

**BEFORE THE OFFICE OF FINANCIAL REGULATION**

IN THE MATTER OF:

ZIP CO. US, INC.

Respondent.

Case No.: **CFR-FY2025-02**

**CONSENT ORDER AND SETTLEMENT AGREEMENT**

This matter comes before the Maryland Commissioner of Financial Regulation (“Commissioner” or “Agency”) as the result of a complaint against Zip Co. US, Inc. and its current and prior officers and directors (“Respondent” or “Zip”). Based upon the complaint and subsequent investigation, the Commissioner alleges that the Respondent conducted unlicensed business activities in Maryland, and otherwise violated various provisions of the Annotated Code of Maryland, including, but not limited to: (i) Commercial Law Article, Title 12, Subtitle 6; (ii) Business Regulation Article, Title 7; and (iii) Financial Institutions Article Title 11, Subtitles 2 and 3 and Title 12, Subtitle 10. As a final resolution of this matter without a hearing and for the mutual benefit of the parties, the Agency and the Respondent have agreed to enter this Consent Order and Settlement Agreement (“Consent Order”) effective as of the 23rd day of January, 2025. The Agency and the Respondent stipulate and agree as follows:

1. Zip Co. US, Inc. exists as a Delaware corporation and maintains a principal place of business at 228 Park Ave. S., PMB 59872, New York, NY 10003.

2. Pursuant to Md. Code Ann., Fin. Inst. (“FI”) § 2-114, the Commissioner of Financial Regulation (the “Commissioner”) is authorized to make public or private investigations as the Commissioner considers necessary to determine whether a person has violated a provision of law, regulation, rule or order over which the Commissioner has jurisdiction; or aid in the enforcement of a law or in the prescribing of regulations, rules, and orders over which the Commissioner has jurisdiction.

3. Upon receipt of a complaint against the Respondent, the Agency investigated the allegations that the Respondent had conducted unlicensed business activities in Maryland and otherwise violated various provisions of Maryland law by aiding consumers in obtaining loans with terms contrary to those permitted by Maryland law. Zip denies these allegations.

4. The Respondent represents, and the Commissioner acknowledges, that Zip ceased all operations in Maryland that formed the basis of the allegations in the Investigation.

5. On November 26, 2024, the Office of Financial Regulation approved Zip’s license to conduct business as a credit services business in Maryland.

6. The Respondent disputes certain allegations in the Investigation and, in consultation with independent legal counsel, desires and hereby agrees to resolve this matter fully and finally, thereby avoiding the costs associated with any administrative hearing and any potential

appeals by entering this Consent Order.

7. By entering this Consent Order, the Respondent expressly waives its rights to: (a) a contested case administrative hearing before an Administrative Law Judge (“ALJ”) of the OAH to defend any charges related to the Investigation; (b) the making of Findings of Fact and Conclusions of Law by an ALJ; and (c) seek judicial review of this Consent Order by a court of competent jurisdiction.

8. Having consulted with independent legal counsel regarding the negotiation and execution of this Consent Order, the Respondent hereby agrees and acknowledges that it is entering this Consent Order knowingly, willingly, voluntarily, and with the advice of counsel.

9. The Respondent acknowledges that this Consent Order shall constitute a public record and shall constitute a reportable event for purposes of the regulatory disclosure questions on the Nationwide Multistate Licensing System and Registry (“NMLS”), as applicable.

10. The Respondent agrees to fully comply with the following terms and conditions in exchange for a final resolution of this matter:

a. The Respondent shall comply with the laws and regulations of Maryland and shall obtain all necessary business licenses to operate and/or continue ongoing business activities.

b. As of November 26, 2024, Respondent is licensed in Maryland as a credit services business and as of December 17, 2024, Respondent is licensed in Maryland as a collection agency. As of December 5, 2024, Respondent is registered in Maryland as a debt settlement services provider. Respondent agrees to keep all licenses and registrations necessary to conduct business activities in Maryland in good standing as a condition of this agreement.

c. Within fifteen (15) days of the Effective Date, the Respondent shall pay the Agency Two Hundred Thousand Dollars (\$200,000) through the Nationwide Multistate Licensing System (“NMLS”). Respondent agrees to effectuate payment in two separate payments as follows: (1) A penalty amount of one hundred five thousand dollars (\$105,000); (2) An investigative fee of ninety-five thousand dollars (\$95,000).

