

# Verdicts & Settlements

RESULT DATE: Nov. 8, 2022

Ronald C. Evans, Joan M. Evans, Dennis Treadaway, and all other similarly situated v. Zions Bancorporation, N.A. dba California Bank and Trust (2:17-cv-01123-WBS-DB)

USDC Eastern District of California

23-JV\_140763

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TOPIC: Fraud

SUB TOPIC: Ponzi Scheme

Settlement: \$14,000,000

JUDGE:

William B. Shubb

ATTORNEYS:

Plaintiff:

Michael P. Denver (Denver Law Group)

Robert L. Brace (Law Office of Robert L. Brace)

Defendant:

Robert S. Addison Jr. (Buchalter APC)

Joel R. Samuels (Buchalter APC)

Anthony J. Napolitano (Buchalter APC)

Jarrett Osborne-Revis (Buchalter APC)

Robert S. McWhorter (Buchalter APC)

FACTS: In 2014, Deepal Wannakuwatte admitted to defrauding the lenders to a company he operated: International Manufacturing Group (IMG). Using a Ponzi scheme, he convinced others to invest in his company, which bought surgical gloves wholesale and purportedly sold them to the government for millions of dollars. Though he did have a government contract, it was for much less than what he pitched to the potential investors. For his scheme to last, he needed bank loans that would keep paying interest to his original investors, and did so through Zions Bancorporation dba California Bank and Trust (CB&T). CB&T issued several loans to the scheme and to IMG.

On May 26, 2017, Ronald and Joan Evans, and Dennis Treadway then filed a class action suit against CB&T. Though the district dismissed their complaint, on June 24, 2019, the Ninth Circuit reversed and remanded the case. On August 1, 2022, the district court granted preliminary approval of a class settlement.

PLAINTIFFS' CONTENTIONS: Plaintiffs alleged that defendant discovered the fraud by 2009, and though it stopped lending to Wannakuwatte and IMG, it still retained IMG as a banking client, and even after that point defendant continued to help facilitate the scheme through offers of extension on the loan payments and overlooking defaults.

DEFENDANT'S CONTENTIONS: Defendant denied all material allegations and contentions.

SETTLEMENT DISCUSSIONS: In August 2020, though the parties engaged in mediation with retired Judge Richard Gilbert, it did not settle at that time. After another set of mediations two years later with Judge Ronald Sabraw, who has expertise in Ponzi scheme litigation, the parties came to an agreement in April 2022 and an agreement was drafted and executed the following month.

RESULT: The case settled for \$14 million.