

# New First Liberty lawsuit seeks class action status

Fallout continues in wake of collapse of Newnan-based lender.

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Weeks before federal regulators accused Brant Frost IV of orchestrating a \$140 million Ponzi scheme, he was still recruiting investors with polished pitches promising steep returns.

One of them was Manu Gupta, the principal of a Georgia investment firm, who was introduced to Frost and his politically connected First Liberty Building & Loan firm in early 2024.

A lawsuit filed Monday says Gupta and his firm, Butterfly Capital Group of Suwanee, invested \$50,000 in May of this year — just weeks before First Liberty collapsed and Frost publicly admitted in a statement earlier this month to defrauding investors.

It was Butterfly's second investment with First Liberty, following a \$100,000 commitment last year into what Frost touted as a high-yield loan tied to a Middle Georgia medical practice, the lawsuit said.

Now Gupta is leading a legal challenge in Coweta County Superior Court that seeks class action status on behalf of other investors.

The complaint adds to the growing web of civil and regulatory scrutiny surrounding Frost, his family and their Newnan-based business.

The firm's sudden collapse in late June sent shock waves through Georgia's political establishment. Frost IV and his relatives were prominent conservative activists with deep ties to the Georgia GOP.

On July 10, the U.S. Securities and Exchange Commission filed a civil complaint accusing

Frost of using investor funds to enrich himself and his family. The agency said Frost funneled more than \$5 million to himself and relatives, paid off \$2.4 million in credit card debt and spent \$335,000 at a coin dealer, among other personal expenses.

Frost IV is the only individual named in the SEC complaint.

Regulators also said he directed more than \$570,000 in investor funds toward political donations as the Frost family sought to build clout in Georgia's conservative movement. An Atlanta Journal-Constitution review found the family spent nearly \$1.4 million on campaign contributions over two decades.

Frost IV didn't return multiple requests for comments. But he previously told the AJC in a statement that he takes "full responsibility for my actions and am resolved to spend the rest of my life trying to repay as much as I can to the many people I misled and let down."

He urged investors to allow the court-appointed receiver, S. Gregory Hays, time to "do his best to repair the damage I created." Frost's attorney, Joshua Mayes, said he expects the receiver, whose job is to recoup funds for harmed investors, to temporarily block private lawsuits for now.

Gupta's complaint includes a May 8 email from Frost promising a 12% return on a \$50,000 investment in "First Liberty Notes" — financial instruments that claimed to offer pieces of short-term, highyield business loans. The firm shut down June 27.

Gupta's lawsuit seeks compensatory and punitive damages, a full accounting of investor funds and an order barring Frost and his associates from launching similar ventures.

"While Mr. Frost has stated to the media that he takes full responsibility for his actions, his actions have not spoken as loudly as his words," said Kevin Epps, Gupta's attorney. "... With this lawsuit, his victims will know in the coming months if he will finally take responsibility — or if his statement is yet another con."