

Ex-N.Y. Yankees: Our Advisors Stole Millions

Former New York Yankees catcher Jorge Posada and ex-pitcher Jose Contreras claim two financial advisors led them into a series of bad investments, including a real estate deal and a hedge fund that cost Posada millions.

Their attorney, New York-based Barry Lax, says the two ballplayers are the latest professional athletes abused by predatory financial advisors.

"I've seen it before too many times," says Lax, who has represented other athletes, including a former Boston Red Sox catcher who was found to have been financially hurt by a Merrill Lynch team. "They are just victims of fraud, taken advantage of at every turn. It is a cautionary tale."

EX-MERRILL ADVISORS

The two advisors named in Posada's October complaint filed in Miami-Dade County Court -- Juan Carlos Collar and Anthony Fernandez -- were with Merrill Lynch when they first met the young Yankees catcher at the beginning of his career. "They had a reputable name behind them," Lax says.

When Collar and Fernandez left Merrill in the mid-2000s to start their own RIA, Quantum Family Office Group, Lax says Posada and Contreras stayed with the advisors, whose practice also served other Latino athletes. (An out-of-date Form ADV filed in 2012 said the group managed roughly \$75 million in assets, with high-net worth individuals making up more than 75% of the firm's clients.)

A Florida attorney representing Collar and Fernandez, Gustavo Lamelas, did not return calls for comment. Quantum's phone number has been disconnected.

Over time, Lax says, Posada and his wife Laura trusted the advisors enough that they gave the duo control over all of their financial matters. "They essentially convinced the Posadas to let them handle all of their money -- do their bills and taxes, open their mail -- a full family office," Lax says.

FLORIDA REAL ESTATE DEAL

According to the complaint, in 2005 Posada put up \$3 million for Sunset Trails, "a speculative limited liability company that owned no assets at the time of the investment," to develop some Florida real estate into an equestrian community. What the advisors didn't tell Posada, the complaint alleges, is that he signed a guarantee to secure all of Sunset's debts.

The land was later flipped and the Posadas ended up with no "actual ownership interest in the land purchased by Sunset."

The advisors also recommended in 2007 that Posada invest in a hedge fund they created, the complaint alleges. Unaware that the fund was very risky and carried large fees, the catcher says he put in \$8.1 million -- a move that cost him \$4.8 million.

Lax also says that Contreras was made to sign documents in English, although he only speaks Spanish.

'FEES ON TOP OF FEES'

"The advisors were using themselves as the managers of the other entities which were making investments," Lax

says. "If they were proper fiduciaries they would've said, you want to invest in real estate, let's find an REIT that's been around for 20 years. If they wanted to invest in a hedge fund, they could've gone to D.E. Shaw. But they didn't, because every turn was a money grab to get fees on top of fees."

Lax says that when Posada's relationship with Collar and Fernandez began, the ballplayer was not sophisticated about handling money and did not expect the advisors would try to defraud him.

"I have no idea what their intentions were when they first met Posada," Lax says. "I just know what they did after, in their family office and own RIA firm."

PREVIOUS TROUBLES

Collar's ties to baseball players have drawn legal trouble before. In 2010, two Miami inventors filed suit in Florida against him and former Yankees pitcher Orlando "El Duque" Hernandez, claiming they lost over \$900,000 to the two in a deal gone bad.

Lax admonished advisors serving professional athletes, citing the fragile nature of their wealth. "With professional athletes, there is typically an earning potential happening in a small time frame," he says. "Even if they are in their 30s, you really have to treat them as retired. This is their nest egg for their lifetime and it can't be put into jeopardy -- no speculative investments."

Court documents filed in Miami-Dade County Court state that a settlement between the advisors and Contreras is being worked out. Lax, however, had no comment regarding any settlement between the advisors and the Posadas.

Read more:

- **[Smarter Ways to Work With the Stars](#)**
- **[Ex-NFL Player Helps Athletes Beat 'Cycle of Financial Failure'](#)**
- **[Sudden Wealth: Ensure That Today's Windfall Lasts](#)**