

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO.

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

ANDREW DALE LEDBETTER,

Defendant.

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission alleges as follows:

I. INTRODUCTION

1. From no later than February 2014 until July 27, 2018, 1 Global Capital LLC (“1 Global” or “the Company”) fraudulently raised more than \$322 million from more than 3,600 investors nationwide in an unregistered securities offering. Defendant, attorney Andrew Dale Ledbetter, offered and sold 1 Global’s unregistered securities to investors and created a nationwide network of sales agents that did the same. Ledbetter knew 1 Global was offering notes in unregistered securities transactions that needed to be registered. However, he repeatedly falsely told investors and sales agents that 1 Global’s notes were not securities and were not subject to Commission regulation. As a result, Ledbetter received a commission on every note 1 Global offered and sold to investors from late 2015 through July 27, 2018, earning more than \$2.9 million in proceeds.

2. 1 Global, a private, South Florida firm, offered and sold unregistered securities to investors in no fewer than 42 states to fund its business of offering short-term financing to small and medium-sized businesses. The Company, through its marketing materials distributed to sales

agents, and the sales agents themselves, promised investors a high-return, low-risk investment in which 1 Global would use their money to make short-term cash advances called Merchant Cash Advances (“MCAs”) to businesses that could not obtain more traditional financing such as bank loans. In reality, the Company used substantial investor funds for purposes other than the MCAs, including paying operating expenses and funding the luxury lifestyle of its founder, Chairman and CEO, Carl Ruderman.

3. Through his conduct, Ledbetter violated Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§ 77e(a), 77e(c), and 77q(a), and Sections 15(a) and 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78j(b) and 78o(a) and 17 C.F.R. §240.10b-5. The Commission seeks injunctive relief, disgorgement of ill-gotten gains and a civil penalty against Ledbetter.

II. DEFENDANT

4. Ledbetter, 78, is a resident of Fort Lauderdale, Florida, and an attorney licensed to practice in Florida. He was of counsel at 1 Global’s outside law firm until his dismissal in August 2018. Ledbetter was not registered with the Commission or the Financial Industry Regulatory Authority (“FINRA”) during the time period of the allegations in this Complaint; nor was he associated with anyone registered as a broker-dealer.

III. JURISDICTION AND VENUE

5. The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act, 15 U.S.C. §§77t(b), 77t(d), and 77v(a), and Sections 21(d), 21(e), and 27 of the Exchange Act, 15 U.S.C. §§78u(d), 78u(e), and 78aa.

6. This Court has personal jurisdiction over Ledbetter and venue is proper in the Southern District of Florida as Ledbetter resides in the District and worked and committed the acts

giving rise to the conduct alleged in the Complaint in Broward County.

7. Ledbetter, directly and indirectly, made use of the means and instrumentalities of interstate commerce, and the mails, in connection with the acts, practices, and courses of business set forth in this Complaint.

IV. BACKGROUND

8. According to its sales materials and website, 1 Global provided small and medium-sized businesses an alternative to borrowing money from traditional financial institutions. The investment instruments investors signed provided that 1 Global would assign them a percentage of numerous MCAs, and they would earn money by sharing in the profits from those MCAs.

9. Although 1 Global purported to limit its offering to sophisticated or qualified investors, in reality the Company and its sales agents mass marketed the investment to the public through brochures, flyers, seminars, and meetings. 1 Global never checked to ensure that any of its investors were sophisticated, and although the Company had a stated \$25,000 minimum investment, the Company sometimes waived that requirement and put no restrictions on who sales agents could offer the investment to.

10. 1 Global's marketing materials touted the investment as a safe and less risky alternative to traditional stock market investments, and routinely promised investors annual returns in the high single to low double digits.

11. The Company and Ruderman made numerous material misrepresentations and omissions to investors, including how 1 Global would use investor funds, the fees it would charge investors, monthly account statements that overstated the values of investors' accounts and their rates of returns, and the role of an outside accounting firm. In addition, Ruderman misappropriated at least \$32 million to pay for his lavish personal expenses and to send to unrelated businesses in

which he or his relatives had a beneficial interest.

12. As a result of the Company and Ruderman's misuse and misappropriation of funds, 1 Global ran short of cash and filed for bankruptcy on July 27, 2018. The Company subsequently ceased operations.

**V. LEDBETTER'S MISREPRESENTATIONS IN CONNECTION
WITH THE OFFERING**

13. In early 2016, a lawyer recommended to Ruderman and 1 Global by Ledbetter's law partner, Jan Atlas, told the Company and Ruderman that the notes they were offering and selling to investors were likely securities. Unhappy with this opinion because of its potential effect on 1 Global's business, Ruderman retained Atlas and Ledbetter's law firm to write an alternative opinion. In May 2016, Atlas drafted a letter in which he concluded that the notes were likely not securities because, among other things, they had maturity dates of nine months or less and were issued to sophisticated investors.