d. No later than ninety (90) days from the date that the Respondent executes this Consent Order, the Respondent shall issue payment to Maryland consumers who used Zip’s platform between September 1, 2020 and July 30, 2024. Respondent agrees that in the event it uses a Claims Administrator, it will provide the name and contact information to the Office for approval, which will not be unreasonably withheld. Under Section 10, the terms “Zip” and “Respondent” shall refer to the Respondent and/or any such claims administrator acting on its behalf. Zip agrees to administer restitution in the manner indicated herein below:

(i) The Respondent will pay the total amount of One Million Five Hundred Thousand Dollars (\$1,500,000) in restitution to those consumers who paid, in an aggregate amount of 5 dollars (\$5.00) or more by fee type, late fees (“Late Fee Consumers”) or fees to change a payment date (“Payment Date

Change Fee Consumers”).

- (ii) Each Late Fee Consumer who paid and did not receive a full refund of late fees will receive an amount equal to One Million Four Hundred Thirteen Thousand, One Hundred Eighteen Dollars (\$1,413,118) divided by the total number of individual Late Fee Consumers. Late Fee Consumers who utilized the Zip platform on more than one occasion shall be counted as one consumer.
- (iii) Each Payment Date Change Fee Consumer who paid and did not receive a full refund of payment date change fees will receive a refund of the payment date change fees.
- (iv) In determining the applicable Maryland Late Fee and Payment Date Change Fee Consumers, Zip shall utilize (1) the consumer spreadsheet provided to the Agency on or about November 19, 2024. Prior to sending any payments, Zip shall compile the list of consumers to receive restitution into a spreadsheet containing the consumer (s) name(s), address(es), telephone number(s), email address(es), and the refund amounts, and the method by which the refund will be sent, (“Consumer List”) and submit a copy to the Agency. Payments shall be made by electronic funds transfer or check to all Maryland consumers who utilized the Zip platform to the consumer’s most current mailing address, or email account, with mailed correspondence provided in an envelope with a clear and conspicuous statement on the front of the envelope stating in bold, uppercase letters: ***“IMPORTANT INFORMATION ENCLOSED BASED ON A SETTLEMENT WITH THE STATE OF MARYLAND.”*** Zip shall notify Maryland consumers, *via* a written communication acceptable to the Agency, that amounts being paid result from a settlement with the Agency;
- (v) If mail sent to addresses on file is returned as undeliverable, Zip shall utilize industry standard practices for locating Maryland consumers, including but not limited to skip tracing and the National Change of Address System, to identify the current mailing address for each Maryland consumer that utilized the Zip platform;
- (vi) Zip shall mail checks or send electronic funds transfers to Maryland consumers in accordance with the total amount of reimbursement owed by Zip Funds to such consumers;
- (vii) All checks that Zip mails pursuant to this Consent Order shall be valid for one hundred eighty (180) days after the date of issue of the check and shall be mailed to Maryland consumers within five (5) days of the date of issue;
- (viii) For any checks that Zip mailed pursuant to this Consent Order that are returned to Zip as undeliverable, Zip shall use skiptrace technology to verify

the address and issue a second check. After the restitution term set forth in Section 10 has elapsed, Zip will provide an updated Consumer List to the Agency with an accounting of claimed and unclaimed funds. Any funds that Zip mailed pursuant to this Consent Order that are returned to Zip as undeliverable, along with a copy of the unclaimed funds data from the Consumer List shall simultaneously be forwarded as one payment to the Comptroller of Maryland, 60 West Street, Suite 102, Annapolis, Maryland 21401, Attention: Unclaimed Property in accordance with all statutes, regulations, rules, and procedures that govern unclaimed property in Maryland;

- (ix) Zip shall provide any refund payment information reasonably requested by the Agency including, without limitation, the date a refund electronic funds transfer or check was issued and, in the case of checks, mailed, and the status of such payment, within seven (7) business days of the Agency's request.

e. The Respondent agrees to prospective relief, by returning fifty percent of Origination Fees, defined as the finance charge in Zip Agreements and in consumer-facing documents, paid by all Maryland consumers beginning November 26, 2024. and amounting to Five Hundred Thousand Dollars (\$500,000). Respondent will provide refunds consecutively, in the order the origination fees are received. By March 15, 2025, Zip will provide the Agency with a full accounting of prospective relief calculated and refunded subject to this provision in the form of an Excel spreadsheet. If the Respondent fails to refund \$500,000 in consecutive payments by March 15, 2025, the Respondent will provide an additional accounting of all origination fees on a monthly basis until this term is satisfied and the consecutive relief is fully awarded, which shall not exceed June 1, 2025.

