

CPM Files Lawsuit for Limited Partners to Obtain Rightful Share of Successful MRI Business in Oakland

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Practice Areas

Securities / Financial Fraud

Today, several former doctors and limited partners of a MRI facility located in Oakland filed a lawsuit in **Alameda County Superior Court** against the company, **Magnetic Imaging Affiliates, LLC**, which purchased the MRI facility in an alleged sweet-heart deal with the former partnership.

In the mid-1980s when MRI technology was in its infancy, **Alta Bates Hospital**, now Sutter, established a MRI facility in the East Bay by telling local doctors and investors that having an MRI facility would greatly assist patients' good health. A small group of doctors and others took the risk and invested in a limited partnership to start a MRI facility in the East Bay. Over time and increased contributions by the limited partnership of mainly doctors, the facility called Magnetic Imaging, located on Telegraph Avenue in Oakland, flourished and has provided MRI imaging for patients for over 30 years, helping many lives and contributing to the health of the community.

The agreement provided that the partnership would expire in 2015. Rather than seeking to sell the facility to the highest bidder, the complaint alleges that the General Partners, which included **Alta Bates**, engaged in self-dealing and sold the facility to a related facility, **Magnetic Imaging Affiliates, LLC**. The facility was sold at an undervalued amount based upon confidential and proprietary information known only to the General Partners. Magnetic Imaging Affiliates, LLC knowingly benefited to the detriment of the limited partners who were short-changed in the sale. "As alleged in the complaint, this is just another example of corporate greed," said **Joseph W. Cotchett** of **Cotchett, Pitre & McCarthy**, one of the attorneys representing the limited partners. The plaintiffs are mostly doctors or heirs of doctors who set up the business back in 1985 when MRI

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technology was just getting started – they now seek their proper financial share of the sale.