
SOFI: Eleven Questions, Zero Answers

Muddy Waters, LLC
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Muddy Waters is short SOFI.¹ On March 17, we published a 28-page report concluding that SOFI's 2025 Adjusted EBITDA is inflated by approximately 90%. SOFI's response was a press release that did not address a single factual claim. CEO Noto purchased \$500,000 of stock—roughly 0.86% of the \$58.3 million he and CFO Lapointe have already extracted through prepaid variable forward contracts.

Five days later, SOFI has still not engaged with any specific allegation in our report. This is not the first time SOFI has ignored a chance to correct the factual record. Two weeks before we published, SOFI had an opportunity to address the issues we raised in our report. It refused and instead sent a threatening reply to our questions.

I. We Asked. SOFI Didn't Answer.

Before publishing our report, we engaged for several months with SOFI's investor relations team through a pseudonym. Pseudonymous engagement is a standard practice because we want companies to treat us the same as they would any other institutional investor. After a 30-minute call in mid-February in which SOFI IR demonstrated sensitivity to questions about Fair Value gain accounting and its Secured Loan program, IR refused to further engage with us. We made five subsequent attempts by email, culminating in a list of 11 questions we sent to CFO Lapointe. We prefaced the questions with the below:

“You'll note that some of these questions point to potential material misstatements in SOFI's financial reports. It's fair to assume that if we're misunderstanding any important facts, you'll correct the record. Given the lack of responses the past three weeks, it should be fair to assume that if you do not respond this time, it's because there are not “company favorable” replies you can offer.”

The response was almost instantaneous—hours later, General Counsel Robert Lavet sent an email that made no attempt to answer even one of our questions. Instead of focusing on the message, he focused on the messenger and whether our pseudonym:

“...is a currently existing legal entity and, if so, whether it (or any associated individual) is acting as a securities professional (e.g., broker-dealer, investment adviser, research analyst, or other market professional)? Please confirm the entity's registration status, if any, and its jurisdiction, and your and Cindy's roles with the entity.”

He also stated that our email “references information that has not been publicly disclosed”, which shows that SOFI had a clear opportunity to disabuse us of any misunderstanding. The reason SOFI didn't even

¹ See disclaimer on last page.

attempt to do so, in our view, is because we caught management red-handed and they are sophisticated enough to know that misleading us further could increase their exposure. (We were amused by the irony of the statement in his signature block, “Whether you want to Borrow, Spend, Save, Invest, or Protect SoFi is the best place to go to Get Your Money Right!!”)

Below is the timeline leading up to SOFI’s disengagement and our attempts to get answers from the company:

Date	Event
Feb 6	SOFI IR (Tighe Kenyon, Michael Del Grosso) and we hold a 30-minute call. This is a continuation of SOFI’s months-long engagement with us. IR is clearly uncomfortable discussing accounting for the Servicing Rights Assets and the Secured Loan business, although they do admit it is seller financing.
Feb 11	First follow-up email to SOFI IR with four questions on servicing asset valuation, LPB economics, risk retention characterization, and whether secured loan originations are contemporaneous with personal loan sales. No response.
Feb 23	Second follow-up. Same four questions. No response.
Feb 26	Third follow-up. Two additional questions added: whether SoFi Funding PL VI LLC was the buyer of the \$312 million Q3 2024 secured loan “sale,” and whether SoFi Funding PL VI LLC financed the purchase by pledging a loan receivable from CSS PL 2023-1 to JPMorgan. No response.
Mar 2	Fourth follow-up, escalated directly to CFO Chris Lapointe. No response.
Mar 4	Fifth and final attempt. Full list of eleven questions sent to Lapointe and Del Grosso. Email explicitly states: “You’ll note that some of these questions point to potential material misstatements in SOFI’s financial reports.”
Mar 4	General Counsel Robert Lavet responds. He does not answer any of the eleven questions. Instead, he asks us to verify our identity, noting that our emails “reference information that has not been publicly disclosed.”

