

**STATE OF VERMONT  
DEPARTMENT OF FINANCIAL REGULATION**

**In The Matter Of:** )  
 )  
**PROSPER MARKETPLACE, INC., (NMLS # 111473)** ) **Docket No. 16-010-B**  
**PROSPER FUNDING, LLC, (NMLS # 1398502)** )  
**Respondents** )

**STIPULATION AND CONSENT AGREEMENT**

**Background**

The Commissioner is charged with administering and enforcing the lending laws of the State of Vermont, including 8 V.S.A. Chapter 73 and applicable Regulations which govern the conduct of licensed lenders. 8 V.S.A. §§ 11 and 12.

1. Prosper Marketplace, Inc. (“PMI”) is a Delaware corporation with an address of record at 221 Main Street 3<sup>rd</sup> Floor, San Francisco, CA 94105-1911. Prosper Funding LLC (“PFL”) is a Delaware limited liability company with an address of record at 221 Main Street, Suite 300, San Francisco, CA 94105-1911. PFL is a wholly owned subsidiary of PMI and as of February 1, 2013, the successor in interest to many of PMI’s assets, including the Prosper marketplace platform and the Prosper website. For purposes of this Order, the term “Prosper” means both PMI and PFL.

2. PMI held a Vermont lender license from October 20, 2006 to June 11, 2009 at which point PMI voluntarily surrendered its Vermont lender license.

3. In September 2015, both PMI and PFL applied for a Vermont lender license. The Department issued Vermont lender license no. 6816 to PMI on November 12, 2015 and Vermont lender license no. 6822 to PFL on December 2, 2015.

4. Prosper operates a web-based marketplace designed to connect people who want to borrow money with people who have money to invest.

5. Prosper solicits loans through various targeted advertising methods designed to encourage borrowers to utilize the online marketplace.

6. Upon discovering that Prosper was soliciting loans in Vermont, the Department notified Prosper that a lender license was required to solicit loans in Vermont and directed them to cease solicitation activities.

7. Prosper agreed to cease any further loan solicitation activity in Vermont and to apply for and obtain a Vermont lender license prior to resuming solicitation activity in Vermont.

8. Prosper subsequently applied for and obtained a lender license.

9. The parties wish to resolve the Department's allegation of unlicensed activity that occurred prior to the issuance of the license without administrative or judicial proceedings.

10. Prosper and the Department expressly agree to enter into this Stipulation and Consent Agreement (or "Agreement") in full and complete resolution of the alleged violations.

### **Stipulation and Agreement**

Prosper and the Department hereby stipulate and agree as follows:

11. Although Prosper neither admits nor denies the Department's allegations, Prosper does not dispute that it previously directed advertisements to Vermont residents.

12. Prosper agrees to pay: (a) an administrative penalty to the "Department of Financial Regulation" in the amount of \$55,000; and (b) a payment to the "VT DFR – Financial Services Education & Training Special Fund" in the amount of \$5,000, which payments shall be made on or before June 3, 2016.

13. Prosper shall maintain a Vermont lender license so long as it engages in loan solicitation in Vermont.

14. In the event that Prosper withdraws from Vermont, Prosper will not direct any advertising to Vermont residents; will block Vermont residents from accessing a loan through any Prosper website; and will include Vermont in its list of states where Prosper is not available to Borrowers on its website where it identifies such states.

15. In the event Prosper fails to make the payments described in paragraph 12 on or before June 3, 2016, the Commissioner may, upon request from the Banking Division of the Department, issue an Order suspending, revoking, or terminating any or all of Prosper's licenses and imposing additional administrative penalties. The Department's failure to exercise this option shall not constitute a waiver of the right to exercise such option at any other time in connection with other matters not addressed by this Stipulation and Consent or in connection with a breach of this Stipulation and Consent Agreement.

16. The Department shall retain continuing jurisdiction in this matter until Prosper has complied with the terms and conditions of this Stipulation and Consent Agreement.

17. This Stipulation and Consent Agreement shall not prevent any person from pursuing any claim he or she may have against Prosper, nor shall it be understood as determining whether any such claim may or may not exist in law or equity and is not intended to have res judicata effect as to third parties.

