

NON-PRECEDENTIAL DECISION - SEE SUPERIOR COURT O.P. 65.37

IN RE: THE TREASURE LAKE TRUST	:	IN THE SUPERIOR COURT OF
AND RIGAS TRUST, JAMES RIGAS,	:	PENNSYLVANIA
CO-TRUSTEE	:	

v.

TIMOTHY RIGAS AND MICHAEL RIGAS,	:	No. 1232 WDA 2024
CO-TRUSTEES	:	

Appellants

Appeal from the Order Entered September 4, 2024
In the Court of Common Pleas of Potter County Orphans' Court at No(s):
Docket No. 2024-300

IN RE: THE TREASURE LAKE TRUST	:	IN THE SUPERIOR COURT OF
AND RIGAS TRUST, JAMES RIGAS	:	PENNSYLVANIA

v.

TIMOTHY RIGAS AND MICHAEL RIGAS	:	No. 847 WDA 2025
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Appellants

Appeal from the Order Entered May 30, 2025
In the Court of Common Pleas of Potter County Orphans' Court at No(s):
2024-300

BEFORE: McLAUGHLIN, J., KING, J., and BENDER, P.J.E.

MEMORANDUM BY McLAUGHLIN, J.:

FILED: October 19, 2026

Timothy Rigas ("Timothy") and Michael Rigas ("Micheal") (collectively, "Respondents"), co-trustees of the Treasure Lake Trust ("T.L. Trust") and the Rigas Trust (collectively, "Trusts") appeal from the order granting a

preliminary injunction in favor of their co-trustee, James Rigas ("James"). They argue that James did not establish two of the six essential prerequisite elements for the grant of a preliminary injunction – irreparable harm and a clear right to relief or likelihood of prevailing on the merits. We affirm.

James, Timothy, and Michael are brothers. In September 2024, James filed a petition to remove Timothy and Michael as co-trustees of the Trusts. James also filed an emergency motion for special injunction/temporary restraining order and preliminary injunction. James filed the emergency motion because he sought Respondents' removal from the Trusts due to a series of actions that Respondents, in their capacity as trustees, allegedly took for their own benefit and to the detriment of the Trusts and the Trusts' beneficiaries. The trial court issued an *ex parte* emergency preliminary injunction by order dated September 4, 2024. The parties agreed to continue the preliminary injunction until further order of court.

Following a three-day hearing on the preliminary injunction, the trial court made the following findings of fact:

1. By petition filed on or about September 4, 2024, James Rigas as Co-Trustee of the [T.L. Trust] and the Rigas Trust requested the court to remove Timothy Rigas and Michael Rigas as Co-Trustees of the two trusts.
2. The two trusts were established by John and Doris Rigas (both now deceased) for the benefit of their grandchildren. John and Doris Rigas had four children, i.e., James Rigas, Timothy Rigas, Michael Rigas, and Ellen Rigas Venetis.
3. There are six (6) grandchildren - four (4) are James' children, one (1) is Ellen's child, and one (1) is Timothy's child.

4. The assets of the two trusts consist of numerous limited liability corporations, partnerships, and real estate. [Specifically, the T.L. Trust holds a majority interest in three limited liability corporations: a 99% interest in Treasure Lake, LLC; a 99% interest in Zito, LLC; and a 75% interest in Doris Zito, LLC.]

5. The Trust assets are largely the result of the broadband business started and developed by John Rigas in the 1950s. The children became involved in the businesses. Since 2005, James has operated the broadband business and related businesses. Since 2005, Ellen has managed the real estate. They both still operate those businesses.

6. Due to alleged improprieties, the family was forced to give up most of the family businesses except [] some of the broadband businesses and the real estate in about 2005.