II. The Questions

Below are the eleven questions we asked. SOFI has now had the questions for 18 days under our pseudonym and five days under our own name. They have answered none of them. Each question is paired with the reason it matters.

#	Question	Why It Matters
1	In Q3 2024, SOFI sold \$312 million of Secured Loans at par. Was the buyer SoFi Funding PL VI LLC?	<i>CFO Lapointe appears to have misled investors when he said it was a sale. If the transferee was SOFI's own subsidiary, the "sale" was an intra-group restructuring, not a third-party transaction.</i>
2	Did SoFi Funding PL VI LLC finance its purchase by pledging a loan receivable from CSS PL 2023-1 to JPMorgan Chase as collateral for a loan?	<i>The \$312 million of Secured Loans appear to have been pledged for a refinancing, not sold. The September 30, 2024 UCC filing identifies SoFi Funding PL VI LLC as "Borrower" and JPMorgan as "Senior Lender."</i>
3	Where in SOFI's consolidated September 30, 2024 financial statements is the JPMorgan borrowing recorded? Please walk through Note 9.	<i>Per Note 9, this debt appears to be missing from SOFI's balance sheet, which would be a material misstatement.</i>
4	The CTAC SUBI interest in CSS PL 2023-1 amortized at approximately 15% per quarter. What was the mechanism? Was there another first-loss holder or lender in the structure?	<i>Rapid amortization of the outside equity layer faster than loan repayment in a trust that SOFI had financed implies that SOFI was absorbing losses or providing additional credit support not disclosed to investors.</i>
5	Were the Q2 and Q4 2024 Skyfi loan sales (\$750 million each) financed in whole or in part by SOFI?	<i>If SOFI financed these purchases, the ~106% is not market validation of SOFI's Fair Value marks.</i>
6	For the Q2 2024 Skyfi loan sale, please walk through the reconciliation of whole loan sales for that quarter showing where Skyfi is recorded.	<i>The \$750 million sale should be identifiable in the quarterly whole-loan sales disclosure. If it cannot be reconciled, additional transactions may be misclassified.</i>
7	SOFI IR stated that risk retention on LPB securitizations is vertical. Presale reports show only horizontal retention in the Class R residual. Which is correct?	<i>SOFI retains 100% of Class R residual certificates across all five SCLP securitizations at zero cash proceeds—totaling \$125.5 million. This is horizontal first-loss retention, not vertical. The distinction partly determines whether SOFI is the primary beneficiary of the securitization VIEs under ASC 810, which would contradict SOFI's accounting for the transfers as true sales.</i>

8	What is SOFI's contractual servicing fee as a percentage of UPB, and what additional components produce a Servicing Rights Asset of approximately 6% of UPB?	<i>SOFI could be manipulating its servicing fees through subsidized loan sales. Market servicing rates are approximately 50 bps per year (150–200 bps undiscounted). SOFI's own LPB sales book an SRA of 0.7–0.8%. The 6% SRA on seller-financed sales is approximately 9x the rate SOFI uses on its own LPB transactions and 9x what it booked before the seller-financed program began.</i>
9	What is the difference between SOFI's take rate on LPB originations and its origination fee? Does SOFI retain the origination fee on LPB loans?	<i>If SOFI retains the origination fee while booking the full loan transfer as a "sale," the LPB economics are not what investors have been told. Understanding the unit economics is essential to evaluating whether the LPB is a fee business or a financing arrangement.</i>
10	Is SOFI's risk retention on SCLP securitizations 5% of each tranche (vertical), or 100% of the Class R residual (horizontal)?	<i>Same as Question 7, asked directly. SOFI's IR explicitly stated vertical and SOFI's 10-Qs and 10-Ks also imply vertical. The presale reports say horizontal. Both cannot be true.</i>
11	Does the borrower in a secured loan origination receive financing from SOFI contemporaneously with its acquisition of the personal loan from SOFI? Do all whole-loan sales result in a concurrent secured loan origination?	<i>If the answer is yes, every whole-loan "sale" is a seller-financed transaction that fails the effective control test under ASC 860. The transfers should be accounted for as secured borrowings, not sales.</i>

These questions have factual answers. Either the \$312 million JPMorgan borrowing is in Note 9 or it is not. Either risk retention is vertical or it is horizontal. Either SOFI finances the buyers of its loans or it does not. SOFI can resolve every question in this document with a single, specific, verifiable statement for each.

