

## How SOFI's Borrowing Money and Booking it as a Sale Enriched Management

March 30, 2026

Muddy Waters is short SOFI.<sup>1</sup> SOFI's management appears to have booked a \$312 million loan from JPMorgan as if it were a sale—inflating reported profits and their own bonuses while shareholders bear ~15% annual dilution. In our first report, we highlighted unrecorded borrowings of \$312 million. SOFI has apparently confirmed that i) the \$312 million is not on the balance sheet as debt, and ii) SOFI booked it as a loan sale in Q3 2024. Utah UCC filings contradict this accounting, leading us to believe that SOFI needs to restate this transaction. However, the restatement should be much larger than just this \$312 million. We believe that when SOFI restates this borrowing, it will also restate ~\$1 billion of previously reported EBITDA; and, its capital ratios will be restated materially lower.



### *Profiles Lacking Courage*

Investors should ask whether SOFI is really playing it cool about this issue or are its executives living in fear of legal ramifications while trying to shape the narrative. We believe it's the latter. Last Monday, Barron's online quoted "a person close to SoFi" claiming our conclusion about the impropriety of the loan transaction is "simply wrong." So far, nobody at SOFI is willing to go beyond CFO Chris Lapointe's

<sup>1</sup> See disclaimer on the last page.

statement made six weeks after the borrowing transaction: “Finally, we *sold* \$312 million of senior secured loans at a par execution” (emphasis added).

### ***Putting the “Ho” in Mizuho***

The next day, an employee of one of SOFI’s underwriters wrote a quick note carrying SOFI’s water by parroting this narrative without offering evidence, other than a likely feigned ignorance of the Utah UCC filings in our initial report. Of the 21 SOFI target prices on Bloomberg, this underwriter’s employee has the highest TP—\$38, which is 1.69 standard deviations above the mean TP of \$25.45.



Between the anonymous quote and the shoddy defense from one of SOFI’s underwriters, it seems obvious that SOFI management is trying to communicate in a way that limits their legal exposure.

## **I. Why Everything Likely Depends on Booking \$312 Million in Borrowings as a Loan Sale**

SOFI’s Fair Value accounting aggression took off in Q3 2023 with increasingly high (and in our view, unrealistic) marks on its on-balance sheet Personal Loans. We believe SOFI would have needed to justify these marks to its auditor, Deloitte, by showing that it could sell whole Personal Loans at the same prices (when including Servicing Rights Assets) as its marks. Thus, Q4 2023 spawned the “Secured Loan” program whereby SOFI loaned ~90% of the UPB to a Carlyle Trust, CSS PL 2023-1, at ~5%.

**So far, the chain of dependency is simple: FV gains likely depended on whole Personal Loan sales that SOFI financed.**

This would be analogous to lending money to a friend's business to employ you at a high salary, then taking your paystubs to a bank to apply for a large loan. The paystubs would be real, but the salary was funded by your own money. That's effectively what SOFI did—it financed the “sales” that justified its marks.

While the Secured Loans apparently were valuable to SOFI management in that they supported the Fair Value marks, it seems that management realized that by growing this vendor financing plan, SOFI could also book increasingly meaningful Gains on Sale. Over the next three quarters, SOFI added two more counterparties (each with multiple entities) that borrowed money from SOFI in order to buy SOFI personal loans at levels that supported SOFI's ever-climbing FV marks.

In our view, the September 19, 2024 SEC Comment Letter risked ending the party. We contend that SOFI's Secured Loans were actually subsidies, without which, SOFI would have been unable to book whole Personal Loan sales that supported the Fair Value gains. We believe that once SOFI received the Comment Letter, SOFI and/or Deloitte became concerned that the Secured Loans could be exposed as a subsidy, triggering the need for restatements.

SOFI seemingly needed to address this risk on two fronts. First, it would have needed to validate that the Secured Loans were made on market terms—i.e., that a third party would lend on similar terms, proving the financing was not a subsidy that inflated the whole loan sale prices. Second, and independently, it would have needed the transaction itself to qualify as a sale under ASC 860 so that the receivable could be derecognized from the balance sheet. A third party buying the Secured Loan receivable at or above par would have accomplished both objectives simultaneously: the purchase price would validate the lending terms, and the transfer to a third party would achieve sale treatment.

**The seeming chain of dependency thus became: FV gains depended on whole Personal Loan sales that SOFI financed, which depended on SOFI finding a third party willing to both pay par (or above) for a Secured Loan receivable and take full ownership of it. The transaction needed to be a real sale at a validating price. As we show below, it appears to have been neither.**

(Actually, as we explain below, due to the September 2024 rate cut of 50 bps, the loan should have sold above par—making the par execution itself evidence that this was a loan advance rather than a negotiated sale price.)

