

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

In the matter of:

1 GLOBAL CAPITAL LLC,
Unregistered,

Complaint No. 335567

Respondent.

Issued and entered
this 8th day of May, 2019

**ADMINISTRATIVE CONSENT AGREEMENT
AND ORDER**

A. RELEVANT INFORMATION AND STATUTORY PROVISIONS, under the Michigan Uniform Securities Act (2002) (the “Act”), 2008 PA 551, MCL 451.2101 *et seq.*:

1. On September 25, 2018, the Director of the Corporations, Securities & Commercial Licensing Bureau of the Michigan Department of Licensing and Regulatory Affairs (the “Bureau”), as the Administrator of the Act (the “Administrator”), issued a Notice and Order to Cease and Desist (“C&D Order”) against Respondent 1 Global Capital LLC (“Respondent”).

2. For purposes of this Administrative Consent Agreement and Order (“Consent Order”) Respondent and Bureau staff are referred to individually as a “Party” and collectively as the “Parties.”

3. The C&D Order alleged that Respondent offered or sold securities in Michigan which were not federally covered, exempt from registration, or registered, and that it employed or associated with an unregistered sales agent.

4. Based on these alleged violations of the Act, the C&D Order, *inter alia*:

- (a) Ordered Respondent to immediately cease and desist from violating the Act; and
- (b) Notified Respondent of the Administrator's intention to impose a civil fine in the amount of \$20,000.

5. The C&D Order was immediately effective pursuant to MCL 451.2604(2); however, Respondent, through counsel, timely requested an administrative hearing on the C&D Order pursuant to the Act (including section 604, MCL 451.2604) and the Michigan Administrative Procedures Act of 1969, 1969 PA 306, MCL 24.201 *et seq.* (including section 71, MCL 24.271) (the "Hearing Request").

6. Respondent is not registered in any capacity under the Act, nor has Respondent registered any securities offerings under the Act. See MCL 451.2301 and MCL 451.2401 through MCL 451.2404.

7. The Parties and their legal counsel agreed to hold the Hearing Request in abeyance during settlement negotiations. Thereafter, Respondent cooperated with the Bureau, and the Parties engaged in ongoing discussions about resolving this matter through a consent agreement and order.

8. On July 27, 2018, Respondent filed voluntary petitions under chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Florida (the "Bankruptcy Court"). The bankruptcy case remains pending and is being administered under case number 18-19121 (the "1 Global Bankruptcy").

9. Respondent is authorized and continues to operate and manage their own property as debtors-in-possession pursuant to sections 1107(a) and 1108 of the

Bankruptcy Code, and are under the management and control of an independent manager (the “Independent Manager”).

10. Notwithstanding the 1 Global Bankruptcy, the Parties have continued to negotiate a potential resolution and discussed outstanding issues to ensure that the terms of this Consent Order are consistent with applicable bankruptcy law and procedures.

11. Respondent was represented by, and had the advice of, legal counsel throughout the process of resolving the C&D Order through this Consent Order.

B. AGREEMENT

The Parties agree to resolve the C&D Order pursuant to the following terms and conditions:

1. Respondent agrees to permanently cease and desist offering or selling any securities in Michigan that are not registered or exempt under the Act, to permanently cease and desist from employing or associating with unregistered sales agents, and to otherwise comply with the Act and all rules and orders promulgated thereunder.

2. All claims of Michigan residents holding any investments from Respondent (“Michigan Claimants”) are subject to the bankruptcy proof of claim and/or proof of interest resolution process in the 1 Global Bankruptcy. All claims and interests asserted by Michigan Claimants are subject to the jurisdiction of the Bankruptcy Court. This Paragraph is not intended to and legally cannot waive, limit,

or otherwise alter any rights of Michigan Claimants to pursue rescission and repayment through the 1 Global Bankruptcy or under other applicable law.

3. The Bureau will impose no civil fines against Respondent as part of this Consent Order in an effort to maximize funds available for recovery by Michigan and other consumer investors through the 1 Global Bankruptcy.

