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16 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
17  
18 OF THE STATE OF CALIFORNIA

19 In the Matter of: ) CONSENT ORDER  
20 THE COMMISSIONER OF FINANCIAL )  
21 PROTECTION AND INNOVATION, )  
22  
23 Complainant, )  
24 v. )  
25 SOLO FUNDS, INC., )  
26 Respondent. )  
27  
28

19 This Consent Order (“Consent Order”) is entered into between the Commissioner of  
20 Financial Protection and Innovation (“Commissioner”) and SoLo Funds, Inc. (“SoLo,” and  
21 together, the “Parties”), and is made with respect to the following facts:

22 I.  
23

**RECITALS**

24 ***The CCFPL***

25 A. The Commissioner has jurisdiction over the regulation of persons engaged in  
26 offering or providing a consumer financial product or service in California and affiliated service  
27 providers under the California Consumer Financial Protection Law (“CCFPL”), Cal. Fin. Code  
28

1       § 90000 et seq. A “covered person” is “[a]ny person that engages in offering or providing a  
2 consumer financial product or service to a resident of this state.” Cal. Fin. Code § 90005(f)(1).

3           B.     Under the CCFPL, it is unlawful for a “covered person” to “[e]ngage, have engaged,  
4 or propose to engage in any unlawful, unfair, deceptive, or abusive act or practice with respect to  
5 consumer financial products or services.” Cal. Fin. Code § 90003(a)(1).

6           C.     Furthermore, any person who “knowingly or recklessly provides substantial  
7 assistance to a covered person . . . in violation [Financial Code section 90003(a)] or any rule or  
8 order issued [under the CCFPL], the provider of that substantial assistance shall be deemed to be in  
9 violation of that section to the same extent as the person to whom that assistance is provided.” Cal.  
10 Fin. Code § 90003(b).

11          D.     An unlawful act or practice includes any act that can be called a business practice  
12 and that at the same time is forbidden by law—any law—federal, state, or local. *See Smith v. State*  
13 *Farm Mut. Auto. Ins. Co.*, 93 Cal. App. 4th 700, 717–18 (2001) (defining an unlawful act or  
14 practice under California’s Unfair Competition Law).

15          E.     A “consumer financial product or service” is generally a “financial product or  
16 service that is delivered, offered, or provided for use by consumers primarily for personal, family,  
17 or household purposes.” Cal. Fin. Code § 90005(e)(1).

18          F.     “Financial product or service” includes, among other things, “[e]xtending credit and  
19 servicing extensions of credit” as well as “brokering extensions of credit[.]” Cal. Fin. Code  
20 § 90005(k)(1).

21          G.     The CCFPL defines “credit” as “the right granted by a person to another person to  
22 defer payment of a debt, incur debt and defer its payment or purchase property or services and defer  
23 payment for those purchases.” Cal. Fin. Code § 90005(g).

24           **The CFL**

25          H.     The Commissioner also has jurisdiction over the licensing and regulation of persons  
26 engaged in the business of lending and brokering under the California Financing Law (“CFL”).  
27 Cal. Fin. Code § 22000 et seq.

28           ///

1           I.       The CFL states that “[n]o person shall engage in the business of a finance lender or  
2 broker without obtaining a license from the commissioner.” Cal. Fin. Code § 22100(a).

3           J.       The CFL defines “finance lender” to include “any person who is engaged in the  
4 business of making consumer loans[.]” Cal. Fin. Code § 22009.

5           K.       The CFL defines “broker” to include “any person who is engaged in the business of  
6 negotiating or performing any act as broker in connection with loans made by a finance lender.”  
7 Cal. Fin. Code § 22004.

8           L.       “Consumer loan” is defined by the CFL as “a loan, whether secured by either real or  
9 personal property, or both, or unsecured, the proceeds of which are intended by the borrower for use  
10 primarily for personal, family, or household purposes.” Cal. Fin. Code § 22203.

11          M.      Financial Code section 22306 states that no amount in excess of the CFL “shall be  
12 directly or indirectly charged, contracted for, or received by any person, and the total charges of the  
13 finance lender and broker and any other person in the aggregate shall not exceed the maximum rate  
14 provided for [in the CFL].”

