

**COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE SECRETARY OF THE COMMONWEALTH  
SECURITIES DIVISION  
ONE ASHBURTON PLACE, ROOM 1701  
BOSTON, MASSACHUSETTS 02108**

IN THE MATTER OF:	)	
	)	
YREFY, LLC AND	)	
YREFY SLP4, LLC,	)	
	)	
RESPONDENT.	)	Docket No. E-2024-0334
	)	

**CONSENT ORDER**

**I. PRELIMINARY STATEMENT**

This Consent Order (the “Order”) is entered into by the Securities Division of the Office of the Secretary of the Commonwealth of Massachusetts (the “Division”) and Yrefy, LLC (“Yrefy”) and Yrefy SLP4, LLC (“SLP4”) (collectively “Respondents”) with respect to the above-captioned investigation by the Enforcement Section of the Division into whether Respondents’ acts and practices constituted violations of the Massachusetts Uniform Securities Act, M.G.L, c. 110A (the “Act”), and the regulations promulgated thereunder at 950 CMR 10.00-14.413 (the “Regulations”). The Division concluded Respondents engaged in acts and practices in violation of Section 101 of the Act whereby Respondents (1) failed to disclose to Massachusetts investors that endorsers were compensated by Yrefy, and (2) made misleading statements in offering and marketing materials.

On January 29, 2025, Respondents submitted an Offer of Settlement (the “Offer”) to the Division. Respondents admit the Statement of Facts set forth in Section VI(A), (B), and (C) below, neither admit nor deny the Statement of Facts set forth in Section VI(D) below, and neither admit nor deny the Violations of Law set forth in Section VII below,

and consent to the entry of this Order by the Division, consistent with the language and terms of the Offer, settling the above-captioned investigation, E-2024-0334, with prejudice. Pursuant to M.G.L. c. 110A, § 412(b), this Order “is necessary and appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of [the Act].”

## **II. JURISDICTION AND AUTHORITY**

1. The Division has jurisdiction over matters relating to securities pursuant to the Act and Regulations.
2. This Offer is made in accordance with the Act and Section 10.10 of the Regulations.

## **III. RELEVANT TIME PERIOD**

3. Except as otherwise expressly stated, the acts and practices described herein occurred during the approximate time period of December 27, 2019, to the date of filing (the “Relevant Time Period”).

## **IV. RESPONDENTS**

4. Yrefy, LLC (“Yrefy”) is a limited liability company formed under the laws of Arizona with a principal office located at 6910 E. Chauncey Lane, Suite 105, Phoenix, AZ 85054. Yrefy is the sole owner of Yrefy SLP4, LLC.
5. Yrefy SLP4, LLC (“SLP4”) is a limited liability company formed under the laws of the State of Delaware on December 27, 2019. SLP4 maintains a principal office located at 6910 E. Chauncey Lane, Suite 105, Phoenix, AZ 85054.

## V. RELATED PARTIES

6. Donald F. Fenstermaker (“CEO”) is a natural person who serves as the Chairman, Chief Executive Officer, and Managing Partner of Yrefy.
7. N. Laine Schoneberger (“CIO”) is a natural person who serves as the Chief Investment Officer and Managing Partner of Yrefy.
8. Media Personality #1 (“Media Personality #1”) is a natural person who is a TV Host, Media Personality, and Writer. Media Personality #1 endorsed Yrefy investments in Massachusetts for compensation.
9. Media Personality #2 (“Media Personality #2”) is a natural person who is a TV personality. Media Personality #2 endorsed Yrefy investments in Massachusetts for compensation.

## VI. STATEMENT OF FACTS

### **A. Yrefy Engaged in the Offer and Sale of Promissory Notes Backed by Refinanced Distressed Private Student Loans to Investors**

10. Yrefy is in the business of providing refinancing services for delinquent and defaulted private student loan borrowers.
11. Yrefy identifies, negotiates, settles and pays off distressed private student loans. Following the payoff of a distressed loan, Yrefy then refinances and provides the Borrower with a new loan with a low fixed interest rate and custom term built around the Borrower’s ability to pay. Yrefy provides loan servicing for the new Yrefy underwritten loan.
12. In addition, Yrefy provides services to SLP4, including marketing of the offering to investors.
13. In part, Yrefy markets SLP4 to investors as providing a service to help “good people [who] find themselves in bad situations.”