4. Respondent represents that the Independent Manager, the Chief Restructuring Officer (“CRO”), their firms, and employees of their firms were not engaged in the conduct alleged in the C&D Order. Based upon this representation, the Parties agree that this Consent Order does not apply to the current Independent Manager, the CRO, their respective firms, or employees of such firms.¹

5. The Bureau will report and publish this Consent Order according to its current policy, as follows:

- This Consent Order is a public record required to be published and made available to the public, consistent with section 11 of the Michigan Freedom of Information Act, MCL 15.241. The Bureau will publish this Consent Order consistent with its current policy, whereby copies of orders issued under the Act are posted to the Bureau’s website and a summary of order content is included in monthly disciplinary action reports separately published on the Bureau’s website.

¹ In that regard, nothing in this Consent Agreement and Order shall require: the disqualification or statutory disqualification under Article III of FINRA’s bylaws or Section 15A(g)(2) of the Exchange Act of the Independent Manager, the CRO their firms, or any employees of their firms; or disqualification under Section 9(a) of the Investment Company Act of 1940, or Paragraph (d)(1) of Section 506 of Regulation D of the Securities Act, of the Independent Manager, the CRO their firms, or any employees of their firms. Nor is this Stipulation or the Consent Cease and Desist Order intended to cause the Independent Manager, the CRO their firms, or any employees of their firms to make any disclosure on a Form U4 – Uniform Application for Securities Industry Regulation or Transfer.

6. Notwithstanding the potential application of MCL 451.2412(9), this Consent Order expressly preserves the Bureau's and Administrator's ability to rely on and assert, in any future proceeding under the Act, all activities, conduct, and alleged Act violations by Respondent contained in or relating to the C&D Orders.

7. Respondent neither admits nor denies any allegations in the C&D Order or any wrongdoing in connection with this matter, and consents to entry of this Consent Order only for the purpose of resolving the C&D Order in an expeditious fashion that avoids the time and expense associated with an administrative proceeding on the Hearing Request and any appeals therefrom. The Parties agree that this Consent Order is automatically admissible in a proceeding to enforce its provisions or in any administrative proceeding under the Act.

As part of this Consent Order, and for purposes of the above statement that Respondent "neither admits nor denies any allegations in the C&D Order or any wrongdoing in connection with this matter," Respondent agrees that:

- (a) It will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the Consent Order or creating the impression that the Consent Order is without factual basis;
- (b) It will not make or permit to be made any public statement to the effect that Respondent does not admit the allegations of the Consent Order, or that this Consent Order contains no admission of the allegations, without also stating that Respondents do not deny the allegations; and
- (c) Nothing in this Consent Order affects the Company's testimonial obligations or the right to assert contrary legal and factual positions in litigation or other proceedings in which the Bureau is not a party.

If Respondent breaches the agreement in this immediate paragraph the Bureau shall give notice to the Company of the alleged breach and, if the Company fails to address and/or cure such breach within twenty days, the Administrator may vacate this Consent Order and restore the administrative proceeding under the C&D Order.

Nothing in this Paragraph affects Respondent's: (a) testimonial obligations; or (b) right to take differing legal or factual positions in litigation or other legal proceedings. Moreover, nothing in this Consent Order shall be, or deemed to be, an admission or a declaration against interest by Respondent or used in any way by Respondent or any party to their cases in the 1 Global Bankruptcy to prejudice any rights or claims made by any party in these cases, all of which rights are expressly preserved.

8. By consenting to the entry of this Consent Order, Respondent preserves all rights under Section 1145 of the U.S. Bankruptcy Code.

9. Respondent agrees that, effective upon entry of this Consent Order, the Hearing Request is automatically revoked without further action by the Parties.

10. Respondent agrees to cooperate with the Bureau and comply with any reasonable investigative demands made by the Bureau in the future for purposes of ensuring compliance with this Consent Order or the Act.

11. Respondent acknowledges and agrees that: (a) the Administrator has jurisdiction and authority to enter this Consent Order; (b) the Administrator may enter this Consent Order without any further notice to Respondent or its associated

persons; and (c) upon entry of this Consent Order, it is final and binding (pending Bankruptcy Court approval as provided in Paragraph B.11 below), and Respondent waives any right to a hearing or appeal of this Consent Order and the C&D Orders under the Act, the rules promulgated under the Act or the predecessor Act, the Michigan Administrative Procedures Act of 1969, the U.S. Bankruptcy Code, or other applicable law.

