

Brothers Keep \$11M Win Over Lowball Offer For Oil Biz Stake

By Michelle Casady

Law360 (March 9, 2020, 7:53 PM EDT) -- A Texas state court judge on Monday declined to order a new trial after an \$11 million fraud verdict in favor of two brothers who alleged their business partners duped them into selling interests in an oil and gas well technology company by floating a lowball offer from a straw man purchaser.

At a hearing Monday, Harris County District Judge Jaclanel McFarland denied a motion for a new trial that was lodged in January by Control & Applications LLC Houston, formerly known as vMonitor LLC, a company that specializes in technology for monitoring and controlling oil and gas wells. Judge McFarland presided over a bench trial in the case and found in favor of brothers Raed Abdallah and Ali Abdallah, entering final judgment in December.



Robert Kruckemeyer

Judge McFarland signed findings of fact and conclusions on law at the end of Monday's hearing, agreeing that the Abdallah brothers' former business partners — Chairman Rashed Saif Jaber Al Suwaidi, CEO Juan Carlos Marques Montejano and COO Hussan Suheil — lied about the value of the company when the brothers sold their individual 8.33% interests in vMonitor in October 2012 to a company controlled by Suwaidi.

At Monday's hearing, Courtney Culver Baker of Adair Myers Graves Stevenson PLLC, who represents Suwaidi, Montejano and Suheil, told the court a new trial should be ordered for many reasons, including that only Montejano was accused of fraud, "but the fraud finding was imputed to all defendants."

She also told the court the evidence wasn't "sufficient" to support the finding that the other co-members of the LLC owed any fiduciary duty to the Abdallahs, noting they were also directors or officers of the company with "day-to-day knowledge" and "access to the books and records."

Robert Kruckemeyer of The Kruckemeyer Law Firm, who represents the Abdallahs, told the court there is plenty of evidence supporting the fraud findings, and also said the majority shareholders did owe a fiduciary duty to minority shareholders.

"It's clear Carlos was the agent for everyone," he said, later calling him the "front man" of the plan.

The brothers filed suit in April 2015, alleging that in October 2013, their former business partners sold vMonitor to Rockwall Automation for \$60 million. According to court documents, the other partners told the Abdallahs there was an interested buyer, Abraham Shiera, who had valued the company at \$13 million.

Shiera would later testify by deposition he never intended on purchasing the company, never had an interest in doing so and never owned any part of the company, according to court documents. The brothers later ended up selling their interest in vMonitor to Horizon, a company controlled by Suwaidi, for the same price allegedly offered by Shiera — about \$1.37 million each.

One year later, vMonitor was sold to Rockwell for about \$60 million.

Judge McFarland found the brothers' former partners had violated their fiduciary duties and were liable for fraud. She awarded each brother about \$3.6 million in actual damages, about \$1.4 million in punitive damages and about \$833,000 in prejudgment interest.

The defendants are represented by Courtney Culver Baker and Christopher A. Stevenson of Adair Myers Graves Stevenson PLLC.

The Abdallah brothers are represented by Robert Kruckemeyer and Michael Kruckemeyer of The Kruckemeyer Law Firm and Randall Sorrels of Abraham Watkins Nichols Sorrels Agosto & Aziz.

The case is Raed Abdallah et al. v. Control & Applications LLC Houston et al., case number 2015-23671, in the 133rd District Court in Harris County, Texas.

--Editing by Philip Shea.