

## Pa. Entrepreneur Sues Investment Adviser For \$10M

By **Matt Fair**

*Law360, Philadelphia (February 27, 2017, 7:40 PM EST)* -- A suburban Philadelphia investment manager is facing claims in Pennsylvania court that he diverted some \$10 million in client funds to finance a string of personally beneficial ventures without the client's authorization.

Jonathan Reichlin had given adviser Bryan Rishforth \$10 million for a series of investments pursuant to a written agreement between the two, but Rishforth instead dropped the money into entities he had a personal stake in, according to Reichlin's Feb. 2 complaint in the Montgomery County Court of Common Pleas.

"Mr. Rishforth's conduct amounted to fraud, as well as a direct contravention of the substantial trust that Mr. Reichlin had placed in Mr. Rishforth to invest his monies in a specific manner and for his benefit, not to fund Mr. Rishforth's own agenda," the complaint states.

According to the suit, Reichlin had struck a deal in November 2015 to turn over \$10 million in financing to Rishforth in exchange for equity stakes in certain targeted investments.

A list of the investment opportunities Reichlin says he signed up for under the deal included \$2 million in exchange for a 12.5 percent stake in eight Planet Fitness gyms slated to open in Chicago.

The agreement also provided for quarterly and annual financial statements regarding his investments.

The day after Reichlin inked the agreement, however, Rishforth diverted the funds to other accounts and investment vehicles that were not part of the deal, the suit says.

After Reichlin failed to receive statements provided for under the agreement, he began making inquiries about the investments, which led to the revelation in late January that \$8 million worth of his money had been transferred to the Rishforth-controlled R&R Global Partners LLC, according to the complaint.

From R&R Global, the complaint says, the money was divvied up between at least five other entities in which Rishforth had a stake.

"All of this is in violation of the Reichlin agreement, which neither contemplates nor permits such misuse and conversion of Mr. Reichlin's investment monies," the suit says.

The complaint says that Rishforth had also made an unauthorized transfer of \$500,000 that was invested separately by Reichlin's wife, Lisa Bardarson, under a similar agreement entered into by her husband.

The complaint includes counts of breach of contract, breach of fiduciary duty, fraud, conversion, and unjust enrichment.

Rishforth could not immediately be reached for comment Monday.

The plaintiffs are represented by Troy Brown, Margot Bloom and Jason Wilson of Morgan Lewis & Bockius LLP.

Counsel information for the defendants was not immediately available.

The case is Reichlin et al. v. ZDC PA Holdings LLC et al., case number 2017-02280, in the Court of Common Pleas of the State of Pennsylvania, County of Montgomery.

--Editing by Edrienne Su.