15          N.       For loans of up to \$900, the CFL provides that a lender “may contract for and  
16 receive charges at a rate not exceeding” the sum of the following:

17           (a) Two and one-half percent per month on that part of the unpaid principal  
18 balance of any loan up to, including, but not in excess of two hundred twenty-five  
19 dollars (\$225).

20           (b) Two percent per month on that portion of the unpaid principal balance in  
21 excess of two hundred twenty-five dollars (\$225) up to, including, but not in  
22 excess of nine hundred dollars (\$900).

23          *See Cal. Fin. Code § 22303(a)-(b).*

24          O.       Alternatively, a lender making loans of less than \$2,500.00 “may contract and  
25 receive charges at the greater of” the following:

26           (a) A rate not exceeding 1.6 percent per month on the unpaid principal balance.

27           (b) A rate not exceeding five-sixths of 1 percent per month plus a percentage per  
28 month equal to one-twelfth of the annual rate prevailing on the 25th day of the

1 second month of the quarter preceding the quarter in which the loan is made, as  
2 established by the Federal Reserve Bank of San Francisco[.]

3 See Cal. Fin. Code § 22304(a)-(b).

4 P. The CFL defines “charges” to include the aggregate interest, fees, bonuses,  
5 commissions, brokerage, discounts, expenses, and other forms of costs charged, contracted for, or  
6 received by a licensee or any other person in connection with the investigating, arranging,  
7 negotiating, procuring, guaranteeing, making, servicing, collecting, and enforcing of a loan or  
8 forbearance of money, credit, goods, or things in action, or any other service rendered.” Cal. Fin.  
9 Code § 22200.

10 Q. Aside from setting maximum interest rates for loans and requiring lenders and  
11 brokers, the CFL and its implementing regulations also contain several specific loan regulations,  
12 including:

13 i. The loan contract shall provide for payment of the aggregate amount  
14 contracted to be paid in substantially equal periodical installments, the first of  
15 which shall be due not less than 15 days nor more than one month and 15  
16 days from the date the loan is made. Cal. Fin. Code § 22307(b).

17 ii. All CFL lenders are required to comply with the Truth in Lending Act  
18 (“TILA”) (15 U.S.C. § 1601, et seq.), as well as its implementing regulation,  
19 known as “Regulation Z.” See Cal. Fin. Code §§ 22346(b), 22332, 22337(a).  
20 This includes certain disclosure requirements and accurate disclosure of the  
21 annual percentage rate (“APR”).

22 ***Commissioner’s Findings of Fact***

23 R. SoLo is a Delaware certified public benefit corporation with its principal place of  
24 business at 555 W. 5th Street, Floor 35, Los Angeles, CA 90013.

25 S. Travis R. Holoway is the Chief Executive Officer and agent for service of process  
26 for SoLo and is authorized to enter into this Consent Order on SoLo’s behalf.

27 T. The Commissioner has never issued a license to SoLo to act as a finance lender or  
28 broker under the CFL.

1        U. Beginning in the first half of 2021, the DFPI, conducted an investigation  
2 (“Investigation”) of SoLo in order to determine SoLo’s compliance with applicable Federal and  
3 State laws and regulations. The Commissioner’s Investigation of SoLo was conducted pursuant to  
4 the DFPI’s investigative authority under California Financial Code sections 22701 and 90011.

5        V. In response to a report of preliminary findings from the Commissioner, on May 10,  
6 2021, SoLo voluntarily paused operations which allowed consumers to request or receive loans  
7 through its mobile phone application and website (“Platform”) in California.