12. This Consent Order shall become fully effective and binding upon the entry of an order by the Bankruptcy Court authorizing Respondent's entry into this Order. As soon as practicable after entry of this Consent Order, Respondent will file a Motion for Entry of an Order Authorizing and Approving Execution by the Debtors and Entry by the Corporations, Securities & Commercial Licensing Bureau of the Michigan Department of Licensing of an Administrative Consent Agreement and Order (the "9019 Motion") seeking authorization and approval of Respondent's execution of the Consent Order and the Bureau's entry of the Consent Order on negative notice pursuant to Local Rule 9013-1(D)(3)(b) of the Local Rules of the Bankruptcy Court (the "Local Rules"). If no objection to the 9019 Motion is filed timely under the Local Rules, then Respondent shall promptly submit an order granting the 9019 Motion to the Bankruptcy Court in accordance with Local Rule 9013-1(D)(2). If an objection to the 9019 Motion is timely filed, then Respondent shall promptly file a Certificate of Contested Matter in accordance with the Local Rules and shall take such steps as are necessary and appropriate to request a hearing on the 9019 Motion on an expedited basis. The Parties acknowledge that the

effectiveness of this Consent Order as to Respondent is subject in all respects to the Bankruptcy Court's approval.

13. The Parties acknowledge and agree that this Stipulation and Order contains the entire understanding of the Parties and supersedes and forever terminates all prior and contemporaneous representations, promises, agreements, understandings, and negotiations, whether oral or written, with respect to its subject matter. The Parties further agree that this Stipulation and Order may only be amended, modified, or supplemented by a duly executed writing signed by each party and approved by Order of the Administrator.

14. The Parties acknowledge and agree that the Administrator retains the right to pursue any action or proceeding permitted by law to enforce the provisions of this Consent Order.

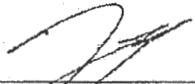
15. The Parties understand and agree that this Consent Order will be presented to the Administrator for her final approval as evidenced by its entry, and that the Administrator may, in her sole discretion, decide to accept or reject this Consent Order. If the Administrator accepts this Consent Order by entering it, this Consent Order becomes fully effective and binding. If the Administrator rejects this Consent Order by refusing to enter it, the Parties waive any objection to submitting the Hearing Request for adjudication through a formal administrative proceeding and the Administrator remaining the final decisionmaker at the conclusion of that proceeding.

16. The signatories to this Consent Order below represent and warrant that they have the legal capacity and authority to enter into this Consent Order on behalf of the named Parties and to bind the named Parties to the terms and conditions contained herein.

17. The Parties agree that facsimile or electronically-transmitted signatures may be submitted in connection with this Consent Order and are binding on that Party to the same extent as an original signature.

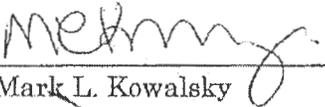
[This space left intentionally blank; Signature Page and Order follow]

Through their signatures, the Parties agree to the above terms and conditions.

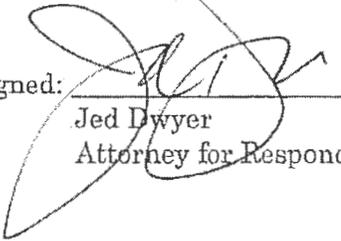
By: 
Bradley D. Sharp
Chief Restructuring Officer
1 Global Capital LLC

Dated: 4-23-19

Acknowledged and Reviewed by:

Signed: 
Mark L. Kowalsky
Attorney for Respondent

Dated: 4/24/19

Signed: 
Jed Dwyer
Attorney for Respondent

Dated: 4/25/19

Approved by:

Signed: _____
Lindsay DeRosia
Acting Securities & Audit Division Director
Corporations, Securities & Commercial Licensing Bureau

Dated: _____

Through their signatures, the Parties agree to the above terms and conditions.

