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Department of Justice

U.S. Attorney's Office

Southern District of Florida

FOR IMMEDIATE RELEASE

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Former Chief Financial Officer of 1 Global Capital LLC Charged with Conspiracy to Commit Securities Fraud in Relation to \$330 Million Scheme

A former Chief Financial Officer of 1 Global Capital, LLC has been charged in connection with a \$330 million securities fraud scheme, related to a commercial payday loan business that operated from early 2014 through July 2018, that impacted more than 3,600 investors in 42 different states.

Ariana Fajardo Orshan, U.S. Attorney for the Southern District of Florida and George L. Piro, Special Agent in Charge of the FBI's Miami Field Office made the announcement.

Alan G. Heide, 61, of Lake Worth, Florida, was charged today by information with one count of conspiracy to commit securities fraud, in violation of Title 18, United States Code, Section 371, in Case No. 19-60231. The case is assigned to U.S. District Judge Roy Altman in Fort Lauderdale. If convicted, Heide faces a maximum statutory sentence of up to five years in prison and a fine up to \$250,000 or double the gross proceeds of the offense.

According to the information, 1 Global Capital LLC (1 Global) was a commercial lending business based in Hallandale Beach, Florida, that made the equivalent of "pay day" loans to small businesses at high interest rates. To fund these merchant cash advance loans ("MCAs"), 1 Global obtained funds 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 were repaid. 1 Global raised money using investment advisors and other intermediaries, with promises of significant commissions. In many cases, the commissions were not fully disclosed to investors.

Heide was the Chief Financial Officer of 1 Global from 2014 through 2016, when he became the Executive Vice President and Director of Syndicate Partner Relations. In order to attract investments, Heide and his co-conspirators allegedly made false and misleading representations to investors and potential investors as to the profitability of 1 Global's business in marketing materials and periodic account statements. 1 Global promised investors that all or nearly all of that money would be applied to various MCA loan agreements with the investor supposedly receiving a portion of the proceeds paid back by the merchants. The information alleges that the 1 Global business lost money, and used new investor funds to pay back earlier investors who sought to cash out in a manner consistent with a *Ponzi* scheme. Furthermore, the conspirators are alleged to have misappropriated large amounts of cash for their personal

benefit. In addition, the information alleges that 1 Global paid substantial commissions and other expenses with investor funds without disclosing the extent of these payments.

According to the allegations in the information, Heide and others at 1 Global also made false statements to investors that gave the impression that 1 Global had an independent auditor. These misrepresentations were allegedly made in monthly-mailed statements that falsely showed profitable investments. As 1 Global continued to lose money over time, the cash shortfall continued to increase and 1 Global was only able to continue operations by raising ever-increasing amounts of new investor funds, before its eventual collapse in July 2018.

According to court records, 1 Global operated from early 2014 through approximately July 27, 2018, when it filed for bankruptcy. As of that time, 1 Global had more than 3,600 investors and had raised more than \$330 million, and its own internal documents showed a \$50 million cash deficit. The bankruptcy case, *In re: 1 Global Capital LLC, et al.*, No. 18-19121-RBR (S.D. Fla.), remains pending.

In connection with a parallel civil enforcement action, the SEC today announced the filing of civil fraud charges against Heide. In a related case, the SEC previously filed a civil fraud action, *SEC v. 1 Global Capital LLC and Carl C. Ruderman*, Case No. 18-61991-CV-BB (S.D. Fla.).

An information is a charging instrument containing allegations. A defendant is presumed innocent unless and until proven guilty in a court of law.

U.S. Attorney Fajardo Orshan commended the investigative efforts of the FBI's Miami Field Office. She also thanked the SEC's Miami Regional Office, IRS Criminal Investigation's Miami Field Office, the Federal Housing Finance Authority, Office of Inspector General, and Florida's Office of Financial Regulation for their assistance. This case is being prosecuted by Assistant U.S. Attorney Jerrob Duffy and Assistant U.S. Attorney Nicole Grosnoff is handling asset forfeiture related to this matter.

Related court documents and information may be found on the website of the District Court for the Southern District of Florida at www.flsd.uscourts.gov or at <http://pacer.flsd.uscourts.gov>.

Component(s):

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