14. SLP4 is a wholly owned subsidiary of Yrefy that issues securities to investors.
15. SLP4 funds and holds a portfolio of refinanced private student loans.
16. SLP4 filed a notice for exemption from registration pursuant to Regulation D of the Securities Act of 1933 and Rule 506(c) with the Securities and Exchange Commission on April 30, 2021.
17. Rule 506(c) permits issuers to engage in the general solicitation of investors, however it requires the issuer to take reasonable steps to verify the accreditation status of each investor.
18. Accredited investors must meet certain criteria, most commonly by satisfying net worth or income thresholds exceeding \$1,000,000 or \$200,000 annually respectively, as well as sophistication standards in certain instances.
19. Beginning on or about June 20, 2021, SLP4 offered securities in the form of promissory notes for purchase by investors.
20. SLP4's first sale of securities occurred in Massachusetts on July 26, 2022.
21. SLP4 timely filed a notice of exemption from registration in Massachusetts on August 4, 2022
22. According to the terms of the promissory note, investors could select to have their capital invested among five investment periods, ranging from 12 to 60 months (the "Tranche" or "Tranches").
23. Depending on the Tranche and the date of the investment, SLP4 offered investors an annual interest rate from 6.25%<sup>1</sup> to 10.25%, later increasing to 6.5%<sup>2</sup> to 10.25%.

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<sup>1</sup> Initially the notes paid the following interest rates by tranche: 1 Year: 6.25%, 2 Year: 6.75%, 3 Year: 7.5%, 4 Year: 8.25% and 5 Year: 10.25%

<sup>2</sup> After the increase, the notes paid the following interest rates by tranche: 1 Year: 6.5%, 2 Year: 7%, 3 Year: 7.75%, 4 Year: 8.5% and 5 Year: 10.25%

24. Yrefy gave investors the option to receive interest on their investment as income, compound the interest (added to principal at the maturity of the note), or to take a portion of their interest as income and compound the remainder.

25. Beginning no later than September 2022, investors were permitted to make separate allocations of interest income versus compounding for each Tranche.

26. As of December 17, 2024, eight (8) Massachusetts persons collectively purchased promissory notes totaling \$1,418,000.00 from SLP4.

**B. Yrefy Marketed its Offering in the Commonwealth, Providing a Script for Promoters to Read**

27. Yrefy marketed SLP4 through advertising online as well as on radio and television.

28. In December 2023, Yrefy contracted with two local radio stations based in Massachusetts to run commercials from December 2023 through December 2024 concerning SLP4 promissory notes available for purchase (the “Offering”), paying at least \$348,600.

29. Additionally, Yrefy contracted with news outlets to run one-minute commercials on television concerning the Offering, paying at least \$5,467,002 to advertise nationwide. A proposal from one of these news outlets included a target demographic of 55+ and ran mid-day from Monday through Friday. Yrefy represented to the Division that it accepted the advertising proposal, expecting to reach an audience of sophisticated investors.

30. As part of its marketing campaign, Yrefy contracted with promoters to promote investment in SLP4.

31. CEO and CIO, on behalf of Yrefy, created a one-minute script for promoters to use in connection with radio and television advertising (the “Script”).

32. The Script contained a detailed description of Yrefy's business, the investment opportunity and principal protection features, and included detailed instructions on how to communicate the marketing (e.g. smile at specific times).

33. The Script failed to disclose that Yrefy did not always pay a 10.25% fixed return, but rather *up to* 10.25% depending on the term of the promissory note selected by the investor.

### **C. Yrefy Failed to Disclose Compensation Arrangements with Promoters**

34. Yrefy advertising did not contain any disclosure regarding compensation provided by Yrefy to promoters.

35. Both federal and state law requires disclosure of compensation by promoters of securities.

36. Since at least 2017, issuers should have been on notice of disclosure requirements concerning the nature, scope, and amount of compensation.

