

BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF KANSAS



In the Matter of:

Roy B. Harrison (CRD #1133999)

Docket No. 23 E 145
KSC No. 2021-6778

Respondent.

_____/
Pursuant to K.S.A. 17-12a604

CONSENT ORDER

1. The Staff of the Office of the Kansas Securities Commissioner (“KSC Staff”) allege that Roy B. Harrison (“Harrison”) engaged in conduct constituting violations of the Kansas Uniform Securities Act, K.S.A. 17-12a101 *et seq.* (“the KUSA”), and that Harrison is subject to administrative sanctions and remedies under K.S.A. 17-12a604.

2. Harrison and KSC Staff desire to settle the matters raised by KSC Staff relating to Harrison’s alleged violations.

3. This Consent Order is issued contemporaneously and in conjunction with consent orders to be issued against Harrison in the following other matters: *In re Future Income Payments, LLC*, KSC No. 2016-6368; and *In re Premier Global Corp., et al.*, KSC No. 2021-6706.

CONSENTS AND WAIVERS

4. Harrison and KSC Staff stipulate and agree that, under the KUSA, the Securities Commissioner of Kansas (“the Commissioner”) has jurisdiction over Harrison and this matter.

5. Harrison and KSC Staff stipulate and agree that the Commissioner has authority to enter this Order under K.S.A. 17-12a604.

6. Harrison waives his right to a hearing with respect to these matters.

7. Harrison waives any rights that he may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order.

8. Harrison and KSC Staff agree to the issuance of this Order without further proceedings in this matter, and agree to be fully bound by the terms and conditions specified herein.

9. Without admitting or denying the allegations made by the KSC Staff as reflected in the Findings of Fact and Conclusions of Law set forth below, Harrison agrees to the issuance of this Order on the basis of such Findings of Fact and Conclusions of Law solely and only for the purposes of this proceeding and any proceeding that may be brought to enforce the terms of this specific Order.

FINDINGS OF FACT

10. Harrison, CRD # 1133999, is an individual with a last-known address of [REDACTED]. Harrison is a licensed resident insurance agent in the State of Kansas. Prior to the events described herein, Harrison was registered under the KUSA as an agent of a broker-dealer. Harrison's registration as an agent of a broker-dealer was terminated on July 26, 2002. At the times relevant hereto, Harrison was not registered under the KUSA in any capacity.

11. From October 2017 through February 2018, Harrison acted as an agent of 1 Global Capital, LLC (“1 Global”) in effecting the sale of *Memoranda of Indebtedness* (“MOIs”) issued by 1 Global to five clients, for which Harrison received commissions.

12. At the time of the sales, these MOIs were not registered as securities under the KUSA as required. Additionally, Harrison was not registered as an agent under the KUSA as required.

1 Global Investments

13. 1 Global is a Florida limited liability company. From approximately February 2014 through July 2018, 1 Global’s Chairman and Chief Executive Officer Carl Ruderman (“Ruderman”) and numerous other individuals used the company to perpetrate a nationwide securities fraud scheme. When 1 Global’s scheme ended in July 2018, 1 Global had raised more than \$287 million from more than 3,400 investors.

14. 1 Global was in the business of making short-term cash advances called Merchant Cash Advances (“MCAs”) to businesses that could not obtain more traditional financing. To raise funds for the MCAs, 1 Global sold MOIs to individuals who 1 Global referred to as “Lenders” or “Syndicate Partners.” 1 Global then used the funds raised from the sales of MOIs to make the cash advances under the MCAs and assigned a percentage of the amounts to be collected under the MCAs to the Lenders.

15. The MOIs sold by 1 Global generally promised to pay Lenders a variable rate of at least three percent per year. However, marketing materials for the MOIs stated

“historically, lenders have earned double digit annual returns.” More specifically, the average return on investments was stated as 16% in 2015 and 15% in 2016.

16. 1 Global used independent brokers and sales agents to solicit purchases of the MOIs. These agents were paid commissions for each sale.

17. During the scheme, 1 Global misappropriated investor funds, including at least \$28 million transferred to Ruderman and his other entities for purposes unrelated to the MOIs and MCAs, and approximately \$50 million used to purchase distressed or charged off credit card receivables (i.e., credit card debt which credit card companies had written off as uncollectible). Further, 1 Global used approximately \$9 million of investor funds to pay commissions to agents who sold the MOIs to investors.

18. On August 23, 2018, the Securities and Exchange Commission (“SEC”) filed a *Complaint for Injunctive and Other Relief* in the United States District Court Southern District of Florida against 1 Global and Ruderman. The complaint alleged a total of ten violations of the Securities Act of 1933 (“Securities Act”) and the Securities Exchange Act of 1934 (“Securities Exchange Act”). The SEC sought injunctive relief, disgorgement and prejudgment interest, and civil penalties. Simultaneously with filing the complaint, the SEC sought emergency relief, including the appointment of a receiver and an asset freeze.

19. On August 13, 2019, the United States District Court Southern District of Florida issued a *Final Judgment Against Defendant Carl Ruderman* (“*Final Judgment*”), to which Ruderman consented. Under the *Final Judgment*, Ruderman was permanently restrained and enjoined from violating certain provisions of the Securities Act and the

Securities Exchange Act, and was ordered to pay disgorgement of \$32,587,166.00, prejudgment interest of \$1,517,273.00, and a civil penalty of \$15,000,000.00.

Ruderman's total financial obligations under the *Final Judgment* are \$49,104,439.00.