7. Because of alleged improprieties, the federal government prosecuted John, Timothy and Michael. John and Timothy were convicted of felonies (Timothy - 17 counts of securities fraud and bank fraud, one count later overturned). They served significant time in prison - Timothy about 12 years (plus ankle monitor until 2021) and John about 9 years. Michael pleaded guilty to a misdemeanor and received probation. The family businesses had to forfeit ownership in numerous assets except some of the broadband businesses and related businesses and the real estate. James and Ellen have since managed them well.

8. In 2005, Timothy was required by the prosecution to divest himself of any assets that were not forfeited to other Rigas family members [pursuant to an agreement with the government ("Government Agreement"). Following entry into the Government Agreement, the family entered into an agreement ("Intra-Family Agreement") implementing the terms of the Government Agreement]. . . .

9. There was no oral agreement to transfer the assets divested by Timothy back to the family members later. James and Ellen are credible in this regard. . . .

11. Since his release from prison in 2019, Timothy has proceeded to act as if the assets that he was supposed to have transferred to other family members never formally happened.

12. A [Partnership Interest Offset Agreement ("Offset Agreement")] was exercised in 2012, essentially formally

divesting Timothy of his interests in the Rigas family assets and transferring them to the other family members. The purpose was to [maintain] the obligation and the promise to the prosecution and to protect the assets from Timothy's creditors and from Timothy's pending divorce.

13. Timothy disputes the [Offset] Agreement. Timothy, with Michael's assent, unilaterally declared this agreement void in 2024. Michael assented to virtually everything Timothy did.

14. The family had provided a legal defense fund to help John, Timothy and Michael. The family was supportive of Timothy who had to forfeit most, if not all, of his ownership in the family businesses. Approximately 5 million dollars of Timothy's legal fees have been paid. Approximately 12 million dollars of additional legal fees incurred and paid by Timothy are subject to an indemnification agreement.

15. When Timothy completed his prison sentence and supervision, he and Michael sought to take control of certain trust assets without input or notice to James. (Ellen was mainly involved with the real estate and was not a co-trustee. However, her child is a beneficiary of the [T]rusts.)

16. In 2022 and again in 2024, Timothy, with Michael's cooperation, sought to divert cash from certain trust assets (LLP's) to pay for his substantial and outstanding criminal defense bills. In one case, Timothy and Michael funneled about 4.2 million dollars from one of the trust assets. That trust asset, an LLC, had been restructured by Timothy and Michael to exclude James from any power to be part of the decision making process and to relegate James to a minority and ineffective voice in the business entity.

17. There is a major dispute concerning indemnification for Timothy's 12 million dollar legal fee bill. Timothy believes that he is also owed 13 million dollars of interest on that obligation, although there is no written or oral agreement to pay interest. All of these amounts are disputed.

18. James Rigas has acted in good faith and has clean hands. He is very credible . . .

21. After release from the ankle monitor supervision, Timothy began to assert control over the trust assets, despite his divestiture of the assets per the [Government Agreement] and

[the Intra-Family Agreement,] and the 2012 implementation of the [Offset] Agreement.

22. In 2022, Timothy began to take control of the major trust assets. In October 2022, Timothy, with Michael's consent, took control of several main assets of the trusts, naming their friends and long-time business associates as officers and managers. Timothy and Michael further asserted that they had certain interests and powers to operate the businesses, without apparent authority.

23. After taking control of the business in 2022, Timothy and Michael agreed to disburse a legal settlement of 4.2 million dollars with 1.8 million to Michael and 1.4 million to Timothy, much of which was supposed to go to Timothy for the disputed legal fees. James and Ellen received a little over \$400,000 each. James and Ellen did not cash the checks and dispute the distributions.

24. James objected to the takeovers and wanted a global settlement of all the disputes. Timothy and [Michael] wanted to discuss one at a time.

25. Rather than resolve disputed issues through the courts, whether they be in Delaware (the location of the businesses owned by the trusts) or in Pennsylvania, Timothy resolved them unilaterally, including the issue of whether he had ownership rights after he divested and forfeited all the assets.