37. Yrefy controlled the statements made by promoters. In fact, promotional marketing materials reviewed by the Enforcement Section reveal that promoters followed the script verbatim.

38. Yrefy further reviewed the endorsement recordings and provided them, without alteration, to TV and radio stations, and hosted the recordings on Yrefy's website on a page titled "Endorsements".

39. The Script and corresponding marketing materials did not disclose the nature, scope, and amount of compensation received by promoters from Yrefy in connection with advertisement.

**i. Yrefy Paid Media Personality #1 to Endorse SLP4**

40. In connection with its promotional campaign, on or about February 19, 2024, Yrefy contracted with Media Personality #1 a TV Host/Media Personality/Writer to market the Offering.

41. According to the agreement between Media Personality #1 and Yrefy, Yrefy agreed to compensate Media Personality #1 in exchange for Media Personality #1 endorsement of Yrefy.

42. As part of their agreement with Media Personality #1, Yrefy provided Media Personality #1 with the Script. The Script included, in addition to specific words to read, graphics to display and directed Media Personality #1 to smile at a specific point in the endorsement.

43. Media Personality #1's endorsement followed the Script.

44. Media Personality #1, like most of SLP4's paid endorsers, ended his ad read by telling listeners in a friendly, familial tone to "Tell them [Media Personality #1 first name] sent you."

45. In exchange, Yrefy agreed to pay Media Personality #1 at least \$40,000.00 per month, \$34,000.00 in start-up costs for a Twitter/X show, as well as travel expenses.

46. To date, Yrefy has paid Media Personality #1 at least \$726,500 in talent and endorsement fees to endorse the Offering.

47. Yrefy specifically directed Media Personality #1 endorsements to be aired in Massachusetts.

48. Media Personality #1 also promoted the Offering online, through his distribution channels, and on social media.

**ii. Yrefy Paid Media Personality #2 to Endorse SLP4**

49. Yrefy additionally contracted with Media Personality #2 (“Media Personality #2”) to promote the Offering.

50. Yrefy paid Media Personality #2, through Media Personality #2 Business Entity, at least \$184,750.00 for marketing and production services.

51. Media Personality #2 endorsement is nearly identical to Media Personality #1, and follows the Script.

52. Yrefy specifically directed Media Personality #2 endorsements to be aired in Massachusetts.

53. Media Personality #2 also promoted Yrefy online, through his distribution channels, and on social media.

54. Media Personality #2 also asked listeners in a friendly tone to “Tell them [Media Personality #2] sent you.”

**iii. Yrefy Paid At Least 17 Other Media Personalities To Endorse SLP4**

55. Yrefy paid at least 17 other media personalities to endorse SLP4.

56. The wording of these endorsements were substantially identical, and followed the Script.

57. These other media personalities frequently hosted radio shows, and provided endorsements of SLP4 during advertising time, none of which were directed by Yrefy to air in MA.

58. Prior to the Division’s investigation, Yrefy hosted recordings of paid endorsements on their website, in a section titled Endorsements.



59. Substantially all of these hosted endorsements consisted of the relevant paid endorser reading the Yrefy provided script, nearly verbatim.

60. Yrefy further provided these recorded endorsements to radio and television stations to be aired as advertisements, none of which were directed by Yrefy to air in MA.

61. After the Division commenced the investigation, Yrefy promptly initiated remediation efforts and removed the links to these paid endorsements from their website and initiated efforts to have a review conducted of its advertisements, marketing materials and offering materials.

**D. Yrefy's Marketing Materials Failed to Adequately Disclose Information Concerning Early Withdrawals and the Collateral Agent**

62. Yrefy's script provided to paid endorsers includes a directive to state "yes, it's true – there is no attack on your principal if you ever need your money back."

63. SLP4's Private Placement Memorandum dated June 20, 2021 and updated February 2023 states "[w]ithin 90 days of receipt of written notice from the Investor requesting an Early Withdrawal, the Borrower will return the Principal Investment Amount *less any interest income, paid or compounded*, to the Investor." [emphasis added]

64. Thus, unlike in advertising materials, according to SLP4's Private Placement Memorandum, SLP4 would reduce the return of principal if paid or compounded.