By: _____
Bradley D. Sharp
Chief Restructuring Officer
1 Global Capital LLC

Dated: _____

Acknowledged and Reviewed by:

Signed: _____
Mark L. Kowalsky
Attorney for Respondent

Dated: _____

Signed: _____
Jed Dwyer
Attorney for Respondent

Dated: _____

Approved by:

Signed: Lindsay DeRosa
Lindsay DeRosa
Acting Securities & Audit Division Director
Corporations, Securities & Commercial Licensing Bureau

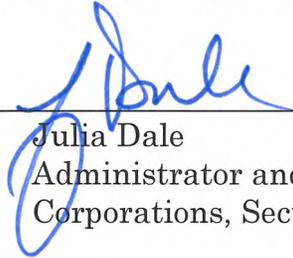
Dated: 5-1-19

C. ORDER

The Administrator NOW, THEREFORE, ORDERS:

THE TERMS AND CONDITIONS IN THE FOREGOING FULLY EXECUTED
CONSENT AGREEMENT ARE INCORPORATED BY REFERENCE AND MADE
BINDING AND EFFECTIVE THROUGH THIS CONSENT ORDER.

By: _____



Julia Dale

Administrator and Director

Corporations, Securities & Commercial Licensing Bureau

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

In the Matter of:

Complaint No. 335567

1 GLOBAL CAPITAL, LLC
Unregistered

Respondent.

_____ /
This 25th day of September, 2018

NOTICE AND ORDER TO CEASE AND DESIST

Julia Dale, the Director (the "Administrator") of the Corporations, Securities & Commercial Licensing Bureau ("Bureau"), pursuant to her statutory authority and responsibility to administer and enforce the Michigan Uniform Securities Act (2002), 2008 PA 551, as amended, MCL 451.2101 *et seq* ("Securities Act"), hereby orders 1 Global Capital, LLC ("Respondent") to cease and desist from offering or selling unregistered securities, and from employing or associating with an unregistered agent, contrary to the Securities Act. Respondent is also notified of the opportunity to request a hearing in this matter.

I. BACKGROUND

A. The Respondent

1. 1 Global Capital, LLC is a Florida-organized limited liability company headquartered in Hallandale, Florida. Respondent is not registered in any capacity pursuant to the Securities Act, nor has it registered any securities offerings pursuant to the Securities Act.¹

B. Findings of Fact

¹ Respondent is also currently the subject of a civil action by the United State Securities and Exchange Commission ("SEC") for violations of federal securities laws. The SEC alleges that Respondent engaged in a four-year long unregistered securities offering and that it fraudulently misled investors regarding Respondent's use of the proceeds of the securities offering.

1. The Bureau conducted an investigation of Respondent's activities under the Securities Act in Michigan.
2. The investigation developed evidence that Respondent offered and sold securities to Michigan residents, including investor FR. The securities were not registered, and Respondent has not identified a relevant exemption, exception, preemption, or exclusion justifying the failure to register the securities.
3. Respondent engaged the services of salespeople around the United States, including William "Bill" Saoud ("Saoud") in Michigan. Saoud acted as a sales agent for Respondent in Michigan, and facilitated the purchase of Respondent's securities by investor FR. Saoud was not registered as a securities agent under the Securities Act at the time he solicited sales on behalf of Respondent.

II. RELEVANT STATUTORY PROVISIONS

1. Section 102c(c) of the Securities Act, MCL 451.2102c(c) defines "Security", in part, as:

a note [emphasis added]; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest in or based on the value of that put, call, straddle, option, or privilege on that security, certificate of deposit, or group or index of securities, put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, an investment in a viatical or life settlement agreement; or, in general, an interest or instrument commonly known as a "security"; or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing...

2. Section 301 of the Securities Act, MCL 451.2301, states:

A person shall not offer or sell a security in this state unless 1 or more of the following are met:

- (a) The security is a federal covered security.
- (b) The security, transaction, or offer is exempted from registration under section 201 to 203.
- (c) The security is registered under this act.

3. Section 402(4) of the Securities Act, MCL 451.2402(4), states:

A broker-dealer, or an issuer engaged in offering, selling, or purchasing securities in this state, shall not employ or associate with an agent who transacts business in this state on behalf of broker-dealers or issuers unless the agent is registered under subsection (1) or exempt from registration under subsection (2)

4. Section 503(1) of the Securities Act, MCL 451.2503(1), states:

In a civil action or administrative proceeding under this act, a person claiming an exemption, exception, preemption, or exclusion has the burden to prove the applicability of the exemption, exception, preemption, or exclusions.

