$7.8 Million Judgment: Arbitrator Finds Area Equity Fund Manager Committed Civil Theft

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An abitrator has found a New Canaan man liable for breach of contract, civil theft, unjust enrichment and Connecticut state securities violations following a verdict issued Friday in a longstanding battle that also involves two New Canaan residents who had invested with him.

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This article, reported by Michael Dinan, originally was published *Tuesday by Newcanaanite.com in a somewhat different form.*

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In an American Arbitration Association award, Judge Elaine Gordon ruled against Gregory Imbruce and in turn, in favor of a number of counter-claimants, including New Canaan's Brad Higgins and the late Bill Mahoney, formerly a partner at Bridgewater.

Imbruce and others "without legal authority, wrongfully, fraudulently, and/or in breach of their fiduciary

duties, caused Certain Respondents/Counterclaimants to suffer damages in the amount of $1,602,235," Gordon wrote. She tripled that amount and added lawyers' fees and other fees, landing on a final figure of $7,805,544.05, according to the filing.

"Mr. Imbruce strongly disagrees with the arbitrator's award and expects the decision to be dismissed due to numerous factors," Imbruce's attorney, Richard Gora of Monroe, said in a statement to NewCanaanite.com.

"Certain of the investors continue to support Mr. Imbruce in order to obtain the truth of the significant value Mr. Imbruce created in successfully developing and acquiring energy assets at attractive values that led to the creation of Starboard Resources, Inc. (f/k/a Starboard Resources LLC), which an expert valued at over $360 million in early 2014," Gora said in his statement. "Mr. Imbruce continues to investigate his rights and remedies and will respond accordingly in the proper setting as well as continue to protect and support the minority investors in every regard as he has done to date."

Gora also said "the award does not find Mr. Imbruce liable for fraud [...]"

The arbitrator also ordered that Imbruce forfeit equity in the funds, which could be valued as high as $10 million, officials say. That equity will be dispersed *pro rata* to the investors, under the arbitration award.

Gora also said that the SEC was not involved in the judgment of a Connecticut state arbitrator. After it was handed down, however, the $7.8 million judgment against Imbruce was filed Monday with the U.S. Securities and Exchange Commission as part of an 8-K by Brush Resources, Inc., a publicly traded company.

Investors had put money into three funds run by Imbruce to invest in oil and gas assets in Texas and Oklahoma. Concerns over how Imbruce was managing the assets culminated in arbitration, with lawsuits filed from both sides. Gordon ruled against Imbruce in each of his claims.

Jon Whitcomb, of New Canaan, a partner with Stamford-based Diserio, Martin, O'Connor & Castiglioni LLP and lead attorney for the counter-claimants said ,"Obviously this is a complete vindication of my clients."

Gordon also ruled against William Pettinati Jr., who had brought claims against the counter-claimants, represented by Whitcomb.