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McClafferty Claims Arrest Was Plot to Embarrass Governor Bryan, Files Defamation Suit Against Banco Popular

The lawsuit alleges the bank mishandled a \$40,000 event deposit, failed to properly investigate returned cheques, and falsely linked McClafferty to fraudulent instruments — actions the plaintiffs say resulted in his arrest and ongoing criminal case.

Legal / **Published On March 05, 2026 06:49 AM /**

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Mugshot of Brett McClafferty. By. THE VIRGIN ISLANDS POLICE DEPARTMENT.

A lawsuit filed Wednesday by Social Hospitality Group and its co-owner Brett McClafferty accuses Banco Popular of making defamatory statements that allegedly led to criminal charges against McClafferty.

According to the civil complaint, the dispute stems from a \$40,000 deposit related to a planned event at the company's restaurant, St. Thomas Social.

The complaint states that in January 2024, Social Hospitality Group received an inquiry about hosting a medical symposium at the restaurant. The individual organizing the event reportedly dealt with the restaurant's former general manager and eventually delivered a check for \$40,000 as a deposit.

The check, drawn from Banco Popular, was deposited by the former general manager into the company's Banco Popular account. According to the lawsuit, the bank cleared the instrument immediately, "thus confirming the authenticity of the check."

Several days later, the check was returned. The complaint states that McClafferty then received a call from a bank officer requesting that a new check be issued. At that time, the lawsuit alleges, the bank did not indicate that the check was fraudulent.

A second check was issued, deposited, and returned as well. The complaint claims that this pattern continued until McClafferty received an email "advising him to no longer accept checks" from the individual involved in the transaction.

According to the filing, McClafferty was never informed that the checks were fraudulent. Instead, the lawsuit says he believed the problem stemmed from insufficient funds in the issuer's account.

No alternative form of payment was ever provided, the complaint states, adding that the event organizer later died and that the medical symposium was never held.

The lawsuit alleges that Banco Popular later accused Social Hospitality Group and McClafferty of knowingly depositing fraudulent checks while continuing to maintain the company's bank accounts. According to the plaintiffs, the police report that ultimately led to an arrest warrant issued on December 30, 2025 — and McClafferty's subsequent arrest and felony charges — was false.

The complaint further alleges that Banco Popular "failed to maintain proper records, withheld pertinent banking information, and engaged in other intentional or negligent acts which resulted in the wrongful association of fraudulent checks with the wrong customer(s)."

According to the lawsuit, the bank's internal procedures for depositing and processing checks are deficient. Deposits can reportedly be made without collecting identifying information about the person making the deposit. In this instance, the complaint claims, that practice led the bank to attribute the deposits to McClafferty rather than the former general manager who allegedly deposited the checks.

The lawsuit also claims the bank's internal investigation was flawed and that safeguards designed to prevent false police reports were ignored. Banco Popular allegedly "skipped a local investigation and therefore failed to verify the claimed theft," according to the filing.

The complaint further alleges that the bank made no attempt to recover funds that had already been cleared before the theft report was filed. Instead, the plaintiffs claim the bank chose to file a police report because it was "exponentially cheaper" than pursuing civil litigation.

The lawsuit also asserts that the arrest warrant issued for McClafferty resulted from collusion between a Banco Popular officer, a former member of the Legislature, and a police officer

assigned to the Economic Crimes Unit. According to the complaint, the alleged goal was to embarrass Governor Albert Bryan Jr. because of his relationship with McClafferty.

Social Hospitality Group and McClafferty accuse Banco Popular of negligence, defamation, abuse of process, false arrest, and intentional infliction of emotional distress. The plaintiffs are seeking compensatory, punitive, and consequential damages.

As of press time, Banco Popular had not filed a response to the lawsuit.

In recent years, McClafferty and businesses tied to him — including Mac Private Equity and the St. Thomas Social parent company Social Hospitality Group — have been the subject of multiple high-profile civil disputes that have played out in public filings and court proceedings, with several plaintiffs alleging fraud tied to short-term lending arrangements and business transactions. In those cases, McClafferty has publicly rejected wrongdoing and characterized the conflicts as contractual fights and, at times, attempts to pressure him for money. The legal scrutiny expanded in 2025 as additional claims and related entities surfaced in court records, while Mac Private Equity later entered bankruptcy proceedings, affecting the pace and posture of some litigation. Separately, St. Thomas Social was also drawn into a major landlord-tenant conflict over alleged unpaid rent at Yacht Haven.