

Imagine the Impact
to play your best game!

76 E. Glendale Ave. - Sparks - 775.355.9002
(next to JCPenny Outlet)

SPORT & SAFETY OPTICS

Go Mobile!

Customer Service: Advertise with us | Subscribe Now | Pay Bill | Contact Us

RGJ.com

May 24, 2007

RENO GAZETTE-JOURNAL



64° F
Forecast

Recent News

SEARCH

Find articles, archives
and local businesses

HOME NEWS SPORTS BUSINESS LIVING ENTERTAINMENT VISITOR'S GUIDE Weather Classifieds Jobs Cars Real Estate Apartments Shopping Dating

[Back one page](#) [Email a friend](#) [Del.icio.us](#) [Printer friendly version](#)

USA Capital investors sue private equity firm

ZACK HALL

RENO GAZETTE-JOURNAL

Posted: 5/24/2007

STORY CHAT(read or post comments)

RENO -- Investors in the now bankrupt USA Capital are suing a New York-based private equity firm to regain control of their investments and recover damages, according to a complaint filed Monday.

More than 50 Nevada limited liability corporations, which represent individual investors in USA Commercial Mortgage Co., filed a class-action lawsuit in the U.S. District Court in Reno against Compass Partners in an effort to remove the firm from control of the assets.

Compass was the high bidder at a bankruptcy court auction in December and paid \$67 million to USA Capital, which sought money from individual investors for short-term loans to developers, called trust-deed loans, for the right to service most of the outstanding loans.

"Compass is attempting to further the scheme started by USACM: to profit with no risk, while astronomical risk inures to plaintiffs and other direct lenders," the plaintiffs allege in the court filing.

A phone call to Compass' New York headquarters went unanswered on Wednesday.

Kevin Darby, lawyer for the investors, said the investors cite a lack of communication with Compass and allege that Compass was receiving undisclosed payments from borrowers while investors were not getting all that was owed to them.

Earlier this year, Nevada Mortgage Lending Division Commissioner Scott Bice revoked Compass' sub-servicer's license and issued Compass an order to cease and desist.

Compass has since closed its Las Vegas office and no longer has a presence in the state, according to the investors.

Darby said they have the right to terminate Compass under Nevada law.

"Nevada law is clear that investors in a fractional loan, such as those brokered by USACM, have an absolute right to terminate a loan servicer if at least 51 percent of the investors agree," Darby said.

"Here, the investors believed their interests were not being adequately protected or considered by Compass Partners. These folks unified in a way many believed was impossible and launched a true grass-roots effort to unite thousands of investors to ensure they control their own destiny. Those efforts resulted in an overwhelming majority of investors electing to terminate Compass."

Las Vegas-based USA Capital, which had offices in Reno and Incline Village, took money from individual investors for short-term loans to developers.



Stocks on
your cell
phone.

Text IGT or other stock
symbols to 44636 for latest
quotes. It's free and easy.

TOP 10 EMAILED ARTICLES

1. USA Capital investors sue private equity firm
2. Reno council OKs urban market deal
3. Death Row killer's last words: Go Raiders
4. 4 flee fire at Spanish Springs home
5. Federal fire team to step in
6. Pub crawl to benefit Big Brothers Big Sisters
7. Pier 1 Imports to close by end of June
8. Invasion of Mormon crickets keeps entomologists hopping
9. RGJ.com Photo: Yolanda...
10. Rancher Arnold Settelmeyer dies in Gardnerville



advertisement

- Pier 1 Imports to close by end of June
- 3 organizations given educational building grants

Related news from the Web

- Home
- Mortgage
- Personal Finance

Powered by Topix.net

RENO MAGAZINE MAY-JUNE 2007

AIANN
We are proud to announce the 2007 winners!

Rural Nevada Screensaver
Perfect for all you rural Nevada buffs!

WIN Smart Talk Tickets
Win two tickets to the Smart Talk Women's Lecture Series.

advertisement

CLASSIFIEDS

- Jobs**
 - » Find a Job
 - » Resumes
 - » Jobs @ RGJ
- Cars**
 - » New Cars
 - » Used Cars
 - » Car Dealers
- Real Estate**
 - » Classifieds
 - » 7,901 Active Agent Listings
- Apartments**
 - » Apartments
 - » Homes & All Other Rentals
- Shopping**
 - » Shop Locally
 - » Coupons
- Classifieds**
 - » Classified
 - » Ad Builder
- Calendar**
 - » Things to do
 - » Movie Listings



NEWS

Local News
Weather
Obituaries
Nation and World
Today's Photos
2007 Legislation
2008 Caucus
Special Reports

COMMUNITIES

2007 Prom photos
Neighborhoods
Announcements / Weddings
Carson Times
Sparks Today
Truckee Times
Fallon Star Press
Mason Valley News
Fernley Leader
Dayton Courier
Douglas Times

SPORTS

Today's Sports
Wolf Pack
Sierra Golf
Sports Columnists

BUSINESS

Today's Business
Stocks
eTechnology

VOICES

Today's Voices
Your Voice
Columnists
Blogs
Send Letter to the Editor

ENTERTAINMENT

Today's Entertainment
Events Calendar
Comics
Sudoku
Eating Out
Movies
Music

LIVING

Today's Living
Food & Drink
Health
RENO Magazine

OUTDOORS

Fishing and Hunting

CUSTOMER SERVICE

Contact Us
Jobs at RGJ



The company was making monthly payments to investors on loans that were past due. USA Capital was managing \$962 million in assets for nearly 6,000 investors when it filed for bankruptcy, according Associated Press reports.

Dating
eHarmony » Search
» My Profile

Story Chat

This article does not have any comments associated with it

[POST A COMMENT](#) [HELP](#)

[Back one page](#) [Email a friend](#) [Del.icio.us](#) [Printer friendly version](#)



Try home delivery of the Reno Gazette-Journal & get your FREE 20% off dining card.

Top of page



Neighborhoods: Reno Central | Sparks Center | Spanish Springs | North Valleys | Northwest Reno | Southwest Reno | South Suburban | Southeast Reno
Partners: Jobs: CareerBuilder.com | Cars: cars.com | Apartments: apartments.com | Shopping: ShopLocal.com
Customer Service | Terms of Service | Send Feedback | Subscribe Now
Reno Gazette-Journal network: Sparks Today | Fallon Star Press | Mason Valley News | Leader Courier
USA Today | USA Weekend | Gannett Co., Inc | Gannett Foundation



© Copyright Reno Gazette-Journal, a Gannett Co. Inc. Newspaper.
Use of this site signifies your agreement to the Terms of Service and Privacy Policy, updated June 7, 2005.

