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Second Lawsuit Filed Against Matthew McClafferty Claims His Firm is Running Ponzi Scheme

Matthew McClafferty faces fresh legal challenges as accusations of fraudulent practices mount in the U.S. Virgin Islands

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Matthew McClafferty

Another lawsuit has been filed in the V.I. District Court against Matthew McClafferty, founder of private equity firm Mac Private Equity Inc. who vehemently defended himself against a similar case reported by the Consortium earlier this month. The new legal action, brought forth by a father-daughter duo, accuses McClafferty of running a Ponzi scheme, further complicating the executive's legal troubles as he continues to deny all allegations and accuses his accusers of attempting extortion.

At the beginning of the month, Consortium journalists reported on a lawsuit filed in district court against [McClafferty and his private equity firm](#), alleging that he failed to repay money loaned to the company after luring funders with promises of high rates of interest on their initial payments.

McClafferty responded by rejecting plaintiff Alex Gibson's claims, [counter-accusing him](#) of potentially being involved in irregular financial dealings. During an interview with the Consortium, Mr. McClafferty claimed the issue was a mere contract dispute, and described the filing as a shakedown. "It's extortion!" he asserted.

Mr. McClafferty also pushed back on Mr. Gibson's characterization of his operation as a "Ponzi scheme," claiming that the money his business collects is in loans, not investment. Mr. Gibson's lawsuit was over a "private lender-borrower issue," Mr. McClafferty told the Consortium. "That is not a security."

However a second lawsuit, filed on Friday, also paints Mr. McClafferty as running a Ponzi scheme, providing the Wikipedia definition of the term in the footnotes of the complaint: "a form of fraud that lures investors and pays profits to earlier investors with funds from more recent investors."

The suit, filed by Glenn and Victoria Blandford, a father-daughter duo who reportedly met Mr. Clafferty when Victoria was stationed at the Coast Guard Marine Safety Detachment in Charlotte Amalie, St. Thomas. Their claims are similar to Mr. Gibson's: approximately seven months after he first signed an agreement with Mr. McClafferty, Victoria Blandford began doing business with the private equity entrepreneur. Her initial payment was \$25,000, with the promissory note signed on March 15, 2023 providing a flat interest rate of 25.5% calculated in advance.

That meant that Ms. Blandford was expecting just over \$31,000 to be paid out 90 days after the initial funds were transferred, plus a profit-share payment of 15% of her initial sum. Like the agreements between McClafferty and Gibson, the promissory note included late payment penalties, and an option for Mr. McClafferty to unilaterally roll over the funding.

Victoria provided an additional \$30,000 to Mr. Clafferty on April 5, 2023 – before her first payment had matured – using some money contributed by her father Glenn. The second promissory note indicated that the interest rate would be even higher this time - 36.25%, as well as the 15% profit-share. The second note, according to the lawsuit, also provided that all of Mr. McClafferty's "assets, corporate holdings, share, stock and bonds" would serve as security for the \$30,000 the Blandfords had given.

The two notes reportedly came due on December 10 and 31, 2023, but like Mr. Gibson alleged in his complaint, the Blandfords say that Mr. McClafferty began to undertake a series of actions to avoid paying them what they were owed.

The lawsuit alleges that a check was intentionally sent "to an incorrect and incomplete address," followed by a stop payment on the instrument. The complaint – filed by Michael Sheesley, the same attorney retained by Mr. Gibson – also asserts that Victoria Blandford was threatened by Mr. Clafferty, who is said to have warned that she could be dismissed from the Coast Guard for entering into the financial transactions.

Like with Mr. Gibson's suit, the Blandfords allege that Mr. McClafferty's companies, Mac Private Equity and MPE Clearing & Holdings Inc., are shell companies that only serve to siphon funds to himself as their main stockholder. The court has been asked to pierce the corporate veil in this case as well, and award damages for breach of agreement, breach of contract, and fraudulent

misrepresentation, among other charges.

Meanwhile, Mr. Gibson's complaint has been amended to include a charge of defamation, based on the claims Mr. McClafferty made while rebutting the lawsuit. Some of the allegations made against Mr. Gibson are demonstrably false, based on text messages included as exhibits of evidence in the filings. As a result of the alleged defamation by Mr. McClafferty, Mr. Gibson is now seeking punitive damages for the infliction of emotional distress.

Reached for comment, Mr. McClafferty again classified the lawsuits as nothing more than a shakedown attempt from a lawyer seeking a payday. "My guess is Attorney Sheesley will find four or five disgruntled lenders to come out of the woodwork with the promise of big settlements and he'll ignore the hundreds of satisfied lenders we've had, both institutional and personal, that have made hundreds of thousands of dollars if not millions off of our successful financing deals," Mr. McClafferty said. He argued that the attorney has been presented with offers of "payment in full" for every lender represented, which have been declined in favor of "an absurd demand," saying that behavior made Mr. Sheesley "look like an ambulance chaser."

Mr. McClafferty showed the Consortium a document which he said was sent to Ms. Blandford last Friday, the same day her lawsuit was filed. Titled "Waiver and Release," the document sets out to pay her \$76,750, the sum reportedly outstanding following her two payments to Mac Private Equity. In exchange, Ms. Blandford would promise not to disparage Mr. McClafferty or his two firms, and release the parties from future liability. Her father was already paid an initial sum of \$30,000 upon her instructions, Mr. McClafferty told the Consortium.

After noting that he still has not been served in either matter, McClafferty nevertheless vowed to fight the litigation in court, and mulled over pursuing a professional complaint against the attorney in the matter.