14. Ledbetter reviewed the letter and knew that certain facts in it on which Atlas based his opinion were false, and that he was omitting from the letter other facts inconsistent with his opinion. For example, the letter based its conclusion in large part on statements that 1 Global was offering and selling nine-month notes. However, Ledbetter (and Atlas) knew at the time 1 Global was also offering 12-month notes and that both the nine-month and 12-month notes had an automatic renewal feature, none of which was discussed in the letter. Ledbetter also knew 1 Global offered and sold its notes to retail and unsophisticated investors in contrast to statements in the letter that 1 Global offered notes only to sophisticated investors. Ledbetter further knew the facts omitted in the letters were strong indicators that the notes were securities.

15. During the next two months, Ledbetter knew 1 Global retained a third law firm to opine on whether the notes 1 Global offered and sold to investors were securities. That law firm

drafted two opinion letters concluding that the notes were securities, and that to be compliant with federal securities laws, 1 Global would have to stop selling notes for six months and then resume selling only nine-month notes and only to sophisticated investors.

16. Again unhappy with the third firm's conclusions, Ruderman directed Atlas to write yet another opinion to contradict the two letters from the third firm. Atlas complied, and in August 2016 wrote a letter that repeated the false and misleading statements that 1 Global was offering only nine-month notes and only to sophisticated investors. Ledbetter also saw this letter, and like the May opinion, knew it was based on erroneous assertions and omitted facts. Ledbetter also knew the letter failed to mention that Atlas had a direct financial interest in 1 Global's continuing business, because Ledbetter was paying him 20 percent of the commissions he received. Those commissions amounted to approximately \$627,000 over two-plus years.

17. Ledbetter knew 1 Global relied on these two opinion letters to facilitate its unregistered, fraudulent offering. Furthermore, despite knowing they contained inaccuracies and omissions, Ledbetter touted the conclusions of the letters both to investors and to the network of 1 Global sales agents he subsequently helped recruit.

VI. LEDBETTER OFFERED AND SOLD 1 GLOBAL SECURITIES

18. From approximately August 2015 through 2016 Ledbetter offered and sold 1 Global notes (primarily 12-month notes) to friends and family. He failed to disclose to prospective investors that he was aware of information that sale of the 1 Global notes constituted an illegal securities offering,

19. For each offer and sale he effected, Ledbetter received transaction-based compensation in the form of a commission.

20. In addition to directly offering and selling 1 Global notes, Ledbetter also built 1

Global's national network of sales agents. He routinely told prospective sales agents that he was an attorney specializing in securities matters, and assured them in contrast to what he knew that 1 Global's notes were not securities. Ledbetter knew many of those agents did not have securities licenses, and deferred to his securities acumen. He knew as a result that absent his assurances that they were not selling securities, the sales agents would not have offered 1 Global notes to investors.

21. In addition to recruiting sales agents, Ledbetter sometimes assisted them in touting 1 Global to prospective investors. For example, on December 7, 2017 Ledbetter pitched 199 prospective investors at a dinner organized by a sales agent. Ledbetter told audience members they were lending money to 1 Global, and the notes were not securities. He stressed that it was important that the notes not be deemed securities because if they were, it would be "far more complicated." Ledbetter knew his statements were false and misleading. As a result of Ledbetter's efforts pitching 1 Global at the seminar, 30 of the 199 attendees purchased 1 Global's securities.

VII. LEDBETTER'S COMPENSATION

22. In return for recruiting 1 Global's sales agents and assisting them in their sales efforts, 1 Global paid Ledbetter more than \$2.9 million in transaction-based compensation. 1 Global based Ledbetter's commissions on a percentage of the sales effected by every sales agent. At the inception of the arrangement, Ledbetter received a two percent commission on each investment and another two percent if the investor rolled over his or her investment for another period. That agreement was scaled back in 2017 with 1 Global paying Ledbetter a one percent commission on every sale and $\frac{3}{4}$ percent on rollovers. In turn, Ledbetter gave his law partner approximately 20 percent of his commissions.

VIII. CLAIMS FOR RELIEF

COUNT I

Violations Of Sections 5(a) And 5(c) Of The Securities Act

23. The Commission repeats and realleges Paragraphs 1 through 22 of this Complaint as if fully set forth herein.

24. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities issued by 1 Global as described in this Complaint, and no exemption from registration existed with respect to those securities.

25. From no later than August 2015 through July 2018, Ledbetter, directly and indirectly:

- (a) made use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, through the use or medium of a prospectus or otherwise;
- (b) carried or caused to be carried securities through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; or
- (c) made use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use of medium of any prospectus or otherwise any security,

without a registration statement having been filed or being in effect with the Commission as to such securities.

