

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

CASE NO.

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

ALAN G. HEIDE,

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 Alan G. Heide served as 1 Global’s Chief Financial Officer, controller, or executive vice president for much of his employment at 1 Global from 2013 through August 2017. Heide played a significant role in the fraud by participating in the overstatement of the value of investors’ accounts and their rates of return and misrepresenting the role of an accounting firm in 1 Global’s marketing materials and on investors’ monthly account statements.

2. 1 Global, a private, South Florida firm, used a network of sales agents to offer and sell 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 investor 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.

3. 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. Heide knew 1 Global’s financial condition was depleted due to Ruderman and the Company’s misuse of investor funds. Yet from June 2016 through February 2017, he regularly signed investors’ monthly account statements that he knew overstated the value of their accounts and misrepresented that the Company had an independent auditor that had endorsed the Company’s method of calculating investor returns. Heide also had a role in the latter misrepresentation being included in certain 1 Global marketing materials.

4. Through his conduct, Heide violated Section 17(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. § 77q(a), and Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §78j(b) and 17 C.F.R. §240.10b-5. The Commission seeks injunctive relief and a civil penalty against Heide.

II. DEFENDANT

5. Heide, 61, is a resident of Lake Worth, Florida, and was 1 Global’s CFO, Controller and/or executive vice president from 2013 through 2017. Heide is a certified public accountant licensed to practice in Florida.

III. JURISDICTION AND VENUE

6. 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.

7. This Court has personal jurisdiction over Heide and venue is proper in the Southern District of Florida as Heide resides in the District. Moreover, Heide and other 1 Global officers conducted, supervised, and managed all aspects of 1 Global's fundraising and MCA business at 1 Global's Hallandale Beach headquarters.

8. Heide, 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

9. 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 investors a percentage of numerous MCAs and would earn money from sharing in the profits derived from those MCAs.

10. 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.

11. 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.

12. 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, sending investors monthly account statements that overstated the values of investors' accounts and their rates of returns, and the role of the 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.

13. 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. HEIDE'S MISREPRESENTATIONS TO INVESTORS

A. Overstating the Value of Investor Accounts

14. 1 Global provided every investor with a monthly account statement that showed the MCAs in which it had placed the investor's funds, the supposed amount left in cash waiting to be invested, and the purported value of the account and the rate of return. The cash category was listed on the account statement in several ways throughout the four-year fraud, but most frequently as "cash to be deployed" or "cash not yet deployed." The figure represented the amount of the investment that 1 Global had not yet put into MCAs and was purportedly sitting in 1 Global's bank accounts available for MCA funding.

15. The "cash to be deployed" totals were part of the determination of the overall value of the account. Investors could plainly see on these monthly statements how much their investment had allegedly increased in value, which directly correlated to the rate of return the statements told each investor he or she was allegedly earning.

16. From no later than June 2016 through at least February 2017, Heide signed the account statements knowing they overstated the value of the investors' accounts. Heide knew all

the investors' monthly account statements were false because they misrepresented the amount of "cash to be deployed." Heide knew that Ruderman had authorized misappropriation and misuse of investor funds that depleted 1 Global's bank accounts, and caused the total in the bank to be less than the total of "cash to be deployed" on all the account statements

17. Thus, every account statement showed a false amount of "cash to be deployed." Because that amount was false, each investor's account statement overstated the total value of the account, the increase in the valuation since the investor had invested, and the rate of return.

B. False Claims About Daszkal Bolton's Work

18. In November 2015, Heide inserted language into investors' monthly account statements that misrepresented the role of a South Florida-based accounting firm. Each investor's monthly account statement falsely claimed that "Our outside CPA firm, **Daszkal Bolton L.L.P.**, has endorsed and agrees with the rate of return formula." [Emphasis in original]. However, Heide knew Daszkal Bolton never endorsed or agreed with 1 Global's rate of return formula. No later than in June 2016, Heide, at the direction of Ruderman, changed the wording on account statements to "our independent audit firm" agreeing with and endorsing the rate of return formula. This also was false, and Heide knew Daszkal Bolton never audited 1 Global's financial statements.

19. While 1 Global did hire Daszkal Bolton, the firm's work was limited to drafting a set of agreed-upon procedures for evaluating investors' accounts. In October 2015, Heide had requested the accounting firm to write a letter endorsing 1 Global's calculations of investor rates of return on the monthly account statements. When the firm did not provide the language Heide wanted, he inserted it into the account statements himself, even though he knew it wasn't true. Thus, every account statement sent to investors after November 2015 containing the representation about Daszkal Bolton was false. 1 Global sometimes showed sample account statements to

prospective investors as well.

20. In addition to misrepresenting Daszkal Bolton's status on the monthly account statements, numerous versions of 1 Global's marketing materials—early versions of which Heide reviewed, contributed to, and emailed to at least one sales agent for use with prospective investors – stated that “[a]n external accounting firm validates [investor] loan balances quarterly.”

21. This statement was also false because neither Daszkal Bolton nor any other external accounting firm validated amounts listed in investor accounts on a quarterly basis.

VI. CLAIMS FOR RELIEF

COUNT I

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

22. The Commission repeats and realleges Paragraphs 1 through 21 of this Complaint as if fully set forth herein.

23. From no later than 2015 through August 2017, Heide, 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.

24. By reason of the foregoing, Heide 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 II

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

25. The Commission repeats and realleges Paragraphs 1 through 21 of this Complaint as if fully set forth herein.

26. From no later than 2015 through August 2017, Heide, 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.

27. By reason of the foregoing, Heide 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 III

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

28. The Commission repeats and realleges Paragraphs 1 through 21 of this Complaint as if fully set forth herein.

29. From no later than 2015 through August 2017, Heide, 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.

30. By reason of the foregoing, Heide 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 IV

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

31. The Commission repeats and realleges Paragraphs 1 through 21 of this Complaint as if fully set forth herein.

32. From no later than 2015 through August 2017, Heide, 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.

33. By reason of the foregoing, Heide 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 V

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

34. The Commission repeats and realleges Paragraphs 1 through 21 of this Complaint as if fully set forth herein.

35. From no later than 2015 through August 2017, Heide, 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.

36. By reason of the foregoing, Heide 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 VI

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

37. The Commission repeats and realleges Paragraphs 1 through 21 of this Complaint as if fully set forth herein.

38. From no later than 2015 through August 2017, Heide, 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.

39. By reason of the foregoing, Heide 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(c), 17 C.F.R. § 240.10b-5(c).

VII. 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 Heide from violating Section 17(a) of the Securities Act, and Section 10(b) and Rule 10b-5 of the Exchange Act.

B. Civil Penalties

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

Respectfully submitted,

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