

METROPOLITAN

Local & State

Bargo Energy wins suit

A judge entered a judgment against Reunion Industries Inc. that could be worth more than \$8 million to Bargo Energy Co.

A jury in April found that Reunion had misrepresented the value of its oil and gas assets during negotiations to sell those assets to Bargo.

Bargo, which had put up \$500,000 in escrow, then decided to pull out and Reunion sued. Bargo then filed a countersuit alleging fraud.

The jury awarded Bargo \$5 million in exemplary damages.

This week, state District Judge Russell Lloyd ordered that the \$500,000 in escrow be returned to Bargo, plus interest, and awarded Bargo \$2 million in attorney fees.

Should Reunion appeal the judgment and lose, it would be liable for up to \$897,500 in additional attorney fees, depending on how far the appeal is taken, the judge ruled.

An attorney for Reunion could not be reached.

Harris County District Court
334th - Judge Russell Lloyd
96-01775

Reunion Industries

vs.

Bargo Energy Company

P/CD - Ron Secrest,
Eric Nichols &
Jim Taylor of
Beck, Redden &
Secrest, Houston

D/CP - Ronald Krist of
The Krist Law Firm,
Houston;
Tom Alexander of
Alexander & Assoc.,
Houston;
Mike Falick of
Rothfelder & Falick,
Houston

Breach of Contract - Reunion Industries and Bargo Energy entered into a contract whereby Bargo Energy would purchase certain oil and gas properties. Bargo Energy reneged on the deal and failed to close on the transaction.

Bargo Energy contended plaintiff made material misrepresentations about the property. Under the contract they were not required to close. Counterclaimed for fraudulent inducement into the contract.

Plaintiff sought \$3,600,000 in actual damages plus punitive damages for interference with a business relation and attorneys' fees and costs.

P - Pete Huddleston, reservoir
engineer, Houston

D - None

Week of 3-30-98.

Bifurcated trial on damages.

Jury found no breach of contract. Found Reunion was guilty of fraud, awarded:
\$ 500,000 actual damages for return of escrow deposit plus interest.
\$5,000,000 punitive.
\$5,500,000 Total Award.
11 - 1 on fraud
10 - 2 on punitive (3 week trial)

Pre-trial demand: \$4,000,000 by Reunion
Pre-trial offer: \$1,000,000 withdrawn
when current counsel was
employed