FILED

JUL 30 2020

Kansas
Securities Commissioner

**BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF KANSAS**

In the Matter of:

Ricky D. Slifer (CRD #1856361)

Docket No. 21E008
KSC No. 2018-6516

Respondent.

Pursuant to K.S.A. 17-12a604

CONSENT ORDER

1. The Staff of the Office of the Kansas Securities Commissioner ("KSC Staff") allege that Ricky D. Slifer ("Slifer") engaged in conduct constituting violations of the Kansas Uniform Securities Act, K.S.A. 17-12a101 *et seq.* ("the KUSA"), and that Slifer is subject to administrative sanctions and remedies under K.S.A. 17-12a604.

2. Slifer and KSC Staff desire to settle the matters raised by KSC Staff relating to Slifer's alleged violations.

CONSENT TO JURISDICTION

3. Slifer and KSC Staff stipulate and agree that, under the KUSA, the Securities Commissioner of Kansas ("the Commissioner") has jurisdiction over Slifer and this matter.

4. Slifer and KSC Staff stipulate and agree that the Commissioner has authority to enter this Order under K.S.A. 17-12a604.

WAIVER AND EXCEPTION

5. Slifer waives his right to a hearing with respect to these matters.

6. Slifer waives any rights that he may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order.

CONSENT TO THE COMMISSIONER'S ORDER

7. Slifer and KSC Staff agree to the issuance of this Order without further proceedings in this matter, and agree to be fully bound by the terms and conditions specified herein.

8. Without admitting or denying the allegations made by the KSC Staff as reflected in the Findings of Fact and Conclusions of Law set forth below, Slifer agrees to the issuance of this Order on the basis of such Findings of Fact and Conclusions of Law solely for the purposes of this proceeding and any proceeding that may be brought to enforce the terms of this Order.

9. Slifer agrees to not take any action nor to make or permit to be made any public statement creating the impression that this Order is without a factual basis. Nothing in this Order affects Slifer's testimonial obligations or right to take legal or factual positions in defense of litigation or in defense of other legal or administrative proceedings in which the Commissioner is not a party.

FINDINGS OF FACT

10. Slifer, CRD # 1856361, is an individual who resided at [redacted] during the time periods described herein. Slifer is a licensed

non-resident insurance agent in the State of Kansas. Prior to the events described herein, Slifer was registered under the KUSA as an agent of a broker-dealer. Slifer's registration as an agent of a broker-dealer was terminated on December 12, 2007. At the times relevant hereto. Slifer was not registered under the KUSA in any capacity.

11. From approximately May 2017 to October 2017. Slifer acted as an agent of Woodbridge Mortgage Investment Fund 1, LLC ("Woodbridge 1"), Woodbridge Mortgage Investment Fund 2. LLC ("Woodbridge 2"), Woodbridge Mortgage Investment Fund 3, LLC ("Woodbridge 3"), Woodbridge Mortgage Investment Fund 3A. LLC ("Woodbridge 3A"), and Woodbridge Mortgage Investment Fund 4, LLC ("Woodbridge 4") in effecting the sale of promissory notes to nine investors, for which Slifer received a commission.

12. At the time of the sales, the promissory notes were not registered as securities under the KUSA as required. Additionally, Slifer was not registered as an agent under the KUSA as required.

Woodbridge Investments

13. Woodbridge 1, Woodbridge 2, Woodbridge 3. Woodbridge 3A, and Woodbridge 4 were part of a group of affiliated entities (collectively, the "Woodbridge Entities") that were used by an individual named Robert Shapiro ("Shapiro") to perpetrate a nationwide Ponzi scheme.

14. Specifically, between no later than July 2012 through December 2017, Shapiro used a web of more than 275 limited liability companies to perpetrate a Ponzi scheme in which he raised more than $1.22 billion from over 10,000 investors nationwide.

15. The Woodbridge Entities were in the business of extending short-term loans to third-party borrowers. As part of each loan, the third-party borrower gave a First Position Commercial Mortgage ("FPCM") in favor of the particular Woodbridge Entity that extended the loan.

16. To raise funds for the loans to the third-party borrowers, the Woodbridge Entities sold promissory notes to investors. Proceeds from the sale of each promissory note were then used by the Woodbridge Entity which sold the note to extend a loan to a particular third-party borrower. Once the Woodbridge Entity received the FPCM from the borrower, the Woodbridge Entity then assigned a pro-rata portion of the FPCM to the investors whose funds were used to extend the loan.

17. As part of each short-term loan, the third-party borrower was to make regular monthly interest payments to the Woodbridge Entity which extended the loan, which would in turn generate the investment returns for the purchasers of the promissory notes.

18. The promissory notes sold by the Woodbridge Entities generally promised to pay investors an annual interest rate of five to eight percent. Interest payments to investors were to be made monthly and the principal was to be paid at the end of each note's respective term.

19. The Woodbridge Entities used independent sales agents to solicit purchases of the promissory notes, which agents were paid commissions for each sale.

20. During the scheme, Shapiro used at least $368 million of new investor funds to pay fictitious returns or profits to existing investors. Further, Shapiro used approximately $64.5 million of investor funds to pay commissions to agents who sold the promissory notes to investors.

21. On December 4, 2017, the Woodbridge Entities filed for chapter 11 bankruptcy in the United States Bankruptcy Court for the District of Delaware. On February 15, 2019, the bankruptcy court issued an order confirming the *First Amended Joint Chapter 11 Plan of Liquidation*, which established the Woodbridge Liquidation Trust to hold and administer trust assets and make distributions to beneficiaries, including investors who purchased promissory notes from the Woodbridge Entities. The Woodbridge Liquidation Trust is currently asserting legal and equitable claims against agents to recover the commissions paid for the sale of Woodbridge promissory notes.

