

Bankruptcy Trustee Alleges Brett McClafferty Used Company Funds for Personal Expenses, Senate Bid, and Image Repair

Court-appointed trustees alleged that Brett McClafferty used MAC Private Equity funds for personal expenses, failed to fully disclose his finances, and diverted money to a Senate campaign and a social media effort to rehabilitate his image.

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Brett Matthew McClafferty's

The first status report filed by the Chapter 7 trustee overseeing MAC Private Equity during its bankruptcy proceedings paints a shocking picture of company president Brett Matthew McClafferty's casual relationship with corporate financial ethics and tax law. Similarly, a petition

by Mr. McClafferty's personal bankruptcy trustee is also asking pointed questions about the reasons behind the troubling lack of transparency being demonstrated.

MAC Private Equity filed a voluntary Chapter 7 petition in the Delaware bankruptcy court in March 2025, shortly after a [raft of lawsuits](#) totaling over \$500,000 were filed against the company and its principal. Mr. McClafferty himself followed with a personal Chapter 13 bankruptcy filing in the same court last November. The bankruptcy proceedings effectively placed a temporary halt on the civil complaints against the company, and several of the lawsuits have now been included into the main chapter 7 matter.

Last month, George Miller, the trustee assigned to the Mac Private Equity bankruptcy, issued his first report detailing his efforts to collate information relating to the company's financial dealings. The report begins by noting that at the very first creditors meeting, which was scheduled in April 2025 but delayed until October, Mr. McClafferty "was not able to adequately answer questions of the Trustee, counsel, or creditors."

Additionally, some of the information Mr. McClafferty was able to provide seemed to be incorrect. He reportedly claimed that accounting firm KPMG provided Mac Private Equity with tax services, but Mr. Miller found that "KPMG has no record of such service." Indeed, KPMG filed an 8-page motion last June objecting to a request for the company to produce records relating to accounting and bookkeeping services it allegedly provided to Mac Private Equity. "The debtor should not be permitted to compel KPMG to incur significant expenses or undue burden to search for documents that are not in KPMG's possession," the company's attorneys told the court, noting that an internal inquiry had already been conducted. KPMG says a preliminary search suggests that "the Debtor has never conducted business or used KPMG's services." Not only did KPMG apparently never provide services to Mac Private Equity, the trustee reports that MPE never filed tax returns at all.

Other companies have also been reluctant to supply information regarding their business transactions with Mac Private Equity, the trustee reported. Mac Private Equity itself has failed to respond to Mr. Miller's request to access the company's electronic records. The company's former attorney Chris Kroblin has also failed to respond. The trustee intends to file turnover motions with the court to compel this information, he says.

Some entities have been responsive to Mr. Miller's subpoenas, including three banking and finance companies. The trustee reports troubling implications from the information received from these institutions. "None of the records obtained to date demonstrate anything other than Mr. McClafferty using corporate funds for personal expenses." Information received from fintech company Mercury Technologies showed that Mr. McClafferty "was using the Mercury account as his personal checkbook," Mr. Miller reported.

In addition to the troubling report from the trustee in the Mac Private Equity Chapter 7 bankruptcy case, the court-appointed trustee overseeing Mr. McClafferty's personal bankruptcy proceedings, filed in November 2025, has also made some disturbing allegations regarding the commingling of Mr. McClafferty's personal and business dealings. In a motion to either dismiss the bankruptcy or convert the Chapter 13 filing to Chapter 7, William Jaworski, the Chapter 13 trustee, claims that Mac Private Equity was "essentially" Mr. Clafferty's "alter ego." The company, Mr. Jaworski said, "was apparently used as part of a scheme to divert...funds to debtor and convert these funds for personal use or use in debtor's other businesses."

This assessment of how Mr. McClafferty used Mac Private Equity to appropriate funds from lenders to finance his personal expenses neatly aligns with the allegations in the several lawsuits currently pending against him and the company. Mr. Jaworski says that Mr. McClafferty's fraudulent behavior was obvious. "This scheme and alleged fraud is so transparent that these liabilities for these debts were also fixed and certain," he wrote.

Like Mr. Miller's complaint regarding Mac Private Equity's failure to provide access to information, Mr. Jaworski says that Mr. McClafferty himself is also refusing to co-operate in the bankruptcy process. He has "failed to provide a full and candid disclosure of his financial condition," the Chapter 13 trustee wrote. "Such omissions are not mere oversight but represent a systemic failure to provide the transparency required of a Chapter 13 petitioner."

Mr. Jaworski highlights Mr. McClafferty's failure to disclose income earned from his stake in Social Hospitality Group, owner of a popular restaurant on St. Thomas. "This income stream was not accurately disclosed in the Schedules, further demonstrating the Debtor's intent to shield assets and income from the Trustee and creditors." He also alleges that despite the bankruptcy petition, Mr. McClafferty continues to spend lavishly on things "neither reasonable nor necessary for his support or maintenance." The trustee points to the apparent use of funds "to finance a political campaign for the Senate in the U.S. Virgin Islands...and a social media campaign aimed at rehabilitating his image following a [recent criminal arrest](#)." Mr. Jaworski finds that "this diversion of potential plan distributions to fund a political career constitutes a per se lack of good faith."

The Chapter 13 trustee also uses Mr. McClafferty's "history of litigation misconduct" as another reason to dismiss the petition or convert it to a chapter 7 filing. Mr. McClafferty's "recurring pattern of deceptive pleading and lack of candor with the court system suggests that the current filing is a continuation of that bad faith trajectory," he declares, echoing the arguments of the plaintiffs in the civil lawsuits against McClafferty and MPE. Indeed, these plaintiffs have also joined with Mr. Jaworski's efforts, filing their own motion to convert the Chapter 13 bankruptcy case to Chapter 7.

Mr. McClafferty has consistently and vociferously denied all wrongdoing as it pertains to the loans sought and received via Mac Private Equity and in his personal actions. However, now that the allegations of fiscal indiscipline and violations of corporate accounting rules are coming from independent, court-appointed trustees as well as [opposing parties in a lawsuit](#), they have been given new weight.