



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
FRESH START CREDIT SERVICES, LLC;)
and LOY DENNIS MAXEY,) Case No.: AP-21-08
)
Respondents.)

CONSENT ORDER

SUMMARY OF SECURITIES DIVISION’S ALLEGATIONS & SETTLEMENT OF SAME

1. Between January 2017 and June 2018 (the “**Relevant Period**”), Respondent Loy Dennis Maxey (“**Maxey**”), on behalf of Respondent Fresh Start Credit Services, LLC (“**FSCS**”) (collectively “**Respondents**”), sold \$81,000 in securities in the form of promissory notes, investment contracts or other products constituting evidence of indebtedness, to three Missouri investors. In the course of selling these securities, Maxey made substantial material misrepresentations and omissions that induced the three Missouri residents to invest in FSCS and in the course of running FSCS misappropriated investor funds for personal use. By engaging in these activities and conduct, Respondents violated Section 409.5-501 of the Missouri Securities Act.¹ The Enforcement Section has asserted that this alleged violation constitutes grounds for the Missouri Commissioner of Securities (“**the Commissioner**”) to issue an order pursuant to Section 409.6-604.
2. Respondents and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the Respondents’ alleged violations of Section 409.5-501.

CONSENT TO JURISDICTION

3. Respondents and the Enforcement Section stipulate and agree that the Commissioner has jurisdiction over Respondents and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409 *et seq.*

¹ Unless otherwise noted, all statutory references are to the 2020 Cumulative Supplement of the Revised Statutes of Missouri.

4. Respondents and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), which provides:

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

WAIVER AND EXCEPTION

5. Respondents waive Respondents’ rights to a hearing with respect to this matter.
6. Respondents waive any rights that Respondents may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondents specifically forever release and hold harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner of Securities, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.
7. Respondents stipulate and agree with the Enforcement Section that, should the facts contained herein prove to be false or incomplete, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal.

CONSENT TO COMMISSIONER’S ORDER

8. Respondents and the Enforcement Section stipulate and agree to the issuance of this Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondents agree not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondents’ (a) testimonial obligations; (b) right to take legal or factual positions in defense of litigation or in other legal proceedings in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondents agree that Respondents are not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondents neither admit nor deny the allegations made by the Enforcement Section, but consent solely for the purpose of this matter only and not for any other matter, to the Commissioner’s Findings of Fact, Conclusions of Law, and Order as set forth below solely for the purposes of resolving this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.

COMMISSIONER’S FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

I. FINDINGS OF FACT

12. FSCS is a Missouri limited liability company formed by Maxey, along with Renee Maxey and Cary Spiegel, on April 20, 2016, with a last known address at 167 Lamp & Lantern Village #114, Chesterfield, Missouri 63017-8208.
13. According to Maxey, FSCS was created to engage in activities, including, but not limited to, helping people with credit issues, such as improving credit scores and emphasizing “debt education”.
14. Maxey is a seventy-one-year-old Missouri resident with a last known address at 1204 Applerock Drive, O’Fallon, Missouri 63368. During the Relevant Period, Maxey maintained an address and operated his businesses in the State of Missouri.
15. Maxey’s relevant legal and criminal background include the following:
 - a. a 1994 federal conviction in case number 4:92CR169(SNL) for mail fraud in which Maxey served twelve months imprisonment followed by two years of supervised probation;
 - b. a Chapter 7 bankruptcy discharged in the Missouri Eastern District Court, Division 4, St. Louis, Missouri, on June 24, 2014;
 - c. a lien in the amount of \$1,706 for unpaid utilities filed in St. Louis County May 16, 2013;
 - d. a judgment in the amount of \$8,000 filed in St. Louis, Missouri March 5, 2012;
 - e. a judgment in the amount of \$8,923 in St. Louis County, Missouri April 20, 2009; and
 - f. a judgment in the amount of \$3,045 filed in St. Louis, Missouri September 25, 1995.
16. A check of the Central Registration Depository (“**CRD**”) indicates that during the Relevant Period, while being assigned CRD number 1157974, Maxey never registered as a broker-dealer, agent, investment adviser, or investment adviser representative.
17. Three bank accounts relevant to this matter were associated with Respondents during the Relevant Period, as follows:
 - a. an Academy Bank account with account number ending in 6579 and titled in the names of Loy D. Maxey DBA Fresh Start Credit Services (“**Academy Account**”);

- b. a Regions Bank account with account number ending in 1008 and titled in the name of Maxey (“**Maxey Regions Account**”); and
- c. a Regions Bank account with account number ending in 6955 and titled in the name of FSCS (“**FSCS Regions Account**”).

