

IN THE PHILADELPHIA COURT OF COMMON PLEAS  
FIRST JUDICIAL DISTRICT OF PENNSYLVANIA  
CIVIL TRIAL DIVISION



COMMONWEALTH OF PENNSYLVANIA,  
By Attorney General Michelle A. Henry,

Petitioner,

v.

SOLO FUNDS, INC.,

Respondent.

June Term, 2024

No. \_\_\_\_\_

**ASSURANCE OF VOLUNTARY COMPLIANCE**

**AND NOW**, comes the Commonwealth of Pennsylvania, acting by Attorney General Michelle A. Henry, (hereinafter “Commonwealth” or “Petitioner”), which investigated the business practices of SoLo Funds, Inc. (hereinafter “Respondent” or “SoLo”), pursuant to the provisions of the Pennsylvania *Unfair Trade Practices and Consumer Protection Law*, 73 P.S. § 201-1, *et seq.* (hereinafter “*Consumer Protection Law*”), the *Loan Interest and Protection Law* (“LIPL”), 41 P.S. § 101, *et seq.*, the *Consumer Discount Company Act* (“CDCA”), 7 P.S. §§ 6201-6219, and the *Fair Credit Extension Uniformity Act* (“FCEUA”), 73 P.S. § 2270.1, *et. seq.*, and states the following:

**DEFINITIONS**

**WHEREAS**, for purposes of this Agreement, the following definitions shall apply:

**A.** “**Effective Date**” of this Assurance of Voluntary Compliance shall be the day it is filed with the Court of Common Pleas of Philadelphia County, Pennsylvania.

**B. “SoLo Platform”** shall mean the website and mobile application operated by Respondent through which it facilitates small-dollar loans between individual consumer borrowers and lenders.

**C. “SoLo Loan”** shall mean a loan agreement between a consumer borrower and a lender made on the SoLo Platform.

**D. “Pennsylvania Borrower”** shall mean any individual borrower with a mailing address located in Pennsylvania.

**E. “Pennsylvania Lender”** shall mean any individual or other entity with a mailing address located in Pennsylvania who funds a SoLo Loan on the SoLo Platform.

### **PARTIES**

**WHEREAS**, Petitioner is the Commonwealth of Pennsylvania by the Office of Attorney General, with offices located at 1600 Arch Street, 3<sup>rd</sup> Floor, Philadelphia, PA 19103.

**WHEREAS**, Respondent is a Delaware Corporation that maintains a principal place of business located at 555 West 5<sup>th</sup> Street, 35<sup>th</sup> Floor, Los Angeles, CA 90013.

### **BACKGROUND**

**WHEREAS**, Respondent has engaged in trade and commerce within Pennsylvania by facilitating, negotiating, and processing small dollar SoLo Loans through the SoLo Platform to both Pennsylvania Borrowers and Pennsylvania Lenders.

**WHEREAS**, Respondent owns and operates the SoLo Platform, on which it facilitates small dollar SoLo Loans between lenders and borrowers of thirty-five days or less in duration.

**WHEREAS**, SoLo Loans typically involve payment of a “tip” to the lender and/or “donation” to Respondent in addition to repayment of the loan principal. SoLo Loan borrowers pay the tip and/or donation at the same time as they repay the SoLo Loan principal.

**WHEREAS**, under Section 201 of the *Loan Interest and Protection Law* (“*LIPL*”), 41 P.S. § 201, the maximum lawful rate of interest for the loan and use of money in an amount less than \$50,000 is six percent per year. The six-percent interest cap applies to all consumer lenders except those lenders who are licensed under the *CDCA*, and who make loans in accordance with the limitations and requirements of that statute. *See Pa. Dept. of Banking v. NCAS of Del., LLC*, 948 A.2d 752 (Pa. 2008).

**WHEREAS**, the *CDCA* prohibits persons from engaging in the “business of negotiating or making loans or advances of money on credit” in the amounts of \$25,000 or less and “charge, collect, contract for or receive interest, discount, bonus, fees, fines, commissions, charges, or other considerations which aggregate in excess of the interest that the lender would otherwise be permitted by law to charge . . . .” *See* 7 P.S. 6203.A. The Pennsylvania Supreme Court has established that “the effect of these two statutes [*CDCA* and *LIPL*] is that if a lender is licensed by the Department [of Banking] in accord with the *CDCA*, it can charge between 6–24% on loans under \$25,000. If it is not licensed, it is bound by the 6% cap imposed by the *LIPL*.” *Cash Am. Net of Nev., LLC v. Com., Dep’t of Banking*, 607 Pa. 432, 437–38, 8 A.3d 282, 285–86 (2010).