26. By reason of the foregoing Ledbetter violated, and unless enjoined, is reasonably likely to continue to violate, Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

COUNT II

Violations Of Section 17(a)(1) Of The Securities Act

27. The Commission repeats and realleges Paragraphs 1 through 22 of this Complaint as if fully set forth herein.

28. From no later than August 2015 through July 2018, Ledbetter, in the offer or sale of securities by use of any means or instruments of transportation or communication in interstate

commerce or by use of the mails, directly or indirectly, employed devices, schemes or artifices to defraud.

29. By reason of the foregoing, Ledbetter violated, and unless enjoined, is reasonably likely to continue to violate, Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

COUNT III

Violations Of Section 17(a)(2) Of The Securities Act

30. The Commission repeats and realleges Paragraphs 1 through 22 of this Complaint as if fully set forth herein.

31. From no later than August 2015 through July 2018, Ledbetter, in the offer or sale of securities by any use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly obtained money or property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

32. By reason of the foregoing, Ledbetter violated, and, unless enjoined, is reasonably likely to continue to violate, Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2).

COUNT IV

Violations Of Section 17(a)(3) Of The Securities Act

33. The Commission repeats and realleges Paragraphs 1 through 22 of this Complaint as if fully set forth herein.

34. From no later than August 2015 through July 2018, Ledbetter, in the offer or sale of securities by use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, engaged in transactions, practices, or

courses of business which operated or would have operated as a fraud or deceit upon the purchasers.

35. By reason of the foregoing, Ledbetter violated, and, unless enjoined, is reasonably likely to continue to violate, Section 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(3).

COUNT V

Violations Of Section 10(b) And Rule 10b-5(a) Of The Exchange Act

36. The Commission repeats and realleges Paragraphs 1 through 22 of this Complaint as if fully set forth herein.

37. From no later than August 2015 through July 2018, Ledbetter, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, employed devices, schemes, or artifices to defraud in connection with the purchase or sale of securities.

38. By reason of the foregoing, Ledbetter violated, and, unless enjoined, is reasonably likely to continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Exchange Act Rule 10b-5(a), 17 C.F.R. § 240.10b-5(a).

COUNT VI

Violations Of Section 10(b) And Rule 10b-5(b) Of The Exchange Act

39. The Commission repeats and realleges Paragraphs 1 through 22 of this Complaint as if fully set forth herein.

40. From no later than August 2015 through July 2018, Ledbetter, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

41. By reason of the foregoing, Ledbetter violated, and, unless enjoined, is reasonably likely to continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Exchange

Act Rule 10b-5(b), 17 C.F.R. § 240.10b-5(b).

COUNT VII

Violations Of Section 10(b) And Rule 10b-5(c) Of The Exchange Act

42. The Commission repeats and realleges Paragraphs 1 through 22 of this Complaint as if fully set forth herein.

43. From no later than August 2015 through July 2018, Ledbetter, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, engaged in acts, practices, and courses of business which have operated, or are now operating and will operate, as a fraud upon the purchasers of securities.

44. By reason of the foregoing, Ledbetter violated, and, unless enjoined, is reasonably likely to continue to violate, Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5(c), 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(c).

COUNT VIII

Violations Of Section 15(a) Of The Exchange Act

45. The Commission repeats and realleges Paragraphs 1 through 22 of this Complaint as if fully set forth herein.

46. From no later than August 2015 through July 2018, Ledbetter, directly or indirectly, by the use of the mails or the means or instrumentalities of interstate commerce, while acting as or associating with a broker or dealer, effected transactions in, or induced or attempted to induce the purchase or sale of securities, while he was not registered with the Commission as a broker or dealer or when he was not associated with an entity registered with the Commission as a broker-dealer.

47. By reason of the foregoing, Ledbetter, directly or indirectly, violated, and, unless

enjoined, is reasonably likely to continue to violate, Section 15(a)(1) of the Exchange Act, 15 U.S.C. § 78o(a)(1).

IX. REMEDIES REQUESTED

WHEREFORE, the Commission respectfully requests that the Court find the Defendant committed the violations alleged, and:

A. Permanent Injunctive Relief

Issue a Permanent Injunction enjoining Ledbetter from violating Sections 5 and 17(a) of the Securities Act, and Sections 10(b) and 15(a)(1) and Rule 10b-5 of the Exchange Act.

B. Disgorgement

Issue an Order directing Ledbetter to disgorge all ill-gotten gains, including prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

C. Civil Penalty

Issue an Order directing Ledbetter to pay a civil money penalty pursuant to Section 20(d) of the Securities Act and Section 21(d) of the Exchange Act.

Respectfully submitted,

September 29, 2020

By: Robert K. Levenson, Esq.
Senior Trial Counsel
Florida Bar No. 0089771
Direct Dial: (305) 982-6341
Email: levensonr@sec.gov

Attorney for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
801 Brickell Avenue, Suite 1950
Miami, Florida 33131
Telephone: (305) 982-6300