65. Furthermore, according to Yrefy's website, Yrefy represented that in the event of default upon the occurrence of non-payment or failure to comply with the terms of the agreement by Yrefy, an independent third party collateral agent would manage the portfolio of loans.

66. Yrefy explained that the independent third party's sole job is to make investors "as whole as possible."

67. SLP4's Private Placement Memorandum represents that, in the event of default, UMB Bank will serve as the backup collateral agent, with Yrefy serving as collateral agent prior to default.

68. According to SLP4's Security Agreement distributed to Massachusetts investors, Yrefy serves as collateral agent for the assets of the SLP4 fund in the event of default.

69. Thus, according to SLP4's Security Agreement, an interested collateral agent, and not an independent third-party was tasked with marshalling assets for the benefit of investors.

70. As a result, Yrefy's marketing materials failed to adequately disclose certain terms of the investment and the role and status of the collateral agent for the assets of the SLP4 fund in the event of default.

## **VII. VIOLATIONS OF LAW**

### **Count I - Violations of M.G.L. c. 110A, § 101**

71. Section 101 of the Act provides:

It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly

(1) to employ any device, scheme, or artifice to defraud,

(2) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or

(3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

M.G.L. c. 110A, § 101.

72. The Division restates and incorporates the factual allegations set forth in Sections IV through VI above.

73. Respondent's acts and practices, as described above, constitute violations of M.G.L. c. 110A, § 101.

### **VIII. STATUTORY BASIS FOR RELIEF**

Section 407A of the Act provides, in pertinent part:

(a) If the secretary determines, after notice and opportunity for hearing, that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order issued thereunder, he may order such person to cease and desist from such unlawful act or practice and may take such affirmative action, including the imposition of an administrative fine, the issuance of an order for an accounting, disgorgement or rescission or any other such relief as in his judgment may be necessary to carry out the purposes of [the Act].

M.G.L. c. 110A, § 407A.

### **IX. ORDER**

#### **IT IS HEREBY ORDERED:**

- A. Respondents are censured by the Division;
- B. Respondents shall permanently cease and desist from further acts and practices in violation of the Act and Regulations;
- C. Respondents shall cease airing endorsements lacking disclosure of compensation paid to promoters in the Commonwealth;
- D. Respondent shall, within fifteen (15) days after the entry of a signed Order issued pursuant to this Offer, Respondent shall furnish a written offer of rescission to the Division, and a finalized version (the "Written Offer"), not unacceptable to the Division, shall be distributed to all Massachusetts resident purchasers of SLP4 promissory notes (the "Investors") pursuant to the following terms:

- i. The Written Offer shall consist of a cover letter, an investor response form and a copy of the Order;
  - ii. Respondents shall send each Written Offer on company letterhead in a form not unacceptable to the Division;
  - iii. Respondents shall send the written offer of rescission to each investor via e-mail and USPS Certified Mail;
  - iv. Respondents shall provide the Enforcement Section with an electronic copy of each Written Offer on the same day that Respondents send the Written Offer to the investor;
  - v. Respondents shall provide the Enforcement Section with an electronic copy of each completed investor response form within five (5) days of Respondents' receipt of the form; and
  - vi. In the event an investor accepts the offer of rescission, Respondents shall refund the total principal amount of the investor's promissory note, without any reduction in interest earned through the date of acceptance, and provide evidence thereof within thirty (30) days of receiving the investor's response form.
- E. Within fifteen (15) business days of the entry of a signed Order issued pursuant to this Offer, Respondent Yrefy shall pay an administrative fine in the amount of \$750,000 (USD) to the Commonwealth of Massachusetts. Payment shall be: (1) made by United States postal money order, certified check, bank cashier's check, bank money order, or wire transfer; (2) made payable to the Commonwealth of Massachusetts; (3) either hand-delivered or mailed to One Ashburton Place, Room