8        W. The Commissioner made the following factual findings based on the Investigation  
9 (“Findings”):

- 10        i. Starting in 2018, SoLo operated a Platform available to consumers in  
11 California, as well as other states. The Platform claimed to allow consumers  
12 “to easily access and supply short-term funds for immediate needs.” In the  
13 Platform, individual consumers (“Borrowers”) in California could request  
14 loans in amounts up to \$500 that were repayable through a single payment  
15 due no more than 15 days after the loan was made, despite all loans being 35-  
16 day term loans. In turn, other individual consumers (“Lenders”) in California  
17 and elsewhere could review Borrowers’ loan requests and decide whether to  
18 make the loans requested. SoLo’s Platform allowed Borrowers to request  
19 loans on terms agreed to between the Borrowers and Lenders, which the  
20 Lenders funded directly.
- 21        ii. SoLo did not investigate whether Lenders had a license under the CFL to  
22 make consumer loans, nor did it require Lenders to have a CFL license as a  
23 prerequisite to make loans on the Platform.
- 24        iii. To attract Borrowers to its Platform, SoLo made the following claims on  
25 SoLo’s social media accounts, listing in the Apple App Store, or within the  
26 Platform:
  - 27            1. that loans received through the Platform were “the most affordable  
28 loans in the market”;

- 1           2. that loans received through the Platform carried no interest and always
- 2           bore a 0% APR with no finance charge;
- 3           3. that, by using the Platform, Borrowers would receive “fast loans,”
- 4           closed in “just a few hours,” with funds delivered “instantly”;
- 5           4. that Borrowers could receive loans through the Platform with “no
- 6           approval process” and “no credit check”;
- 7           5. that Borrowers have “have complete control over your [loan’s] terms.
- 8           You set the loan amount, Lenders appreciation tip, and a payback
- 9           date that works for you.”;
- 10          6. that the Platform was “supported by . . . Visa, Kiva, and thousands of
- 11          banking partners”;
- 12          7. that over 30,000 individuals nationwide used its Platform to borrow
- 13          money in 2020; and
- 14          8. that the Platform’s loan “marketplace has provided hundreds of
- 15          thousands of people with the access they need to put food on the table
- 16          or pay off an unexpected expense.”

X. To receive a loan through the Platform, Borrowers posted a loan request that potential Lenders could view. The request contained the following proposed loan terms set by each requesting Borrower: the amount of money requested, which could be no more than \$500; the number of days in which the Borrower would repay the loan, which must be 15 days or less; the purpose for which the Borrower would use the money received; and, the amount of tip that the Lender would receive from the Borrower for agreeing to fund the loan, which must be expressed as a percentage of the loan amount and could be no more than 12%.

Y. Pop-up messaging in the Platform urged Borrowers to offer the maximum tip amount to have their loan request fulfilled. One such pop-up claimed that Borrowers who offered the maximum tip amount were two times more likely to have their loan funded. Any Borrower or prospective Borrower new to the Platform must offer a tip or would be less likely to have their loan request fulfilled. Lenders on the Platform were also able to counteroffer a higher tip amount.

1 About 25% of these higher counteroffers were accepted by Borrowers in exchange for receiving a  
2 loan, and about 75% were rejected by Borrowers as being more than the Borrower was willing to  
3 tip to receive the loan.

4 Z. Before receiving a loan, the Borrower was also presented with a pop-up prompting  
5 the Borrower to pay a donation to SoLo for providing the Platform. The donation was also  
6 expressed as a percentage of the loan amount and could be no more than 9%. When making a loan  
7 request, Borrowers could not dismiss the donation request prompt; the only way to disable the  
8 donation request pop-up was to toggle an unadvertised setting buried in the Platform's general  
9 settings pane. Further, this setting had to be turned off each time the Borrower took out a loan.

10 AA. SoLo claims that Borrowers would have been able to retract previously-agreed upon  
11 tips and/or donations if Borrowers contacted SoLo's general customer support in advance of the  
12 loan repayment date. Borrowers were never advised that they may renege on their prior  
13 commitment to make a tip or donation.

14 BB. Despite agreeing to pay tips and/or donations as part of the loan request process,  
15 SoLo did not include those amounts in the ultimate formal loan agreement generated in the  
16 Platform. Moreover, there was a period in which the loan agreement between the Borrower and the  
17 Lender was not presented or shown to the Borrower in advance of the Borrower consenting to the  
18 loan and receiving funding; it could only be viewed by Borrowers after consummation.

