

# Dallas' Southwest Securities Hit with \$5.45 Million Fraud Verdict

A Dallas County jury has returned an actual damages verdict totaling more than \$5.45 million in favor of local investment firms Gerritsen Beach Investments Ltd. and SSST Riviera Investments Ltd. after finding that Dallas-based Southwest Securities Inc. conspired to defraud investors and lenders out of millions of dollars between 2005 and 2010.

On Nov. 11, jurors in Judge Bonnie Lee Goldstein's 44th Judicial District Court found that real estate developer Stephen Jemal conspired with Southwest to defraud the two Texas partnerships by misrepresenting the value of his Southwest holdings. The verdict also allows the plaintiffs to seek millions in attorneys' fees, prejudgment interest, and costs, according to a release from the plaintiffs' law firm.

"Mr. Jemal's scheme relied on fake brokerage account statements that purported to show he owned tens of millions of dollars in blue chip stocks at Southwest," says attorney **Joel Reese** of Dallas-based **Reese Gordon Marketos LLP**, who, along with partner **Adam Sanderson**, represented Gerritsen Beach and Riviera. "Lenders and investors, like our clients, relied on those fake statements, which were all tied to real accounts at Southwest."

Trial evidence showed that Southwest provided easily altered brokerage statements that Jemal then used to deceive lenders and investors. Witnesses testified that Southwest assisted in the deception by lying about the value of the accounts, the firm reports.

"After five years of hard-fought litigation, our clients are pleased to finally receive justice," says Reese. "Considering

all the witness testimony and the incriminating documents, Southwest should have expected this result.”

Southwest recently was acquired by Dallas’ Hilltop Holdings Inc. and renamed as Hilltop Securities. The case is *Gerritsen Beach Investments Ltd., et al. v. Southwest Securities Inc., et al.*, No. 10-10673.