

**BEFORE THE OFFICE OF FINANCIAL REGULATION**

IN THE MATTER OF:

SOLO FUNDS, INC.

and

TRAVIS HOLOWAY,

Respondents.

Case No.: CFR-FY2023-13

**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 SoLo Funds, Inc. and its current and prior officers and directors (collectively the “Respondents” or “SoLo Funds”). Based upon the complaint and subsequent investigation, the Commissioner, pursuant to his authority and in the public interest, issued a Summary Cease and Desist Order on October 24, 2023 (“Summary Order”), on the grounds that the Respondents conducted business in Maryland as an unlicensed credit services business, an unlicensed a collection agency, and an unregistered credit reporting agency and otherwise violated various provisions of the Annotated Code of Maryland and the Code of Maryland Regulations (“COMAR”), including, but not limited to: (i) Commercial Law Article, Title 12, Subtitles 1 and 3, and Title 14, Subtitles 12 and 19; (ii) Business Regulation Article, Title 7; (iii) Financial Institutions Article Title 11, Subtitles 2 and 3; and (iv) COMAR, Title 9, Subtitle 3, Chapter 7. As a final resolution of this matter without a hearing and for the mutual benefit of the parties, the Agency and the Respondents have agreed to enter this Consent Order and Settlement Agreement (“Consent Order”) effective as of the 1<sup>st</sup> day of August, 2024. The Agency and the Respondents stipulate and agree as follows:

1. SoLo Funds exists as a Delaware corporation and maintains a principal place of business at 555 West 5th Street, Floor 35, Los Angeles, California 90013.

2. Travis Holoway serves as the Chief Executive Officer of SoLo Funds and directs or exercises control over the activities and finances of SoLo Funds, including all SoLo Funds’ business activities in the State of Maryland.

3. Pursuant to Md. Code Ann., Financial Institutions Article (“FI”), §2-114(a)(1) and (2), 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.

4. Upon receipt of a complaint against the Respondents, the Agency investigated the allegations that the Respondents had conducted business in Maryland as an unlicensed credit

services business, an unlicensed a collection agency, and an unregistered credit reporting agency, and otherwise violated provisions of Maryland law related to their business activities.

5. At the conclusion of the Agency's investigation, the Commissioner issued and transmitted the Summary Order to Solo Funds in which the Commissioner alleged that the Respondents had conducted business in Maryland as an unlicensed credit services business, an unlicensed a collection agency, and an unregistered credit reporting agency and otherwise violated various provisions of Maryland law by aiding consumers in obtaining loans with terms contrary to those permitted by Maryland law. SoLo Funds does not admit these allegations.

6. By letter dated November 10, 2023, SoLo Funds, through counsel, requested a contested case administrative hearing. Thereafter, the Commissioner delegated hearing authority to the Office of Administrative Hearings ("OAH"), which scheduled the hearing for May 3, 2024 before an Administrative Law Judge, *CFR v. SoLo Funds, Inc, et al.*, Case No. LABOR-CFR-76-24-02268.

7. The Respondents represent, and the Commissioner acknowledges, that SoLo Funds has ceased all operations in Maryland that formed the basis of the allegations in the Summary Order.

8. The Respondents dispute certain allegations in the Summary Order and, in consultation with independent legal counsel, desire and hereby agree to resolve this matter fully and finally, thereby avoiding the costs associated with the contested case administrative hearing and any potential appeals by entering this Consent Order.

9. By entering this Consent Order, the Respondents expressly waive their rights to: (a) a contested case administrative hearing before an Administrative Law Judge ("ALJ") of the OAH to defend the charges; (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.

10. Having consulted with independent legal counsel regarding the negotiation and execution of this Consent Order, the Respondents hereby agree and acknowledge that they are entering this Consent Order knowingly, willingly, voluntarily, and with the advice of counsel.

11. The Respondents acknowledge 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.

12. The Respondents agree to fully comply with the following terms and conditions in exchange for a final resolution of this matter:

a. The Respondents shall comply with the laws and regulations of Maryland and shall continue to comply with the terms and provisions of the Summary Order applicable to the need for the Maryland licenses specified in the Summary Order, except as expressly modified herein. To the extent any term or provision of the Summary Order conflicts with or is otherwise incompatible with this Consent Order, the terms and provisions of this

Consent Order shall control.

b. The Respondents agree that they shall refrain from operating in Maryland until they obtain Maryland Credit Services Business, Collection Agency, Consumer Reporting Agency licenses and/or registrations (which respective license applications will be processed expeditiously by the Commissioner).

c. The Respondents agree to a civil penalty in the total amount of One Hundred Twenty-Five Thousand Dollars (\$125,000), of which the Respondents shall remit to Agency by electronic funds transfer, cashier's check, certified check, or money order made payable to "Office of Financial Regulation," the sum of Twenty-Five Thousand United States Dollars (\$25,000) within sixty (60) days of the date of this Consent Order. The remaining One Hundred Thousand Dollars (\$100,000) shall be waived upon compliance by the Respondents with the terms of this Consent Order.

d. No later than one hundred eighty (180) days from the date that the Respondents execute this Consent Order, the Respondents shall issue payment to Maryland consumers who obtained loans through the SoLo Funds platform in the manner indicated herein below:

