



REGULATING LEAD GENERATORS

Committee: Social and Economic Justice

Resolution: SEJ-17-03

1. **WHEREAS**, online lead generation is “nearly ubiquitous in the modern marketplace”
2. but, because they operate behind the scenes, “consumers and many businesses know little
3. about what they do and how they do it;”¹ and
4. **WHEREAS**, according to the Federal Trade Commission (“FTC”), lead generation is the
5. process of identifying and cultivating individual consumers who are potentially interested
6. in purchasing a product or service. The goal of lead generation is to connect companies
7. with those consumers so that they can convert “leads” into sales;² and
8. **WHEREAS**, the business of lead generation is extremely opaque and often involves
9. multiple parties, playing multiple different roles within the lead generation ecosystem;
10. and
11. **WHEREAS**, the lead generation ecosystem is typically comprised of: publishers, which
12. are the consumer facing websites which encourage consumers to submit information in
13. order to connect with certain products; aggregators, which collect consumer information
14. from multiple publishers in order to consolidate the data for sale to end buyer; and the
15. end-buyer of the leads, often lenders seeking to acquire new customers;³ and

¹ Staff Perspective, Follow The Lead Workshop, September 2016, FTC;
https://www.ftc.gov/system/files/documents/reports/staff-perspective-follow-lead/staff_perspective_follow_the_lead_workshop.pdf

² Id.

³ Id.

16. **WHEREAS**, the payday lending lead generation industry in particular, is a significant
17. part of the lead marketplace, where lenders employ lead generators to cater to consumers
18. seeking quick small-dollar, short-term loans. To immediately underwrite and fund such
19. loans, many lenders ask their lead generators to collect detailed personal and financial
20. information associated with each loan application, including the consumer’s employers,
21. Social Security number, and financial account numbers;⁴ and
22. **WHEREAS**, consumers are often unaware that their information is going to a lead
23. generator and not an actual lender; and
24. **WHEREAS**, consumers are frequently unaware that their information may be further
25. sold to a “data aggregator” which take the leads from various websites, consolidates them
26. and prepares them for sale to lenders; and
27. **WHEREAS**, consumers are also unaware that, behind the scenes, their information may
28. also be sold multiple times to multiple lenders interested in their information in order to
29. make an offer; and
30. **WHEREAS**, the consumer is similarly unaware that the offer made to that consumer is
31. often from the lender which paid the most for that lead and not necessarily the lender
32. with the best product for that consumer; and
33. **WHEREAS**, because of the difficulty in determining all of the parties involved in a
34. particular transaction, it is often hard for consumers to know exactly which entity has
35. access to their sensitive personal information; and
36. **WHEREAS**, because of that same difficulty in identifying the parties involved, some

⁴ Id.

37. experts believe that this creates a situation where lead generators are more likely to
38. engage in deceptive marketing, knowing that it is difficult to identify exactly which entity
39. made the deceptive representations; and
40. **WHEREAS**, both the FTC and the Consumer Financial Protection Bureau (“CFPB”)
41. have taken a number of enforcement actions against lead generators for, among other
42. things, misrepresenting the products being offered, misrepresenting the future use of the
43. consumer’s personal information and for simply selling the consumer’s personal
44. information to bad actors and scammers engaged in illegal debt collection.⁵
45. **WHEREAS**, the practice of lead generation is rife with abuse and makes it difficult for
46. consumers and regulators to hold lenders accountable.
47. **THEREFORE, BE IT RESOLVED**, that NOBEL Women supports the creation of a
48. regulatory framework which, among other things: 1) requires lead generators to be
49. registered with state regulators prior to facilitating or brokering any loans to consumers;
50. 2) subjects those lead generators to state examination authority; 3) requires lead
51. generators to provide clear disclosures and contact information to consumers; 4) ensures
52. that lead generators are subject to the Truth In Lending Act, among others; and 4)
53. precludes lead generators from selling leads to lenders which are themselves not licensed
54. or registered to offer those loans in a given state.
55. **BE IT FINALLY RESOLVED**, NOBEL Women send a copy of this resolution to the
56. President of the United States, member of Congress, state legislators, and regulatory

⁵ See http://files.consumerfinance.gov/f/201512_cfpb_eric-v-sancho-consent-order.pdf;
<https://www.ftc.gov/enforcement/cases-proceedings/152-3124/expand-inc-gigats>;
<https://www.ftc.gov/enforcement/cases-proceedings/152-3048/kip-llc-payday-loan-recovery-group>.

57. agencies.

Introduced by: Del. Angela Angel (MD)