III. CONCLUSIONS OF LAW

1. Respondent 1 Global Capital, LLC offered or sold securities in Michigan which were not federally covered, exempt from registration, or registered, in violation of section 301 of the Securities Act, MCL 451.2301.
2. Respondent 1 Global Capital, LLC, engaged in an offering of securities, and in connection with that offering of securities, employed or associated with an unregistered agent, in violation of section 402(4) of the Securities Act, MCL 451.2402(4).

IV. ORDER

IT IS THEREFORE ORDERED, pursuant to section 604 of the Securities Act, MCL 451.2604, that:

- A. Respondent shall immediately CEASE AND DESIST from offering or selling unregistered securities and from employing or associating with an unregistered agent, contrary to the Securities Act.
- B. Pursuant to section 604(2) of the Securities Act, this Notice and Order to Cease and Desist is IMMEDIATELY EFFECTIVE.
- C. In her Final Order, the Administrator, under section 604(4) of the Securities Act, MCL 451.2604(4), intends to impose a civil fine of \$20,000.00 against Respondent.
- D. Pursuant to section 508 of the Securities Act, MCL 451.2508, a person that willfully violates the Securities Act, or an order issued under the Securities Act, is guilty of a felony punishable by imprisonment for not more than 10 years or a fine

of not more than \$500,000.00 for each violation, or both. An individual convicted of violating a rule or order under this act may be fined, but shall not be imprisoned, if the individual did not have knowledge of the rule or order.

V. NOTICE OF OPPORTUNITY FOR HEARING

Section 604 of the Securities Act, MCL 451.2604, provides that Respondent has 30 days beginning with the first day after the date of service of this Notice and Order to Cease and Desist to submit a written request to the Administrator asking that this matter be scheduled for a hearing. If the Administrator receives a written request in a timely manner, the Administrator shall schedule a hearing within 15 days after receipt of the request. The written request for a hearing must be addressed to:

Corporations, Securities & Commercial Licensing Bureau
Regulatory Compliance Division
P.O. Box 30018
Lansing, MI 48909

VI. ORDER FINAL ABSENT HEARING REQUEST

- A. Under section 604 of the Securities Act, MCL 451.2604, the Respondent's failure to submit a written request for a hearing to the Administrator within 30 days after the service date of this **NOTICE AND ORDER TO CEASE AND DESIST** shall result in this order becoming a **FINAL ORDER** by operation of law. The **FINAL ORDER** includes the imposition of the fines cited described in section IV.C., and the fine amounts set forth below will become due and payable to the Administrator within sixty (60) days after the date this order becomes final:

\$20,000.00 – 1 Global Capital, LLC, under section 604 of the Securities Act, MCL 451.2604.

- B. CIVIL FINE payments should be payable to the STATE OF MICHIGAN and contain identifying information (e.g., names and complaint numbers) and mailed to the following address:

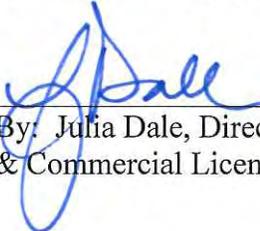
Corporations, Securities & Commercial Licensing Bureau
Final Order Monitoring
P.O. Box 30018
Lansing, MI 48909

- C. Failure to comply with the terms of this Order within the time frames specified may result in additional administrative penalties, including the summary suspension or continued suspension of all registrations held by Respondent under the Securities Act, the denial of any registration renewal, and/or the denial of any future applications for

registration, until full compliance is made. Respondent may voluntarily surrender or withdraw a registration under the Securities Act; however, the surrender or withdrawal will not negate the summary suspension or continued suspension of the relevant registrations or any additional administrative proceedings if a violation of this Order or the Securities Act occurred.

- D. Failure to pay the civil fines within six (6) months after this Order becomes final may result in the referral of the civil fines to the Michigan Department of Treasury for collection action against Respondents.

CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU



By: Julia Dale, Director, Corporations, Securities
& Commercial Licensing Bureau

9/25/18
Date