26. In August 2024, James received a notice from Michael on behalf of the businesses that were taken over, that there was a scheduled board meeting of three LLCs and one LP, all assets of the Trust. The proposed actions included expansion of the boards, payment of certain bills, and taxes.

27. James then filed a petition to remove Timothy and Michael as trustees and requested an injunction.

28. There are many disputes among the trustees occasioned by the unilateral fiats of Timothy and Michael, including but not limited to:

- a. ownership rights and governance rights regarding trust assets; unilateral decisions about corporate accounts receivable concerning Timothy himself (legal fees allegedly owed to Timothy);
- b. disputes about financing;

- c. the right and propriety of a convicted felon to sit on boards;
- d. how Timothy secured his power to receive his assets back and secure control of the businesses;
- e. the interpretation of the [O]ffset [A]greement; and
- f. Timothy's unilateral correction of tax returns.

Trial Court Opinion, filed 5/30/25, at 1-8 (citations omitted).

The court granted the preliminary injunction and enjoined Respondents from using their positions as co-trustees to further benefit themselves and harm the beneficiaries. The injunction barred Respondents from using the Trusts to amend the trust entities' governing documents, changing the ownership of those entities, disbursing money from those entities to Respondents, or removing James from the management of any of those entities. Respondents filed the instant appeal of the order granting the preliminary injunction.

Respondents raise the following issues:

1. Did the trial court abuse its discretion in finding that an injunction was necessary to prevent immediate and irreparable harm where [James] (a) failed to provide, and the orphans' court made no finding, of any non-speculative, non-monetary harm that was likely to occur absent immediate injunctive relief; (b) judicially admitted in verified pleadings the dollar-value of Respondents' purported breaches and a methodology for valuing any such future alleged breaches; and (c) testified that he had ignored and/or not recognized Respondents' appointment of a new LLC manager and did not implement any change to the LPs' ownership as directed by the LLCs?

2. Did the orphans' court abuse its direction by finding [James] established both a clear right to relief and a likelihood of success on the merits where the court (a) failed to consider the terms of the Trust Declarations, which expressly and impliedly authorized the actions taken by Respondents in their capacity as Trustees, and [(b)] failed to distinguish between actions taken by the Trustees and actions taken by the managers of the Rigas family Delaware LLCs?

Respondents' Br. at 7-8.

Respondents argue that the court erred in granting the preliminary injunction because James failed to establish two of the six essential prerequisites needed for a preliminary injunction. *Id.* at 34-35. First, Respondents assert that James failed to show the existence of any non-speculative, immediate, and irreparable harm. *Id.* at 30. They maintain that the interests that James sought to protect can be quantified into money damages. *Id.* at 30-31. Respondents argue that the only alleged irreparable harm identified by the court was "[r]estructuring the assets of the trust" because "[o]nce business is transacted by parties without the legal authority to act, the results will be irreversible in practice. The results could not feasibly be counteracted if third parties are involved." *Id.* at 39 (quoting Trial Ct. Op. at 10) (emphasis removed). However, in Respondents' view, "the court failed to address why any [third-party] transaction would not be compensable with money damages, despite James' [p]etition expressly alleging the monetary value of each alleged percentage change in the Trusts' 'indirect interests' and describing an allegedly feasible method for reducing such changes to monetary sums." *Id.* at 36. Respondents argue that James failed to identify

any diminution in the value of any trust property, as “opposed to changes in the ownership of [the underlying] entities with which the Trusts[] have only an indirect relationship.” **Id.** at 44. Respondents maintain that “indirect interests” are not trust property. **Id.** at 46.