19 CC. The vast majority of Borrowers in California paid both a tip and a donation.

20 DD. To attract Lenders to its Platform, SoLo marketed the following claims on SoLo's  
21 website, SoLo's social media accounts, on the Platform's listing in the Apple App Store, or within  
22 the Platform:

- 23 i. that the Platform allowed individuals to “[p]ut your unused capital to work,  
24 earning for you while helping others”;  
25 ii. that the Platform allowed Lenders to use their “capital” to “reap the benefits  
26 in the form of a quick return” and to “make a quick return on your extra  
27 cash”;

- iii. that SoLo “t[ook] the work out of lending by vetting and organizing a marketplace of loan requests . . . allowing for mutually beneficial financial outcomes”;
  - iv. that SoLo helped Lenders “[f]ilter the marketplace according to what’s most important to your lending strategy -- tip amount, payback date, Borrower history, etc.”;
  - v. that one Lender made 46 loans in 90 days with a 9.27% rate of return; and
  - vi. that another Lender “made \$500 lending on SoLo Funds last month – that’s more than Robinhood.”

EE. When using the Platform to review loan requests, Lenders were able to see the following data about each Borrower or prospective Borrower: an avatar or picture of the Borrower or prospective Borrower, the Borrower or prospective Borrower’s “SoLo score,” which is meant to indicate that person’s ability to repay the loan and is based, in part, on the balance of and activity within that person’s linked bank account; the number of loans the Borrower had repaid on the Platform; the loan amount requested; the tip offered; the number of days in which the loan would be repaid; and the Borrower or prospective Borrower’s self-reported need for the loan requested, two examples of which SoLo advertised were for “car payment” or “co-pay.”

FF. SoLo sent reminder emails to Borrower who did not repay Lenders. If the Borrower ultimately repaid the loan after 35 days, the Borrower also paid the greater of \$5.00 or 5% of the loan amount as a late fee.

GG. Many Borrowers paid off a loan and obtained a new loan from the platform on the same day. The latter loans for these Borrowers were generally at a higher principal amount than the previous loan. These Borrowers, on average, requested and received multiple loans.

### ***Commissioner's Conclusions of Law***

HH. Based on the Findings, the Commissioner makes the following conclusions of law: (“Conclusions”)

II. SoLo is a “covered person” under the CCFPL because it has offered a consumer financial product or service to California residents, to wit, servicing and brokering extensions of credit. *See* Cal. Fin. Code § 90005(k)(1).

JJ. SoLo brokered consumer loans in California between April 1, 2018 and May 10, 2021 without the required license from the Commissioner, in violation of California Financial Code section 22100(a).

KK. SoLo also provided substantial assistance to all the Lenders on its platform in making loans subject to the CFL without a license from the Commissioner, in violation of California Financial Code section 90003(b).

LL. Specifically with respect to loans made available on SoLo's Platform, when accounting for the lender tip and SoLo donation as "charges" under the CFL, the loans exceeded the maximum interest rates permissible under the CFL in violation of Cal. Fin. Code §§ 22303-04. Moreover, the promissory notes generated on the Platform failed to comply with TILA and Regulation Z by claiming that the loans had 0% APR, in violation of Cal. Fin. Code §§ 22161(a), (c); 22346(b); 22332; and 22337(a).

MM. SoLo contends that at all times it was operating in good faith and with a reasonable interpretation of the law.

NN. Without admitting or denying the Commissioner's Findings and Conclusions, as set forth in paragraphs R through LL, Solo desires to enter this Consent Order which the Commissioner finds is in the public interest and consistent with the purposes fairly intended by the policies and provisions of the CFL and CCFPL.

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

II.

## **TERMS AND CONDITIONS**

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 CCFPL and the CFL.

1           2.       Desist and Refrain Order. Pursuant to Financial Code section 22707.5, SoLo and  
2 any of its affiliated or related entities, are hereby ordered to desist and refrain from violating the  
3 CFL, including without limitation Financial Code sections 22100, 22303, 22304, 22307, 22161,  
4 22332, 22337, and 22346. Moreover, pursuant to Financial Code section 90015(d)(1), SoLo is  
5 hereby ordered to desist and refrain from violating Financial Code section 90003(a)(1) and  
6 90003(b), including without limitation, through the violations of the CFL mentioned above.

