

# Miami Herald

## A charge, a guilty plea and when victims can see money: update on a \$322 million fraud

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Here's what happened recently in the multi-platform legal untangling of 1 Global Capital, [the Hallandale Beach merchant cash advance business at the center of a \\$322 million investment fraud](#).

### **THE MONEY**

- A plan of liquidation for 1 Global was filed last week in federal bankruptcy court by Greenberg Traurig's Paul Keenan, who said the investor approval vote drew 2,425 out of over 3,600 investors, the highest he's seen in a consumer case. That plan would go into effect in mid-October. The initial distribution of \$100 million to investors will be made in early November.

But that's a pittance compared to the amount of the fraud discussed.

"There are 3,600 investors who are going to lose money," said 1 Global Capital's bankruptcy court-appointed independent manager James Cassel of Cassel Salpeter investment banking firm. "These are Ma-and-Pa investors who put all their money in this."

And 1 Global's former CEO Carl Ruderman took money out, according to documents in several cases.

In the admission of facts accompanying former 1 Global CFO Alan Heide's guilty plea (see below), Heide says Ruderman began to use the cash coming in from new investors to pay large commissions; to pay earlier 1 Global

investors, Ponzi-scheme style; to operate Ruderman's unrelated businesses; and for Ruderman and the Ruderman family's "lavish" lifestyle. This, while 1 Global was operating in the red.

After a judgment gained in August by the Securities and Exchange Commission, Ruderman owes \$32 million in money gained fraudulently; a \$15 million civil penalty; another \$750,000 cash; and 50 percent equity in his Aventura Bella Vista North condominium, which online property records say he bought for \$2.7 million in 1999.

Ruderman has not been charged criminally, which is why he's referred to as "Individual No. 1" in other parties' criminal case filings.

1 Global sold itself to investors as operating similar to a payday cash advance place, except with a customer base of small businesses. Instead of repayment in one lump sum, payments came in the form of automatic withdrawals. Numerous lawsuits have been filed to get something out of businesses that defaulted on the cash advances.

- Jan Atlas, a 74-year-old Fort Lauderdale attorney, has been accused of using his corporate legal skills to help Ruderman continue doing business as they were. Atlas has been charged by information with one count of securities fraud.

Ruderman and an attorney came to Atlas when questions came up about whether 1 Global was selling a security and if it needed to register an investment offering with the SEC.

The allegations in the information document say, "Atlas came to understand that (Ruderman) and Attorney No. 1 were not interested in accurate legal advice based on real facts, but instead wanted false legal cover that would advance their desired outcome and allow them to profit from 1 Global."

So, prosecutors say, Atlas gave them what they wanted in a May 17, 2016, opinion letter in which he "intentionally made false and misleading statements" and did the same in an Aug. 25, 2016, opinion letter. And that Aug. 25 letter, the allegations say, was used by 1 Global to keep raising money under false pretenses.

An email to the Miami Herald from Atlas' attorney, Margot Moss of Markus/Moss' law firm, said, "Jan is a good man who had a wonderful, successful career. But like all of us, he wasn't perfect. He has quickly accepted responsibility for his actions in this case and shown genuine remorse. He will do everything he can to make this right."

## **HE'S GUILTY**

- As mentioned above, former 1 Global CFO Alan Heide has pleaded guilty to one count of conspiracy to commit securities fraud.

Heide's admission of facts says though he knew 1 Global wasn't profitable and knew Ruderman was misusing funds, he kept "providing false and misleading statements to investors as to the financial health of 1 Global Capital, including making statements that gave the false impression that 1 Global had an independent auditor."

Heide will be sentenced on Dec. 13.