



## Gibraltarian payday loans business files Chapter 15 in Miami

*August 15, 2018*

Two weeks after its UK sister company filed for Chapter 15 protection in New Jersey, the joint liquidators of a Gibraltar-registered payday loans business embroiled in fraud and mismanagement allegations, have sought recognition of their appointment in Miami.

With counsel from Sequor Law shareholder **Leyza Blanco**, Grant Thornton partners **David Ingram** and **Frederick White** filed the Chapter 15 [petition](#) in the US Bankruptcy Court for the Southern District of Florida on 14 August.

Ingram and White were appointed joint liquidators of Privilege Wealth One by the Supreme Court of Gibraltar in June, five months after administrators were [appointed](#) over its sister company, UK-registered holding company Privilege Wealth, in England.

Soon after the UK administrators were appointed, the group caught the attention of the UK's [Mail on Sunday](#), which quoted a letter to investors from Privilege Wealth One blaming the group's problems on a series of bad decisions, including the UK company's investment in a payday loans business in South Dakota run by a Native American Sioux Tribe, and serviced – at least initially – from a call centre in Panama.

The head of that call centre, according to the Mail, was a UK national and “well known scam operator” who was reportedly shot in an assassination attempt in Panama last year. He was later arrested at the request of Spanish police,

which accused him of running a scam oil venture from a call centre in Marbella targeting British investors.

In a [declaration](#) filed at the Miami court, Ingram said Privilege Wealth One was plunged into compulsory liquidation after Chilean creditor Richard Leclerc filed a statutory demand in Gibraltar in March. Leclerc requested payment owed to him by Privilege Wealth One and its general partner Privilege Wealth Management (PWM) under a loan note agreement.

After the companies failed to satisfy the demand they were presumed insolvent under Gibraltar law and Leclerc made an application to appoint the joint liquidators, supported by three additional investors. Those four creditors have combined unsatisfied debts of US\$600,000 in US loan notes and £800,000 (US\$1.02 million) in European loan notes.

Ingram told the US court that he has taken steps to gather information on the affairs of Privilege Wealth One and PWM, and to notify all creditors and interested persons of his appointment. But he said that the information available to the joint liquidators so far has not allowed them determine “the precise details of the funds received from creditors” for investment in the Privilege companies, or how the proceeds were used.

The Chapter 15 application “is of critical importance to addressing these issues”, Ingram’s declaration said. “[R]ecognition under Chapter 15 is essential to the joint liquidators’ worldwide pursuit of assets with which to recover the funds received from creditors”.

Under Gibraltar insolvency law, no distinction is applied between the assets of an insolvent entity located within Gibraltar and those outside the territory. “The joint liquidators are empowered to seek recovery of all assets and rights, wherever located,” Ingram said, adding they are duty bound to pursue assets and claims of the debtor in the United States.

## **Other actions**

*GRR* has already reported that the UK administrators Privilege Wealth, [filed](#) Chapter 15 recognition proceedings in New Jersey on 2 August. David Rubin & Partners’ **Stephen Katz** and **John Kelmanson** of Kelmanson Insolvency Solutions were appointed by the England and Wales High Court

back in January, after the company defaulted on funds owed to the Gibraltarian entity.

In a declaration filed in New Jersey, Katz said he had become aware that Privilege Wealth had possible rights and causes of action arising out of a 25,000 strong portfolio of payday loans. He said any outstanding loans and the proceeds from the portfolio may now lie with US company Oliphant Financial, which was allegedly engaged to service the loans after the UK company's own Panamanian subsidiary stopped servicing them.

Katz and Kelmanson intend to file lawsuits in the US to obtain what funds they can for creditors, and have also asked the New Jersey bankruptcy court's permission to repatriate any proceeds recovered to the UK.

Privilege Wealth One and Luxemburgish fund Helix Investment Management are described as the UK company's two primary lenders in its Chapter 15 application. They appear on a list of entities against whom Katz and Kelmanson may seek provisional relief in the US, along with Florida foreign limited partnership Privilege Direct, and numerous Oliphant entities, which are being pursued by Helix in the District Court of the Middle District of Florida.

Helix, which may be owed US\$7 million by Privilege Wealth according to the UK's [Mail on Sunday](#), is seeking damages of US\$75,000 plus interest and injunctive relief in those proceedings for the breach of various security arrangements relating to loans it issued to the company.

In Ingram and White's Chapter 15 petition in Miami, they also list the Oliphant groups and Helix as entities against whom the Gibraltarian company may seek interim relief, as well as the UK company Privilege Wealth.

A hearing to decide Privilege Wealth One's recognition application will take place before **Judge Laurel Isicoff** in Florida on 9 September.

Meanwhile, a recognition hearing for Privilege Wealth's action in New Jersey has been listed for 6 September, with **Judge John Sherwood** assigned to the case.

**In the US Bankruptcy Court for the Southern District of Florida**

*In re: Privilege Wealth One Limited Partnership*

• **Judge Laurel Isicoff**

Joint Liquidators of Privilege Wealth One

• Grant Thornton

Partners **David Ingram** in London and **Frederick White** in Gibraltar

Counsel to the joint liquidators of Privilege Wealth One

• Sequor Law

Partners **Leyza Blanco** and **Edward Davis** in Miami