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CEO of MacPrivate Equity Speaks Out Against Fraud Accusations

Matthew McCafferty denies allegations of fraudulent business dealings with lender Alex Gibson

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Matthew-McCafferty

President and CEO of MacPrivate Equity Matthew McCafferty has responded to news that the company is being sued by a disgruntled lender by emphatically denying all claims that business between the two parties was handled in a manner that was not above board. In fact, it was due to suspicious behavior by Alex Gibson, who filed the lawsuit on Monday, that a dispute over payment arose in the first place, McCafferty claimed.

Mr. Gibson is suing [Mr. McCafferty and his companies](#), Mac Private Equity and MPE Clearing & Holdings, over claims that they operated as a facade for a Ponzi scheme, leading to significant financial losses for investors like himself.

Consortium journalists reached out to Mr. McCafferty, who expressed surprise at news of the lawsuit, saying that he had not yet been officially served with the claim that was filed in district court on Monday. Nevertheless, he dismissed the claims of breach of contract, fraudulent misrepresentation and others outright, saying that after reviewing the document, Mr. Gibson's claim leaves out important details. The suit also misrepresents certain key facts regarding the sequence of events that led to the payment dispute, he said.

Central to the issue is why the parties agreed to go their separate ways, with the claims from each side in contradiction with each other. Mr. Gibson says that he decided not to retain any funds with Mr. McCafferty because he did not appreciate being pressured to do so at the end of the second term of agreement. However, Mr. McCafferty says he is the one who decided to "fire" Mr. Gibson as a client, because he was no longer comfortable doing business with him.

Mr. McCafferty says he became spooked after receiving an odd request "in the middle of the contract" to remit \$100,000 in cash, with Mr. Gibson reportedly offering to send a boat from Puerto Rico to collect the funds. "That triggers an AML issue," said Mr. McCafferty, referring to anti-money laundering regulations and obligations to which entities in the finance industry are beholden.

According to Mr. McCafferty, Mr. Gibson was then referred to a local law firm to complete the AML processes, but reportedly failed to comply for approximately six months. Even when he did remit requested documents, they reportedly were not sufficient. "We need a picture of your ID. We need a source of funds," Mr. McCafferty said. "We have to verify that you are a real person. We have to be able to establish that...this money is in fact gotten through some legitimate channel."

Mr. McCafferty claims that after approximately six months with no contact, Mr. Gibson reached out through his attorney, this time reportedly demanding over \$200,000 with interest added to the sum of \$129,300 that was due to have been paid out. That request was egregious, Mr. McCafferty argued. "We're not paying your \$239,000 on a \$50,000 principal loan, that's usury," he said. The contract between the two parties was valid because the interest rates are mutually agreed, but the unilateral attempt to apply similar rates to interest arising from an alleged breach of contract was ultra vires, he said.

As to Mr. Gibson's claims that Mr. McCafferty's companies operate as mere shells to funnel funds into the principal's coffers, the private equity operator laughed them off as ridiculous. He pointed to real estate holdings and a stake in St. Thomas Social, a popular restaurant in Yacht Haven, as proof that the businesses have more than enough assets to cover their debts.

Now, Mr. Gibson will have to prove his claims in court, beginning with a demonstration, according to Mr. McCafferty, that the initial loan funds were legally acquired. With an initial settlement offer reportedly superseded by the attorney's demand for excessive compensation, Mr. McCafferty says he plans to countersue in order to protect his, and his companies', good name and reputation.