Slifer and his clients' Promissory Notes

22. Slifer initially became aware of the Woodbridge promissory notes in approximately April or May of 2017. Prior to recommending the Woodbridge promissory notes to his clients, Slifer contacted a Woodbridge representative and was assured the promissory notes were considered loans and not securities. Further, Slifer received a letter authored by an attorney stating that the Securities

Division of the Missouri Secretary of State's Office had an investigation into Woodbridge, but that the investigation had been closed.

23. Upon learning of the Woodbridge promissory notes, Slifer discussed the opportunity with Michael J. Silva ("Silva"), a friend and business associate.

24. Despite Slifer's inquiries related to the Woodbridge Entities, as described in Paragraphs 24 and 25, Slifer was unaware of the fraudulent activities of the Woodbridge Entities and Shapiro. In addition, Slifer was unaware that the promissory notes were securities.

25. Silva is the sole owner of a limited liability company named The General & Associates LLC ("General & Associates"). Slifer joined Silva and General & Associates to recommend Woodbridge promissory notes to Slifer's clients, but was not considered an employee of General & Associates.

26. From approximately May 2017 through approximately October 2017, nine of Slifer's clients entered into promissory notes ("Promissory Notes") and loan agreements with the Woodbridge Entities.

27. Under the loan agreements, Slifer's clients loaned a total of $663,000 to the Woodbridge Entities. Under the Promissory Notes, the Woodbridge Entities promised to pay each of Slifer's clients their principal amounts, plus monthly payment of interest of approximately 5% to 9% per annum.

28. Between the clients' purchases of the Promissory Notes and the commencement of the Woodbridge Entities' bankruptcy, Slifer's clients received a total of $8,580.01

in interest payments from Woodbridge. None of Slifer's clients received any of the principal amounts owed under their Promissory Notes.

29. The following table summarizes the investments made by each of Slifer's clients, including interest payments received prior to the commencement of the Woodbridge Entities' bankruptcy:

Investor Name	Principal Investment	Woodbridge Fund	Interest Paid to Investor
[redacted]	$55,000	3A	$825.01
[redacted]	$125,000	1	$2,048.60
[redacted]	$37,000	4	$411.12
[redacted]	$27,500	4	$30.56
[redacted]	$25,000	3	$208.34
[redacted]	$25,000	3A	$361.11
[redacted]	$68,500	3A	$859.17
[redacted]	$50,000	4	$527.77
[redacted]	$250,000	2, 4	$3,308.33

30. General & Associates received commissions totaling $30,870 from the Woodbridge Entities for Silva's and Slifer's role in effecting the sale of the Promissory Notes. General & Associates paid Slifer commissions totaling $17,493 for his role in effecting the sale of the Promissory Notes to the clients listed above.

31. At no time was Slifer registered under the KUSA as an agent of the Woodbridge Entities.

CONCLUSIONS OF LAW

32. The Commissioner has jurisdiction over Slifer and this matter.

33. The Promissory Notes purchased by Slifer's clients are securities as that term is defined in K.S.A. 17-12a102(28).

34. The Promissory Notes purchased by Slifer's clients are not federal covered securities, as that term is defined in K.S.A. 17-12a102(7), and are not exempt from registration under K.S.A. 17-12a201 through 17-12a203.

35. Slifer violated K.S.A. 17-12a301 by offering and selling the Promissory Notes to his clients.

36. In effecting the sale of the Promissory Notes, Slifer was an agent, as that term is defined in K.S.A. 17-12a102(2), of the Woodbridge Entities, and was not exempt from registration under K.S.A. 17-12a402(b).

37. Slifer violated K.S.A. 17-12a402 by transacting business in this state as an agent when Slifer was neither registered under the KUSA nor exempt from registration.

ORDER

IT IS THEREFORE ORDERED that Slifer shall pay a civil penalty in the amount of $4,373.25. Payment shall be in the form of a cashier's check made payable to the "Office of the Kansas Securities Commissioner," and delivered to 1300 SW Arrowhead Road, Topeka, KS 66604. Such payment shall be made within 30 days of the issuance of this Order. Upon receipt, such payment shall be deposited in the Investor Education and Protection Fund.

IT IS SO ORDERED BY THE COMMISSIONER.

Entered at Topeka, Kansas, this 30 day of July, 2020.

OFFICE OF THE SECURITIES COMMISSIONER KANSAS

Jeffrey S. Wagaman
Kansas Securities Commissioner

CONSENTED TO BY:

Kathlyn W. Daniels, Kanas Bar No. 28090
Staff Attorney
OFFICE OF THE KANSAS
SECURITIES COMMISSIONER
Attorney for KSC Staff

Ricky D. Slifer
Respondent

STATE OF Kansas)
) ss:
COUNTY OF Johnson)

This instrument was signed before me on this 29th day of July, 2020, by Ricky D. Slifer.

(seal) NOTARY PUBLIC
STATE OF KANSAS
TAMMY H. FRIEDL
My Appointment Expires: 3-3-2024

Notary Public

My appointment expires: 3-3-2024

NOTICE

(1) A party to this action may petition the Commissioner for reconsideration within 15 days after service of a final order, following the procedures in K.S.A. 77-529. Under K.S.A. 77-528, a party may petition for a stay of effectiveness of this order until the time at which a petition for judicial review would no longer be timely.

(2) This decision may be subject to judicial review. The agency officer to receive service of a petition for judicial review on behalf of the Office of the Securities Commissioner is Jack Clayton Johnson, Chief Regulatory Counsel, at 1300 SW Arrowhead Road, Topeka, Kansas 66604.