James counters that the court correctly determined there were several forms of immediate, irreparable harm to the Trusts and the beneficiaries resulting from Respondents’ conduct “that threatened to continue in the absence of an injunction.” James’ Br. at 22. These included Respondents’ conduct of engaging in self-dealing and acting in their own interests and not in the interests of the beneficiaries, which are breaches of the statutory prohibition against self-dealing. **Id.** at 22-23. James asserts that these statutory violations are “inherently irreparable.” **Id.** at 23. He argues that “[t]he harm from Respondents’ restructuring of Trust assets to deprive the Trusts and [b]eneficiaries of ownership interests cannot be adequately compensated in damages, particularly because those interests were intended to preserve a family legacy.” **Id.** James asserts that the evidence showed that Respondents used their position as co-trustees to divert millions of dollars for their own benefit and restructured assets to operate them unilaterally. **Id.** at 27. In James’s view, “[t]here was no credible evidence that these actions were in the best interests of the Trusts or the [b]eneficiaries.” **Id.**

We review an order granting a preliminary injunction for an abuse of discretion. **CKHS, Inc. v. Prospect Med. Holdings, Inc.**, 329 A.3d 1204, 1211 (Pa. 2025). At the preliminary injunction stage, our review is “highly

deferential” to the trial court, as the law and evidence that will control the outcome of the controversy are not yet fully discernable. **Id.** Therefore, we will not “inquire into the merits of the controversy,” but limit our review to “examin[ing] the record to determine if there are any apparently reasonable grounds for the action of the court below.” **Id.** (citation omitted). We will reverse only where it is evident that “no grounds exist to support the decree or that the rule of law relied upon was palpably erroneous or misapplied[.]” **Id.** (citation omitted). Our scope of review is plenary. **Id.** at 1211 n.2

“A preliminary injunction is a temporary remedy with the purpose to preserve the status quo as it exists or previously existed before the acts complained of, thereby preventing irreparable injury or gross injustice until the trial court can conduct further proceedings to resolve the underlying merits of the case.” **Id.** at 1214-15 (internal quotation marks and citation omitted).

The moving party bears the burden to establish six essential prerequisites:

(1) the injunction is necessary to prevent immediate and irreparable harm that cannot be compensated adequately by damages; (2) greater injury would result from refusing the injunction than from granting it, and, concomitantly, the issuance of an injunction will not substantially harm other interested parties in the proceedings; (3) the preliminary injunction will properly restore the parties to their status as it existed immediately prior to the alleged wrongful conduct; (4) the party seeking injunctive relief has a clear right to relief and is likely to prevail on the merits; (5) the injunction is reasonably suited to abate the offending activity; and, (6) the preliminary injunction will not adversely affect the public interest.

Id. at 1209 (quoting **SEIU Healthcare Pa. v. Commonwealth**, 104 A.3d 495, 502 (Pa. 2014)).

As to the irreparable harm requirement, “[a] harm is regarded as irreparable when it ‘will cause damage which can be estimated only by conjecture and not by an accurate pecuniary standard.’” **Id.** at 1215 (quoting **Anchel v. Shea**, 762 A.2d 346, 351 (Pa.Super. 2000)). “[W]here the offending conduct sought to be restrained through a preliminary injunction violates a statutory mandate, irreparable injury will have been established.” **SEIU Healthcare Pa.**, 104 A.3d at 508; **see also Wolk v. Sch. Dist. of Lower Merion**, 228 A.3d 595, 610 (Pa.Cmwlt. 2020) (“For purposes of injunctive relief, statutory violations constitute irreparable harm *per se*”).

Pursuant to Section 7772 of the Pennsylvania Uniform Trust Act, a trustee must act in the interest of the beneficiaries. It states, in relevant part:

§ 7772. Duty of loyalty - UTC 802

(a) Duty of trustee.--A trustee shall administer the trust solely in the interests of the beneficiaries.

(g) Business enterprises.--In voting shares of stock or in exercising powers of control over similar interests in other forms of business enterprise, the trustee shall act in the best interests of the beneficiaries. If the trust is the sole owner of a corporation or other form of enterprise, the trustee shall elect or appoint directors or other managers who will manage the corporation or business enterprise in the best interests of the beneficiaries.