18. Nothing contained in this Stipulation and Consent Agreement shall restrain or limit the Department in responding to and addressing any actual complaint filed with the Department involving Prosper and the Department reserves the right to pursue restitution in connection with any complaint filed with the Department.

19. Prosper knowingly and voluntarily waives any right it may have to judicial review by any court of the Order issued in connection with this Stipulation and Consent Agreement by way of suit, appeal, or extraordinary relief resulting from entry or enforcement of this Stipulation and Consent Agreement. Prosper reserves its rights to contest liability and defend itself against claims from any other person, and in all other contexts, from claims of the Department, including any alleged breach of this Stipulation and Consent Agreement.

20. Prosper acknowledges and agrees that the Stipulation and Consent Agreement is entered into freely and voluntarily and that no promise was made, nor was any coercion used, to induce Prosper to enter into the Agreement. Prosper acknowledges that it understands all terms and obligations contained herein.

21. Prosper consents to the entry of this Stipulation and Consent Agreement and agrees to be fully bound by its terms and conditions. Prosper acknowledges that noncompliance with any of the terms of this Agreement may constitute a separate violation of the laws of the State of Vermont and may subject it to sanctions.

22. The undersigned representative of Prosper affirms that he or she has taken all necessary steps to obtain the authority to bind Prosper to the obligations stated herein and has the authority to bind Prosper to the obligations stated herein.

**CONSENTED AND AGREED TO:**

**Prosper Marketplace, Inc.**

By:  Dated this 18th day of May, 2016.

Print Name: Sachin Adarkar

Title: Secretary and General Counsel

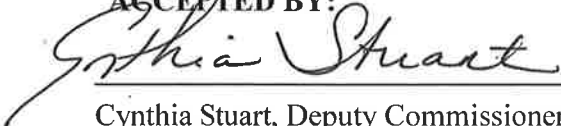
**Prosper Funding, LLC**

By:  Dated this 18th day of May, 2016.

Print Name: Sachin Adarkar

Title: Secretary

**ACCEPTED BY:**



Dated this 20 day of May, 2016.

Cynthia Stuart, Deputy Commissioner  
Banking Division

**CONSENT ORDER**

**NOW THEREFORE, IT IS HEREBY ORDERED THAT:**

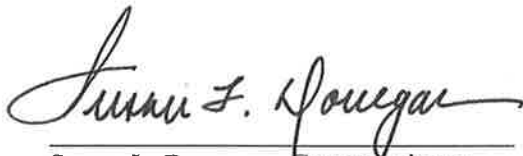
1. Prosper shall comply with all agreements, stipulations, and undertakings as recited in the Stipulation and Consent Agreement.
2. Prosper shall make the payments described in paragraph 12 of the Stipulation and Consent Agreement, which payments shall be made on or before June 3, 2016.
3. In the event Prosper fails to make the payments described above on or before June 3, 2016, the Commissioner may, upon request from the Banking Division of the Department, issue an Order suspending, revoking, or terminating any or all of Prosper's licenses and may impose additional administrative penalties. The Department's failure to exercise this option shall not constitute a waiver of the right to exercise such option at any other time in connection with other matters not addressed by the Stipulation and Consent Agreement or in connection with a breach of the Stipulation and Consent Agreement.
4. Prosper will maintain a Vermont lender license to solicit loans in Vermont or, in the event Prosper withdraws from the state, Prosper will not direct any advertising to Vermont

residents; will block Vermont residents from accessing a loan through any Prosper website; and will include Vermont in its list of states where Prosper is not available to Borrowers on its website where it identifies such states.

5. This Consent Agreement shall not prevent any person from pursuing any claim he or she may have against Prosper, nor shall it be understood as determining whether any such claim may or may not exist in law or equity and is not intended to have res judicata effect as to third parties.

6. Nothing contained in this Order shall restrain the Department from responding to and addressing any complaint involving Prosper filed with the Department or shall preclude the Department from pursuing any other violation of law.

7. This Order shall not be construed as an adjudication of any violation of any Vermont law or federal law, except as specifically set forth herein.

  
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Susan L. Donegan, Commissioner

Dated this 23<sup>rd</sup> day of May, 2016.