

ORDER SUMMARY
Consumer Services Division Case Number C-22-3449

Consent Orders resolve investigations. In these, companies and individuals work with us to agree to terms that resolve the alleged issues in the investigation.

Name(s)	Leif Technologies, Inc Leif Servicing, LLC NMLS # 2321453
Order/Agreement Number	C-22-3449-23-CO01
Date issued	2/8/2024

What does this Consent Agreement require?

- Respondent Leif Technologies must pay a fine of \$1,962.50.
- Respondent Leif Technologies must pay an investigation fee of \$262.00. (Investigation fees cover the cost of DFI staff time working on the investigation).
- Respondent Leif Servicing must pay \$2,224.50 to Washington’s Financial Literacy and Education fund.
- Respondent Leif Technologies will not add any new student education loans to their servicing portfolio and will cease any servicing activity until Respondents Leif Technologies and/or Leif Servicing obtain a license.
- Respondent Leif Technologies to transfer entire servicing portfolio to licensed Consumer Loan company or to Respondent Leif Servicing upon approval of Respondent Leif Servicing’s consumer loan license application.

Need more information?

You can contact the Consumer Services Division, Enforcement unit at (360) 902-9703 or cseforcecomplaints@dfi.wa.gov. *Please remember that we cannot provide financial or legal advice to members of the public. We also cannot release confidential information.*

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Consumer Loan Act of Washington by:

No.: C-22-3449-23-CO01

CONSENT ORDER

LEIF TECHNOLOGIES, INC., and
LEIF SERVICING, LLC, NMLS # 2321453,

Respondents.

COMES NOW the Director of the Department of Financial Institutions (Director), through his
designee Division of Consumer Services Acting Director Ali Higgs, Leif Technologies, Inc.
(Respondent Leif Technologies) and Leif Servicing, LLC (Respondent Leif Servicing), and finding
that the issues raised in the above-captioned matter may be economically and efficiently settled, agree
to the entry of this Consent Order. This Consent Order is entered pursuant to Revised Code of
Washington (RCW) 31.04, the Consumer Loan Act (Act), and RCW 34.05.060 of the Administrative
Procedure Act, based upon the following:

FINDINGS OF FACT

1.1 Generally, in an income share agreement (ISA), a student agrees to repay a school a fixed
percentage of the student's future gross income after graduation, but only if the student is employed
and making more than an agreed-upon amount.

1.2 Residents of Washington State (Washington Consumers) entered into ISAs to finance
postsecondary education and the costs of attendance at financial institutions.

1.3 From on or about September 29, 2017, to at least December 1, 2022, Respondent Leif
Technologies received scheduled periodic payments from Washington Consumers pursuant to the
terms of ISAs, applied those payments to the Washington Consumers' accounts, and performed other

CONSENT ORDER
C-22-3349-23-CO01
LEIF TECHNOLOGIES, INC. and
LEIF SERVICING, LLC

1

DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8703

1 administrative services with respect to the ISAs. Respondent Leif Technologies has never obtained a
2 consumer loan license in accordance with the Act from the Department.

3 **1.4** Effective January 1, 2019, the Act was amended to require a license to engage in the business
4 of a student loan servicer. On November 6, 2020, the Department issued its Interim Regulatory
5 Guidance, which stated the Department's position that "most ISAs meet the definition of "loan"
6 under the Act."

7 **1.5** On or about January 12, 2022, the control persons for Respondent Leif Technologies formed a
8 new entity, Respondent Leif Servicing in order to apply for licenses in several states. Respondent
9 Leif Technologies is the one-hundred (100) percent owner of Respondent Leif Servicing.

10 **1.6** On or about June 21, 2022, Respondent Leif Servicing submitted a consumer loan license
11 application to the Department to engage in the business of a student education loan servicing
12 company under the Act, and the application is pending. In its application materials, Respondent Leif
13 Servicing represented that it was a newly formed entity that planned to obtain servicing agreements
14 from originators of ISAs.

15 **1.7** On or about July 28, 2022, the Department received a complaint against Respondent Leif
16 Technologies, alerting the Department to apparent unlicensed student loan servicing activity.

17 **1.8** The Department contacted Respondents Leif Technologies and Leif Servicing and confirmed
18 it was their intention to obtain a consumer loan license for Respondent Leif Servicing and transfer
19 Respondent Leif Technologies' student education loan servicing portfolio to Respondent Leif
20 Servicing once the consumer loan license application was approved. Respondent Leif Servicing
21 omitted in its application materials that it intended to obtain a servicing portfolio from an unlicensed,
22 affiliated entity.