Missouri Resident 1 (“MR1”)

- 18. On October 28, 2020, the Enforcement Section received a complaint and documents from a then sixty-two-year-old St. Louis, Missouri, resident, MR1.
- 19. Maxey initially approached MR1 in April 2018 at MR1’s office located in St. Louis, Missouri.
- 20. MR1 knew Maxey through another business associate (“**Associate**”).
- 21. During the April 2018 meeting, Maxey supplied MR1 with a brochure entitled “Private Lenders Handbook” and explained the business model behind FSCS explaining that it was designed to provide capital to borrowers involved in real estate who have bad credit.
- 22. On April 20, 2018, MR1 invested in FSCS by paying \$25,000 and signing a \$25,000 promissory note (the “**FSCS Note 1**”) with FSCS.
- 23. In the FSCS Note 1, FSCS is identified as borrower.
- 24. Maxey and MR1 both executed the FSCS Note 1 in St. Louis, Missouri.
- 25. At the time of execution of the FSCS Note 1, MR1 was fifty-nine years old.
- 26. Maxey told MR1 that MR1 would receive eight (8) quarterly interest payments over the course of two (2) years. At maturity, Maxey agreed that MR1’s \$25,000 principal amount was to be returned.
- 27. The FSCS Note 1 states that interest is to be paid on a rate of “10% APR (annual)”.
- 28. Maxey made no disclosures to MR1 prior to or at the time of the sale of the FSCS Note 1 concerning Maxey’s past criminal history, liens against him or his property, nor any prior judgments against him as described above in Paragraph 15.
- 29. On April 20, 2018, the Academy Account recorded a deposit of \$25,000 in the form of a personal check from MR1.
- 30. Between July 27, 2018 and August 5, 2019, Respondents made only five (5) interest payments to MR1 totaling \$3,375² and sourced the funds from all three bank accounts referenced above in Paragraph 17.

² While the terms of MR1’s Note provided for 10% interest paid per year in four quarterly payments which would

31. In April 2020, Maxey requested that MR1 agree to extend the maturity date of FSCA Note 1. However, MR1 declined and requested Maxey return MR1's \$25,000 principal.
32. MR1 did not receive the \$25,000 principal back from Maxey at the date of maturity, which according to the plain language of the FSCS Note 1 was "April 2020".
33. In an interview with the Enforcement Section, Maxey admitted defaulting on FSCS Note 1 and that while he desired to repay MR1, he did not have the funds to make such repayment.
34. To date, MR1's total loss on FSCS Note 1, including unpaid interest and principal is \$26,625.

Missouri Resident 2 ("MR2")

35. On November 13, 2020, the Enforcement Section received a complaint and documents from a then thirty-nine-year-old St. Louis, Missouri resident, MR2.
36. Sometime in 2017, MR2 met Maxey at a financial seminar at a local business where Maxey had been a presenter. Maxey introduced himself as the owner of FSCS and provided MR2 his contact information.
37. While facing financial difficulty in early 2018, MR2 contacted Maxey.
38. In the course of their relationship, Maxey succeeded in securing significant funds for MR2 from a third party: Associate (the same individual referenced above in Paragraph 20).
39. After receipt of the money from Associate, MR2 confided to Maxey that MR2 mistakenly over-borrowed from Associate and had excess money now on hand in the amount of \$36,000.
40. Maxey offered to invest the excess \$36,000 for MR2.
41. In his offer, Maxey explained to MR2 that Maxey would invest the \$36,000 in such a way that the investment would yield enough profits to make MR2's monthly payments that were required to pay Associate and further promised that the investment would yield twelve percent (12%) interest annually.
42. MR2 accepted Maxey's offer to invest the \$36,000.
43. When asked by the Enforcement Section about his agreement with MR2, Maxey admitted that he and MR2 memorialized the details of their agreement with respect to the \$36,000 by executing a promissory note (the "**FSCS Note 2**").

have equaled \$625 per payment, Respondents curiously made two payments of \$650, one payment of \$825 and two payments of \$625.