**WHEREAS**, the interest rate caps under the *LIPL* and *CDCA* apply to all credit-related charges, whether they are labeled interest or not. In interpreting the *CDCA*, the Pennsylvania Supreme Court has concluded that the statute “prohibits unlicensed lenders of under \$25,000 from charging interest and any type of other or additional charge or charges that aggregate in excess of six percent.” *See NCAS of Del.*, 948 A.2d at 653.

**WHEREAS**, based upon its investigation, the Commonwealth alleges the Respondent has engaged in conduct which violates the *Consumer Protection Law* as more fully set forth below:

1. The Commonwealth alleges that Respondent negotiated and facilitated SoLo Loans through the SoLo Platform involving Pennsylvania Borrowers and/or Pennsylvania Lenders where the finance charges of the loan exceeded that allowed under *LIPL* and *CDCA*, due to the Commonwealth's view that tips and donations should be included in the maximum interest rate.

2. The Commonwealth alleges that Respondent engaged in deceptive practices with regard to SoLo Loans involving Pennsylvania Borrowers and/or Pennsylvania Lenders that included a tip and/or donation by issuing disclosures that failed to include the tip and/or donation in the finance charges.

3. The Commonwealth alleges that Respondent engaged in deceptive practices by advertising to Pennsylvania consumers that SoLo Loans are "0% APR" with "no finance charge" when the loans included a tip and/or donation.

4. The Commonwealth alleges that Respondent engaged in unlawful practices in violation of Pennsylvania's *Fair Credit Extension Uniformity Act*, 73 P.S. § 2270.1, *et. seq.* and the *Consumer Protection Law*, by directing collections notices to Pennsylvania Borrowers stating that delinquent accounts would be reported to credit reporting agencies and would have a negative impact upon consumer credit scores, when in fact SoLo did not report account information to credit reporting agencies.

5. The Commonwealth alleges that Respondent caused a likelihood of confusion or misunderstanding by misrepresenting, explicitly or implicitly, that it was legal for Respondent to offer SoLo Loans on the SoLo Platform in excess of the rates permitted under Pennsylvania law. The Commonwealth alleges that these loans were void *ab initio* and are therefore uncollectible due to its view that tips and donations constituted finance charges exceeding the maximum rate of interest.

**WHEREAS**, the Commonwealth alleges that the aforesaid acts and practices constitute “unfair methods of competition” and/or “unfair or deceptive acts or practices,” as prohibited by Section 201-3 of the *Consumer Protection Law*, as defined by Section 201-2(4)(ii), (iii), (v), and (xxi) as follows:

1. Causing likelihood of confusion or of misunderstanding as to the source, sponsorship, approval, or certification of goods or services, 73 P.S. § 201-2(4)(ii);
2. Causing likelihood of confusion or of misunderstanding as to affiliation, connection or association with, or certification by, another, 73 P.S. § 201-2(4)(iii);
3. Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has sponsorship, approval, status, affiliation, or connection that he does not have, 73 P.S. § 201-2(4)(v); and
4. Engaging in any other fraudulent or deceptive conduct which creates a likelihood of confusion or of misunderstanding, 73 P.S. § 201-2(4)(xxi).

**WHEREAS**, Respondent agrees to cease and desist from engaging in the acts and practices alleged above and shall not violate the *Consumer Protection Law*, the *LIPL*, the *CDCA*, and/or the *FCEUA*.

**WHEREAS**, Respondent denies the Commonwealth’s allegations and denies that it has violated any law.

**WHEREAS**, this Assurance of Voluntary Compliance (“AVC”) is accepted by the Commonwealth pursuant to Section 201-5 of the *Consumer Protection Law*, in lieu of commencing statutory proceedings provided under Sections 201-4 of the *Consumer Protection Law* and shall not be considered an admission of a violation, 73 P.S. §§ 201-4 and 201-5.

## SETTLEMENT TERMS

**NOW THEREFORE**, having conducted trade and commerce within the Commonwealth, Respondent agrees for itself, its successors, assigns, agents, employees, and all other persons acting on its behalf, directly or through any corporate or other business device, to the following:

### **I. Injunctive and Affirmative Relief**

A. Respondent shall comply with any and all provisions of the *Consumer Protection Law* and any amendments thereto; and, is permanently enjoined from any violation thereof.

