

📢 Press Release

CFPB Takes Action Against Co-Founders of Online Lead Aggregator

CFPB Targets Davit Gasparyan and Dmitry Fomichev, Who Operated Company that Sold Consumers' Loan Applications Without Safeguards

APR 21, 2016

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) today took action against two co-founders of a company that resold loan applications containing sensitive personal data to lenders and data brokers without assessing the sources of those leads or the purchasers they sold to. In complaints filed today in federal court, the CFPB alleged that Dmitry Fomichev and Davit Gasparyan (also known as David Gasparyan) co-founded and operated T3Leads, a lead aggregator that bought and sold payday and installment loan applications without properly vetting buyers and sellers. The CFPB filed a separate lawsuit against T3Leads and two other individuals in December 2015.

“T3Leads steered consumers toward bad deals with lenders it didn’t vet and with no regard for how the consumers’ information would be used,” said CFPB Director Richard Cordray. “This is a reminder to the middlemen who buy and sell consumer loan applications: if you engage in this type of conduct, you risk the consequences for harming people.”

T3Leads is based in Burbank, Calif., and is owned by Grigor and Marina Demirchyan. Lead aggregators buy consumer information – called leads – from lead generators, websites that market payday and installment loans. Leads contain personal information such as consumers’ names, telephone numbers, home and email addresses, references, and employer information.

Fomichev and Gasparyan co-founded T3Leads in 2005. The CFPB alleged that Gasparyan served as chief financial officer and chief marketing officer, while Fomichev served as chief executive officer and chief technology officer. Each, the CFPB alleged, helped direct the strategy and business practices of the company from its founding through mid-2014.

T3Leads’ Unfair and Abusive Practices

The CFPB alleges that T3Leads bought leads and sold them to payday or installment lenders and others with no regard for the promises lead generators made to consumers, or

for how the consumers' information would be used. Buyers of leads from T3Leads include lenders tied to Indian tribes or based in foreign jurisdictions. These lenders often skirt state laws and deny the jurisdiction of U.S. courts. The CFPB alleges that T3Leads did not vet or monitor its lead buyers, exploited consumers' lack of understanding of the risks, costs, and conditions of the loans applied for, and put consumer information at risk of being trafficked for illegal purposes. The CFPB alleges that T3Leads violated the Dodd-Frank Wall Street Reform and Consumer Protection Act. Specifically, the Bureau alleges that T3Leads:

- Ignored false or misleading statements about lenders obtaining consumer applications: Consumers who applied for loans through T3Leads' lead generators had no control over who received their application and had to trust T3Leads' selection of lenders in its network. But those lead generators suggested that its lenders met certain standards, and often falsely claimed to match consumers with lenders that "follow the rules" or offer "reasonable" terms.
- Failed to vet or monitor purchasers: T3Leads failed to vet purchasers before adding them to its network or selling them leads, and did not require lenders to provide information about whether they complied with state laws.
- Steered consumers toward unfavorable loans: T3Leads' process often steered consumers to lenders offering less favorable loan terms than otherwise available. In particular, consumers were likely to be connected to lenders that ignore state usury limits or claim immunity from state regulation and jurisdiction. These entities often charge higher interest rates than lenders that do comply with state laws, and they often paid the highest prices for leads from T3Leads.

The CFPB alleges that Gasparyan and Fomichev unlawfully provided substantial assistance to T3Leads. Both respondents had significant responsibility for establishing T3Leads's policies and practices and, throughout their employment, had substantial control over the company's operations.

Enforcement Action

Under the Dodd-Frank Act, the CFPB can take action against institutions or individuals engaged in unfair, deceptive, or abusive acts or practices or that otherwise violate federal consumer financial laws. The complaints against Fomichev and Gasparyan seek monetary relief, injunctive relief, and penalties. The Bureau's complaints are not a finding or ruling that the individuals have actually violated the law.

The lawsuit filed against Fomichev is available here:

http://files.consumerfinance.gov/f/201604_cfpb_complaint-for-violations-of-the-consumer-financial-protection-act-of-2010-dmitry-fomichev-defendant.pdf

The lawsuit filed against Gasparyan is available here:

http://files.consumerfinance.gov/f/201604_cfpb_complaint-for-violations-of-the-consumer-financial-protection-act-of-2010-davit-gasparyan-aka-david-gasparyan.pdf

The December 2015 lawsuit against T3Leads is available at:

<http://www.consumerfinance.gov/newsroom/cfpb-takes-action-against-lead-aggregators-for-online-trafficking-of-personal-information/>

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.

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