44. Neither Maxey nor MR2 were able to provide a copy of the FSCS Note 2 to the Enforcement Section.
45. Shortly after the FSCS Note 2 was executed, and in response to queries from MR2 to Maxey regarding the status of MR2's investments, Maxey referenced the existence of their agreement as to the \$36,000 promissory note in written correspondence that summarized the terms of the agreement in relevant part as follows:

The loan activity for 2018 is as follows:
Total amount on account with Fresh Start Credit Services \$36,000
Monthly interest payment \$600
Interest paid for 2018 \$7,200
Rate is 12% APR

46. Maxey admitted to the Enforcement Section that the FSCS Note 2 was written to mature in two years and that at that time, the principal amount of \$36,000 was to be repaid to MR2, but that Maxey fell on hard times financially and could not afford to repay MR2, despite his desire to do so.
47. Maxey made no disclosures to MR2 prior to or at the time of the sale of FSCS Note 2 concerning Maxey's past criminal or legal histories as described above in Paragraph 15.
48. A review of records from MR2's bank account at Central Bank shows the receipt of money from Associate on January 5, 2018, and on that same day, a wire transfer of \$36,000 from MR2 to Maxey.
49. After Maxey failed to comply with terms of the FSCS Note 2, MR2 requested Maxey return MR2's \$36,000 principal. Maxey informed MR2 that his business was no longer operational and he was unable to return to MR2 any of the requested funds.
50. To date, MR2's total loss on the FSCS Note 2 investment is \$40,320 including unpaid principal and interest.

Missouri Resident 3 ("MR3")

51. On December 9, 2020, the Enforcement Section received a complaint and documents from a then sixty-five-year-old St. Louis, Missouri resident, MR3.
52. MR3 met Maxey through MR3's spouse who previously utilized Maxey's services to secure an automobile loan.
53. On or about January 24, 2017, Maxey recruited MR3 to work for Respondents as vice president of Fresh Start Credit Services.

54. At no time relevant to this matter did Maxey disclose to MR3 Maxey's legal and criminal histories as described above in Paragraph 15.
55. MR3 executed a one-year employment contract in the form of a partnership agreement ("**Partnership Agreement**") with Maxey promising an annual salary of \$60,000 with provisions to work from home and on the road.
56. In addition to the Partnership Agreement, Maxey convinced MR3 to invest \$20,000 in FSCS on January 24, 2017.
57. On January 24, 2017, MR3 wired the Academy Account \$20,000 as a result of the FSCS investment opportunity from Maxey.
58. Despite promises by Maxey to compensate MR3 \$2,500 bi-weekly for MR3's employee services under the Partnership Agreement, Maxey only paid MR3 between \$500 and \$1,000 per month in the first three months.
59. After discovering issues related to Maxey's poor management of FSCS in addition to the above-described salary issues, MR3 resigned after three months and demanded her \$20,000 investment be returned.
60. Maxey told MR3 that he no longer had MR3's \$20,000 and could not repay MR3.
61. When confronted by MR3 about the Missouri Securities Division investigation into Respondents, Maxey denied being subject to an ongoing investigation and further denied to MR3 that he was a convicted felon.
62. When interviewed by the Enforcement Section, Maxey admitted owing MR3 \$20,000 but felt he could not in light of his financial difficulties.
63. MR3's current loss on the investment is \$20,000.

Maxey's Response to the Enforcement Section

64. In response to inquiries by the Enforcement Section concerning documentation of the MR1 and MR2 investments, Maxey admitted that he signed promissory notes with MR1 and MR2 and stated he deposited the money from those notes into the business account of FSCS.
65. Maxey initially claimed to the Enforcement Section that he used the money for everyday operational expenses of FSCS.
66. Maxey provided a copy of only the FSCS Note 1 to the Enforcement Section.
67. In response to requests by the Enforcement Section concerning MR2's \$36,000 investment, Maxey admitted making some of the monthly payments to Associate on behalf of MR2

using portions of the \$36,000 investment but that when the COVID-19 pandemic hit, Respondents “no longer had funds available” to make the monthly payments to Associate.