20 Pa.C.S.A. § 7772. A “[b]reach of trust” occurs when a trustee violates “a duty that the trustee . . . owes to a beneficiary of the trust.” 20 Pa.C.S.A. § 7703.

Section 7766 permits the removal of a trustee in certain enumerated circumstances. It provides, in relevant part:

(b) When court may remove trustee.--The court may remove a trustee if it finds that removal of the trustee best serves the interests of the beneficiaries of the trust and is not inconsistent with a material purpose of the trust, a suitable cotrustee or successor trustee is available and:

- (1) the trustee has committed a serious breach of trust;
- (2) lack of cooperation among cotrustees substantially impairs the administration of the trust;
- (3) the trustee has not effectively administered the trust because of the trustee's unfitness, unwillingness or persistent failures; or
- (4) there has been a substantial change of circumstances. A corporate reorganization of an institutional trustee, including a plan of merger or consolidation, is not itself a substantial change of circumstances.

20 Pa.C.S.A. § 7766(b).

Section 7766 further provides:

(c) Court remedies.--Pending a final decision on a request to remove a trustee, or in lieu of or in addition to removing a trustee, the court may order appropriate relief under section 7781(b) (relating to remedies for breach of trust - UTC 1001) as may be necessary to protect the trust property or the interests of the beneficiaries.

20 Pa.C.S.A. § 7766(c).

Remedies under Section 7781(b) include “[c]ompelling the trustee to perform the trustee’s duties,” “[e]njoining the trustee from committing a breach of trust,” “[c]ompelling the trustee to redress a breach of trust by paying money, restoring property or other means,” “[r]emoving the trustee,” and “[r]educing or denying compensation to the trustee.” 20 Pa.C.S.A. § 7781(b).

Here, the court determined that immediate and irreparable harm would occur if the injunction was not granted that could not be adequately compensated by damages. Trial Ct. Op. at 9. The court pointed out that the beneficiaries of the Trusts are not the four siblings or trustees, but rather the grandchildren of John and Doris Rigas. **Id.** The court stated that “not only have [Respondents] removed disputed money from the trusts for their own use, they have proceeded to restructure the corporate assets, i.e., several businesses, in order to operate them unilaterally.” **Id.** at 9-10. It noted that there are clear conflicts of interest between Respondents and the Trusts and “[r]estructuring the assets of the trust will be irremediable.” **Id.** at 10. The court observed that “there is a significant question as to whether Timothy Rigas even has the legal right to be part of the governance of the trusts since he was divested of them in 2012 pursuant to the 2005 [Government Agreement].” **Id.** The court opined, “Once business is transacted by parties without the legal authority to act, the results will be irreversible in practice,” and “[t]he results could not feasibly be counteracted if third parties are involved.” **Id.** It concluded, “There is significant evidence of actual and

conjectural harm, particularly in the way the 2022 and 2024 assets restructuring occurred.” ***Id.***

Upon review, the record supports the court’s conclusion that the preliminary injunction will prevent irreparable harm. The court heard evidence about Respondents’ conduct of engaging in self-dealing and not acting the best of interests of the beneficiaries. ***See, e.g.,*** N.T., 5/22/25, at 236-43. This conduct violated their statutory duty of loyalty to the beneficiaries under Section 7772, which meant the harm was inherently irreparable. ***SEIU Healthcare Pa.***, 104 A.3d at 508. Moreover, James explained that his father built a family legacy in the broadband industry and intended to pass it on to his grandchildren. N.T., 3/28/25, at 146-47. He testified that “the risk of taking that away is something that I can’t really measure in dollars and I just think it’s – it’s something that isn’t really compensable down the road.” ***Id.*** at 147. James pointed out that Respondents’ conduct “essentially puts them in control and at liberty to do what they want with cash, liberty to do what they want with ownership,” “resolve disputes in their favor,” and was “not in the best interest of the beneficiaries.” ***Id.*** at 147-48. The court, sitting as factfinder, found James was “very credible,” acted in good faith, and had clean hands. ***See*** Trial Ct. Op. at 5, ¶ 18. The record supports the court’s conclusion that the harm from Respondents’ restructuring of Trust assets to deprive the Trusts and beneficiaries of ownership interests could not be adequately compensated in damages.

