

# SOUTH FLORIDA SunSentinel

## **Investors in securities fraud scheme to get millions back**

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More than 3,600 investors who lost savings to an alleged securities fraud involving a South Florida cash-advance company stand to recover \$100 million from a bankruptcy court liquidation, lawyers said Tuesday.

In a related development, federal authorities in civil and criminal actions announced they charged a Fort Lauderdale lawyer and former outside counsel for 1 Global Capital with aiding a securities fraud scheme that the government alleges defrauded investors in 42 states out of \$332 million.

1 Global Capital promised investors a profit from loans it made to small and midsize companies. But much of the money went to CEO Carl Ruderman's personal spending and his consumer-loan companies, the Securities and Exchange Commission alleged in a civil complaint filed last year. The commission alleged Ruderman misappropriated \$35 million on spending that included a vacation to Greece, a Mercedes-Benz and a personal chef.

Headquartered in Hallandale Beach, 1 Global Capital operated from early 2014 until July 27, 2018, when it filed for bankruptcy. As of that time, Global had raised more than \$330 million. Internal documents showed a \$50 million cash deficit, the SEC alleged. A federal judge granted an SEC request for an asset freeze against Ruderman, 1 Global Capital and several affiliated companies.

“The SEC’s investigation effectively stopped 1 Global’s offering and prevented further harm to investors and retirement funds,” Eric Bustillo, head of the SEC’s regional office in Miami, said at the time.

At a hearing Tuesday, U.S. Bankruptcy Judge Raymond B. Ray in Fort Lauderdale approved a plan that would return a sizable portion of the millions raised by 1 Global Capital.

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“Everybody worked together to be able to return as much money as possible to these individuals who had their net worth put into this,” said James Cassel of the Miami investment banking firm Cassel Salpeter, independent manager of 1 Global during its bankruptcy. “It was a sad scenario. We made a lot of progress and collected a lot of money.”

Paul Keenan, a Greenberg Traurig attorney who represents the company in the bankruptcy, said the plan had widespread support. “Everyone is supporting the plan,” he said. That includes investors and the SEC.

Out of the 3,600 people affected, 2,425 investors returned ballots approving the repayment plan, Keenan said. He predicted cash distributions would take place in early November.

Criminal, civil charges against lawyer

Jan Douglas Atlas, 74, of Fort Lauderdale, is accused in a criminal information of one count of securities fraud, according to a news release from the U.S. Attorney’s Office. He faces a potential maximum statutory sentence of up to five years in prison and a fine of up to \$10,000.

Atlas, a long-time South Florida securities lawyer, wrote two opinion letters in 2016 that allegedly contained false information describing how 1 Global Capital investment actually worked and the duration of the investment, which omitted information about its automatic renewal, the U.S. Attorney’s Office said.

In a statement, Miami attorney Margot Moss, who represents Atlas in the criminal case, said her client “is a good man who had a wonderful, successful career.”

“But like all of us, he wasn’t perfect,” Moss said in a statement. “He has quickly accepted responsibility for his actions in his case and shown genuine remorse. He will do everything he can to make this right.”

Atlas also faces a parallel civil action filed by the SEC, which charged him Tuesday with aiding and abetting through the issuance of fraudulent opinion letters. The commission’s complaint alleges 1 Global used the letters to falsely represent to a network of external sales agents that its notes were not securities and that its offering did not have to be registered with the SEC.

Atlas, the SEC alleges, received more than \$600,000, a figure which represented a percentage of the commissions generated from the sale of 1 Global notes. “Atlas disregarded his position as a gatekeeper and instead issued opinion letters containing false information,” said Bustillo, the SEC regional director.

The charges against Atlas come less than a month after 1 Global Capital’s chief financial officer, Alan Heide, entered a guilty plea to one count of conspiracy to commit securities fraud.

The SEC previously charged 1 Global and Ruderman, the CEO, with fraud, and charged Henry J. "Trae" Wieniewitz, III, an external sales agent, for his allegedly unlawful sales of 1 Global securities.

In a statement last month, the commission said Ruderman consented to a final court judgment in which he was permanently barred from violating federal securities laws, and held liable for turning over nearly \$32 million in “ill-gotten gains” and paying a \$15 million civil penalty. Ruderman also agreed to turn over \$750,000 in cash and 50 percent equity in a multi-million dollar condominium.

The commission also said it settled with Wieniewitz in July. According to the same statement, he agreed to a final court judgment holding him and his former company jointly liable for turning over \$3.5 million and paying a \$150,000 civil penalty.