

**STATE OF NEW HAMPSHIRE
BANKING DEPARTMENT**

In The Matter of: Klarna Inc. d/b/a Klarna Credit

Case No. 17-052

CONSENT ORDER

The State of New Hampshire Banking Department (“Department”), acting in agreement with the respondent, Klarna Inc. d/b/a Klarna Credit, finds and orders as follows:

Jurisdiction

Pursuant to RSA 399-A:2, I, the New Hampshire Banking Department (“Department”) is charged with regulating persons that “engage in the business of a small loan lender” in New Hampshire, which includes acting as an “intermediary, finder, or agent of a...borrower for the purpose of negotiating, arranging, finding, or procuring loans, or commitments for loans.¹”

Pursuant to RSA 399-A:13, I, the Department is authorized to examine the business affairs of any licensee or non-licensee small loan lender to determine compliance with RSA 399-A.

Background

Klarna Inc. is a Delaware corporation with a principal office location in Columbus, Ohio a Department-licensed money transmitter. Pursuant to its authority under 399-A:13, I and VII, the Department, through the Consumer Credit Division, requested information from Klarna Inc. regarding Klarna Credit. Klarna Inc. d/b/a Klarna Credit (“Klarna Credit”) provides services and technology that allow qualified borrowers to apply for and obtain open-end unsecured consumer loans at the e-commerce point of sale through an arrangement with WebBank, a Utah state-chartered industrial bank.

¹ RSA 399-A:1, XII(a).

After reviewing the information, the Department determined that from 2016 through 2017, Klarna Credit conducted unlicensed small loan lender activity by serving as an intermediary, finder, or agent for forty-six (46) New Hampshire consumers for the purpose of negotiating, arranging, finding, or procuring loans, or commitments for loans from WebBank under the Klarna Credit program through the Klarna Inc. online platform. It is the Department's position that Klarna Credit conducted such activity in violation of RSA 399-A:2, I. Klarna Credit neither admits nor denies any of the findings herein or any violation of New Hampshire law. On November 1, 2017, Klarna Inc. d/b/a Klarna Credit applied for a New Hampshire small loan lender license. Klarna Credit fully cooperated with the Department regarding the Department's inquiry and review of the Klarna Credit program.

Acknowledgments

WHEREAS, Klarna Credit makes the following acknowledgements:

1. Without admitting liability and as an economical and efficient method of resolving the foregoing matter, Klarna Credit knowingly and voluntarily enters into and signs this Consent Order without reliance upon any discussions between the Department and Klarna Credit, without the promise of a benefit of any kind (other than the concessions contained in this Consent Order), and without threats, force, intimidation or coercion of any kind.
2. Klarna Credit understands the nature of the allegations set forth herein and that they constitute grounds for potential sanctions, as provided by law.
3. Klarna Credit acknowledges, understands, and agrees that it has the right to notice and an adjudicatory hearing to contest the matters set forth herein, including any appeal, and hereby waives those rights. Klarna Credit further acknowledges it waives

the filing of any civil actions related to this matter.

4. Klarna Credit understands that its action in entering this Consent Order is a final act and not subject to reconsideration or judicial review or appeal.
5. Klarna Credit represents and warrants that it has all the necessary rights, powers and abilities to carry out the terms of this Consent Order.
6. Klarna Credit acknowledges that the Department is relying upon Klarna Credit's representations and warranties stated herein in making its determinations in this matter.
7. Klarna Credit acknowledges that this Consent Order may be revoked and the Department may pursue any and all remedies available under the law against Klarna Credit if the Department later learns that Klarna Credit knowingly or willfully withheld information from the Department.
8. This Consent Order is binding on all heirs, assigns and successors in interest.

Order

Pursuant to RSA 399-A:20, VI, the Bank Commissioner ("Commissioner") finds this action necessary or appropriate to the public interest or the protection of consumers and consistent with the purposes fairly intended by the policy and provisions of RSA Chapter 399-A. The Commissioner finds that Klarna Credit violated RSA 399-A:2, I by serving as a small loan lender without a license by serving as the intermediary or finder of a small loan through WebBank for a New Hampshire consumer. Accordingly, the Commissioner orders as follows:

1. Klarna Credit shall not conduct small loan lender activity pursuant to RSA 399-A:1, XII until such time as it is licensed by the Department as a small loan lender.

2. Klarna Credit shall remit an administrative fine in the amount of \$15,000. The payment shall be made contemporaneously with Klarna Credit's execution of this Consent Order, by bank check made payable to the "State of New Hampshire."
3. This consent order neither challenges nor negates the validity of the current credit agreements made by WebBank to New Hampshire consumers through the Klarna Credit program.
4. Failure by Klarna Credit to comply with any portion of this Consent Order shall constitute a separate and sufficient basis for administrative action, up to and including license revocation and monetary penalties.
5. This Order fully resolves this matter and the Commissioner will not take further action against Klarna Credit for the allegations presented herein. However, the Department may take enforcement action against Klarna Credit for any violation of this Consent Order or the matters underlying its entry, if the Commissioner determines that compliance with the terms of this Order are not being observed or if any representation made by Klarna Credit and reflected herein is subsequently discovered to be untrue.
6. This Consent Order shall become final when executed by the Commissioner.

Recommended by:

 /s/
Maryam Torben Desfosses
Hearings Examiner
New Hampshire Banking Department

 November 2, 2017
Date

_____/s/
Smitha Koppuzha Mortis
Chief Compliance Officer
Klarna Inc. d/b/a Klarna Credit

November 7, 2017
Date

SO ORDERED.

_____/s/
Gerald H. Little
Bank Commissioner
New Hampshire Banking Department

11/08/17
Date