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Creditors recovering another \$12 million lost in Broward securities fraud case

By David Lyons

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It's technically not a gift for the holidays. But the 3,750 investors and other creditors allegedly defrauded by a payday loan operation based in Hallandale Beach will gladly accept the \$12 million recovered on their behalf.

The money is the latest distribution to people who are said to have lost more than \$300 million to a business called 1 Global Capital. The firm filed for bankruptcy in mid-2018 after running short of cash amid a [Securities and Exchange Commission probe](#) that led to civil fraud charges against a variety of individuals, as well as criminal charges against lawyers by the U.S. Attorney's Office in Miami.

“There was a substantial group of investors in South Florida” who lost money, said James S. Cassel, trustee of the 1 GC Collections Creditors' Liquidating Trust and chairman of the Miami investment banking firm Cassel Salpeter & Co.

Last year around this time, creditors received \$112 million thanks to the efforts of a court-appointed legal team that tracked down assets connected to the companies.

The latest distribution pushes the total sent back to investors up to \$124 million, or 44 cents on the dollar, Cassel said Wednesday. Other firms involved in the recovery include Baker Mckenzie, Greenberg Traurig, Development Specialists, Inc., along with special counsel Genovese Joblove & Battista, and Stichter, Riedel, Blain & Postler, P.A,

According to allegations brought by the SEC, 1 Global was a commercial lending business that made the equivalent of payday loans with high interest rates to small businesses. The firm obtained the funds to make the loans from investors nationwide, offering short-term investment contracts. The investors would supposedly receive a proportionate share of the principal and interest payments as the loans to the small businesses were repaid.

1 Global, according to federal authorities, raised money using investment advisers and others who were promised significant commissions. Many of the investor victims funneled retirement funds by the tens of thousands into the operation, Cassel said.

Last week, [the SEC in Miami filed civil charges](#) against three more individuals for illegally selling securities of 1 Global Capital, LLC in unregistered transactions to retail investors while acting as unregistered brokers.

The [commission previously charged 1 Global, its owner and others](#) with operating a fraudulent scheme to misappropriate millions of

dollars from investors. The SEC also charged 1 Global's largest sales agent for various registration violations.

The SEC's latest complaints alleged that Roger E. Dobrovodsky, Robert Todd Seth and Matthew L. Walker were among 1 Global's top revenue producers, cumulatively selling more than \$21 million in unregistered transactions to many retail investors, according to a statement.

According to civil complaints filed by the commission, the three men marketed 1 Global securities to investors "as a safe alternative to the stock market and reaped hundreds of thousands of dollars in commissions on their sales even though they were not registered as broker-dealers or associated with registered broker-dealers."