

Missouri Lawyers WEEKLY

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Company sued by bank wins on counterclaim



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A bank that sold bad assets to a Kansas City manufacturing company has to pay nearly \$3 million in damages and canceled debt and fees.

Gros Manufacturing, along with its principals, Bill Grosdidier and Bob Willcott, was sued by Citizens Bank & Trust for failure to pay on a \$1.6

million loan. Gros countersued the bank for fraudulent misrepresentation, said Perry Brandt, of Bryan Cave, attorney for the plaintiff.

Gros Manufacturing, already in debt to Citizens Bank, opted to purchase Granco Industries, another hand tool manufacturer that sold to the Department of Defense, according to court documents.

Granco was already deep in debt to Citizens, whose loan officers, Bill Dippel and Kelley Wilcox, initiated discussion with Gros to see if they would be interested in purchasing Granco's assets in exchange for assuming its debt to Citizens.

Gros executed a \$1.3 million term loan through Citizen. The bank's loan officers had told Grosdidier and Willcott that Granco's assets and accounts receivable were worth a total of \$1.57 million. Grosdidier and Willcott put in their personal guarantee and \$200,000 each, according to court documents.

A year later, Gros was out of business, never having been able to recoup its investment into Granco.

Gros' counterclaim alleged that Wilcox and Dippel had failed to mention that, of that \$1.57 million in assets, \$170,000 was in pre-billed accounts, with the rest being improperly val-

ued equipment and inventory. Grosdidier and Willcott had made the investment based on nondisclosure and fraudulent representations and had sought about \$1.8 million in damages, Brandt said.

After five hours of deliberation, the jury ruled in favor of the bank on counts of fraudulent misrepresentation and nondisclosure, but in favor of Gros on the charge of negligent nondisclosure, awarding \$296,000 and wiping clean the debt Gros owed to Citizens, according to information provided by John M. Edgar, attorney for the defense. **MO**

\$2.98 Million verdict for defendant

BUSINESS/COMMERCIAL

- **Venue:** Jackson County Circuit Court
- **Case number/date:** 1016-CV35256/July 11, 2014
- **Judge:** J. Dale Youngs
- **Breakdown:** \$296,000 in damages; \$1,862,523 in accrued principal, interest and late fees canceled; \$822,949 in attorney's fees canceled
- **Last pretrial demand:** \$400,000
- **Last pretrial offer:** \$675,000
- **Plaintiff's expert:** Charles E. Finch, managing director, Alvarez & Marsal (accounting, damages and economics)
- **Defendants' experts:** John C. Korshort, President, Stern Brothers Valuation Advisors (accounting, damages, and economics); Steven York, Senior Vice President, Stern Brothers Valuation Advisors.
- **Caption:** Citizens Bank & Trust v. Gros Manufacturing LLC, William A. Grosdidier and Robert A. Willcott
- **Plaintiff's attorneys:** W. Perry Brandt, Stacy Shorgl, and Jen Berhorst, Bryan Cave, Kansas City
- **Defendants' attorneys:** John M. Edgar and Matthew Limoli, Edgar Law Firm, Kansas City