1701, Boston, Massachusetts 02108, or wired per Division instructions; and (4) submitted under cover letter or other documentation that identifies the payor making the payment and the docket number of the proceedings. Additionally, Respondent shall provide the Division with notice no less than forty-eight (48) hours prior to the payment;

- F. Respondents shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal, or local tax for any amounts that Respondents shall pay pursuant to the Order;
- G. Respondents shall not seek or accept, directly or indirectly, reimbursement or indemnification, including, but not limited to, any payments made pursuant to any insurance policy, with regard to any amount that Respondents shall pay pursuant to the Order;
- H. If either of Respondents is the subject of a voluntary or involuntary bankruptcy petition within one (1) year of the entry of an Order entered pursuant to this Offer, such Respondent shall provide written notice to the Division within five (5) days of the date of the petition;
- I. Any fine, penalty, and/or money that Respondents shall pay in accordance with the Order is intended by Respondents and the Division to be a contemporaneous exchange for new value given to Respondents pursuant to 11 U.S.C. § 547(c)(1)(A) and is, in fact, a substantially contemporaneous exchange pursuant to 11 U.S.C. § 547(c)(1)(B);
- J. If Respondents fail to fully comply with any of the terms set forth in this Order, the Division may institute an action to have this agreement declared null and void. Additionally, after notice and opportunity for a hearing, and the issuance of an order

finding that Respondents have not complied with the Order, the Division may move to have this Order declared null and void, in whole or in part, and re-institute the associated investigation into Respondents' acts and practices;

K. It is a violation of the Act and Regulations to fail to comply with this Order and

L. For good cause shown, the Division may agree to extend any of the procedural dates set forth above. Respondents agree to make any requests for extensions of the dates set forth above in writing to the Division.

#### **X. PUBLIC INTEREST**

Consistent with the purposes fairly intended by the policy and provisions of M.G.L. c. 110A, the entry of this Order is necessary, appropriate, in the public interest, and for the protection of investors.

#### **XI. WAIVER**

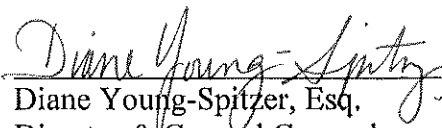
Respondents agree to waive all rights to contest this Order, including, but not limited to (a) the right to contest whether the Order is fair, reasonable, and/or in the public interest, (B) the right to contest the Order's findings of fact, and (C) the right to contest the Order's conclusions of law. Respondents further waive the procedural due process right to a hearing, all procedural rights provided by Section 407A of the Act, and the right to seek judicial review of the Order under Section 411 of the Act and under Section 14 of the Massachusetts Administrative Procedure Act. Mass. Gen. Laws c. 30A.

#### **XII. NO DISQUALIFICATION**

This Order waives any disqualification in the Massachusetts laws, or rules or regulations thereunder, including any disqualification from relying upon the registration exemptions or safe harbor provisions to which Respondents may be subject. This Order is

intended to be a final order based upon violations of the Act that prohibit fraudulent, manipulative, or deceptive conduct. This Order is not intended to form the basis of any disqualifications under Section 3(a)(39) of the Securities Exchange Act of 1934; or Rules 504(b)(3) and 506(d)(1) of Regulation D, Rule 262(a) of Regulation A and Rule 503(a) of Regulation CF under the Securities Act of 1933. This Order is not intended to form the basis of disqualification under the FINRA rules prohibiting continuance in membership absent the filing of a MC-400A application or disqualification under SRO rules prohibiting continuance in membership. This Order is not intended to form a basis of a disqualification under Section 204(a)(2) of the Uniform Securities Act of 1956 or Section 412(d) of the Uniform Securities Act of 2002. Except in an action by the Division to enforce the obligations of this Order, any acts performed or documents executed in furtherance of this Order: (a) may not be deemed or used as an admission of, or evidence of, the validity of any alleged wrongdoing, liability, or lack of any wrongdoing or liability; or (b) may not be deemed or used as an admission of, or evidence of, any such alleged fault or omission of any Respondent in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or tribunal.

**WILLIAM FRANCIS GALVIN  
SECRETARY OF THE COMMONWEALTH**

  
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Dated: February 3, 2025