B. Respondent is enjoined and prohibited from violating the *LIPL*.

C. Respondent is enjoined and prohibited from violating the *CDCA*.

D. Respondent is enjoined and prohibited from violating the *FCEUA*.

E. Respondent may not direct any advertising or marketing to Pennsylvania consumers that uses the terms: “no interest”, “interest-free”, “no finance charge”, “0% APR”, or any other phrase that could lead a consumer to believe there is no interest associated with loans on the SoLo platform. Respondent has represented to the Commonwealth that it has discontinued any such practices and will not resume such in the future.

F. The SoLo Platform will be modified to prevent Pennsylvania Borrowers from submitting any loan request where the combined tip and donation exceed the interest rates permitted under *LIPL* and *CDCA*.

G. The SoLo Platform will be modified to prevent Pennsylvania Lenders from funding any loan request where the combined tip and donation exceed the interest rates permitted under Pennsylvania’s *LIPL* and *CDCA*.

H. For any SoLo Loan involving a Pennsylvania Borrower and/or Pennsylvania Lender, SoLo shall include any tip and/or donation in the disclosed finance charge. This may be

provided on a Pennsylvania specific disclosure to the extent it differs from the requirements of federal law or any other applicable law.

I. Respondent shall refrain from making statements to Pennsylvania consumers suggesting that delinquent loans SoLo Loans will be reported to Credit Reporting Agencies where SoLo makes no reporting of accounts on its platform to Credit Reporting Agencies. Respondent has represented to the Commonwealth that it has discontinued any such practices and will not resume such in the future.

J. On or before the Effective Date, Respondent shall immediately cease and desist from taking action to collect on any SoLo Loans, including any further payments of principal or interest, where (1) the borrower is a Pennsylvania Borrower and/or the lender is a Pennsylvania Lender, and (2) the combined tip and donation exceed six percent.

K. On or before sixty (60) days after the Effective Date, Respondent shall remove all information concerning any balance on a SoLo Loan from the online SoLo wallet account of any Pennsylvania Borrower.

L. If any Pennsylvania Borrower initiates a payment on a SoLo Loan after the Effective Date of this Agreement, Respondent shall refund to the Pennsylvania Borrower any tip and/or donation included in said payment. On or before one hundred thirty-five (135) days after the Effective Date, Respondent shall generate and provide the Commonwealth with a written report identifying any payments made by Pennsylvania Borrowers between the Effective Date and one hundred twenty (120) days after the Effective Date, along with the amount of tip and/or donation, if any, Respondent refunded for each.

M. Respondent represents that it has not furnished information concerning SoLo Loans to Consumer Reporting Agencies. Respondent shall refrain from furnishing negative credit

information concerning any SoLo Loan to a Pennsylvania Borrower or made by a Pennsylvania Lender prior to the Effective Date of this agreement to any Consumer Reporting Agency.

N. Respondent shall not refer or sell to a debt collector or other third party any SoLo Loan either made to a Pennsylvania Borrower or made by a Pennsylvania Lender prior to the Effective Date. If Respondent has already sold or referred any such SoLo Loan to a debt collector or other third party, Respondent shall make commercially reasonable efforts to call back or buy back such debt, and provide written proof that it has done so to the Commonwealth, within thirty (30) days of the Effective Date.

## II. Monetary Relief

A. Respondent agrees to pay the sum of Two Hundred Eight Thousand One Hundred Seventy-One and 51/100 dollars (\$208,171.51)(hereinafter “Required Payment”), which shall be allocated as follows:

1. **Restitution** to borrowers in the amount of One Hundred Fifty-Eight Thousand Dollars (\$158,000), representing a portion of the tips, donations, and other fees and charges Pennsylvania Borrowers paid for SoLo Loans prior to the Effective Date that were originated at an interest rate in excess of 6% (“Restitution Amount”);
2. **Civil Penalties** in the amount of Twenty-Five Thousand Dollars (\$25,000) shall be distributed to the Commonwealth of Pennsylvania, Department of Treasury; and
3. **Costs of Investigation** in the amount of Twenty-five Thousand One Hundred Seventy-One and 51/100 Dollars (\$25,171.51) shall be distributed to the Commonwealth of Pennsylvania, Office of Attorney General, to reimburse part



of the costs incurred in its investigation, and shall be deposited in an interest-bearing account from which both principal and interest shall be expended for future public protection and education purposes.

