
Brokerage accuses ex-staff of stealing secrets

Investment Property Realty Group sues former workers

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IPRG's Derek Bestreich, Block Real Estate Group's Sean Mashihhi and Gabriel Kates (Getty, IPRG, Block Real Estate Group)

“Private wedding photos” is not a good filename for an unmarried employee to hide pilfered company data.

That is one revelation from a lawsuit by a New York City brokerage and advisory firm accusing four former employees of stealing company secrets and soliciting fellow workers for their own startup.

Investment Property Realty Group filed a federal lawsuit in Manhattan on Thursday against a quartet of ex-employees and Block Real Estate Group, accusing them of taking confidential information and luring co-workers in violation of agreements they had signed.

IPRG was itself a startup founded by a broker who left a larger firm. Derek Bestreich launched it as Bestreich Realty Group in 2016, the same month he left Marcus & Millichap after seven years, according to his LinkedIn page (<https://www.linkedin.com/in/derek-bestreich-8058722/>). His website (<https://www.iprg.com/team-member/derek-bestreich/>) says he oversees 20 brokers who have sold more than 450 properties for over \$2 billion.

Two former brokers, Sean Mashihhi and Gabriel Kates, allegedly formed Block Real Estate Group in May while the pair were still employed at IPRG, according to the complaint. The suit says before departing the firm this summer, Mashihhi and Kates conspired with fellow

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commissions to recruit co-workers at IPRG to join them at their new firm. IPRG employees are required to sign confidentiality agreements that forbid company information and investments from being disclosed and prohibit former workers from keeping such data after they leave the firm, according to the lawsuit.

Ex-employees are also banned from soliciting co-workers for one year after departing.

IPRG said that the “clandestine scheme” came to light this month after an internal investigation of company software found that Mashihhi and Kates allegedly conspired with Shawah and Sarkisian to download and steal company data to start their own firm and actively sought to cover it up, according to the complaint.

The investigation found “unauthorized and unusual” exports from the database and that information had been downloaded from company computers. Salesforce audit logs showed “an unlawful scheme to build their competing business on stolen information from IPRG,” according to the suit.

Downloads allegedly took place in June before Mashihhi and Kates left the firm, as well as twice in September and once this month before Shawah departed. The downloaded files were allegedly exported to a jump drive to get the information outside of company reach. For security reasons, brokers are not permitted to store private information outside the company’s network, according to the complaint.

The most recent alleged act took place this month, just hours before Shawah announced his departure from the firm, according to data records.

Sarkisian, who was responsible for curating the database and organizing data for use on marketing materials, was allegedly approached by Shawah and downloaded various database runs from the system onto a jump drive and another computer. Shawah sought to cover up the action by putting the documents into a folder titled “Private Wedding

Photos” and deleting the files and reports from both the computer and Salesforce, according to the lawsuit.

When confronted, Sarkisian admitted that Mashihi, Kates and Shawah had asked him

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An investigation into Sarkisian’s wedding photos file found no images of nuptials, and that Sarkisian “is not married and lives at home with his parents.” Sarkisian was fired this month and was allegedly paid \$5,000 by the defendants for the stolen data, according to the complaint.

Since departing IPRG, Mashihi and Kates have allegedly been trying to recruit former co-workers to join them at Block Real Estate Group, according to interviews and a review of company records by IPRG. The firm also accused Block Real Estate Group of using the stolen data to market and sell properties.

IPRG sent cease-and-desist letters to the defendants, giving them until last Tuesday to respond. They did not, prompting the lawsuit.

IPRG is asking for at least \$6 million in damages for the defendants’ alleged violation of the 2016 Defend Trade Secrets Act. The brokerage requested a restraining order to prevent the defendants from using stolen company information, recruiting firm employees and destroying confidential data.

However, the request was denied, according to Mashihhi and Kates' attorney, Edward Wipper. A hearing is scheduled for November.

The lawyer said his clients "intend to further vindicate themselves against these

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also declined to comment. Attorneys representing Sarkisian had yet to respond when asked for comment.

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