7           3.       Injunctive Relief. SoLo hereby agrees to the following:

- 8           i.       SoLo will provide Borrowers with a copy of each of their loan agreements  
9                   that is savable and printable (in both a mobile app and web format) prior to  
10                  the Borrower agreeing to take out the loan.  
11           ii.      SoLo will continue to not permit Borrowers to take out a new loan on its  
12                  Platform until the Borrower fully repays any previous loans obtained by the  
13                  Borrower through the Platform.

14           4.       Consumer Relief. SoLo hereby agrees to provide the following consumer relief:

- 15           i.       Refunds. Within one hundred twenty (120) calendar days of the Effective  
16                  Date of this Consent Order, as defined in Paragraph 29, SoLo shall refund to  
17                  each California Borrower (each, a “Covered Borrower”) all donations that  
18                  were received by SoLo from such Covered Borrower (each, a “Refund”).  
19                  Any such Refunds owed to a Covered Borrower shall be provided pursuant to  
20                  the instructions in Paragraph 4.ii.  
21           ii.      Refund Notice and Instructions. Each Refund shall be made to the Covered  
22                  Borrower’s wallet on the SoLo Platform, or, if the Covered Borrower has  
23                  closed their SoLo account or the wallet is otherwise inaccessible to the  
24                  Covered Borrower, by check the Covered Borrower’s last known mailing  
25                  address, or such updated mailing address as can be identified through  
26                  customary address verification means and will be accompanied by a letter or  
27                  email letter in the form provided in Paragraph 5. SoLo shall bear the cost of  
28                  all related expenses related to providing the Refunds described herein,

including, but not limited to, the costs of mailing and stopping payment on outstanding checks that are not returned or cashed.

- iii. Report. Within one hundred fifty (150) calendar days following the Effective Date of this Consent Order, SoLo shall submit a report containing, at a minimum, the following loan information and documentation, Refund: the loan number; Borrower name; Borrower address; Borrower email address; Borrower phone number, loan amount; loan date; the “donation” amount; refund amount; date the refund was issued whether by check or via ACH transaction; the check number; and an indication as to whether the check was cashed or ACH transaction successfully transferred funds. Notice of any Refunds, including the borrower’s name, last known address, total refund amount, shall be sent to Taylor Steinbacher, Senior Counsel at the e-mail address noted in Paragraph 26.
  - i. Refund Substantiation. After one hundred fifty (150) calendar days following the Effective Date of this Agreement, upon request by the Commissioner, SoLo shall furnish within thirty (30) calendar days of the request, copies of the negotiated checks or list of ACH Refund transactions for any Covered Borrower, or, if applicable, proof of submittal of the funds as unclaimed property as provided in Paragraph 8.

5. Notice to Consumers. At least seven (7) calendar days before the issuance of the Refunds, SoLo shall send a notice to each Covered Borrower. Such notice shall be sent to the Covered Borrower last known e-mail address, or if no e-mail address is known, then to the borrower's last known mailing address. The notice shall say:

As a result of a settlement with the California Department of Financial Protection and Innovation, regarding the loan marketing and brokering activities of SoLo Funds, Inc., you are owed a refund of your voluntary donation(s) of \$X.xx. This refund will be provided within 7 days and will be sent to your SoLo wallet, or if you no longer have a SoLo wallet, by check to your last known address. Funds

1 placed in your SoLo wallet can be transferred to your bank account. Please  
2 contact us at statehelp@solofunds.com, 555 West 5th Street, Los Angeles,  
3 California 90013 or 213-238-7176 if you would like to verify your bank account  
4 information or mailing address before your refund is issued.

5       6. Penalty. The Commissioner imposes a penalty of \$50,000.00 on SoLo pursuant to  
6 California Financial Code sections 22707.5 and 90012(c) (the “Penalty”). SoLo shall pay the  
7 penalty to the Commissioner within one hundred eighty (180) calendar days following the Effective  
8 Date. Payment should be made in the form of a cashier’s check payable to the “Department of  
9 Financial Protection and Innovation” and transmitted to the attention of “Accounting – Litigation”  
10 at Department of Financial Protection and Innovation, 2101 Arena Boulevard, Sacramento,  
11 California 95834-2036. Notice of such payment shall be forwarded to Taylor Steinbacher, Senior  
12 Counsel, at the e-mail address noted in Paragraph 26. SoLo shall relinquish all dominion, control,  
13 and title to the Refunds and the Penalty to the fullest extent permitted by law and no part of the  
14 Refunds or the Penalty may be returned to SoLo.

