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## Private equity company sues investors after takeover of USA Capital assets

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The New York private equity company that bought assets from bankrupt USA Capital for \$67 million is suing six dissident investors and other unidentified persons, alleging the defendants are interfering with relationships with other investors.

Compass Partners, which has offices in New York and Las Vegas, filed the lawsuit in Clark County District Court late Thursday.

The defendants are members of the Lenders Protection Group, which is appealing the bankruptcy court order reorganizing USA Capital, according to the lawsuit.

USA Capital, a private lender, solicited money from individual investors and used the money to make trust deed loans to real estate developers.

The company became insolvent and filed for bankruptcy in April 2006 while handling \$962 million in investments for about 6,000 investors around the country.

Bankruptcy Judge Linda Riegle held an auction and in December approved the sale of loans owned by USA Capital First Trust Deed Fund, a pool of trust deed loans, to Compass for \$67 million. Compass also bought the right to service outstanding loans at USA Capital.

After a majority of investors approved plans for reorganizing USA Capital, the judge confirmed the reorganization in March. But a group of several hundred investors, the Lenders Protection Group, appealed her decision.

Donna Cangelosi, who has served as a leader of the Lenders Protection Group, said she could not respond to the lawsuit until she read it. She was not named as a defendant. An attorney representing the group did not return a call for comment.

Compass' lawsuit alleges that the defendants are contacting other investors who hold interests in USA Capital trust deed loans.

The lawsuit alleges that the defendants are trying to disrupt the contractual relationship between Compass and other lenders through "fraud, oppression or malice, expressed or implied."

"They are using scare tactics," said Compass Partners spokesman Mark Olson. "They are disrupting our ability to do our job."

Attorney Peter Bernard filed the lawsuit, which seeks damages exceeding \$10,000 and a injunction against "intentional interference with contractual relations."

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