

Wells Fargo Sued for Alleged Role in Film Financing Fraud

Celia Ampel, Daily Business Review

A new Miami lawsuit claims Wells Fargo employees helped bilk investors out of millions of dollars intended to fund the production of films with big-name talent.

British film financiers Vandermolen Film Co. Ltd. and Bridgeworks Media Capital Ltd. are seeking about \$61 million in lost principal and interest, damages they hope will be tripled under Florida's civil theft law.

The investors agreed to help provide collateral for bridge loans to Forrest Capital Partners Inc. and related companies to finance the production of films including "Urge," starring Pierce Brosnan and Ashley Greene; "47 Meters Down," starring Mandy Moore; and "Royal Ice," directed by Garry Marshall.

The plan was to place 50 percent of the needed funds in a Wells Fargo bank account, said the investors' lawyer, Roy Altman of Podhurst Orseck in Miami.

Forrest Capital would then deposit the other 50 percent into the account, which was supposed to be protected from any removal of funds without express permission of all the parties.

That account would then serve as collateral for a Wells Fargo loan to the Forrest Capital companies, and the investors would be paid back. The initial loan was meant to put the filmmakers in a better position to borrow more funds.

But Vandermolen and Bridgeworks claim that they did not get back more than \$14 million in principal they entrusted to Wells Fargo. Instead, without their knowledge, their money was shifted to other accounts while three Wells Fargo employees misled them about the status of the payment, according to the lawsuit filed Monday in Miami-Dade Circuit Court.

"They would assure our clients that everything was according to plan, that there were some extra checks that had to be done, some internal procedures that were causing the delay, that everything was fine and they had nothing to worry about," Altman said. "Of course, none of that was true."

The lawsuit claims at least one of the employees, Benjamin Rafael, received \$250,000 of the investors' money from the Forrest Capital companies two days before Wells Fargo fired him. An attempt to reach Rafael at his current company was unsuccessful.

A Wells Fargo spokesperson declined to comment on the lawsuit, which names Wells Fargo Bank N.A. and Wells Fargo Advisors LLC as defendants, along with Rafael, Paul Zoch and Hernan Bermudez.


Wells Fargo Advisors still lists Zoch as an employee, but Bermudez was let go, according to the lawsuit. A lawyer

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DAILY BUSINESS REVIEW

Sexy Beaches? Florida Lawmaker in Suit Over Pitbull Contract

by Gary Finout
Associated Press

Saying taxpayers have a right to know how much Pitbull has been paid to promote Florida tourism with the help of his song "Sexy Beaches," a top state lawmaker filed a lawsuit Tuesday against the famed rapper's production company.

Pitbull, whose real name is Armando Christian Perez, signed a contract last year with Florida's tourism marketing arm to promote the Sunshine State, splashing it up with a new video for his 2014 song. Attorneys for his production company have insisted that most details of the contract — including its worth and what he was required to do under it — are trade secrets exempted from Florida's public records law.

The lawsuit filed by Florida House Speaker Richard Corcoran against PFM Productions in a Tallahassee court asks a judge to make the contract public. It also requests that lawmakers who reveal any details to be shielded from any liability.

The Republican lawmaker from the Land O'Lakes area made the move after

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by Celia Ampel



Roy Altman of Podhurst Orseck believes the account sign-up scandal and the fraud his clients are alleging are both "the result of systemic defects in the way the Wells Fargo defendants manage, train, supervise, hire, reward and punish their employees."

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by Carla Vianna

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representing Bermudez in another case did not respond to a request for comment.

Altman said his clients did not learn about the alleged theft right away because their concerns were allayed by Wells Fargo's explanations in conversations that included three in-person meetings in South Florida in 2014 and 2015.

It only came to light when Adana Investing Inc., which has worked with Altman's clients, filed a federal lawsuit against the same defendants for the same alleged scheme. That lawsuit, before U.S. District Judge Ursula Ungaro in Miami, was filed in May 2016 and is in the discovery stage.

Forrest Capital and its affiliates have been sued eight times since 2014 for alleged film financing fraud, and Wells Fargo was named in five of those lawsuits, according to the Vandermolen complaint.

Even though Wells Fargo received notice of the first case in November 2014, the bank did not sever ties with Forrest Capital or notify Vandermolen and Bridgeworks of any potential fraud, the complaint alleges.

The lawsuit comes at a turbulent time for Wells Fargo, which [agreed to pay \\$185 million](#) to settle government charges that employees opened millions of accounts for customers or enrolled them in services without their knowledge.

Altman believes the account sign-up scandal and the fraud his clients are alleging are both "the result of systemic defects in the way the Wells Fargo defendants manage, train, supervise, hire, reward and punish their employees."

"It's a pervasive problem," he said.