

## Newport property investor sued by investors

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The Daily Pilot reports that a Newport Beach real estate investment firm is being sued by investors who accused the company of operating a Ponzi scheme.

The company, MKA Capital Group Advisors LLC, which operates several investment funds, issued a statement confirming that it has been the target of civil suits and has received information requests from federal investigators and regulators. But the company declined to comment on specific allegations other than to say it will “cooperate fully with authorities.”

MKA manages \$448 million from about 700 investors, providing financing to real estate developers in California and throughout the West, the company’s Web site says.

According to the Pilot:

*“John and Cynthia Gates (of Newport Beach) are petitioning for \$1.642 million and James and Wendy Erickson (also of Newport Beach) are seeking \$300,000. A third party, Noramae Munster from San Pedro, is petitioning the company to fork over \$600,000. ...*

*“Several people contacted who said they were clients of MKA have reported investing money, and when they failed to see satisfactory, or any return, on their investments, failed to get their money back when they requested it.*

*“The Gateses’ lawsuit alleged the company was operating a make-shift Ponzi scheme to stay afloat, taking on new investors to pay out returns for older ones.”*

Dan White, MKA Capital general counsel, told the Register it’s been the target of a disgruntled investor. He added that the Pilot story erroneously reported that the FBI searched its offices. “That’s completely and utterly untrue,” he said of the search allegation.

The story reports also that a Seattle judge ordered MKA Capital’s officers to pay \$32 million to a lending firm after allegedly failing to repay a loan.