



BELL NUNNALLY, SAYLES WEBBNER SECURE \$2.7M JUDGMENT FOR TEXAS APARTMENT DEVELOPERS

August 30, 2018

Attorneys force dismissal of lawsuit claims, turn tables with successful counterclaim

A Dallas County district court judge has awarded a \$2.7 million judgment to housing development partners involved in a dispute with a third partner over an apartment complex project in Round Rock, Texas.

Dallas County 192nd District Judge Craig Smith found MetroMarke Multifamily Development Fund I, LP in breach of contract for refusing to convey its partnership interest to RRAC Development GP, LLC, which caused a \$2.7 million loss. MetroMarke has filed a notice of appeal.

GFD and RRAC entered into an agreement with MetroMarke to acquire real estate in Round Rock and build a multifamily residential complex. After the project stalled, MetroMarke initiated claims against GFD and RRAC, accusing the partners of concealing project-related costs in order to persuade MetroMarke to invest in the project.

On the eve of trial, MetroMarke dismissed all claims against GFD and all but two contract-related claims against RRAC. GFD and RRAC defended MetroMarke's claims against RRAC, while pursuing counterclaims.

Judge Smith found that MetroMarke breached the partnership agreement by failing to convey its interest to RRAC in May 2017 and caused GFD and RRAC to suffer damages exceeding \$2.7 million. The court also determined that MetroMarke must convey its 90 percent partnership interest to RRAC at the price agreed upon in the contract.

Attorneys for Bell Nunnally representing RRAC, and Sayles Werbner representing GFD, exposed the fallacy of MetroMarke's claims.

"MetroMarke fabricated its claims against my client and RRAC in an effort to leverage them out of the partnership. We didn't blink and waited patiently for our day in court," said GFD attorney Will Snyder, a shareholder at Dallas-based Sayles Werbner.

"Our clients viewed the initial action filed by the plaintiff as nothing more than a ploy to gain control of the partnership and real estate it owned," said RRAC attorney Mike Bowers of Bell Nunnally. "The court saw through that charade."

Also representing GFD was Sayles Werbner attorney Sam Acker. Beverly Whitley of Bell Nunnally also represented RRAC.

The case is *MetroMarke Multifamily Development Fund I, L.P., v. RRAC Development GP, LLC, GFD Market Rate Group I, LLC and GFD Holdings, LLC*, case number DC-16-08666 in the 192nd District Court in Dallas County.

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