

Analysis of Proposed Consent Order to Aid Public Comment
In the Matter of Shop Tutors, d/b/a LendEDU, et al., File No. 182 3180

The Federal Trade Commission (“Commission”) has accepted, subject to final approval, an agreement containing a consent order from Shop Tutors Inc., d/b/a LendEDU (“LendEDU” or “the Company”); its co-founder and Chief Executive Officer, Nathaniel Matherson; its co-founder and Chief Technology Officer, Matthew Lenhard; and the Vice President of Product, Alexander Coleman (collectively, “Proposed Respondents”).

The proposed consent order has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received, and will decide whether it should withdraw from the agreement and take appropriate action or make final the agreement’s proposed order.

Since 2014, Respondents have operated the website www.lendedu.com, which they promote as a resource for consumers in search of financial products such as loans and insurance. In numerous instances, Respondents have described the content on the website, including their rate tables, star ratings, and rankings of the companies offering these financial products, as “objective,” “honest,” “accurate,” and “unbiased.” Contrary to their claims, Respondents have provided financial services companies with higher numerical rankings or star ratings and higher positions on rate tables based on compensation. Respondents also have added or removed companies from their content based on compensation.

In addition, Respondents have touted positive consumer reviews about their company and website that, in fact, were written by LendEDU employees or their friends, family members, and associates. Of 126 reviews of LendEDU on the third-party review platform Trustpilot, 90% were written or made up by LendEDU employees or their family, friends, or other associates. Respondents also have reposted and touted the Trustpilot reviews on LendEDU’s website, as well as fake reviews written by LendEDU employees who purport to be, but are not, actual users.

The proposed order will prevent Proposed Respondents from engaging in similar acts or practices. Part I would prohibit Proposed Respondents from making the challenged and related misrepresentations. Part II would require Proposed Respondents to disclose the influence of compensation on representations made on its website and to disclose material connections among the Proposed Respondents and the various parties represented on the website. Part III would require Proposed Respondents, jointly and severally, to pay to the Commission \$350,000 within 8 days of the effective date of the Order.

Part IV sets out additional requirements related to the monetary relief. Part V requires Proposed Respondents to provide sufficient customer information to enable the Commission to efficiently administer consumer redress. Part VI is an order distribution provision that requires Proposed Respondents to provide the order to current and future principals, officers, directors, and LLC managers and members, as well as current and future managers, agents and representatives who participate in certain duties related to the subject matter of the proposed complaint and order, and to secure statements acknowledging receipt of the order. Part VII

requires Proposed Respondents to submit a compliance report one year after the order is entered. It also requires Proposed Respondents to notify the Commission of corporate changes that may affect compliance obligations within 14 days of such a change.

Part VIII requires Proposed Respondents to maintain and upon request make available certain compliance-related records, including accounting records and unique websites. Part IX requires Proposed Respondents to submit additional compliance reports within 10 business days of a written request by the Commission. Part X is a provision “sunsetting” the order after twenty (20) years, with certain exceptions.

The purpose of this analysis is to aid public comment on the proposed order. It is not intended to constitute an official interpretation of the complaint or proposed order, or to modify in any way the proposed order’s terms.