MELAND | BUDWICK

Miami Lawyers Clinch $49 Million Settlement With GE Capital Over Petters Ponzi Scheme

https://melandbudwick.com/2019/04/08/miami-lawyers-clinch-49-million-settlement-with-ge-capital-over-petters-ponzi-scheme/

After eight years of investigation and litigation, Michael S. Budwick and Solomon B. Genet of Meland Budwick, P.A. in Miami negotiated a $49 million settlement agreement with General Electric Capital Corp. over claims the Boston-based lender became a co-conspirator in one of the biggest Ponzi schemes in history, Daily Business Review reported.

The win stems from a Florida bankruptcy case, in which Budwick and Genet represent Barry E. Mukamal, trustee for two Florida hedge funds — Palm Beach Finance Partners L.P. and Palm Beach Finance II L.P. — down $651 million after lending it to businessman Tom Petters. Between 1995 and 2008, Petters ran a $3.65 billion scheme, using fake documents to convince investors to help buy overstocked electronics to sell to retailers. Petters claimed wholesale giant Costco was his main customer — only it wasn't.

Upon discovery in 2008, it was the biggest scam the world had seen. Shortly after, Bernie Madoff and Allen Stanford took the top spots. Petters was convicted, sentenced to 50 years in prison, and his business, Petters Group Worldwide, fell into bankruptcy in Minneapolis.

The Palm Beach hedge funds suffered a third of overall losses, so Budwick and Genet traveled the country meeting with victims and perpetrators to pinpoint liability, filing more than 150 lawsuits to claw back lost money. Most settled, but one wouldn't go away.

Though GE Capital was a victim, Budwick and Genet found it discovered Petters' scam in 2000 but told no one, allegedly on the condition it would be repaid by new, unwitting investors. According to Budwick, GE Capital wrote a recommendation

letter Petters used to recruit fresh marks.