1 **CONCLUSIONS OF LAW**

2 **2.1** Based upon the above Findings of Fact, and pursuant to the Department’s Interim Regulatory
3 Guidance the ISAs are “student education loans” as defined by RCW 31.04.015(32), the Washington
4 Consumers that entered into the ISAs are “student education loan borrowers” as defined by RCW
5 31.04.015(33), and Respondent Leif Technologies engaged in “student education loan servicing” as
6 defined by RCW 31.03.015(35).

7 **2.2** Based upon the above Findings of Fact, Respondent Leif Technologies violated RCW
8 31.04.035 by servicing student education loans without first obtaining and maintaining a license in
9 accordance with the Act or meeting an exclusion from the Act under RCW 31.04.025 or an
10 exemption from the licensing requirement under RCW 31.04.420.

11 **2.3** Based upon the above Findings of Fact, Respondent Leif Technologies violated RCW
12 31.04.027(1)(b) by directly or indirectly engaging in any unfair or deceptive practice toward any
13 person.

14 **2.4** Based upon the above Findings of Fact, Respondent Leif Servicing violated RCW
15 31.04.027(1)(h).

16 **AGREEMENT AND ORDER**

17 The Department and Respondents Leif Technologies and Leif Servicing have agreed upon a
18 basis for resolution of the Findings of Fact and Conclusions of Law identified in this Consent Order.
19 Pursuant to RCW 31.04.093(7) and RCW 34.05.060, Respondents Leif Technologies and Leif
20 Servicing and the Department agree to entry of this Consent Order and further agree that the matters
21 alleged herein may be economically and efficiently settled by the entry of this Consent Order.
22 Respondents Leif Technologies and Leif Servicing neither admit nor deny the Findings of Fact and
23 Conclusions of Law identified in this Consent Order.

24 CONSENT ORDER
C-22-3349-23-CO01
LEIF TECHNOLOGIES, INC. and
LEIF SERVICING, LLC

DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8703

1 Based upon the foregoing:

2 **A. Jurisdiction.** It is AGREED that the Department has jurisdiction over the subject matter of the
3 activities discussed herein.

4 **B. Waiver of Hearing.** It is AGREED that Respondents Leif Technologies and Leif Servicing
5 hereby waive any right they have to a hearing and any and all administrative and judicial review of the
6 issues raised in this matter or the resolution reached herein.

7 **C. No Admission of Liability.** The parties intend this Consent Order to fully resolve the matters
8 alleged herein and agree that Respondents Leif Technologies and Leif Servicing neither admit nor
9 deny any wrongdoing by its entry.

10 **D. Consumer Loan License Required.** It is AGREED that Respondents Leif Technologies and
11 Leif Servicing understand that, in order to service student education loans made to Washington State
12 residents, Respondents Leif Technologies and/or Leif Servicing must obtain a consumer loan
13 company license in accordance with the Act or qualify for an exclusion or exemption from licensing
14 as delineated in the Act. It is FURTHER AGREED that Respondent Leif Technologies will not add
15 any new student education loans to their servicing portfolio and will cease any servicing activity until
16 Respondents Leif Technologies and/or Leif Servicing obtain a license in accordance with the Act. It
17 is FURTHER AGREED that Respondent Leif Technologies will transfer its entire servicing portfolio
18 to a consumer loan company licensed in accordance with the Act or to Respondent Leif Servicing
19 upon approval of Respondent Leif Servicing's consumer loan license application.

20 **E. Application for Consumer Loan License.** It is AGREED that the entry of this Consent
21 Order will not preclude Respondent Leif Servicing from obtaining a consumer loan license pursuant
22 to Respondent Leif Servicing's pending consumer loan license application with the Department. It is
23 FURTHER AGREED that upon payment to the Department of the sums required under paragraphs F,

1 G, and H of this Consent Order, SO LONG AS all requirements under chapter 31.04 RCW and 208-
2 620 WAC are satisfactorily met and the application is complete as determined by the Department, the
3 Department will process Respondent Leif Servicing's pending consumer loan license application in
4 due course. Respondent Leif Servicing will be timely notified of any additional licensing
5 requirements. Respondent Leif Servicing agrees to timely respond to any such requests.

