duration of the Consent Order in whole or in part, Respondent agrees to be subject to the Bureau's supervisory authority under 12 U.S.C. § 5514. Consistent with 12 C.F.R. § 1091.111, Respondent may not petition for termination of supervision under 12 C.F.R. § 1091.113.

### **XIII**

#### **Modifications to Non-Material Requirements**

**IT IS FURTHER ORDERED** that:

53. Respondent may seek a modification to non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) by submitting a written request to the Enforcement Director.
54. The Enforcement Director may, in his or her discretion, modify any non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) if he or she determines good cause justifies the modification. Any such modification by the Enforcement Director must be in writing.

### **XIV**

#### **Administrative Provisions**

55. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau, or any other governmental agency, from taking any other action against Respondent, except as described in paragraph 56.
56. The Bureau releases and discharges Respondent from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section IV of this Consent Order, to the extent such practices occurred before the Effective Date and the Bureau knows about them as of the Effective Date. The Bureau may use the practices described in this Consent Order in future enforcement actions against Respondent and its affiliates, including, without limitation, to establish a pattern or practice of

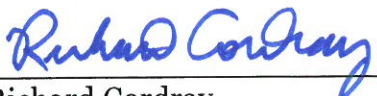


violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty. This release does not preclude or affect any right of the Bureau to determine and ensure compliance with the Consent Order, or to seek penalties for any violations of the Consent Order.

57. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under § 1053 of the CFPA, 12 U.S.C. § 5563, and expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.
58. This Consent Order will terminate 5 years from the Effective Date or 5 years from the most recent date that the Bureau initiates an action alleging any violation of the Consent Order by Respondent. If such action is dismissed or the relevant adjudicative body rules that Respondent did not violate any provision of the Consent Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Consent Order will terminate as though the action had never been filed. The Consent Order will remain effective and enforceable until such time, except to the extent that any provisions of this Consent Order have been amended, suspended, waived, or terminated in writing by the Bureau or its designated agent.
59. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.
60. Should Respondent seek to transfer or assign all or part of its operations that are subject to this Consent Order, Respondent must, as a condition of sale, obtain the written agreement of the transferee or assignee to comply with all applicable provisions of this Consent Order.

61. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may impose the maximum amount of civil money penalties allowed under § 1055(c) of the CFPA, 12 U.S.C. § 5565(c). In connection with any attempt by the Bureau to enforce this Consent Order in federal district court, the Bureau may serve Respondent wherever Respondent may be found, and Respondent may not contest that court's personal jurisdiction over Respondent.
62. This Consent Order and the accompanying Stipulation contain the complete agreement between the parties. The parties have made no promises, representations, or warranties other than what is contained in this Consent Order and the accompanying Stipulation. This Consent Order and the accompanying Stipulation supersede any prior oral or written communications, discussions, or understandings.
63. Nothing in this Consent Order or the accompanying Stipulation may be construed as allowing Respondent, its officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED, this 5<sup>th</sup> day of ~~August~~ <sup>September</sup>, 2017.

  
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Richard Cordray  
Director  
Consumer Financial Protection Bureau