15       7. No Consumer Waiver. Relief to any consumer under this Consent Order, including  
16 payment of a Refund or discontinuance of collection on any loan, may not be conditioned on that  
17 consumer waiving any right.

18       8. Handling of Unclaimed Refunds. That if any refund to any Covered Borrower(s)  
19 cannot be made due to the inability to locate the Covered Borrower(s) or the failure of any Covered  
20 Borrower(s) to use the funds placed into their wallet or to cash the refund check, as applicable,  
21 within two hundred seventy (270) calendar days of the Effective Date of this Agreement, SoLo  
22 shall escheat any such refunds to the California State Controller’s Office within the period provided  
23 the Unclaimed Property Law (Cal. Civ. Proc. Code § 1500 et seq.). In the event of escheat, notice  
24 shall be sent within five (5) business days to the Commissioner at the Notice address in  
25 Paragraph 26.

26       9. Full and Final Settlement. The Parties hereby acknowledge and agree that this  
27 Consent Order is intended to constitute a full, final, and complete resolution of the Findings, and  
28 that no further proceedings or actions will be brought by the Commissioner in connection with the

1 Findings under the CFL, CCFPL or any other provision of law, excepting therefrom any proceeding  
2 to enforce compliance with the terms of this Consent Order.

3       10.     Waiver of Hearing Rights. SoLo acknowledges the Commissioner is ready, willing,  
4 and able to proceed with the filing of an administrative enforcement action on the Findings  
5 contained in this Consent Order. SoLo hereby waives the right to any hearings, and to any  
6 reconsideration, appeal, or other right to review which may be afforded pursuant to the CFL, the  
7 CCFPL, the California Administrative Procedure Act, the California Code of Civil Procedure, or any  
8 other provision of law. SoLo further expressly waives any requirement for the filing of an  
9 Accusation pursuant to Government Code section 11415.60, subdivision (b). By waiving such  
10 rights, SoLo effectively consents to this Consent Order becoming final.

11       11.     Failure to Comply with Consent Order. SoLo agrees that if it fails comply with the  
12 terms of this Consent Order, the Commissioner may avail herself of all other remedies available to  
13 her pursuant to the CFL, CCFPL, the California Administrative Procedure Act, the California Code  
14 of Civil Procedure, or any other provision of law in connection therewith until SoLo is in  
15 compliance.

16       12.     Information Willfully Withheld or Misrepresented. This Consent Order may be  
17 rescinded, and the Commissioner may pursue any and all remedies available under the law against  
18 SoLo if the Commissioner discovers that SoLo knowingly or willfully withheld or misrepresented  
19 information used for and relied upon in this Consent Order.

20       13.     Future Actions by Commissioner. If SoLo fails to comply with any terms of the  
21 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise  
22 resolved under this Consent Order. Notwithstanding the foregoing, in the event of any suspected  
23 breach of this Consent Order, including without limitation Paragraphs 2-8, the Commissioner shall  
24 provide written notice to SoLo of such breach and the opportunity to cure the breach. SoLo must  
25 cure the breach to the satisfaction of the Commissioner within 30 days after the date on the  
26 notice. The Commissioner's notice and SoLo's proof of cure will be sent via email to the parties  
27 listed in Paragraph 26. If SoLo fails to cure the breach or comply under the original terms of this  
28 Consent Order, the Commissioner may, in addition to the remedies noted in Paragraph 11,

1 immediately revoke or deny any license held by or applied for by SoLo. The Commissioner shall  
2 determine in her sole discretion whether SoLo cured the complaint or action and whether any  
3 extensions to cure shall be granted. The Commissioner reserves the right to bring any future  
4 actions against SoLo or any of SoLo's partners, owners, officers, shareholders, directors, employees  
5 or successors for any and all unknown violations of law.

6       14. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner's  
7 ability to assist a government agency (whether city, county, state, or federal) with any  
8 administrative, civil, or criminal prosecutions brought by that agency against SoLo or any other  
9 person based upon any of the activities alleged in this matter or otherwise.

