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Fund Rejected \$341M Investment To Cheat Research Co.: Suit

By Lana Birbrair

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Law360, New York (June 25, 2012, 10:47 PM ET) -- A market research company accused a social media investment fund Friday of purposefully rejecting a major investor willing to give the fund \$341 million to invest in Facebook Inc (/companies/facebook), before its initial public offering in order to stiff the company out of a \$15.5 million finder's fee.

Antares Management LLC and founder Saransh Sharma sued Global Innovation Fund Ltd. — a fund formed by Galt Global Capital Inc. and Gary Bartholomew primarily to invest in social media companies including Facebook, Twitter Inc (/companies/twitter), and LinkedIn Corp. — in New York state court. Antares and Sharma accuse the fund of refusing to work with a major investor in order to avoid paying a previously agreed-upon finder's fee of 50 percent of any fees generated for the work Antares did in finding potential investors in the fund and potential sellers of private shares in social media companies.

Antares claims it found Juthoor Corp. and introduced it to GIF, after which the investor agreed to place \$341 million in the fund. Juthoor agreed to invest enough capital in the fund to purchase 10 million shares of Facebook Class-B common shares at a price of \$31 per share or less and agreed to pay front-end fees of 10 percent, or \$31 million, and a performance fee of 20 percent for any profits generated, according to the complaint.

GIF allegedly rejected Juthoor as an investor, and Antares claims the fund did so in bad faith to avoid paying the research company its share of the fees.


Although Juthoor was prepared to invest \$310 million for the investment in Facebook — more than six times as much as the \$50 million that GIF had told Antares it was hoping to receive in April 2011 — Juthoor was rejected as a potential investor so that GIF could avoid sharing \$15.5 million in fees with Antares, according to the suit.


Instead, GIF went on to identify other investors and close deals with them, excluding Antares from the deals, the complaint says. Antares also alleges that those other investors, as well as sellers of Facebook stock, were found through contacts that Antares had identified for the fund.


The suit alleges breach of contract, breach of fiduciary duty and unjust enrichment and seeks to recover the finder's fee Antares claims it earned, compensation for the efforts it expended and the related damages it suffered.


Representatives for the parties were not immediately available for comment Monday.

The plaintiffs are represented by Justin M. Sher and Yuriko Tada of Sher Tremonte LLP.

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New York

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Lehman Brothers Holdings Inc. sued an Investcorp International Realty Inc. subsidiary on Friday, accusing the niche lender of failing to honor Lehman Brothers' minority stake in a foreclosed \$62.5 million mezzanine loan to a hotel operator in breach of a joint lending agreement.

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Motorola Solutions Inc., Fujifilm Corp., LG Electronics Inc. and other licensees of Eastman Kodak Co.'s digital imaging patents on Monday objected to the bankrupt company's plan to auction off its intellectual property portfolio over what they say are insufficient protections for licensees.

Commercial Contracts

Citi, Others Must Face Most Claims In Bungled-Mortgage Suit (/commercialcontracts/articles/353791/citi-others-must-face-most-claims-in-bungled-mortgage-suit?article_more_news=1)

A federal judge in Pennsylvania on Monday left intact much of a proposed class action against Citi Mortgage Inc. and two other companies accused of an all-too-familiar bungling of foreclosure proceedings against homeowners amid the housing market's collapse.

Courtney Love Sued Again Over Unpaid Legal Fees (/commercialcontracts/articles/354019/courtney-love-sued-again-over-unpaid-legal-fees?article_more_news=1)

Former attorneys for Courtney Love accused the rock singer of skipping out on over \$400,000 in legal fees in a breach of contract suit filed in California on Monday, the latest in a series of suits seeking reimbursement from the singer.

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Counsel information for the defendants was not immediately available.

The case is Antares Management LLC et al. v. Galt Global Capital Inc. et al., case number 652179/2012, in the Supreme Court of the State of New York, County of New York.

--Editing by Elizabeth Bowen.

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Media & Entertainment

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Luck Of The Draw: The Andrew Luck Trading Card Case (/media/articles/350400/luck-of-the-draw-the-andrew-luck-trading-card-case?article_more_news=1)

Right before he became the No. 1 pick in the 2012 National Football League draft, Andrew Luck was sued by Leaf Trading Cards LLC, a company seeking declaratory judgment that it can continue to produce collectible trading cards featuring Luck. The merits of this rights-of-publicity case could be interesting, says Nikkya Williams of Lewis and Roca LLP.

Securities

Deutsche Bank Sues GE Unit Over \$650M Losses In MBS Pool (/securities/articles/353967/deutsche-bank-sues-ge-unit-over-650m-losses-in-mbs-pool?article_more_news=1)

A Deutsche Bank AG unit on Monday hit General Electric Co.'s former loan-originating operation with a lawsuit for selling a pool of \$2.6 billion in securitized mortgage loans in 2006 through allegedly false warranties that supposedly led to \$650 million in losses.

BIS Tells Banks To Recognize Losses, Wean Gov't Support (/securities/articles/353703/bis-tells-banks-to-recognize-losses-wean-gov-t-support?article_more_news=1)

Policymakers looking to boost the global economy must force financial institutions to face facts about their weak balance sheets in the short-term and adjust their business models in the long-term to minimize use of government guarantees, the Bank for International Settlements said Sunday.

Vivendi Hit With EUR765M Verdict Over Liberty Deal Disclosures (/securities/articles/353915/vivendi-hit-with-eur765m-verdict-over-liberty-deal-disclosures?article_more_news=1)

A federal jury said Monday that Vivendi Universal SA must pay Liberty Media Corp. €765 million (\$956 million) in damages for lying about its financial state before using its stock to buy Liberty's stake in USA Networks Inc.