## **II. The Evidence Shows SOFI Borrowed Money and Did Not Sell a Loan**

UCC filings make clear that JPMorgan Chase loaned SOFI money against the Secured Loan receivable, rather than buying it at par.

On September 30, 2024—the last day of Q3 2024, eleven days post the date of the Comment Letter, and twelve days after the Federal Reserve cut rates by 50 basis points—SOFI filed a UCC Financing Statement in Utah. The face of the filing identifies the parties: SoFi Bank, N.A. and JPMorgan Chase Bank, N.A.

Date: 10/02/2024  
Receipt Number: 10818669  
Amount Paid: \$976.00

**UCC FINANCING STATEMENT**  
FOLLOW INSTRUCTIONS

**A. NAME & PHONE OF CONTACT AT SUBMITTER (optional)**  
**B. E-MAIL CONTACT AT SUBMITTER (optional)**  
**C.**  
 Quick Data Services, Inc.  
 2005 East 2700 South, Suite 200  
 Salt Lake City, Ut 84109

**Filed in the Office of** *Adam Weber*  
**Director, Division of Corporations and Commercial Code**  
**Filed in the state of Utah**

<b>Filing Number</b>	2410031091442-5
<b>Initial Filing Number</b>	2410031091442-5
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<b>Number of Pages</b>	4

**1. DEBTOR'S NAME:** Provide only g22 Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here  and provide the individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1AD).

**1a. ORGANIZATION'S NAME**  
SoFi Bank, National Association

**OR**  
**1b. INDIVIDUAL'S SURNAME** FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

**1c. MAILING ADDRESS** CITY STATE POSTAL CODE COUNTRY  
 2750 East Cottonwood Parkway, Suite 300 Cottonwood Heights UT 84121 USA

**2. DEBTOR'S NAME:** Provide only g22 Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here  and provide the individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1AD).

**2a. ORGANIZATION'S NAME**  
**OR**  
**2b. INDIVIDUAL'S SURNAME** FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

**2c. MAILING ADDRESS** CITY STATE POSTAL CODE COUNTRY

**3. SECURED PARTY'S NAME (or NAME OF ASSIGNEE OF ASSIGNOR SECURED PARTY):** Provide only g22 Secured Party name (3a or 3b)

**3a. ORGANIZATION'S NAME**  
JPMorgan Chase Bank, N.A., as Administrative Agent

**OR**  
**3b. INDIVIDUAL'S SURNAME** FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

**3c. MAILING ADDRESS** CITY STATE POSTAL CODE COUNTRY  
 Chase Tower, 7th Fl, 10 S. Dearborn St. Chicago IL 60603 USA

**4. COLLATERAL:** This financing statement covers the following collateral:  
 The types or items or property covered by this financing statement are described on Exhibit A, consisting of two (2) pages, attached hereto and made a part hereof.

The collateral described on Exhibit A to this financing statement includes instruments. A purchase of or security interest in any collateral (including instruments) described in this financing statement would violate the rights of the Secured Party.

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**5. Check g22 if applicable and check g23 one box:** Collateral is  held in a Trust (see UCC1Ad, item 17 and instructions)  being administered by a Decedent's Personal Representative

**6a. Check g22 if applicable and check g23 one box:**  Public Finance Transaction  Manufactured Home Transaction  A Debtor is a Transmitting Utility  Agricultural Lien  Non-UCC Filing

**7. ALTERNATIVE DESIGNATION (if applicable):**  Lessee/Lessor  Consignee/Consignor  Seller/Buyer  Bailor/Bailee  Licensee/Licensor

**8. OPTIONAL FILER REFERENCE DATA:**  
File with State of Utah

FILING OFFICE COPY — UCC FINANCING STATEMENT (Form UCC1) (Rev 07/01/23)

UCC Financing Statement, filed Utah, October 1, 2024 (transaction dated September 30, 2024). Filing No. 2410031091442-5.

Exhibit A of the financing statement states that the financing statement pertains i) to the Credit Agreement between SoFi Bank, JPMorgan Chase Bank, and a SOFI subsidiary, SoFi Funding PL VI LLC (“SoFi Funding”), and ii) the Pool Loan Purchase and Sale Agreement between SoFi Funding and SoFi Bank. Both agreements are dated September 30, 2024.

SoFi Funding is the most important party to understanding this transaction because it is described as the “Purchaser”, “borrower”, and “Assignor Secured Party”. The plain meaning of these terms is that it borrowed money, purchased the asset changing hands, and assigned a security interest.

