

Verdict Search Texas

Medina County

TRUSTS AND ESTATES

Trustee made improper loans from plaintiffs' trust

Verdict \$1,585,346 and Imposition of Constructive Trust Over Eagle Ford Land/Minerals

Actual: \$1,629,195

Case: *In the Estate of Terry T. Green AKA Terence Thomas Green, Deceased; Jeffrey N. Green, as Successor Trustee of the Terry T. Green Grandchildren's Educational Trust and as Next Friend for Cheyenne N. Green, Lacey A. Green, and Braeden C. Green, Lori R. McGrath, as Next Friend for William G. McGrath and Kieran T. McGrath, and Regan B. McGrath v. Anthony "Tony" Schuchart, Anthony "Tony" Schuchart as Trustee of the Terry T. Green Grandchildren's Educational Trust, Tony Schuchart, Inc., and CAS Minerals, Ltd., dba CAS Minerals Trust, No. 7380; 3075 Medina County Court at Law, TX*

Facts & Allegations: When Terry T. Green died in 2005, his will created the plaintiff trust, the Terry T. Green Grandchildren's Educational Trust. About \$300,000, or half of the probate estate, went into the trust. Anthony "Tony" Schuchart was the trustee. The beneficiaries, Green's grandchildren, were plaintiffs Cheyenne N. Green; Lacey A. Green; Braeden C. Green; William G. McGrath; Kieran T. McGrath; and Regan B. McGrath. Regan was the oldest grandchild, and Lacey was the youngest.

Plaintiff Jeffrey N. Green was Terry T. Green's son and the father of several of the plaintiff beneficiaries. Jeffrey Green and Schuchart were cousins.

Schuchart was the owner of CAS Minerals, Ltd., operating as CAS Minerals Trust.

The plaintiffs sued Schuchart and CAS for breach of fiduciary duty, alleging that, starting in 2008, Schuchart made six prohibited loans to himself, to his partners and business associates and to CAS out of the trust. The plaintiffs further claimed that the loan recipients had no intention of paying them back, at least not with interest. The plaintiffs further claimed that they and their father started requesting information from Schuchart around 2007 and that Schuchart essentially ignored their requests for five years.

The largest loan was for the purchase of a one-quarter interest in a ranch in LaSalle, as an investment. The plaintiffs argued that Schuchart paid his credit card bill and his personal income tax with some from the other loans.

The defense denied the allegations. The defendants maintained that the trust was given promissory notes; that the notes were paid back with interest; that the plaintiffs were given all the

information they requested; and that, contrary to the plaintiffs' allegations, the recipient of the largest loan was not a partner or business associate of Schuchart's or CAS'.

The plaintiffs argued that the defendants did not provide information or pay any interest until years after it was due, and only after they hired a lawyer.

The case went to trial against Schuchart only.

INJURIES/DAMAGES: The plaintiffs sought any profits made by Schuchart or his affiliates as a result of the largest loan, which was for \$117,042.48 and was made on Oct. 1, 2009. For these damages, the plaintiffs sought \$1 million.

The other loans were: \$25,000 on May 6, 2008; \$30,000 on Aug. 12, 2008; \$65,000 on Sept. 20, 2010; \$25,000 on Dec. 30, 2010; and \$55,789 on Oct. 12, 2012. Based on these loans, the plaintiffs sought \$112,000 in damages for loss or depreciation in the value of the trust, plus \$147,000 for the difference between the actual amount of interest paid and 18 percent interest compounded annually.

The plaintiffs also sought \$500,000 in attorney fees through trial and unspecified punitive damages.

RESULT: The jury found that the \$117,042.48 loan was prohibited, because it was either a loan to Schuchart or his affiliate or a loan to his partner or other business associate; that Schuchart failed to comply with his fiduciary duty to the beneficiaries in connection with this loan; and that the plaintiffs' damages for this breach were \$497,530.50.

The jury also found that Schuchart breached his fiduciary duty to the beneficiaries in connection with the other five loans, and that the plaintiffs' damages for this breach were \$99,366.82, as the difference between the actual amount of interest paid and 18 percent interest compounded annually.

The jury also found that Schuchart acted in bad faith, intentionally or with reckless indifference to the interests of the beneficiaries; that he materially violated or attempted to materially violate the terms of the trust; that the violation or attempted violation resulted in a material financial loss to the trust; that Schuchart became hostile toward the interests of the beneficiaries, such that any hostility did or would affect Schuchart's performance as trustee; that he destroyed or fabricated trust records that he was required to maintain by the trust's terms; and that he failed to allow the beneficiaries to inspect the trust records and accounts at all reasonable times as required by the trust's terms.

The jury also found, by clear and convincing evidence, that the harm to the plaintiffs resulted from malice, fraud, or gross negligence.

The jury assessed punitive damages of \$298,448.66 and awarded \$500,000 in attorney fees through trial.

The amounts found by the jury added up to \$1,585,345.98. With prejudgment interest and taxable costs, the final judgment totaled \$1,629,194.73.

In the final judgment, the court also removed Schuchart as trustee and replaced him with Jeffrey Green. In addition, the court imposed a constructive trust on half of Schuchart's and CAS' share of the ranch in LaSalle, in favor of the plaintiff trust.