

**STATE OF VERMONT  
DEPARTMENT OF FINANCIAL REGULATION**

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|---------------------------------|---|---------------------|
| IN RE: TALLY TECHNOLOGIES, INC. | ) | DOCKET NO. 22-003-B |
| NMLS # 1492782                  | ) |                     |
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**STIPULATION AND CONSENT ORDER**

WHEREAS, the Vermont Department of Financial Regulation (“the Department”) asserts that Tally Technologies, Inc. (“Respondent” or “Tally”) has violated the banking laws as set forth below;

WHEREAS, Respondent and the Department wish to resolve these violations without further administrative proceedings or litigation; and

WHEREAS, Respondent neither admits nor denies the Department’s allegations, but in the interest of resolving the issues, Respondent agrees to the terms of this Stipulation and Consent Order;

NOW, THEREFORE, Respondent and the Department stipulate and agree to the terms and conditions in this Stipulation and Consent Order.

**STATEMENT OF FACTS**

1. Respondent is a Delaware corporation with a principal place of business at 375 Alabama Street, Suite 325, San Francisco, California 94110.
2. Respondent is a financial technology company that provides its customers with a mobile application that serves as a centralized location to pay off their credit cards and reduce their debt through a “Tally line of credit.”

3. The Tally line of credit is a revolving loan originated by a New Jersey-chartered financial institution, a loan that Respondent markets and offers to customers and for which Respondent accepts applications.
4. Once the financial institution executes the Tally lines of credit, Respondent purchases the receivables from the financial institution. In some instances Respondent sells the receivables to third party investors.
5. Consumers who accept a Tally line of credit pay an annual fee to access their line of credit and this fee is incorporated into the total loan.
6. Respondent's mobile application allows customers who hold Tally lines of credit to direct Respondent to pay their non-Tally credit cards balances on the mobile application using either their bank accounts or their Tally line of credit. Customers can separately elect whether to have Respondent manage the way in which their credit card balances are paid from their Tally line of credit, including the order, timing, and amount of payment for each card.
7. When a customer elects to have Respondent manage the payment of their credit card balances, Respondent uses an algorithm to determine what payments Respondent deems in the customer's best interest, taking into account factors such as the due date, balance, annual percentage rate, and level of usage of each card. The Tally line of credit terms of use agreement indicates that the algorithm may change over time and require that customers "agree that [Tally] may prioritize and make payments based on what Tally's algorithm deems optimal even if you would have made a different choice if making payments directly yourself."

8. Respondent offers consumers who do not qualify for a Tally line of credit the option to pay a monthly fee to use Respondent's mobile application to manage the payment of their credit card balances and to direct Respondent to pay their balances using their bank accounts.
9. Between at least June 13, 2021 and December 14, 2021, Respondent marketed to, offered to, and took applications, via the internet, from Vermont consumers for Tally lines of credit, ultimately resulting in the execution of 66 lines of credit and the creation of an additional 17 accounts for customers who did not qualify for Tally lines of credit.
10. As of December 14, 2021, Respondent had received \$ 9,396.96 in annual fees and interest from Vermont consumers and \$ 2,379.83 in fees from third party investors in the receivables for Tally lines of credit issued to Vermont consumers.
11. On or about December 14, 2021, Respondent stopped accepting Vermont residents as customers.
12. At no point between June 13, 2021 and December 14, 2021 did Respondent hold a Vermont loan solicitation license or a Vermont debt adjuster license.
13. On September 10, 2021, Respondent applied, and paid the licensing and application fees, for a Vermont loan solicitation license through the Nationwide Multistate Licensing System.
14. Respondent has agreed to apply for a Vermont debt adjuster license in order to operate in Vermont.
15. Respondent has cooperated with the Banking Division's requests for information, and the Banking Division has not received any complaints stemming from Respondent's activities in Vermont

