

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 0:18-cv-61991-BB

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

1 GLOBAL CAPITAL LLC, and  
CARL RUDERMAN,

Defendants, and

1 WEST CAPITAL LLC,  
BRIGHT SMILE FINANCING, LLC,  
BRR BLOCK INC.,  
DIGI SOUTH LLC,  
GANADOR ENTERPRISES, LLC,  
MEDIA PAY LLC  
PAY NOW DIRECT LLC, and  
RUDERMAN FAMILY TRUST,

Relief Defendants.

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**RECEIVER'S NINTH STATUS REPORT**

Jon A. Sale, not individually, but solely in his capacity as the Court-appointed receiver (the "Receiver") for Bright Smile Financing, LLC ("Bright Smile"); BRR Block Inc. ("BRR Block"); Digi South LLC ("Digi South"); Ganador Enterprises, LLC ("Ganador"); Media Pay LLC ("Media Pay"); Pay Now Direct LLC ("Pay Now"); the Ruderman Family Trust; and the Bright Smile Trust (collectively, the "Receivership Entities"), respectfully submits this Ninth Status Report covering the period of March 1, 2022 through October 27, 2022 ("Reporting Period").

## **I. INTRODUCTION**

The Receiver and his retained professionals achieved significant results for the benefit of the Receivership Estate during the Reporting Period by: (1) settling the Receiver’s final clawback (fraudulent transfer) claims against third parties; (2) working on final liquidation of remaining assets; and (3) attending to general maintenance of the Receivership, including banking, tax, and other administrative issues.

## **II. RECEIVER’S APPOINTMENT AND DUTIES**

On August 23, 2018, the United States Securities & Exchange Commission (“SEC”) initiated this action against Defendants 1 Global Capital, LLC (“1 Global”) and Carl Ruderman, and Relief Defendants 1 West Capital LLC (“1 West”), Bright Smile, BRR Block, Ganador, Media Pay, Pay Now, and the Ruderman Family Trust. [D.E. 1]. The SEC alleges that Defendants engaged in a four-year long unregistered securities fraud totaling more than \$287 million, victimizing thousands of investors nationwide. *Id.*, ¶ 1. The SEC seeks, among other relief, permanent injunctive relief, civil penalties, and disgorgement. *Id.*, pp. 33-34. The same day, the SEC requested an asset freeze and the appointment of a receiver over Relief Defendants Bright Smile, BRR Block, Digi South, Ganador, Media Pay, and Pay Now. [D.E. 6; D.E. 7]. The Court entered a sealed order appointing Jon A. Sale, Esq. as Receiver for the Receivership Entities (the “Receivership Order”).<sup>1</sup> [D.E. 12]. The Court also entered an order freezing Defendants’ assets (the “Freeze Order”). [D.E. 13].

Pursuant to the Receivership Order, the Receiver is obligated to, among other things: (1) take immediate possession of the Receivership Entities’ property, assets, and estates of every kind;

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<sup>1</sup> The Court later expanded the Receivership over the Ruderman Family Trust and the Bright Smile Trust, on November 21, 2018, and the Receivership Order is controlling over them as well. [D.E. 115.]

and (2) investigate the way the affairs of the Receivership Entities were conducted and institute actions and proceedings for the benefit of investors and other creditors. [D.E. 12, ¶¶ 1-2].

The Receivership Order requires the Receiver to prepare status reports. [D.E. 12, ¶ 3]. This Ninth Status Report summarizes the Receiver's and his professionals' relevant activities during the Reporting Period.

### **III. ACTIVITY DURING REPORTING PERIOD**

On April 18, 2022, the Receiver filed his Eighth Status Report with this Court, which covered the period of April 14, 2021 through February 28, 2022. [D.E. 309]. In it, the Receiver explained the results he and his team of retained professionals achieved in connection with, among other things: (1) litigating and settling certain clawback actions; and (2) attending to general maintenance of the Receivership. *Id.*

In this Ninth Status Report, the Receiver addresses similar issues, including the updated status of clawback actions, assets for distribution, and plans for second distribution.

#### **A. Pending Litigation**

##### **1. Original Seven Lawsuits**

As previously reported, on August 23, 2019, Damian & Valori LLP (“Special Counsel”), the Receiver's contingency counsel, filed seven lawsuits against defendants that received funds from the Receivership Entities (the “Clawback Actions”), including: (1) Bank of America, N.A.; (2) J.P. Morgan Chase Bank, N.A. (“Chase”), for recovery of credit card payments; (3) Chase, for recovery of mortgage payments; (4) Citibank, N.A.; (5) Mercedes Benz Financial Services, USA, LLC (“Mercedes Benz”); (6) American Express Company (“AmEx”); and (7) Ferrari Financial Services Inc. (“Ferrari”).

