



2011 Million-Dollar Verdicts & Settlements

Verdicts value surges to 85%, settlements dip 14%

By Douglas J. Levy

The values of submitted verdicts and settlements in the 2011 edition of *Michigan Lawyers Weekly's* "Million-Dollar Verdicts & Settlements" did a noticeable flip-flop from the prior year.

There was only a 3 percent increase in the number of million dollar-plus reports submitted and/or reported upon in 2011 — 67, compared to 2010's 65 — and there was a sole class-action suit, compared to two in 2010.

But the 26 verdict awards in 2011 totaled more than \$376 million — a difference of 85 percent over the nearly \$56 million among 2010's 18 verdicts.

It should be noted that the two top verdicts

— \$172.2 million and \$144 million — were in the nine-figure range, while 2010's verdicts had no awards breaking seven figures. However, had 2011's top two verdicts not been included, the 2010 and 2011 figures would have been similar, save for a \$4 million difference.

The monetary total of the 40 settlements for 2011 was \$108 million, which is a 14 percent decrease from the \$125 million-plus figure posted from 2010's 45 reports.

The No. 1 verdict was a \$172.2 million default judgment granted to approximately 200 plaintiffs, who claimed RICO, fraud and breach of contract following two interconnected Ponzi schemes targeting Arab-Americans. That award was trebled from the aggregate amount of \$57.4 million, per Judge David M. Lawson of the U.S. District Court

for the Eastern District of Michigan.

In second place was a \$144 million jury award in a medical-malpractice/birth-injury lawsuit, where the 15-year-old plaintiff sought damages from brain damage and cerebral palsy that counsel asserted was the result of a traumatic delivery.

And in the No. 3 spot was a \$12.5 million jury verdict in a civil case, where the conservator of plaintiff's minor asserted that an ambulance company was responsible for negligent supervision, negligent training and failure to protect patient following a sexual assault.

Three of the four top settlements — all of which were in the \$6 million range — were birth-trauma/medical-malpractice causes of action, while the fourth was a negligence

claim for injuries sustained in a truck-hauling accident.

In the only class-action suit for 2011, a class of exotic dancers claimed to be misclassified as independent contractors instead of employees, thus violating the Fair Labor Standards Act. The \$11.3 million settlement was an 8 percent decrease from the top class-action suit of 2010, which was \$12.3 million.

The top national verdicts of 2011 — as compiled by *Lawyers USA* — will be reported in an upcoming edition. *Lawyers USA*, like *Michigan Lawyers Weekly*, is a Dolan Company newspaper.

If you would like to comment on this story, please contact Douglas J. Levy at (248) 865-3107 or douglas.levy@mi.lawyersweekly.com.

LARGEST VERDICTS

#1

Investors seek damages after Arab-American Ponzi scheme collapses

Default judgment granted for 200-plus plaintiffs as defendant refuses to appear in federal court

\$172.2 million

In a RICO, fraud and breach-of-contract lawsuit filed in U.S. District Court for the Eastern District of Michigan, a collective of approximately 200 similarly situated plaintiffs sought compensatory damages — to be trebled under RICO — from defendants Ahmed Alabadi and Abdzhra Shalushi, among others, asserting financial loss stemming from two interconnected Ponzi schemes targeting Arab-Americans.

Plaintiffs asserted that Alabadi, considered the top mastermind and wealthiest of the Ponzi schemers, and Shalushi operated the schemes via alleged shell companies, Fatima International, Adam Trade Group and Fedek Group. Shalushi ran a scheme from 2006-08, and Alabadi's ran from 1998-2008. It was argued that defendants recruited other individuals, called "agents," to fraudulently obtain investments from the victims, almost all of whom were Arab-American.

According to the complaint, plaintiffs contended that defendants "exploited cultural taboos forbidding dishonesty and financial self-dealing with tribal brothers and sisters to dupe thousands of Iraqi-Americans into investing in Iraqi and Middle-Eastern projects." The lawsuit also alleged that the "investments" were fraudulent and that the defendants used the money to pay themselves or earlier investors.

Plaintiffs engaged in substantial discovery, including multiple depositions revealing defendants' fraudulent scheme. Many defendants did not provide discovery, but plaintiffs demonstrated the criminal enterprise and damages in the tens of millions of dollars through a detailed process of depositions, victim affidavits, translated receipts and interviews.

Defendant Alabadi contended his refusal to appear stemmed from threats made on his life, despite counsel offering to have his deposition taken at the federal courthouse, where he would be under the protection of U.S. marshals.

As a result, plaintiffs moved for default judgment, asserting that Alabadi's conduct was sufficient to warrant

a default judgment without any lesser sanction. Default judgment was granted against defendants, jointly and severally, in the aggregate amount of \$57.4 million, and treble damages under RICO were granted, making the total judgment \$172.2 million.

Types of actions: RICO, fraud, breach of contract

Type of injuries: Lost investment

Name of case: *Abass, et al. v. Shalushi, et al.*

Court/Case no./Date: U.S. District Court, Eastern District of Michigan; 10-CV-11837; Nov. 10, 2011

Tried before: Judge

Name of judge: David M. Lawson

Judgment amount: \$172.2 million

Most helpful expert: Jesse A. Ultz, forensic accountant, Southfield

Attorneys for plaintiff: David M. Honigman, Gerard Mantese, David Hansma

Attorney for defendants: Ronald A. Ferrebee

Status: Defendant Alabadi has filed a motion to set aside judgment; hearing set for March 2012.



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