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Maui jury awards \$53.5M in fraud case

Pacific Business News (Honolulu) - by Linda Chiem

A circuit court jury on Maui has awarded more than \$53 million to a group of Tennessee homeowners who were defrauded by prominent Chicago investor Clyde Engle in a failed residential development back in 1995.

Wednesday's award is said to be one of the largest resulting from a civil court jury verdict in Hawaii.

It also closes out the class action case against Engle — a well-known investor who has controlled a string of failed companies in real estate, banking, insurance and even furniture and textiles on the Mainland — who was held personally liable in 2002 for the \$2.5 million judgment resulting from the Tennessee case only to skip out on paying it by claiming he was broke.

Since Engle lives in Haiku with his wife, Siobhan, and their children during most of the year, lawyers seeking to collect on the judgment from that case sued both him and his wife in 2nd Circuit Court in Wailuku on Maui on May 27, 2008.

According to the lawsuit, Engle and his wife "engaged in an aggressive scheme to transfer his assets to her so as to set them 'free' from creditors" and avoid paying the Tennessee judgment, which has grown, with interest, to more than \$6 million today.

Engle essentially sold most of his shares in Lincolnwood Bancorp to his wife for a far cheaper price than they were worth over the course of three years, to the point where Siobhan Engle controlled most of his money, leaving him unable to pay his own bills, the lawsuit said.

After a month-long trial, presided over by Judge Joseph Cardoza, a Maui jury on Wednesday found the Engles guilty of the fraudulent transfer of assets and awarded \$10 million in regular damages and \$43.5 million in punitive damages to the Tennessee lot owners.

George Grumley, a partner with the Chicago law firm of Grumley Kamin & Rosic LLC, along with Craig Nakamura and Erika Lewis of the Honolulu law firm of Carlsmith Ball, represented the plaintiffs locally.

"We couldn't serve the Engles in the mansion they live at in Chicago so we served them in Hawaii," Grumley told PBN. "And the supplemental proceedings discovered that when you transfer these shares to your wife in an attempt to delay or hinder or defraud your creditors and claim to be insolvent, we go to a month-long trial and they [jury] gave us the kitchen sink."

Engle, who represented himself in the Maui trial, could not be immediately reached for comment on Wednesday.

The original case involved Engle's National Development Co., which sold 3,876 lots at its Hidden Valley Lakes Development in Hickman County, Tenn., and failed to deliver on what was supposed to be the centerpiece of the development: a 30-acre lake.

The lake couldn't hold water and basically became a 30-acre hole in the ground, so the lot purchasers sued Engle for breach of contract and won, according to court documents.

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