## **LEGAL STANDARDS AND DESCRIPTION OF VIOLATIONS**

16. The Commissioner of Financial Regulation is responsible for administering and enforcing the banking laws of the State of Vermont and is authorized to investigate banking activities to determine compliance with Vermont law and to issue orders imposing remedial actions, administrative penalties, the disgorgement of sums obtained in conjunction with violations of Vermont law, and restitution, pursuant to 8 V.S.A. §§ 10-15, 2110, and 2115.
17. Pursuant to 8 V.S.A. § 2201(a), it is unlawful to engage in the business of loan solicitation in Vermont without a loan solicitation license issued by the Department.
18. Pursuant to 8 V.S.A. § 2200(7)(a) loan solicitation includes one or more of the following activities for compensation or gain or the expectation of compensation or gain: offering, soliciting, arranging, placing, or finding loans for a prospective Vermont borrower; engaging in an activity intended to assist a prospective Vermont borrower in obtaining a loan; arranging a loan through a third party via the internet; advertising or otherwise communicating that a person can or will provide a loan.
19. The Department asserts that, by, for at least six months, marketing, offering, and taking applications via the internet from Vermont consumers for revolving lines of credit without a Vermont loan solicitation license, resulting the execution of 66 lines of credit to Vermont consumers, in return for annual fees, interest payments, and fees from third party purchases of the receivables, Respondent violated 8 V.S.A. § 2201(a).

**CONSENT ORDER**

20. Within 30 calendar days of the entry of this Stipulation and Consent Order by the Commissioner, Respondent shall pay a total of \$ 2,355.36, as disgorgement of a portion of fees, consideration, and compensation earned from its unlicensed activity.
21. The amount identified in Paragraph 24 shall be made via wire or check made payable to the “Department of Financial Regulation” and mailed to:
- Attn: Beth Sides  
Department of Financial Regulation  
Legal Division, Third floor  
89 Main Street  
Montpelier, VT 05620-3101
26. Respondent shall not, neither directly nor through its subsidiaries or affiliates, engage in the business of loan solicitation in Vermont without a Vermont loan solicitation license.
27. Respondent shall not, neither directly nor through its subsidiaries or affiliates, engage in the business of debt adjustment in Vermont without a Vermont debt adjuster license.
28. Respondent acknowledges and admits the jurisdiction of the Commissioner over the subject matter of this Stipulation and Consent Order.
29. With respect to the facts and violations identified herein, Respondent waives its right to a hearing before the Commissioner or the Commissioner’s designee and waives its right to all other administrative or judicial review otherwise available under Vermont law, including the rules of the Vermont Department of Financial Regulation and the provisions of 3 V.S.A., Chapter 25.
30. This Stipulation and Consent Order is entered into solely for the purpose of resolving the violations identified herein, and it is not intended for any other purpose.

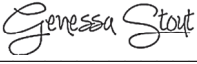
31. Respondent understands that the Banking Division has relied fully upon Respondent's disclosures, representations, and responses to information requests in stipulating to the facts stated herein and that nothing herein shall be construed as limiting the Commissioner's remedies if the Commissioner finds that the facts stated herein are based on false information.
32. Respondent understands all terms and conditions in this Stipulation and Consent Order, consents to the entry of this Stipulation and Consent Order, and acknowledges that its consent is given freely and voluntarily and that, except as set forth herein, no promise was made to induce Respondent's consent.
33. Noncompliance with any of the terms and conditions in this Stipulation and Consent Order shall be a violation of a lawful order of the Commissioner and a violation of the laws of the State of Vermont and may result in additional administrative or civil action and the imposition of injunctive relief, sanctions, and additional penalties pursuant to applicable provisions of Title 8 of the Vermont Statutes Annotated, including provisions imposing enhanced penalties for knowing violations.
34. Nothing herein shall be construed as limiting the Commissioner's ability to investigate Respondent for violations not resolved herein or to respond to and address any consumer complaints made with regard to Respondent.
35. Nothing herein shall be construed as having relieved, modified, or in any manner affected Respondent's ongoing obligation to comply with all federal, state, or local statutes, rules, and regulations applicable to Respondent.
36. Nothing herein shall be construed as limiting any private right of action a person may have.

37. This Stipulation and Consent Order shall be governed by and construed under the laws of the State of Vermont.

**SIGNATURES**

The terms and conditions set forth in this Stipulation and Consent Order are hereby stipulated and agreed to. I certify under the pains and penalties of perjury that I have taken all necessary steps to obtain the authority to bind Tally Technologies, Inc. to this Stipulation and Consent Order and that I have been duly authorized to enter into this Stipulation and Consent Order on behalf of the named Respondent.

TALLY TECHNOLOGIES, INC.

By:  03 / 17 / 2022  
Date  
Printed name: Genessa Stout  
Title: General Counsel and Secretary

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The terms and conditions set forth in this Stipulation and Consent Order are hereby stipulated, agreed to, and ordered.

DEPARTMENT OF FINANCIAL REGULATION

By:  3/18/2022  
Date  
Michael S. Pieciak  
Commissioner of Financial Regulation  
Vermont Department of Financial Regulation