11. In consideration of the foregoing obligations, the Agency agrees to accept this Consent Order as the full and final resolution of the Investigation and agrees not to pursue an administrative enforcement action against the Respondent based on the alleged violations, unless the Respondent fails to perform its obligations under this Consent Order.

12. The Agency and the Respondent further acknowledge and agree that this Consent Order shall be admissible, binding, and enforceable in a court of competent jurisdiction by the Agency should the Respondent fail to perform its obligations under this Consent Order and shall be admissible in any court proceedings to which the Agency is a party, and shall be binding upon and run to the benefit of Respondent's present and future owners, principals, directors, officers, members, partners, managers, agents, successors, and assigns.

13. The Agency and Respondent further acknowledge and agree that this Consent Order does not in any way relate to, impact, or otherwise affect the legal rights of, or preclude the Agency from bringing or continuing actions against persons not parties to this Consent Order and does not in any way prevent, preclude, or otherwise prohibit any consumer or other third party from pursuing any legal right, claim, or remedy at law relating to the facts or circumstances alleged in the Summary Order or this Consent Order.

14. The Respondent further acknowledges and represents that the undersigned has express and/or implied authority to execute this Consent Order on behalf of the Respondent and bind the Respondent to the terms, conditions, and provisions of this Consent Order.

15. All notices or correspondence sent with respect to this Consent Order shall be in writing and forwarded to the following addresses, unless such addresses have been changed in writing, *via* First Class United States Mail, postage prepaid, and by electronic mail as follows:

a. To the Office of Financial Regulation:

Office of Financial Regulation  
Maryland Department of Labor  
1100 N. Eutaw Street, Suite 611  
Baltimore, Maryland 21201  
Attn: Dana Allen, Director of Enforcement  
Email: [dana.allen@maryland.gov](mailto:dana.allen@maryland.gov)

b. To Respondent:

Allen H. Denson  
Morgan, Lewis & Bockius, LLP  
1111 Pennsylvania Avenue, NW  
Washington, DC 20004-2541  
Email: [allen.denson@morganlewis.com](mailto:allen.denson@morganlewis.com)

**BASED ON THE STIPULATIONS AND AGREEMENTS ABOVE, THE COMMISSIONER OF FINANCIAL REGULATION HEREBY:**

**ORDERS** that Respondent shall adhere to all terms of this Consent Order; and the Commission further

**ORDERS** in the event the Respondent violates any provision of this Consent Order, the Commissioner may, at the Commissioner's discretion, bring an enforcement action against the Respondent pursuant to the Commissioner's authority under applicable State law; such enforcement actions may include the issuance of an order to cease and desist, the imposition of civil monetary penalties, an order to provide restitution of money or property to any aggrieved persons, and/or an action for relief in a court of competent jurisdiction; and the Commissioner further

**ORDERS** that this matter shall be resolved in accordance with the terms of this Consent Order and the same shall be reflected among the records of the Agency; and the Commissioner further

**ORDERS** that this document shall constitute a Final Order of the Maryland Office of Financial Regulation and that the Commissioner may consider this Consent Order and the facts set

forth herein in connection with, and in deciding, any action or proceeding before the Commissioner; and the Consent Order may, if relevant, be admitted into evidence in any matter before the Commissioner, the Office of Administrative Hearings, or court of competent jurisdiction in which the Agency is a party.

**IN WITNESS WHEREOF**, this Consent Order becomes effective as of the day and year first above written.

**MARYLAND OFFICE OF  
FINANCIAL REGULATION**

By: Antonio P. Salazar  
Antonio P. Salazar, Commissioner

**ON BEHALF OF ZIP CO. US, INC.**

By: Allen Denson  
Allen Denson, attorney for Zip Co. US, Inc.