III. What SOFI's Silence Tells You

We believe that SOFI is hoping the story will die. Since our report, we have come to understand from institutional market participants that SOFI has a pattern of refusing to answer difficult questions, including by abruptly ending engagement. It's striking to compare SOFI's lack of institutional ownership to that of its peers – keep in mind that roughly 15%-20% of the outstanding of each company is owned by index funds, making the differences in active institutional ownership even more stark.

Exhibit: Institutional Ownership of Outstanding Shares

SOFI vs. Consumer Lending Peers

Ticker	Company	Inst. Own. %	Rank
SOFI	SoFi Technologies	53.7%	4 of 4
UPST	Upstart Holdings	69.5%	3 of 4
TREE	LendingTree	85.4%	2 of 4
LC	LendingClub	87.1%	1 of 4

Source: S&P Capital IQ, as of March 2026.

MW believes in the democratization of markets – after all, activist short selling is a devolution of information control from legacy financial and media institutions. However, SOFI’s relative lack of institutional ownership seems to be a choice. When coupled with the repeated misleading statements from SOFI and its management, retail investors would be well-served to insist on transparency. While CEO Noto has made token stock purchases, he and Lapointe have already taken enough money off the board to live very comfortably for the rest of their lives.

IV. Next Steps

SOFI’s silence in response to our questions and report, in our view, affirms our conclusions. If SOFI has innocent explanations and / or we misinterpreted certain facts, it should clearly say so. Of course, many companies in this situation have issued wordy, often angry, purported responses that provide significant amounts of irrelevant information—essentially answering the questions they *wish* they had been asked, rather than the questions they actually had been. Should SOFI issue a document longer than one page, investors should read it carefully to confirm the company is answering the above questions, rather than irrelevant ones that were not asked.

Most independent directors in this situation constitute a “special committee” with independent legal counsel to investigate our claims. These investigations are cloaked in attorney-client privilege, effectively allowing the board to ultimately choose what to disclose. In the case of “gray zone” conduct (i.e., incorrect judgment calls), boards will generally seek to whitewash the company’s conduct, which such board members seemingly believe preserves their reputations, protects their business connections, and shields them from the time suck of litigation. However, when conduct that is clearly improper turns up, such as the failure to record debt, independent board members have little choice but to turn against management.² As at least some of SOFI’s board members seem sophisticated, we expect that they have retained their own counsel by now and are conducting an investigation.

SOFI’s auditor, Deloitte, needs to take our report seriously as well. Shareholders should be aware that management—not the auditor—prepares the company’s accounts. If Deloitte had been aware that SOFI had been lending money to the buyers of its whole loans or the material terms of its forward flow

² The exception to this is board members of fraudulent companies based in China. Those board members are generally willing participants in the frauds.

agreements underpinning the LPB, including horizontal risk retention, it could face ramifications for not mandating adequate disclosure or identifying these transactions as critical audit matters. If Deloitte was not aware, Deloitte could require SOFI to restate its financials. Should we be correct that SOFI's balance sheet excludes the \$312 million of borrowings, which would likely have resulted from intentional management misconduct, it is entirely possible that Deloitte will resign as auditor while stating that SOFI's prior financials cannot be relied upon.

More importantly, if we are correct about the unrecorded debt, as the old cockroach theorem provides, one should assume there are more issues of improper conduct. Our own experience, most notably with NMC Health plc, supports that view.

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