10      15. Headings. The headings to the paragraphs of this Consent Order are inserted for  
11 convenience only and will not be deemed a part hereof or affect the construction or interpretation of  
12 the provisions hereof.

13      16. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in  
14 interest.

15      17. Reliance. Each of the Parties represents, warrants, and agrees that in executing this  
16 Consent Order it has relied solely on the statements set forth herein and the advice of its own  
17 counsel. Each of the Parties further represents, warrants, and agrees that in executing this Consent  
18 Order it has placed no reliance on any statement, representation, or promise of any other party, or  
19 any other person or entity not expressly set forth herein, or upon the failure of any party or any other  
20 person or entity to make any statement, representation or disclosure of anything whatsoever. The  
21 Parties have included this clause: (1) to preclude any claim that any party was in any way  
22 fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of parol  
23 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

24      18. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of  
25 this Consent Order will be valid or binding unless it is in writing and signed by each of the Parties.  
26 The waiver of any provision of this Consent Order will not be deemed a waiver of any other  
27 provision. No waiver by either party of any breach of, or of compliance with, any condition or  
28 ///

provision of this Consent Order by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

19. Full 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 with respect to the subject matter hereof, and supersedes all prior or contemporaneous agreements, negotiations, representations, understandings, and discussions between and among the Parties, their respective representatives, and any other person or entity, with respect to the subject matter covered hereby.

20. Governing Law. This Consent Order will be governed by and construed in accordance with California law. Each of the Parties hereto consents to the jurisdiction of such court, and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in such court.

21. Counterparts. This Consent Order may be executed in one or more separate counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall together constitute a single document.

22. Effect Upon Future Proceedings. If SoLo or any of SoLo's officers or directors applies for any license, permit or qualification under the Commissioner's current or future jurisdiction, or is the subject of any future action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be admitted for the purpose of such application(s) or proceeding(s). Notwithstanding the foregoing, if SoLo applies to the Commissioner for a license, permit, or qualification, the Commissioner shall not deny such license, permit, or qualification solely due to the existence of this Consent Order or the Findings and Conclusions contained therein.

23. Voluntary Agreement. SoLo enters into this Consent Order voluntarily and without coercion and acknowledges that no promises, threats or assurances have been made by the Commissioner or any officer, or agent thereof, about this Consent Order. The Parties each represent and acknowledge that he, she or it is executing this Consent Order completely voluntarily and without any duress or undue influence of any kind from any source.

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1           24. No Private Right of Action. This Consent Order does not create or give rise to any  
2 private rights or remedies against SoLo, create any liability for SoLo, or limit any defenses of SoLo  
3 against claims of any kind from any person or entity not a party to this Consent Order.

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

11          26. Notice. Any notice required under this Consent Order shall be provided to each  
12 party at the following addresses:

- 13
- 14           i.     SoLo Funds, Inc.:  
15                 555 West 5th Street  
16                 Los Angeles, California 90013  
17                 legal@solofunds.com
- 18           ii.    To the Commissioner:  
19                 Taylor Steinbacher, Senior Counsel  
20                 Department of Financial Protection and Innovation  
21                 320 West 4th Street, Suite 750  
22                 Los Angeles, California 90013-2344  
23                 Taylor.Steinbacher@dfpi.ca.gov

24          27. Signatures. A fax or electronic signature shall be deemed the same as an original  
25 signature.

26          28. Public Record. SoLo hereby acknowledges that this Consent Order is and will be a  
27 matter of public record.

28          29. Effective Date. This Consent Order shall become final and effective when signed by  
29 all Parties and delivered by the Commissioner's agent via e-mail to SoLo's counsel at  
legal@solofunds.com.

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1           30. Authority to Sign. Each signatory hereto covenants that he or she possesses all  
2 necessary capacity and authority to sign and enter into this Consent Order and undertake the  
3 obligations set forth herein.

4           Dated: May 8, 2023

5           CLOTHILDE V. HEWLETT  
6           Commissioner of Financial Protection and Innovation

7           By:

8           MARY ANN SMITH  
9           Deputy Commissioner

10          Dated: May 8, 2023

11          SOLO FUNDS, INC.

12          By:

13          Travis R. Holoway  
14          CEO