JPMorgan Chase Bank is described as “Assignee Secured Party” and—importantly—“**senior lender**”. The plain meaning is that it is lending money and being assigned a security interest in collateral, and that its security interest is senior.

SoFi Bank is described as the “Debtor” and “Seller” and—also importantly—“**mezzanine lender**”. The plain meaning is that it is selling the asset, maintains a subordinated security interest, and as “Debtor”, its property remains subject to a lien, suggesting its interest in the asset was never fully extinguished.

**EXHIBIT A  
TO  
UCC FINANCING STATEMENT**

**DEBTOR/SELLER**

SoFi Bank, National Association  
2750 East Cottonwood Parkway, Suite 300  
Cottonwood Heights, Utah 84121

**ASSIGNEE SECURED PARTY**

JP Morgan Chase Bank, N.A.  
Chase Tower, 7<sup>th</sup> Floor  
10 S. Dearborn Street  
Mail Code IL 1-0199  
Chicago, Illinois 60603

**ASSIGNOR SECURED  
PARTY/PURCHASER**

**SoFi Funding PL VI LLC**  
2750 East Cottonwood Parkway, Suite 300  
Cottonwood Heights, Utah 84121

The UCC financing statement to which this Exhibit A is attached and forms a part pertains to (a) the Credit Agreement, dated as of September 30, 2024 (the "*Credit Agreement*"), among SoFi Funding PL VI LLC, a Delaware limited liability company (the "*Assignor Secured Party*"), as borrower, SoFi Bank, National Association, a national banking association (the "*Debtor*"), as seller (the "*Seller*") and mezzanine lender, JPMorgan Chase Bank, N.A., as senior lender and JPMorgan Chase Bank, N.A., as the administrative agent (together with its successors and assigns, in such capacity, the "*Assignee Secured Party*"), and (b) the Pool Loan Purchase and Sale Agreement, dated as of **September 30, 2024** (the "*Loan Purchase Agreement*"), between the Debtor, as Seller, and the Assignor Secured Party, as purchaser.

This financing statement covers all of Seller’s right, title and interest now existing or hereafter arising or acquired in, to and under all Pool Loans and Related Assets and all proceeds thereof (collectively, the "*Collateral*").

Exhibit A also references a pool of loans, “Pool 2”, sold to a Carlyle entity, CSS PL 2023-1 (“CSS”) that secures a loan SoFi Bank made to CSS. SoFi Bank’s receivable for that loan is the subject of this transaction. It is the asset being transferred from SoFi Bank to SoFi Funding and the collateral being pledged to JPMorgan Chase Bank.

The structure thus far is that SoFi Bank is transferring its CSS receivable to SoFi Funding. SoFi Funding is assigning a security interest (i.e., pledging) in the loan receivable to JPMorgan Chase Bank. Because of the Credit Agreement and the designations of the parties, it is clear that JPMorgan Chase Bank is lending money to SOFI.

### So Where Is the Sale?

The transfer of the CSS receivable to SoFi Funding should not be a “true sale.” SOFI “sold” the loan to itself. SoFi Funding PL VI LLC is a consolidated subsidiary of SOFI, operating from the same address. In effect, SOFI moved money from its left pocket to its right pocket. SoFi Funding was disclosed as a consolidated subsidiary in both the 2023 and 2025 10-K significant subsidiaries list in Exhibit 21. (Interestingly, the 2024 10-K only discloses two subsidiaries, neither of which is SoFi Funding, compared to 25 in 2023 and 16 in 2025.) Below are the 2023 and 2025 10-K Exhibit 21

