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Lawsuit Filed Against VI Company for Alleged Fraudulent Investment Practices

Alex Gibson accuses local company Mac Private Equity Inc. of failing to repay over \$100,000 investment

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A lawsuit recently filed in the Virgin Islands District Court is accusing a local company of being nothing but a front for a pyramid scheme. The complaint, filed on Monday by Alex Gibson, a resident of Puerto Rico, alleges that B. Matthew McClafferty owes him over \$100,000 plus interest on an initial payment of \$50,000 made in 2022.

Mr. McClafferty is the founder of [Mac Private Equity Inc.](#), which bills itself as an “American offshore fund located in the U.S. Virgin Islands with a primary focus on businesses or concepts that involve blockchain technologies.” On its website, the fund claims to be “a registered Economic Development Company (EDC) operating in the U.S. Virgin Islands,” which the lawsuit

said it achieves through a locally-registered entity, MPE Clearing & Holdings, Inc. Mr. Gibson's suit names McClafferty and both of his companies as defendants, but argues that neither company operates as a real business entity, instead serving "merely as a façade for the operation of McClafferty, the dominant stockholder of the Companies." Notably, the EDC's website does not include MPE among its list of beneficiary companies.



Mac McClafferty

Brett M. McClafferty – known simply as "Mac" – is the **Founder & Chief Investment Officer** of Mac

Private Equity, Inc. and is the highest ranking executive within the corporate structure. As Chief Investment Officer, Mr. McClafferty is responsible for the company's overall investment strategies.

After reportedly soliciting business from Mr. Gibson's relatives, Mr. McClafferty reportedly approached Mr. Gibson in August 2022 and made an arrangement in which Mr. Gibson would invest \$50,000 which would be repaid in three monthly installments and attract significant interest - 20% for the first month, 15% for the second and third months, calculated in advance. According to the document attached as an exhibit to the complaint, a promissory note reportedly signed by Mr. McClafferty outlines a repayment schedule wherein Mr. Gibson would receive \$10,000 after the first month, \$7,500 after the second, and \$57,500 when the third month came to an end. Additionally, the note promised that Mr. Gibson would also receive 20% of any profits generated from the use of his funds.

According to the lawsuit, the first two payments were made without issue. When it came time to issue the final payment of \$57,500 plus \$1,680 in profit sharing, Mr. McClafferty reportedly asked that Mr. Gibson instead reinvest the funds, along with an additional \$20,000. "These actions by McClafferty are prototypical of Ponzi schemes," the lawsuit claims.

Nevertheless, Mr. Gibson agreed to the proposal. This time, the principal amount of \$80,000 was reportedly to be repaid at a flat rate of 28% interest, all at once after 90 days. The investor could anticipate a payment of \$102,400 after the three month period had elapsed, and would receive an additional 15% of the profits made by utilizing his funds. A failure to settle by the specified date would trigger the accumulation of 10% interest per annum, according to the terms of a second promissory note dated November 7, 2022.

When the 90-day period for the second note had expired, Mr. McClafferty reportedly informed Mr. Gibson that he was due \$2,600 in profit share, bringing the total expected repayment amount to \$105,000. The lawsuit claims that he then asked for another re-investment of Mr. Gibson's funds. When the investor declined, Mr. McClafferty reportedly invoked a clause in the agreement which allowed him to extend the note for an additional 90 days, accruing interest at the same 28% rate. This meant that Mr. Gibson would ostensibly now receive \$124,800 plus profit share on May 8 2023, when the extended timeframe came to an end.

The investor says he contacted Mr. McClafferty for repayment on May 11, and was reportedly told that the funds were not due back to him until May 22. On that day, Mr. Gibson was informed that with the addition of the profit-sharing sum, he was due to receive \$129,300. At first, he says he decided to re-invest \$29,000 of that amount, and wanted to cash out \$100,000 of his investment. However, after Mr. McClafferty reportedly pressured him to leave more funds in the investment, Mr. Gibson reportedly decided to pull all the money instead, and conclude his business dealings with Mr. McClafferty and his company.

"McClafferty became increasingly combative when he realized that Gibson was demanding the return of his money," the lawsuit alleges.

Mr. Gibson was first referred to two people who supposedly dealt with compliance issues that needed to be resolved before he could get paid. "A long series of events then began to unfold with McClafferty undertaking actions to ensure that Gibson would not be paid," the lawsuit goes on to claim. These events allegedly include McClafferty issuing a check for the funds and immediately afterward placing a stop payment on the instrument. He is also alleged to have intentionally sent a second check to the wrong address, and refused to remit the funds via a wire transfer.

Mr. Gibson instructed his attorneys to issue a formal demand for payment, which was done on January 24, 2024. Mr. McClafferty reportedly scoffed at the legal tactic, dismissing the threat of a potential lawsuit as just one of many he has been a party to. He also reportedly threatened to

countersue for “frivolous conduct and vexatious litigation,” and said he intended to utilize the territory’s usury laws to retroactively reduce the amount of interest Mr. Gibson was owed to 9.9%, using reasoning which Mr. Gibson’s attorney claims is a “clear misstatement of the law.”

Promises of payment, the lawsuit says, continued to be made and broken from January through the end of March 2024. As such, Mr. Gibson is suing for breach of agreement, breach of contract, fraudulent misrepresentation, breach of covenant of good faith and fair dealing. It asks the court to pierce the corporate veil, and attach all liability to the shareholders of Mac Private Entity and MPE Clearings & Holdings, instead of the corporate entities. This is because the companies did not operate as such; they are grossly undercapitalized, do not observe corporate formalities such as shareholder meetings, do not pay dividends, and are generally insolvent, the lawsuit claims.

Mr. Gibson is asking the court to therefore hold Mr. McClafferty and any other shareholders personally responsible for repayment of the money he is owed, plus damages, interest, and attorney’s fees and costs.

There has not yet been a formal response to Mr. Gibson’s complaint by Mr. McClafferty.