

Investors file lawsuit connected to former Atchison school
(KAIR)--A lawsuit is filed in connection with the now defunct Riverbend International School, once based in Atchison.

The STEM focused private high school, which opened in September, 2014 at 1900 North 2nd Street, closed last year.

At the time of its closing, staff worked without pay, and taxes went unpaid.

Now, four residents of China, all named as investors, have filed suit.

The lawsuit, filed Tuesday in Atchison County District Court, lists all four plaintiffs as "members and owners of ownership interests" in Kansas Education Holdings, LLC, which they were told would serve as ownership of the school and its property.

Named as defendants in the lawsuit are two California residents, K.T. Leung and Carol Kwan.

Online business records as of last year named Leung as the Principal of the Riverbend International School, while Kwan's business card listed her as the President and Co-Founder.

The four investors were promised United States immigration status and a green card, as well as 5% membership/ownership interest in KEH, if they each invested \$500,000. They were also told the school "would be directly owned and operated by KEH."

However, the lawsuit contends none of the promises were fulfilled, and the school was operated by a separate entity fully controlled by Leung and Kwan.

Additionally, no promised annual reports and updates regarding their investments were delivered, nor was tax information, or information about a fifth investor approved by Leung and Kwan in 2017, in violation of the terms of the business agreement.

The business plan presented to the investors was in English, a language none of them spoke.

The first time the plaintiffs received any information regarding the operations was in August 2016 when they were told by Kwan that the business was failing.

The lawsuit alleges that Lueng and Kwan also promised to maximize profits for the investors, and would “dedicate themselves to the wholehearted management” of the business, both of which they did not do.

Leung and Kwan, the lawsuit says, improperly withdrew nearly \$497,000 of funds belonging to the school in March 2017; and instead of paying property taxes owed, or wages due to employees, used the funds to pay themselves, or companies or corporations “in which they have an ownership interest.”

The four investors are seeking 25% ownership each in the Atchison property that housed the school, as well as legal fees, and other restitution, with the amount to be determined by the court following an accounting of Kansas Education Holdings.

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