As previously reported, the Court has approved the Receiver's settlements with all seven of these entities: (1) Citibank, N.A. [D.E. 246] (resulting in a greater than 60% recovery for the Receivership); (2) Bank of America, N.A. [D.E. 248] (resulting in a 55% recovery for the Receivership); (3) Chase related to credit card payments [D.E. 250] (resulting in a 59% recovery for the Receivership); (4) AmEx [D.E. 270] (resulting in a 78% recovery of funds transferred to and retained by AmEx); (5) Mercedes Benz [D.E. 269] (resulting in a 52% recovery for the Receivership). The Receiver has obtained settlement funds from all five of these entities; (6) Ferrari [D.E. 282] (resulting in a 33% recovery for the Receivership); and (7) Chase, related to mortgage payments [D.E. 301] (resulting in recovery of \$300,000 for the benefit of the Receivership Estate). The Receiver has since obtained the benefits of all these settlements.

## 2. Additional Settlements

The Receiver previously reported that he obtained Court-approval of settlements with two additional clawback entities for which no lawsuit was ever filed: (1) a law firm, which received payments made from Digi South, LLC, for a settlement amount of \$105,000 [D.E. 277] (resulting in more than a 40% recovery); and (2) Bella Vista Mid-Rise North Condo. Association ("Bella Vista"), for monies paid to it in connection with condominium fees for Defendant Carl Ruderman's residence, for a settlement amount of \$62,500 [D.E. 279] (resulting in more than 46% recovery).

The Receiver has obtained full settlement payment from both the law firm and Bella Vista.

## 3. Lawsuit Against Jumbleberry

As previously reported, on February 19, 2020, the Receiver filed a clawback lawsuit against Jumbleberry, a Canadian entity. [Jumbleberry Docket, D.E. 1]. The Court approved the Receiver's settlement with Jumbleberry on October 6, 2021. [D.E. 293] (providing for a greater than 100% recovery of funds transferred to and retained by Jumbleberry as profits).

4. Lawsuit Against Valentina Radchuk

As previously reported, on August 14, 2020, the Receiver filed a clawback lawsuit against Valentina Radchuk. *See* Case No. 20-cv-23396, Southern District of Florida (“Radchuk Action”). The Receiver was engaged in settlement discussion with Ms. Radchuk’s counsel but learned in August 2020 that her counsel was no longer representing her. After several unsuccessful attempts to contact Ms. Radchuk to discuss settlement or the extension of the tolling agreement concerning claims against her, the Receiver filed suit.

On September 25, 2020, the Receiver obtained a default as to this defendant for failure to answer the complaint as required by law. [Radchuk Action, D.E. 8]. On March 28, 2022, the Court entered default judgment against Radchuk in the amount of \$438,730.13. [Radchuk, D.E. 15].

5. Lawsuit against Nutra Specialists, Inc.

On February 18, 2021, the Receiver filed a clawback lawsuit against Nutra Specialists, Inc. (“Nutra”) for fraudulent transfers. *See* Case No. 21-cv-80356, Southern District of Florida (“Nutra Action”). After months of litigation, mediation, and negotiation, the Receiver settled the clawback lawsuit against Nutra, Dean Wayne, and Blake Ruderman during this Application Period.<sup>2</sup> On June 8, 2022, the Receiver filed a motion for approval of the settlement with Nutra, Dean Wayne, and Blake Ruderman. [D.E. 312]. On June 9, 2022, the Court approved the settlement agreement. [D.E. 314] (resulting in \$20,000 recovery for benefit of Receivership Estate).

6. Remaining Potential Litigation

The Receiver’s counsel is no longer engaged in any litigation. All Receivership litigations have been resolved or settled, as discussed in this Ninth Report.

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<sup>2</sup> Dean Wayne and Blake Ruderman were added as Defendants on July 2, 2021, when the Receiver filed his Amended Complaint in the Nutra Action.

## B. Ruderman Condominium

As previously reported, in connection with the Court-approved sale of Defendant Ruderman's condominium ("Condominium"), the Receiver and Chase entered into a proposed settlement agreement concerning the Receiver's clawback claims for mortgage payments and the amounts due Chase related to the Condominium under its note and mortgage. Pursuant to the terms of the proposed settlement: (a) Chase reduced the payoff amount of the note and mortgage by \$300,000, which inured to the benefit of the Receivership Estate; (b) the remaining net proceeds from the sale were distributed in accordance with the final judgement against Ruderman; and (c) the parties entered into mutual releases on closing.

The sale of the Condominium was completed and closed on February 14, 2022 and proceeds from the sale were disbursed pursuant to the Court's February 22, 2022 Order. [D.E. 304] (resulting in recovery of \$300,000 for the benefit of the Receivership Estate).

## C. Claims Process and Second Distribution

The Receiver is filing a motion for approval to make a second distribution to all holders of approved claims in the coming days.