6 **F. Financial Literacy Payment.** Pursuant to RCW 31.04.093(7), the Director may accept
7 payments to the Department for purposes of financial literacy and education programs authorized
8 under RCW 43.320.150. Accordingly, it is AGREED that Respondent Leif Servicing shall pay a
9 Financial Literacy Payment to the Department in the amount of \$2,224.50 for purposes of financial
10 literacy and education programs, upon delivery of this Consent Order, properly dated and signed. It
11 is FURTHER AGREED that the Financial Literacy Payment is not a fine pursuant to the Act, and
12 Respondent Leif Servicing shall not advertise the Financial Literacy Payment. It is FURTHER
13 AGREED that the Financial Literacy Payment shall be paid in one cashier's check in the amount of
14 \$2,224.50, made payable to the "Washington State Treasurer."

15 **G. Fine.** It is AGREED that Respondent Leif Technologies shall pay a fine to the Department in
16 the amount of \$1,962.50, upon delivery of this Consent Order, properly dated and signed.

17 **H. Investigation Fee.** It is AGREED that Respondents Leif Technologies shall pay an
18 investigation fee to the Department in the amount of \$262.00, upon delivery of this Consent Order,
19 properly dated and signed. It is FURTHER AGREED that the Fine and Investigation Fee shall be
20 paid together in one cashier's check in the amount of \$2,224.50, made payable to the "Washington
21 State Treasurer."

22 **I. Records Retention.** It is AGREED that Respondents Leif Technologies and Leif Servicing,
23 their officers, employees, and agents shall maintain records in compliance with the Act and provide

1 the Director with the location of the books, records and other information relating to Respondent Leif
2 Technologies' student education loan servicing business conducted prior to licensure, and the name,
3 address and telephone number of the individual responsible for maintenance of such records in
4 compliance with the Act.

5 **J. Non-Compliance with Order.** It is AGREED that Respondents Leif Technologies and Leif
6 Servicing understand that failure to abide by the terms and conditions of this Consent Order may
7 result in further legal action by the Director. In the event of such legal action, Respondents may be
8 responsible to reimburse the Director for the cost incurred in pursuing such action, including but not
9 limited to, attorney fees.

10 **K. Voluntarily Entered.** It is AGREED that Respondents Leif Technologies and Leif Servicing
11 have voluntarily entered into this Consent Order, which is effective when signed by the Director's
12 designee.

13 **L. Completely Read, Understood, and Agreed.** It is AGREED that Respondents Leif
14 Technologies and Leif Servicing have read this Consent Order in its entirety and fully understand and
15 agree to all of the same.

16 **M. Authority to Execute Order.** It is AGREED that the undersigned authorized representative
17 has represented and warranted that he has the full power and right to execute this Consent Order on
18 behalf of Respondents Leif Technologies and Leif Servicing.

19 **N. Counterparts.** This Consent Order may be executed by Respondents Leif Technologies and
20 Leif Servicing in any number of counterparts, including by facsimile or e-mail of a .pdf or similar
21 file, each of which shall be deemed to be an original, but all of which, taken together, shall constitute
22 one and the same Consent Order.

23
24
CONSENT ORDER
C-22-3349-23-CO01
LEIF TECHNOLOGIES, INC. and
LEIF SERVICING, LLC

6

DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8703

1 **RESPONDENTS:**
Leif Technologies, Inc.
2 Leif Servicing, LLC

3 By:

4 [Redacted Signature]

01 / 25 / 2024

5 Authorized Representative for
Leif Technologies, Inc.

Date

6

7 [Redacted Signature]

01 / 25 / 2024

8 Authorized Representative for
Leif Servicing, LLC

Date

9

10 Approved for entry by:

11 [Redacted Signature]

01 / 25 / 2024

12 John D. Socknat
Ballard Spahr, LLP
13 Attorney for Respondents

Date

14 DO NOT WRITE BELOW THIS LINE

15

16 THIS ORDER ENTERED THIS 8th DAY OF February, 2024.



17 [Redacted Signature]

18 ALI HIGGS, Acting Director
Division of Consumer Services
Department of Financial Institutions

21 Presented by:

22 [Redacted Signature]

23 AMANDA B. STARNES
Financial Legal Examiner

Approved by:

24 [Redacted Signature]

JAMES R. BRUSSELBACK
Acting Enforcement Chief

CONSENT ORDER
C-22-3349-23-CO01
LEIF TECHNOLOGIES, INC. and
LEIF SERVICING, LLC

7

DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8703