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Claims Against Attys In \$2.6B Casino Merger Row Get Tossed

By **Emily Sawicki**

Law360 (May 1, 2025, 10:52 PM EDT) -- A Manhattan federal judge on Thursday permanently ended claims a real estate investor in a botched \$2.6 billion Philippine casino deal brought against attorneys from Sadis & Goldberg LLP, finding that claims that they allowed a fraud to unfold and breached their fiduciary duties were too vague.

In a 68-page **opinion and order**, U.S. District Judge Lewis J. Liman trimmed a suit Virgin Islands-based Rimu Capital Ltd. brought against its investment adviser and its lawyers over an alleged scheme to divert millions to the adviser's private entities.

Rimu's claims against advisory company SpringOwl Asset Management LLC, its managing member Jason Ader and other associated entities are still in play.

Ader sponsored an acquisition company called 26 Capital Holdings Corp., which entered into an agreement with owners of a 100-acre casino-resort in Manila to take the business public, according to court documents. Rimu claimed that it invested in 26 Capital, but the attempt to take Okada Manila Casino public failed, and its investment turned out to be a sham to line Ader's pockets.

Rimu's claims date back to June 2023, when it first brought a complaint in the Southern District of New York. In an operative second amended complaint filed in August 2024, Rimu leveled 16 claims against various defendants, accusing Sadis & Goldberg and two partners, Robert D. Cromwell and Ron S. Geffner, of having "actual knowledge" of an alleged fraud perpetrated by Ader and SpringOwl.

Ader is accused of fraudulently inducing Rimu to make a \$25 million "investment" in a holding company, without disclosing that he was the seller, and would use the funds to pay back a \$16 million interest his mother, Pamela, was calling up from his investment fund, SpringOwl Special Opportunities Fund LP. Pamela was also named as a defendant.

Cromwell, Geffner and the law firm allegedly "devised, implemented, and made possible a series of fraudulent transactions that would culminate in Rimu's \$25 million being diverted to Ader, SSOF, and other Ader entities, in large part to fund Pamela's \$16 million redemption," Rimu stated in the complaint.

Cromwell and Geffner argued in response that the complaint failed to state a claim for which relief could be granted, and it lacked details of their alleged knowledge of any fraud scheme.

The failed casino deal has spawned related actions in Delaware's Chancery Court.

In February 2023, 26 Capital sued the resort's owner, Japan-based Universal Entertainment, attempting to compel it to close on the 11-figure deal to take Okada Manila Casino public. The court denied the request, finding 26 Capital had not "come into court with clean hands."

Months after launching its complaint in New York federal court, Rimu filed one in Delaware's Chancery Court, seeking to have Ader **removed** as managing partner of 26 Capital.

Australian-born billionaire Harald McPike, the director of Rimu, brought the Chancery suit in November 2023, accusing Ader of having "secretly cashed out of his personal investment in 26 Holdings for an enormous gain" while leaving Rimu and McPike on the hook. The sides settled by

January 2024, at which point Ader resigned and Rimu appointed itself managing member.

Another investor, New York hedge fund Zama Capital Master Fund LP, entered the fray in February 2024, launching its own Chancery suit to force 26 Capital to **open its books** on the failed deal.

In his Thursday opinion, Judge Liman threw out a claim that the lawyers helped Ader breach his fiduciary duty, finding "no fiduciary relationship existed with respect to Rimu's investment in sponsor [26 Capital] and therefore that the attorney defendants could not have known of or assisted in breaching a fiduciary duty."

The judge found 26 Capital and its affiliates to be "sophisticated," and that in the agreement between them regarding the investment, Rimu accepted all risks involved. Though SpringOwl had owed a limited fiduciary duty to Rimu, the judge found, the scope of that relationship did not extend to the investment in question.

Judge Liman said that through two revisions, Rimu had still failed to show how the lawyers had "actual knowledge" of a fraud scheme.

"Plaintiff has already amended its complaint twice," he noted. "Plaintiff has given the court no reason to believe that it possesses facts which could cure the defects the court has identified in the [second amended and supplemental complaint] with respect to attorney defendants or Pamela [Ader]."

The judge also threw out legal malpractice cross-claims Ader leveled at the attorneys and fraudulent transfer and contribution cross-claims he brought against Pamela Ader, calling them "threadbare and conclusory in the extreme." The ruling further threw out all pending claims and cross-claims against Pamela Ader, Cromwell, Geffner and Sadis & Goldberg.

When reached for comment, a lawyer for Sadis & Goldberg, Cromwell and Geffner said Thursday, "We are pleased with the court's well-reasoned decision."

Counsel for Rimu declined to comment Thursday. Attorneys for the other parties did not immediately respond to requests for comment.

Rimu is represented by Brian S. Cohen, Gregory A. Blue, Brian Belowich and Joanna F. Sandolo of Lachtman Cohen & Belowich LLP.

Jason Ader and the adviser parties are represented by Howard Benjamin.

Sadis & Goldberg, Cromwell and Geffner are represented by Alexander A. Truitt of Winget Spadafora & Schwartzberg LLP.

Pamela Ader is represented by Adam J. Farbiarz, Timothy W. Mungovan and Brooke Gottlieb of Proskauer Rose LLP.

The case is Rimu Capital Ltd. v. Ader et al., case number 1:23-cv-05065, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Jeff Montgomery and Chuck Slothower. Editing by Adam LoBelia.