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## **State securities regulators settle with Prosper Marketplace over unregistered securities**

(Salem) – Oregon and other state securities regulators have reached a settlement in principle with Prosper Marketplace Inc., an online “peer-to-peer” lending service based in San Francisco.

The settlement resolves allegations that Prosper sold unregistered securities on its Web site. Oregon was one of five states leading the negotiations.

“Prosper is currently working with the states and the U.S. Securities and Exchange Commission to comply with securities registration requirements,” said Kevin Anselm, chief of enforcement and securities for the Department of Consumer and Business Services’ Division of Finance and Corporate Securities.

Under terms of the settlement, Prosper agreed not to offer or sell any securities in any jurisdiction until it is in compliance with that jurisdiction’s securities registration laws. Prosper also agreed to pay a fine totaling \$1 million to the states. In consideration of the settlement, the states will terminate their investigation of Prosper’s activities related to the sale of securities before Nov. 24, 2008.

Prosper has offered and sold promissory notes with fixed annual interest rates ranging from 7 percent to 36 percent, amortized over a three-year term with equal monthly payments. As of Sept. 29, 2008, Prosper’s Web site reported 810,000 members and \$175 million in loans funded.

In Oregon, 862 investors loaned more than \$2.83 million through Prosper. More than \$1.5 million is still outstanding.

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The Division of Finance and Corporate Securities, part of the Department of Consumer & Business Services, helps ensure that a wide range of financial products and services are available to Oregonians and helps protect consumers from financial fraud and abuse. For more information, visit <http://www.dfcs.oregon.gov/>.

The Department of Consumer and Business Services is Oregon’s largest business regulatory and consumer protection agency. For more information, visit <http://www.dcbs.oregon.gov/>.