LIST OF SUBSIDIARIES OF THE REGISTRANT		LIST OF SUBSIDIARIES OF THE REGISTRANT	
The following are the subsidiaries of SoFi Technologies, Inc. as of December 31, 2023, omitting certain subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary.		The following are the subsidiaries of SoFi Technologies, Inc. as of December 31, 2025, omitting certain subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary.	
Name	State or Other Jurisdiction of Organization	Name	State or Other Jurisdiction of Organization
Capital Financial Technologies LLC	DE	SoFi Bank N.A.	CA
SoFi Bank N.A.	DE	SoFi Bank N.A.	CA
SoFi Lending Corp.	CT	SoFi Funding 01 LLC	DE
Public Branch SoFi Funding CC LLC	UT	SoFi Funding 02 LLC	DE
SoFi Funding 1 LLC	DE	SoFi Funding 03 LLC	DE
SoFi Funding 01 LLC	DE	SoFi Funding 04 LLC	DE
SoFi Funding 02 LLC	DE	SoFi Funding 05 LLC	DE
SoFi Funding 03 LLC	DE	SoFi Funding 06 LLC	DE
SoFi Funding 04 LLC	DE	SoFi Funding 07 LLC	CA
SoFi Funding 05 LLC	DE	SoFi Funding 08 LLC	DE
SoFi Funding 06 LLC	DE	SoFi Funding 09 LLC	DE
SoFi Funding 07 LLC	DE	SoFi Funding 10 LLC	DE
SoFi Funding 08 LLC	DE	SoFi Funding 11 LLC	DE
SoFi Funding 09 LLC	DE	SoFi Funding 12 LLC	DE
SoFi Funding 10 LLC	DE	SoFi Funding 13 LLC	DE
SoFi Funding 11 LLC	DE	SoFi Funding 14 LLC	DE
SoFi Funding 12 LLC	DE	SoFi Funding 15 LLC	DE
SoFi Funding 13 LLC	DE	SoFi Funding 16 LLC	DE
SoFi Funding 14 LLC	DE	SoFi Funding 17 LLC	DE
SoFi Funding 15 LLC	DE	SoFi Funding 18 LLC	DE
SoFi Funding 16 LLC	DE	SoFi Funding 19 LLC	DE
SoFi Funding 17 LLC	DE	SoFi Funding 20 LLC	DE
SoFi Funding 18 LLC	DE	SoFi Funding 21 LLC	DE
SoFi Funding 19 LLC	DE	SoFi Funding 22 LLC	DE
SoFi Funding 20 LLC	DE	SoFi Funding 23 LLC	DE
SoFi Funding 21 LLC	DE	SoFi Funding 24 LLC	DE
SoFi Funding 22 LLC	DE	SoFi Funding 25 LLC	DE
SoFi Funding 23 LLC	DE		
SoFi Funding 24 LLC	DE		
SoFi Funding 25 LLC	DE		

In the Utah UCC filing for SoFi Bank, SoFi Funding and SoFi Bank use the same address. In SoFi Funding’s Delaware UCC filing, since 2019, the entity has used the same 234 1<sup>st</sup> Street, San Francisco, address as listed parent company, SoFi Technologies, Inc.

JPMorgan Chase Bank is the only third party in this arrangement. Beyond the fact that the only agreement to which it is a party is the Credit Agreement (not the Pool Loan Purchase and Sale Agreement), the designation as “**senior lender**” is dispositive. The obvious point is that it was a lender in this transaction. The senior position and SOFI’s agreement to subordinate are just as significant.

JPMorgan Chase Bank became senior to SoFi Bank, as SoFi Bank obviously agreed to subordinate. This reinforces that JPMorgan Chase Bank was a lender—not a buyer of the loan receivable. Prior to this transaction, in Note 4 of its Q1 and Q2 2024 10-Qs, SOFI described its Secured Loan receivables, which includes the CSS receivable, as “senior secured loans.” Following this transaction, beginning with the Q3 2024 10-Q, SOFI tacitly acknowledged the subordination by omitting “senior” from its description of these loan receivables. As of February 2026, JPMorgan Chase Bank’s senior lien had not been released.

**Per the UCC filing, no third party received the CSS receivable. The only third party, JPMorgan Chase Bank, was clearly a lender.**

### *Par is Too Low, Given the Recent Rate Cut*

A more subtle point is that in a true arms-length sale of a loan made on market terms, because the Fed had cut the Fed Funds rate by 50 bps on September 18, 2024, the loan receivable should have sold above par. As a lender though, it is understandable that JPMorgan would only lend at par/UPB.

### **III. Conclusion**

SOFI has been asked repeatedly to identify the buyer of this receivable and to show where in Note 9 the JPMorgan facility is recorded. SOFI has not publicly answered either question, and to our knowledge, has not done so privately either. The documents answer both: there was no buyer, and the facility isn't recorded because SOFI booked a borrowing as a sale.

We believe that SOFI needs to restate the Q3 2024 \$312 million Secured Loan sale as a borrowing. We further believe that when SOFI restates this borrowing, it will also restate ~\$1 billion of previously reported EBITDA; and, its capital ratios will be restated materially lower.

Management has a lot at stake at this point—likely including bonus claw backs.<sup>2</sup> CEO Noto has extracted \$46.5 million through prepaid variable forwards while SOFI tells investors he hasn't sold a share. CFO Lapointe has extracted \$11.8 million. The accounting that justified their bonuses depends on this \$312 million transaction being a sale. The UCC filing says it was a borrowing.

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<sup>2</sup> See SOFI's bonus claw back policy:  
<https://www.sec.gov/Archives/edgar/data/1818874/000181887424000026/ex971-compensationrecovery.htm>

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