

DEPARTMENT OF BUSINESS OVERSIGHT*Ensuring a Fair and Secure Financial Services Marketplace for all Californians***JAN LYNN OWEN****Commissioner of Business Oversight****For Immediate Release**

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DBO Announces Effort to Fight Search Engine Advertising by Unlicensed Payday Lenders

Effort Covers Bing, Yahoo, Google; 39 Lenders Now Blocked

SACRAMENTO – The Department of Business Oversight (DBO) today announced an initiative to ensure major Internet search engine firms block advertising in California by unlicensed payday lenders.

The DBO effort covers Bing (Microsoft), Yahoo and Google. Yahoo is covered because Bing controls Yahoo's search pages.

“Unlicensed payday lenders who operate online rank as one of the most significant consumer protection threats the DBO fights,” said Commissioner Jan Lynn Owen. “They prey on our most vulnerable consumers and break our laws designed to protect borrowers from paying excessive fees and getting trapped in a debt spiral. Curbing their search engine advertising through this protocol with Microsoft and Google will help us fight the problem.”

“Microsoft is committed to helping ensure that its advertisers on the Yahoo-Bing Network are compliant with our editorial policies and California law,” said Robyn Hines senior director of government affairs for Microsoft.

“We’re appreciative that Commissioner Owen is bringing unlicensed activity to our attention so that we can take action regarding advertising that violates our policies,” said Mufaddal Ezzy, California manager of public policy and government relations for Google.

When the DBO identifies unlicensed online payday lenders, it issues cease and desist orders against them. Under the protocol, when those orders become final, the DBO will notify designated individuals at Microsoft and Google. The firms then will take quick action to block the lenders’ ads, if they are advertising on the search engine pages.

The DBO consulted with Microsoft and Google officials in developing its initiative. As part of those discussions, the DBO provided both firms lists of unlicensed lenders already hit with enforcement actions. Using those lists, Microsoft and Google representatives have assured the DBO that, between them, they have now blocked ads by 39 unlicensed lenders.

To supplement the protocol with search engine providers, the DBO will explore ways to optimize search results so its enforcement actions against payday lenders are displayed prominently and in a way that can be easily identified by consumers.

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In 2014, of the 18 enforcement actions the DBO took against payday lenders, 15 were against unlicensed online lenders. In most cases, the unlicensed operators violated state laws that cap payday loan fees. One lender charged an annual interest rate of 2,320 percent. Additionally, some of the lenders made loans that exceeded the statutory limit of \$300.

Consumers can find out whether a payday lender is licensed by visiting the DBO website at www.dbo.ca.gov/fsd/licensees. They can file complaints against payday lenders at http://www.dbo.ca.gov/Consumers/consumer_services.asp. Consumers also can call the DBO toll free at 866-275-2677 to file complaints or learn a lender's licensing status.

A DBO consumer alert about unlicensed online payday lenders can be accessed at http://www.dbo.ca.gov/Publications/messages/Unlicensed_Internet_Lending_Bulletin_08-13.pdf.

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