20. Additionally, several 1 Global employees or associates have pleaded guilty to charges filed in the United States District Court for the Southern District of Florida related to the scheme:

- a. in 2019, Alan Heide, 1 Global's Chief Financial Officer, pleaded guilty to conspiracy to commit securities fraud;
- b. in 2019, Jan Atlas, an attorney, pleaded guilty to securities fraud;
- c. in 2020, Steven Schwartz, 1 Global's former Director, pleaded guilty to conspiracy to commit securities fraud and wire fraud; and,
- d. in 2021, Andrew Dale Ledbetter ("Ledbetter"), an attorney, pleaded guilty to conspiracy to commit fraud and securities fraud.

21. On July 27, 2018, 1 Global filed for chapter 11 bankruptcy in the United States Bankruptcy Court Southern District of Florida. On September 20, 2019, the bankruptcy court issued an order confirming the First Amended Joint Plan of Liquidation, which established a Liquidating Trust to hold and administer trust assets and make distributions to beneficiaries, including investors who purchased MOIs from 1 Global.

22. On December 16, 2019, the bankruptcy court issued an order approving a class action settlement between MOI investors and some of the agents who effected sales of MOIs to investors. As part of the settlement, these agents agreed to make payments to

the Liquidating Trust totaling \$1,912,500.00 for subsequent distribution to beneficiaries including the investors who purchased MOIs from 1 Global.

Sale of MOIs to Harrison's clients

23. Harrison learned of 1 Global from a business acquaintance, Carter Wilcoxson. Wilcoxson told Harrison that 1 Global was doing small business loans.

24. Prior to Harrison's clients investing in 1 Global, Harrison also spoke with Andrew Dale Ledbetter, an attorney for 1 Global. See Paragraph 20.

25. After some of Harrison's clients invested in 1 Global, Harrison and Carter Wilcoxson visited 1 Global's office in Florida to observe 1 Global's business operations.

26. According to Harrison, an individual with 1 Global told Harrison that the MOIs were not securities. However, Harrison did not seek an opinion from any securities regulators regarding whether the MOIs were securities or whether Harrison needed to be registered under the KUSA to sell them.

27. From October 2017 through February 2018, Harrison effected the sale of MOIs issued by 1 Global to five clients for a cumulative total of \$592,619.00. Harrison's conduct in effecting these sales of MOIs occurred in Kansas.

28. Harrison received commissions from 1 Global totaling at least \$12,699.51 for his role in effecting the sale of the MOIs to his clients.

29. At no time was Harrison registered under the KUSA as an agent for 1 Global.

CONCLUSIONS OF LAW

30. The Commissioner has jurisdiction over Harrison and this matter.

31. The MOIs described herein are securities as that term is defined in K.S.A. 17-12a102(28).

32. The MOIs are not federal covered securities, as that term is defined in K.S.A. 17-12a102(7), and are not exempt from registration under K.S.A. 17-12a201 through 17-12a203.

33. Harrison violated K.S.A. 17-12a301 by offering and selling the MOIs.

34. In effecting the sale of MOIs, Harrison was an agent, as that term is defined in K.S.A. 17-12a102(2), of 1 Global, and was not exempt from registration under K.S.A. 17-12a402(b).

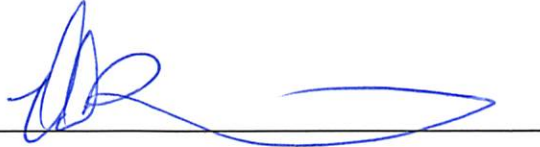
35. Harrison violated K.S.A. 17-12a402 by transacting business in this state as an agent when Harrison was neither registered under the KUSA nor exempt from registration.

ORDER

IT IS THEREFORE ORDERED that Harrison shall pay a civil penalty in the amount of \$3,000. Payment shall be made payable to the “Office of the Kansas Securities Commissioner,” and delivered to Jack Clayton Johnson, Assistant General Counsel, at 1300 SW Arrowhead Road, Topeka, KS 66604. Such payment shall be made within 30 days of the issuance of this Order. Upon receipt, such payment shall be deposited in the Investor Education and Protection Fund.

IT IS SO ORDERED BY THE COMMISSIONER.

Entered at Topeka, Kansas, this 21st day of MARCH, 2023,



Daniel J. Klucas
Kansas Securities Commissioner



CONSENTED TO BY:

Kathlyn Daniels

Kathlyn W. Daniels, Kansas Bar No. 28090
Senior Attorney
OFFICE OF THE KANSAS SECURITIES COMMISSIONER
Attorney for KSC Staff

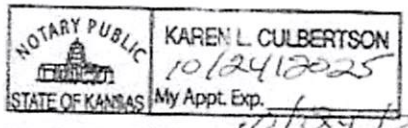
Roy B. Harrison

Roy B. Harrison
Respondent

STATE OF KANSAS)
COUNTY OF DANSON) ss:

This instrument was signed before me on this 8 day of March, 2023,
by Roy B. Harrison.

(seal)



Karen L. Culbertson
Notary Public

My appointment expires: 10/24/2025

NOTICE

- (1) A party to this action may petition the Commissioner for reconsideration within 15 days after service of a final order, following the procedures in K.S.A. 77-529. Under K.S.A. 77-528, a party may petition for a stay of effectiveness of this order until the time at which a petition for judicial review would no longer be timely.

- (2) This order may be subject to judicial review. The agency officer to receive service of a petition for judicial review on behalf of the Office of the Securities Commissioner is Jack Clayton Johnson, Assistant General Counsel, at 1300 SW Arrowhead Road, Topeka, Kansas 66604.