M1: the bifactor model has $2^*P$ correlation parameters
M2: the correlated model has $P+M*(M-1)/2$

where

$P$ – number of indicators
$M$ – number of latent variables

These two models are in general not nested despite what is implied in Reise (2012; Multiv Behav Res) as acknowledged in recent communications with us.

The M2 model is nested within M1 only for $M<=3$. For $M>3$ it is not. So even though an M2 model has fewer parameters than M1, with $M>3$ the M2 model would still not be nested within M1. An example is $P=12$, $M=4$ for which M1 has 24 parameters and M2 has 18.

Instead, BIC can be used to compare the models.