Next, Respondents argue that James failed to show he had a clear right to relief and was likely to succeed on the merits. Respondents' Br. at 30. They contend that "the T[.]L[.] Trusts Declaration — the terms of which the orphans' court entirely failed to consider but which, as agreed to by James, gives the Trustees wide latitude to operate Rigas family entities — expressly and impliedly permits Respondents' decision to add an additional manager to certain family LLCs[.]" **Id.** Respondents point out the actual property held in the Trusts on behalf of the beneficiaries has not been affected by any action taken by them. **Id.** at 62. Respondents conclude that "[u]ltimately, this case is not about the Trusts — which have not been harmed or had the value of the property held by them diminished — but about James' efforts to remain in control of the Rigas family businesses even though he does not hold a majority position." **Id.** at 33.

In response, James argues that there was no abuse of discretion in the court's finding that James has a clear right to relief and is likely to prevail on the merits. He maintains that "[t]he evidence established reasonable grounds for the [c]ourt's conclusion that a clear right to relief exists under each of three separate statutory bases for removal of a trustee," namely "commission of serious breaches of trust, as evidenced by Respondents' self-dealing and ignoring the best interests of the [b]eneficiaries"; "a lack of cooperation among the trustees substantially impairing administration of the Trusts, which the [c]ourt found to be totally caused by Respondents"; "and Respondents' failure to effectively govern the Trusts, as exhibited by their unwillingness to

avoid self-dealing and to work with [James], their Co-Trustee.” James’ Br. at 24-25.

To establish the prerequisite element of a clear right to relief, “the party seeking an injunction need not prove the merits of the underlying claim, but need only demonstrate that substantial legal questions must be resolved to determine the rights of the parties.” ***SEIU Healthcare Pa.***, 104 A.3d at 506.

Here, the court determined that James would likely succeed on the merits because there was sufficient evidence to remove Respondents as co-trustees. Trial Ct. Op. at 11-12. The court examined Section 7766 and found that James had a clear right to relief based on three of the four enumerated reasons for removal. The court explained:

First, Respondents have committed serious breaches of trust. They are operating the trust assets with questionable authority. They are self-dealing. They are operating the trust assets by fiat and in their own self-interest. They are ignoring the best interest of the beneficiaries.

Second, there is a serious lack of cooperation among the Co-Trustees substantially impairing the administration of the trust. This lack of cooperation is totally caused by Respondents. In their quest to dominate these trusts, they are failing to use negotiation, mediation, and, specifically, legal processes to resolve disputes. [James] has clean hands.

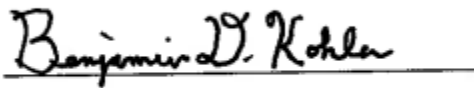
Third, Respondents have not effectively governed the trust as exhibited by their unwillingness to follow proper procedures, to avoid self-dealing, and to work with their co-trustee, i.e. [James], in a civil manner.

Id. at 12-13.

Upon review, at this stage in the proceedings, we cannot say the court abused its discretion in finding James is likely to succeed on the merits. As set forth previously, the court heard evidence over a three-day hearing and determined that a preliminary injunction was warranted due to Respondents' actions in self-dealing, restructuring of the assets in the Trust, conflicts of interest, and lack of cooperation. At least for purposes of the preliminary injunction stage, the evidence adequately supported three statutory bases for removing Respondents as co-trustees under Section 7766. No relief is due.

Order affirmed.

Judgment Entered.

A handwritten signature in black ink, reading "Benjamin D. Kohler", is written over a horizontal line.

Benjamin D. Kohler, Esq.
Prothonotary

DATE: 10/19/2026