68. Maxey subsequently admitted to the Enforcement Section in a subsequent interview that while all the money from the investments made by MR1, MR2, and MR3 went into the FSCS accounts, he ultimately used the money for personal living expenses such as utility bills and mortgage payments; this despite his earlier claim that the money had been used for everyday operational expenses of FSCS and despite his representations to MR1, MR2, and MR3 that their money would be used for FSCS.
69. Maxey told the Enforcement Section that he paid himself an annual salary from FSCS in an amount between \$40,000 and \$50,000.
70. Maxey admitted to the Enforcement Section that he never disclosed any of his relevant legal and criminal histories, as summarized above in Paragraph 15, to MR1, MR2 or MR3.
71. Respondents cooperated in full with the Enforcement Section’s investigation.

II. CONCLUSIONS OF LAW

72. **THE COMMISSIONER CONCLUDES** that the promissory notes of MR1 and MR2 along with the \$20,000 investment by MR3 are securities under Section 409.1-102(28) which defines securities as, among other things, “notes”, “evidence of indebtedness”, “participation in a profit-sharing agreement”, and an “investment contract.”
73. **THE COMMISSIONER FURTHER CONCLUDES** that Respondents, in connection with the offer and sale of each of the securities: (i) employed a device, scheme, or artifice to defraud, (ii) made untrue statements of material fact or omitted to state material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading, and (iii) engaged in an act, practice or course of business that operates or would operate as a fraud or deceit upon another person, in violation of Section 409.5-501 to wit:
 - a. failing to disclose to investors material information regarding Maxey’s legal and criminal histories;
 - b. misrepresenting to investors the specific use of their invested funds;
 - c. specifically misleading MR2 by telling MR2 that the \$36,000 would be invested in a manner that purportedly would provide MR2 interest **and** make payments to Associate;
 - d. specifically misleading MR3 by denying Maxey had any criminal history; and
 - e. misappropriating investor funds by using the money for personal expenses such as utility bills and mortgage payments.

74. **THE COMMISSIONER FURTHER CONCLUDES** that at the time Respondents engaged in the conduct set forth above, one (1) investor was more than sixty-years-old and was an elderly person, as that term is defined under Section 409.6-604(d)(3)(B).
75. The Commissioner, after consideration of the stipulations set forth above and on the consent of the Respondents and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondents and this matter and that the following Order is in the public interest, necessary for the protection of public investors and consistent with the purposes intended by Chapter 409, RSMo.

III. **ORDER**

NOW, THEREFORE, it is hereby Ordered that:

76. Respondents, their agents, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this order be prohibited from violating or materially aiding in any violation of Section 409.5-501.
77. Respondent shall pay civil penalties in the amount of \$90,000 for three (3) violations of Section 409.5-501. This amount shall be made payable to the State of Missouri. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. This amount shall be sent to the Missouri Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101. ***All obligations to pay this amount shall be and hereby are suspended, and shall be fully and finally waived when the restitution amounts and investigation costs described herein are paid in full in compliance with this order.***
78. Respondents shall pay restitution in the amount of \$86,945 within sixty (60) days following execution of this order. This amount will be subject to an interest rate of eight percent (8%) annually if not paid within the sixty (60) day period. This amount shall be made payable to the **Missouri Secretary of State's Investor Restitution Fund**, and the Commissioner will take reasonable and necessary actions to distribute such funds to the investors listed in Exhibit A. The restitution shall be sent to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101.
79. Respondents shall pay costs of the investigation in the amount of \$7,000 within sixty (60) days following execution of this order. This amount shall be made payable to the **Missouri Investor Education and Protection Fund**, and sent to the Missouri Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101.
80. The civil penalties assessed in Paragraph 77 will be fully waived upon payment of the full \$86,945 in restitution and \$7,000 costs of the investigation within sixty (60) days following execution of this order.
81. Upon Respondent's failure to comply with the terms of this Consent Order, all remaining payments shall become immediately due and payable upon operation of law, and such

immediately due payments shall be in addition to all other penalties then available under the law.

82. Respondent shall pay their own costs and attorneys' fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 22nd DAY OF SEPTEMBER, 2021.



JOHN R. ASHCROFT
SECRETARY OF STATE

A handwritten signature in blue ink, appearing to read "David M. Minnick", written over a horizontal line.

DAVID M. MINNICK
COMMISSIONER OF SECURITIES

Consented to by:
MISSOURI SECURITIES DIVISION

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STEVEN M. KRETZER
SECURITIES ENFORCEMENT COUNSEL

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LOY DENNIS MAXEY

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LOY DENNIS MAXEY,
AUTHORIZED SIGNATORY FRESH START
CREDIT SERVICES, LLC