(i) The Respondents will pay the total amount of One Hundred Twenty-Five Thousand Dollars (\$125,000) to such Maryland consumers who obtained loans through the SoLo Funds platform with each consumer receiving an amount equal to One Hundred Twenty-Five Thousand Dollars (\$125,000) divided by the total number of individual consumers. Consumers who utilized the SoLo Funds platform on more than one occasion shall be counted as one consumer. In determining the applicable Maryland consumers, SoLo Funds shall utilize (1) the consumer spreadsheet provided to the Agency on or about December 13, 2023 as reflected on the Agency's proposed hearing Exhibit 6 provided to Solo Funds counsel on or about April 26, 2024 and (2) the consumer spreadsheet provided to the Agency on or about January 18, 2024 as reflected on the Agency's proposed hearing Exhibit 7 provided to Solo Funds counsel on or about April 26, 2024. Prior to sending any payments, SoLo Funds 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 SoLo Funds platform to the consumer's most current mailing address 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."** SoLo Funds shall notify Maryland consumers, *via* a written communication acceptable to the Agency, that amounts being paid result from a settlement with the Agency;

(ii) SoLo Funds 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 SoLo Funds platform;

(iii) SoLo Funds shall mail checks or send electronic funds transfers to Maryland consumers in accordance with the total amount of reimbursement owed by SoLo Funds to such consumers;

(iv) All checks that SoLo Funds 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;

(v) For any checks that SoLo Funds mailed pursuant to this Consent Order that are returned to SoLo Funds as undeliverable, SoLo shall use skiptrace technology to verify the address, and issue a second check. After the restitution term set forth in Section 12 has elapsed, SoLo will provide an updated Consumer List to the Agency with an accounting of claimed and unclaimed funds. Any funds that SoLo Funds mailed pursuant to this Consent Order that are returned to SoLo Funds as undeliverable, and that are not claimed after the second issuance, 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;

(vi) SoLo Funds 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.

13. In consideration of the foregoing obligations, the Agency agrees to accept this Consent Order as the full and final resolution of Case No. CFR-FY2023-13 and agrees not to pursue an administrative enforcement action against the Respondents based on the alleged violations cited in the Summary Order, unless the Respondents fail to perform their obligations under this Consent Order.

14. The Agency and the Respondents further agree that upon execution of this Consent Order the scheduled hearing in this matter shall be withdrawn from the OAH pursuant to COMAR 09.01.03.07A.

15. 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 Respondents fail to perform their 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.

16. 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.

17. SoLo Funds shall post a notice on its website indicating that peer to peer lenders who utilize the Solo Funds platform and who stand subject to licensure as a lender in Maryland shall obtain appropriate licensure in Maryland. Reference in such notice shall be made *inter alia* to the following sections of the Financial Institutions Article: §11-201 [“Definitions”]; §11-204 [“License Required to Make a Loan or Transact Business”]. Reference in such notice shall be made *inter alia* to the following sections of the Commercial Law Article: §12-301 [“Definitions”]; §12-302 [“Licensing requirement”]; §12-303 [“Application”]; §12-314 [“Loans for less than certain amount”].

18. The Respondents further acknowledge and represent that the undersigned have express and/or implied authority to execute this Consent Order on behalf of the Respondents and bind the Respondents to the terms, conditions, and provisions of this Consent Order.

19. 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)

*AND*

Jonathan P. Phillips, Esq.  
Assistant Attorney General  
Office of the Attorney General of Maryland Department of Labor  
1100 N. Eutaw St., Room 605  
Baltimore, Maryland 21201  
Email: [jonathan.phillips@maryland.gov](mailto:jonathan.phillips@maryland.gov)

- b. To Respondent:

Richard Freshwater, Esq.  
General Counsel  
SoLo Funds, Inc.

3740 Motor Avenue  
Los Angeles, California 90034  
Email: [richard@solofunds.com](mailto:richard@solofunds.com)

With a Copy To:

Christopher Rahl, Esq.  
Gordon Feinblatt LLC  
1001 Fleet Street; Suite 700  
Baltimore, Maryland 21202  
Email: [crahl@gfirlaw.com](mailto:crahl@gfirlaw.com)

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

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

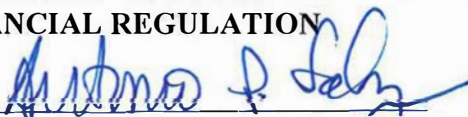
**ORDERS** in the event the Respondents violate any provision of this Consent Order, the Commissioner may, at the Commissioner's discretion, bring an enforcement action against the Respondents pursuant to the Commissioner's authority under applicable State law; such enforcement actions may include the 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 resolve 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 Commissioner 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 COMMISSIONER OF FINANCIAL REGULATION**

By:   
Antonio P. Salazar, Commissioner

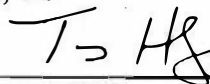
**RESPONDENTS**

By:   
Rodney Williams, President

Office of Financial Regulation  
Maryland Department of Labor

SoLo Funds, Inc.

By: \_\_\_\_\_



Travis Holoway, CEO  
SoLo Funds, Inc.