Investment Firm Founder Charged in $500 Million Fraud Built on Phantom Collateral

Joshua Wander faces charges for allegedly pledging same assets to multiple lenders in scheme that echoes Tricolor Auto collapse.

Federal prosecutors say Joshua Wander, Miami investment executive pledged over $350 million in assets his firm didn't own, or had already committed elsewhere, to secure loans from private lenders.

The charges against the cofounder of 777 Partners represent the latest collapse in a troubling pattern called 'Double Pledging" where the same collateral is used to secure loans from multiple lenders.

Just weeks ago, subprime auto lender Tricolor Holdings imploded under similar accusations, leaving nearly $2 billion in liabilities and raising questions about whether double-pledging schemes have become more common than financial markets realized.

"As alleged, Wander used his investment firm, 777 Partners, to cheat private lenders and investors out of hundreds of millions of dollars by pledging assets that his firm did not own, falsifying bank statements, and making other material misrepresentations," said U.S. Attorney Jay Clayton.

The Double Pledging Scheme Ran On For Years

The scheme ran for years before unraveling in March 2023, when one lender confronted Wander about the duplicate collateral.

The double pledging scheme worked like this:

- 777 Partners started by buying structured settlements, the financial arrangements where personal injury victims receive payments over time instead of a lump sum.
- The firm borrowed money from private lenders, using the future payments from those settlements as collateral.
- By 2018, it had grown into one of the largest buyers in the secondary market.
- Then Wander began spending the restricted fund and this was when the fraud started.
- Despite warnings from his own employees, he diverted money meant to stay in reserve into airlines, streaming platforms, and professional sports teams like Sevilla FC and Genoa CFC.
- The investments created cash shortfalls that Wander allegedly covered by pledging collateral his firm either didn't own or had already promised to other lenders.

An Anonymous Tip Unraveled The Scheme

When one lender received an anonymous tip in late 2022 warning of "criminal" behavior at 777 Partners, the house of cards began to crumble down.

Leadenhall (the lenders) investigation revealed that Wander had double-pledged around $100 million in assets to a third-party lender called Credigy. Later evidence showed employees had digitally altered bank statements to show millions in cash that didn't exist.

Just Like Tricolor Which Happened Just Weeks Ago

The pattern mirrors what federal investigators found at Tricolor Holdings.

That Dallas-based subprime auto lender filed for Chapter 7 bankruptcy in September after warehouse lenders discovered the company had allegedly pledged the same vehicle loans to multiple banks. Fifth Third Bancorp alone faces potential losses of up to $200 million from its Tricolor exposure.

He Blamed An "Antiquated Computer System"

At 777 Partners, the fraud continued even after some of the lenders became suspicious.

When he was confronted in 2023, Wander blamed an "antiquated computer system" for the double-pledging.   Later he claimed it was "inadvertent.

By October 2024, a London court declared 777 Partners bankrupt.

Read The Whole Complaint