

Amid Pandemic, Bankruptcy Lawyer Michael Budwick Pivots from Ponzi Schemes to Candy Store Woes

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Dan Roe

What You Need To Know

- Budwick is helping It'Sugar, a national boutique candy store chain, emerge from Chapter 11 bankruptcy protection.
- The Miami attorney has been involved in some of the region's and country's highest-profile frauds of the past two decades.
- Budwick's current goal is to help a strong group of young partners develop within the firm.

[Michael Budwick](#), partner at Miami-based Meland Budwick, is best known for his work on some of the highest-profile financial crimes of the past two decades. He's appeared on national television to chronicle his recovery efforts for the victims of multimillion and billion-dollar Ponzi schemes, from local scammers like Claudio Osorio to the \$2 billion national scheme by Minnesota-based fraudster Tom Petters.

But lately, his primary focus has shifted to a reorganization spurred more by force majeure than outright greed. Budwick is counseling It'Sugar, a national boutique candy retailer with more than 100 locations, as it emerges from Chapter 11 bankruptcy protection.

The company filed in September 2020 after lacking foot traffic and plummeting tourism plagued the company's locations, nearly half of which were in default with their landlords at the time of the filing.

Although Budwick said in an interview that he focuses on financial fraud and Ponzi

schemes, the attorney has to find work in between those big cases. In addition to the It'Sugar bankruptcy, which is due to be completed this month, Budwick is also representing real estate-based companies that have struggled in the past year, including the creditors' committee in a downtown condo project and restaurants on South Beach.

What ties all of the bankruptcies together for Budwick is the thrill of the chase.

"As attorneys, we are rewarded for being creative. It's up to us, along with accounting professionals, to investigate what took place, determine who was involved, interview witnesses, including going to prisons," Budwick said. "I find that whole aspect of working as a lawyer but also an investigator very exciting."

Becoming an attorney wasn't necessarily Budwick's first choice.

A questionnaire Budwick filled out in fifth grade, which had been recently discovered by his wife, revealed a slightly different truth: He wanted to be a center fielder for the New York Yankees.

"If that doesn't work out, then I want to be an attorney," the young Budwick wrote.

He kept playing baseball into his legal career but discovered his true interest when he scored an internship with Judge Robert Mark, who presides over the U.S. Bankruptcy Court in the Southern District of Florida.

A University of Florida Levin College of Law student at the time, Budwick quickly came to love bankruptcy law.

"It's a combination of the business side and the legal side, working on trying to reorganize and restructure distressed businesses," he said.

After graduating in 1991, Budwick joined local bankruptcy and litigation boutique Kozyak Tropin & Throckmorton as an associate in 1992. In his second year at the firm, he began work on the Premium Sales Ponzi scheme, wherein a Miami grocery trading company crashed in 1993 and cost investors more than \$400 million.

Harley Tropin, current president of Kozyak Tropin & Throckmorton, was appointed receiver and trustee.

"I spent the next five years spending the majority of my time working on the Premium Sales case, bringing all types of lawsuits related to the Ponzi scheme: suits against banks, co-conspirators, claims against professionals," he said. "I really learned how to manage the litigation related to a Ponzi scheme."

A couple of years after the Premium Sales litigation finished, Budwick moved to his current firm, then titled Meland Russin for partners Mark Meland and Peter Russin. Budwick made partner in 2002, forming Meland Russin & Budwick. The name held until August 2020, when Russin was appointed a U.S. bankruptcy judge by the Eleventh Circuit Court of Appeals.

Meland Russin had eight or nine lawyers when Budwick arrived, he said. Today, the firm employs 19 attorneys, the most in its 28-year history.

"It's organic growth," Budwick said. "We've never acquired another practice or sought to grow for the sake of growing. We like our culture and our environment, and we want to maintain that. We do annual picnics, annual dinners — many in our firm have a family and children. Family life is important."

Budwick's extensive career of cleaning up Ponzi schemes really kicked off in 2002, he recalls, when U.S. District Judge Wilkie D. Ferguson Jr. appointed him receiver in a \$19 million Ponzi scheme case involving Thomas D. Abrams, a West Palm Beach man who defrauded investors through his Pheonix Financial Group. The company used money from elderly investors to support Abrams' image as a wealthy philanthropist, including celebrity appearances at charity shows.

He reached a \$2.25 million settlement with Fidelity Federal Bank & Trust of West Palm Beach following a lawsuit that alleged the bank should have identified the fraud based on Abrams' negligent handling of investor funds.

Budwick made local headlines again in 2009 when he represented the creditors' committee in the \$110 million bankruptcy of South Florida entrepreneur Juan Puig and his company, Puig Inc. Puig's enterprise, which converted apartments into condominiums, was among the first major South Florida real estate businesses to become insolvent in 2007.

Representing the creditors' committee, Budwick went after the Miami-based Ocean Bank on allegations that former employees took bribes from Puig. In August 2009, Ocean Bank agreed to pay \$4.9 million in a settlement over the lending practices that allowed Puig to overextend himself financially.

In a September 2007 interview with the Daily Business Review, Budwick said the liquidation cost the family four luxury homes, art and wine collections, and a Welsh pony, which Budwick hoped would sell for around \$10,000. However, he said he wasn't going after the family's dog, a four-year-old bichon frisé.

"I'll let them keep the dog," Budwick said at the time. "We don't think the dog has a similar value to the pony."

His latest major fraud case is that of Jeff and Paulette Carpooff, a Martinez, California, couple who ran a \$2.5 billion Ponzi scheme masquerading as a solar energy company. The proprietors of so-called DC Solar Solutions owned a minor league baseball team, millions in properties and 150 cars.

The Sacramento Bee reported the couple, now facing decades of prison time, booked Pitbull to appear at a DC Solar holiday party.

Budwick represented the bankruptcy trustee on the case. "We're doing the same things," he said. "Suing banks, law firms, accounting firms, people complicit in the fraud. That's taking up a lot of my time right now."

Michael S. Budwick

Born: New York, New York

Education:

- University of Florida College of Law, J.D. with honors, 1991
- University of Florida College of Business Administration, B.S. with honors, 1988
- Beta Gamma Sigma National Honor Society

Spouse: Sharon

Kids: Dovid (15); Shira (12), and Shoshana (8)

Experience:

- Kozyak Tropin & Throckmorton (1992 – 2000)
- Michael S. Budwick, P.A. (2000 – 2002)

Read more at:

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