## IV. BANK ACCOUNTS

The following is a list of Receivership bank accounts and their corresponding balances:<sup>3</sup>

Jon Sale as Receiver for Bright Smile Financing, LLC	\$ 286,398.65
Jon Sale as Receiver for Ganador Enterprises LLC	\$ 2,067,642.50
Jon Sale as Receiver for BRR Block Inc.	\$ 586,597.49
Jon Sale as Receiver for Pay Now Direct LLC	\$ 624,801.86
Jon Sale as Receiver for Digi South LLC	\$ 273,046.53
<b>TOTAL</b>	<b><u>\$3,838,487.03</u></b>

<sup>3</sup> The account balances are as of the afternoon of October 6, 2022.

**V. ASSET IDENTIFICATION**

**A. Bright Smile**

As explained in the Receiver's prior reports, the Receiver sold Bright Smile's assets, which sale was approved by the Court on February 20, 2019. The Receiver has investigated whether there are any additional claims or other sources of recovery available as it relates to Bright Smile. The Receiver does not believe there are any additional claims or other sources of recovery related to Bright Smile.

**B. BRR Block**

The Receiver retained a digital currency consultant to assist with the liquidation, as approved by the Court on October 15, 2019 [D.E. 240]. There is digital currency valued at approximately \$55,220.00 remaining for liquidation. Of this amount: (1) the Receiver's consultant has begun the process of liquidating approximately \$15,000.00 in digital currencies; (2) the Receiver's consultant is determining the appropriate manner of liquidating approximately \$40,000 in digital currencies; and (3) the Receiver's consultant recommends abandoning the remaining approximately \$220.00 in digital currencies, which are located on one or more foreign currency exchanges that are not reputable or accessible by the Receiver, as described in the motion for second distribution.

The Receiver does not believe there are any additional claims or other sources of recovery related to BRR Block.

**C. Digi South**

As explained in prior reports, the Receiver's professionals investigated Digi South to identify possible sources of recovery for the benefit of the Receivership Estate. The Receiver obtained tolling agreements from several entities that received transfers from Digi South, which

are included within the Tolled Entities. The Receiver has settled all known litigation related to Digi South. Currently, the Receiver does not believe there are any additional claims or other sources of recovery related to Digi South.

**D. Media Pay**

As explained in prior reports, the Receiver's professionals investigated Media Pay to identify possible sources of recovery for the benefit of the Receivership Estate. The Receiver obtained tolling agreements from several entities that received transfers from Media Pay, which are included within the Tolled Entities. The Receiver has settled all known litigation related to Media Pay. Currently, the Receiver does not believe there are any additional claims or other sources of recovery related to Media Pay.

**E. Pay Now**

As explained in the Receiver's prior reports, there are no remaining assets related to Pay Now. Pay Now never had any business operations and was only used to pay Defendant Ruderman's personal and family expenses including his mortgage and condominium related fees. Pay Now had a bank account at Bank of America, which was closed in early August 2018 before the Receiver's appointment. The bank account contained approximately \$2,348.00, which funds were remitted by 1 Global representatives to the Receiver after the Receiver's appointment. The cash was transferred to a Receivership bank account.

The Receiver has settled or concluded all known litigation related to Pay Now. The Receiver does not believe there are any additional claims or other sources of recovery related to Pay Now.



**F. The Ruderman Family Trust and Bright Smile Trust**

The Receiver's professionals investigated the Ruderman Family Trust and Bright Smile Trust and reviewed related documents to locate other possible sources of recovery for the benefit of the Receivership Estate. The Receiver does not believe there are any additional claims or other sources of recovery.

**VI. FEES AND COSTS**

The Receiver and his team are especially cognizant of the impact their professional fees have on the return of monies to defrauded investors. The Receiver and his team have worked diligently through complex issues to maximize recoveries while billing at substantially discounted rates. In addition, the Receiver has sought to work collaboratively with the SEC and 1 Global in sharing information, identifying recovery sources and targets, and reducing duplication of efforts. Thus far, the Receiver has utilized his and his team's collective experience to avoid costly litigation while also securing significant cash recoveries. In certain instances where litigation became necessary, the Receiver obtained counsel to pursue those claims under a contingency fee agreement, where such counsel only received payment for fees if there is a recovery to the Receivership Estate.

**CONCLUSION**

The foregoing is a summary of the Receiver's and his retained professionals' activities during the Reporting Period. Further information is available upon request. The Receiver will be filing a final status report after completing the second and final distribution to holders of approved claims.

Dated: November 8, 2022.

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**CERTIFICATE OF SERVICE**

I hereby certify that on November 8, 2022, I electronically filed the foregoing document with the Clerk of the Court using CM/ECF. I also certify that the foregoing is being served this day on all counsel of record identified on the attached Service List in the manner specified, either via transmission of Notices of Electronic Filing generated by CM/ECF or in some other authorized manner for those counsel who are not authorized to receive electronically Notices of Electronic Filing.

s/Christopher Cavallo

Christopher Cavallo

**SERVICE LIST**

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