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Half-billion settlement in limbo

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By **CHACOUR KOOP**
The Daily News

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Space Travel



INSIDE



Jennifer Reynolds/The Daily News
Clark McKaig runs in The Daily News' annual Press Run on Saturday dressed as a mosquito.

See runners participate in The Daily News' annual Press Run » **A3**

Half-billion divorce judgment tossed by Galveston County judge is appealed

By CHACOUR KOOP The Daily News | Posted: Saturday, September 10, 2016 11:00 pm

Attorneys are accusing high-profile Houston lawyers, including a former Harris County Republican Party chairman, of using secrecy and deception to secure a divorce judgment worth a half-billion dollars against their client and his family's shipping conglomerate in the Persian Gulf.

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For instance, Ivana Trump got \$14 million, a mansion in Connecticut and about \$650,000 annually in child support from Donald Trump in 1991, The New York Times reported. Basketball legend Michael Jordan split with his wife and paid her \$168 million after 17 years of marriage. In 2007, Russian billionaire Roman Abramovich, listed at the time by Forbes as the 16th richest man in the world, divorced his wife, Irina, and she received about \$300 million in assets, according to British newspaper The Guardian.

Whether Stacey will get paid is being disputed. In July, 306th District Court Judge Anne Darring tossed out the visiting judge's award, which had ballooned to a half billion as interest costs piled up at a rate of nearly \$60,000 a day during the past two years. Now Stacey's attorneys have appealed Darring's decision, arguing the judge didn't have authority to throw out the long-standing judgment.

"It's just an amazing, amazing case, really," said Alvin attorney Robert Clements Jr., who represents Alwazzan. "The judge commented she'd never seen anything like it."

Accusations of forum shopping

Alwazzan's attorneys accused Stacey's lawyers — Jared Woodfill, the former Harris County Republican Party Chairman, and Daniel Lemkuil, a past candidate for family law judge in Houston — of forum shopping, a tactic where litigants move a case from courthouse to courthouse in search of a favorable outcome.

Stacey filed for divorce in Montgomery County in 2011 and the couple agreed to a mediated settlement. But the divorce was never finalized, and Stacey dismissed the case Feb. 7, 2012.

She then filed for divorce in Harris County, seeking a judgment against Alwazzan and Intercol. Alwazzan, who was born in Bahrain, is the youngest son of the company's founder.

After a December 2012 trial, a Harris County judge ordered Alwazzan to pay Stacey a judgment worth about \$4 million, but he ruled Intercol wasn't responsible for any costs.

Several months later, Stacey's attorneys dismissed the Harris County case and refiled for divorce in Galveston County the same day.

"He filed the motion for nonsuit and the same day he walked over to Galveston County and filed a brand-new divorce case," Clements said.

Woodfill did not return a phone call.

Lemkuil denied wrongdoing. After the Montgomery County case, Alwazzan and Stacey tried to save their marriage, Lemkuil said, but the relationship didn't work out. Stacey filed for divorce in Harris County when she moved there, Lemkuil said.

Stacey properly filed the Galveston County case because she had established residence at a condominium in Galveston and the Harris County case was dismissed, Lemkuil said.

"They probably see it as we're evil, wicked and mean and we need a spanking," he said.

Corporate sham?

When Stacey filed for divorce in Galveston County, she alleged her husband and Intercol had conspired to defraud her of money and asked to be awarded her share of the business.

But New York attorney Michael Mangan, who represents Intercol, said Alwazzan's businesses in Texas were not connected to his family's company in Bahrain. The international shipping company hasn't done business in the state since the 1970s, when it imported products from electronics company Texas Instruments, Mangan said.

Additionally, Alwazzan has never been an employee of his father's company, and he didn't conduct business for the Bahraini company, Mangan said. Alwazzan inherited a share stake in the company of about 17 percent when his father died in 1972, Mangan said.

Lemkuil argued the company is being misleading because its website has previously listed Alwazzan as an executive.

"He was listed by them in photos as one of their managers," Lemkuil said. "I don't know how you'd be a divisional manager without being an employee. There isn't a whole lot of honestly floating around in how their company is representing his relationship."

'No idea where he is'

Intercol and Alwazzan claim Stacey's attorneys quietly filed the Galveston County case so they could not defend themselves.

Her attorneys served Alwazzan through publication in The Daily News, a way of notifying defendants who cannot be found. Intercol was served notice of the case through the Texas Secretary of State's Office.

Stacey said she hadn't seen her husband since April 2012.

"I have no idea where he is at present," Stacey said, adding she'd tried to find him. "I have attempted to contact him at his old addresses, old phone numbers, old friends and hangouts. I have not been successful in

finding him.”

The couple’s three adult children have said their father left abruptly around Easter in 2012 without providing them with a new address or phone number. In affidavits, the children said their father was traveling continuously in Europe, the Middle East and the Caribbean.

“So if, for example, I had wanted to send my father a birthday gift or holiday card during the second half of 2012, 2013 or 2014, I would not have been able to do so,” Alwazzan’s daughter said.

However, Alwazzan’s attorney, Clements, said Stacey had sent the couple’s children to visit their father in Bahrain and Europe several times since the divorce trial in Harris County. She communicated with Alwazzan regularly by email and other means, Clements said.

“What appears or looks like is that they purposely set this thing up so there would be no lawyer there to defend Mr. Alwazzan or the company,” Clements said.

The \$416 million judgment

In June 2014, a trial was held in Galveston County before visiting Judge C.G. “Trey” Dibrell III. Alwazzan was represented by an ad litem attorney, a lawyer who represents defendants incapable of representing themselves. No attorneys appeared for Intercol.

Stacey was the sole witness during the trial. She testified that her husband owned one-third of the \$5-billion company, a share he received some time after they married.

Dibrell awarded a default judgment of \$416 million with an interest rate of 5 percent.

Intercol and Alwazzan said they were unaware of the judgment until April 2016, when the company’s wire transfers passing through a New York bank were frozen. A receiver, a person appointed by the court to levy divorce payments, secured about \$3.7 million intended for vendors in Europe and the Middle East.

That’s when attorneys for Intercol and Alwazzan formed a team to fight the judgment. They presented evidence of the previous divorce cases in Harris and Montgomery counties and argued that Stacey had not established jurisdiction to file the case in Galveston County.

Darring threw out the \$416 million judgment on July 21.

The fight continues

Stacey’s attorneys have appealed Darring’s ruling. The order “was the result of a serious procedural error that allowed an impermissible collateral attack on a final and long-enforceable judgment,” her attorneys said. They’ve asked Darring to restore the original judgment and grant a new trial.

Meanwhile, Alwazzan’s attorneys are seeking sanctions against Stacey, Woodfill and Lemkuil. Clements alleges they carried out a “well-thought-out, orchestrated and detailed” plan to secure the money.

“Ms. Alwazzan and counsel had succeeded and were simply negotiating the details for collecting the loot when the court put the kibosh on everything,” Clements said.

“But, that should not end the matter. It is not sufficient to save the bank from the bank robber; the conduct must be punished, and deterred.”

Lemkuil denied there was a conspiracy.

“Their motions for sanctions are substantially baseless,” he said.

“They have inserted a wedge between the attorney and the client by alleging it’s a common scheme or a plot.”

A hearing on the motion for sanctions is scheduled for Sept. 22.