**B. Suspended Restitution and Suspended Civil Penalty**

1. Additional restitution pursuant to Section 201-4.1 of the Consumer Protection Law is assessed against Defendants and in favor of the Commonwealth in the amount of Two Million Six Hundred Forty-One Thousand One Hundred Fifty-One and 79/100 Dollars (\$2,641,151.79) and shall be suspended at this time (herein referred to as the “Suspended Restitution”).

2. An additional civil penalty pursuant to Section 201-8(b) of the Consumer Protection Law is assessed against Defendants and in favor of the Commonwealth in the amount of Eight Hundred Sixty-Six Thousand Seven Hundred Twenty-Five Dollars (\$866,725) and shall be suspended at this time (herein referred to as the “Suspended Civil Penalty”).

3. The suspension of the Suspended Restitution and Suspended Civil Penalty are subject to the following:

a. Upon the issuance of a final order by the Court of Common Pleas of Philadelphia County or any court of competent jurisdiction finding that Respondent is in default of any of the terms and conditions of this Assurance of Voluntary Compliance, the Suspended Restitution, Suspended Civil Penalty, and any other relief ordered by the Court, including any further restitution pursuant to Section 201-4.1 of the *Consumer Protection Law* or further civil penalties pursuant to Section 201-8(a) of the *Consumer Protection Law*, shall become immediately due and payable by the Respondent and a judgment shall be entered by the Court of Common Pleas of Philadelphia County or such court of competent jurisdiction against

Respondent and in favor of the Commonwealth, in the full amount of the Suspended Restitution, Suspended Civil Penalty, and any other relief ordered by the Court.

b. A default by Respondent shall include, but not be limited to, Respondent defaulting on, failing to comply with, or in any way breaching or violating any of the terms, representations, conditions, agreements, or requirements of this Assurance of Voluntary Compliance.

### **III. Payment Terms**

#### **A. Consumer Refunds**

1. The Commonwealth shall use the funds paid by Respondent as restitution: (a) to distribute funds to borrowers as the Commonwealth directs, and (b) to pay for costs and expenses of any settlement administrator. After the Commonwealth or its settlement administrator has completed the distribution of restitution funds to borrowers, including making reasonable attempts to contact payees of uncashed check and waiting a reasonable period of time of not less than ninety (90) calendar days, all uncashed checks may be voided. Once such uncashed checks have been voided, any remaining funds in the restitution account (including any accrued interest) will be distributed to the Commonwealth to be deposited in an interest-bearing account from which both principal and interest shall be expended for public protection and education purposes.

2. The Commonwealth shall have sole discretion concerning the distribution of restitution funds which may include determining the Pennsylvania Borrowers who made loans on the SoLo Platform, the nature and amount of borrower payments, and directing a settlement administrator to make payments to those borrowers.

3. Respondent shall promptly comply with all requests from the Commonwealth for information in Respondent's possession concerning Pennsylvania Borrowers that is required to distribute restitution payments including but not limited to, borrower names, mailing addresses, phone numbers, and e-mail addresses. At the Commonwealth's request, Respondent shall also provide social security numbers for any Pennsylvania Borrower(s) for whom the Commonwealth or its settlement administrator will need to perform a skip trace.

3. After Respondent has made the Required Payment, Respondent shall no longer have any property right, title, interest, or other legal claim to the funds held in escrow.

**B. Payment to the Commonwealth**

1. Respondent shall pay the sum total of the Civil Penalties and Costs of Investigation (the "Monetary Payment") of \$50,171.51 on or before the Effective Date.
2. Respondent shall pay the Restitution Amount of \$158,000.00 on or before forty-five (45) days after the Effective Date.
3. Respondent shall submit the Restitution Amount and the Monetary Payment by wire transfer or by certified check, cashier's check, or money order, made payable to the Commonwealth of Pennsylvania, Office of Attorney General, and forwarded to the attention of: Debra Djupman Warring, Esq., Pennsylvania Office of Attorney General, 1600 Arch Street, Suite 300, Philadelphia, PA 19103.

### **III. Miscellaneous Terms**

A. The Philadelphia Court of Common Pleas shall maintain jurisdiction over the subject matter of this AVC and over the Respondent for purpose of enforcement of the terms of this AVC.

B. Time shall be of the essence with regards to Respondent's obligations hereunder.

C. Any failure of the Commonwealth to exercise any of its rights under this AVC shall not constitute a waiver of its rights hereunder.

D. Travis Holoway, CEO of SoLo Funds, Inc., hereby states that he is authorized to enter into and execute this AVC on behalf of SoLo Funds, Inc.

E. Respondent is and has been represented by legal counsel and has been advised by their legal counsel of the meaning and effect of this AVC.

F. Respondent shall not, directly or indirectly, form a separate entity or corporation for the purpose of engaging in acts prohibited by this AVC or for the purpose of circumventing this AVC. This prohibition does not in any way limit the respondent from applying for and obtaining a Consumer Discount Company Act license, or creating a separate entity or corporation to apply for and operate in compliance with the Consumer Discount Company Act, as determined by the Pennsylvania Department of Banking, or operating pursuant to other Pennsylvania statutes.

G. Respondent further agrees to execute and deliver all authorizations, documents, and instruments which are necessary to carry out the terms and conditions of this AVC, whether required prior to, contemporaneous with, or subsequent to the Effective Date, as defined herein.

H. Nothing contained in this AVC shall be construed to waive or limit any individual right of action by any consumer, person, or entity, or by any local, state, federal, or other governmental entity.

I. Respondent agrees by the signing of this AVC that Respondent shall abide by each of the aforementioned provisions and that the breach of any one of these terms shall be sufficient warrant for the Commonwealth of Pennsylvania to seek penalties provided for under Section 201-8(a) of the *Consumer Protection Law*, 73 P.S. § 201-8(a), and to seek any other equitable relief which the Court deems necessary or proper, up to and including forfeiture of the right to engage in trade or commerce within the Commonwealth of Pennsylvania.

J. This AVC may be executed in any number of counterparts and by different signatories on separate counterparts, each of which shall constitute an original counterpart hereof and all of which together shall constitute one and the same document. One or more counterparts of this AVC may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof.

K. Respondent understands and agrees that if it has made any false statement in or related to this AVC, that such statement is made pursuant to and under penalty of 18 Pa. C.S. § 4904 relating to unsworn falsifications to authorities.

L. This AVC sets forth all of the promises, covenants, agreements, conditions, and understandings between the parties, and supersedes all prior and contemporaneous agreements, understandings, inducements, or conditions, express or implied. There are no representations, arrangements, or understandings, oral or written, between the parties relating to the subject matter of this AVC that are not fully expressed herein or attached hereto. Each party specifically warrants that this AVC is executed without reliance upon any statement or representation by any other party hereto, except as expressly stated herein.

M. If any clause, provision, or section of this AVC shall, for any reason, be held illegal, invalid, or unenforceable, such illegality, invalidity, or unenforceability shall not affect any other

clause, provision, or section of this AVC and this AVC shall be construed and enforced as if such illegal, invalid, or unenforceable clause, section, or other provision had not been contained herein.

N. Neither Petitioner nor Respondent shall be considered the drafter of this AVC or any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this AVC.

O. All references to time periods herein refer to calendar days, not business days.

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WHEREFORE, intending to be legally bound, the parties have hereto set their hands and seals.

**For the Petitioner:**  
COMMONWEALTH OF PENNSYLVANIA

MICHELLE A. HENRY  
*Attorney General*

Date: July 1, 2024

By: Debra D. Warring  
Debra D. Warring  
*Senior Deputy Attorney General*  
PA Attorney I.D. 206437  
1600 Arch Street, 3<sup>rd</sup> Floor  
Philadelphia, PA 19103  
Telephone: (215) 560-2930  
Fax: (215) 560-2494  
Email: [dwarring@attorneygeneral.gov](mailto:dwarring@attorneygeneral.gov)

**For the Respondent Corp.:**  
SOLO FUNDS, INC.

Date: \_\_\_\_\_

By: Travis Holoway  
Travis Holoway  
*Chief Executive Officer*  
555 W. 5<sup>th</sup> Street, 35<sup>th</sup> Floor  
Los Angeles, CA 90013

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COMMONWEALTH OF PENNSYLVANIA  
BY Attorney General MICHELLE HENRY,

Petitioner,

v.

SOLO FUNDS, INC.,

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**CERTIFICATE OF SERVICE**

Undersigned counsel does hereby certify that a true and correct copy of the foregoing Assurance of Voluntary Compliance was served on the following via U.S. Mail, postage prepaid and electronic mail on the date noted below:

Collin Schwartz, Esquire  
SoLo Funds, Inc.  
555 W. 5<sup>th</sup> Street, 35<sup>th</sup> Floor  
Los Angeles, CA 90013

Date: 7/1/2024

By: Debra D. Warring  
Debra D. Warring  
Senior Deputy Attorney General  
Counsel for Petitioner