

VIRGINIA LAWYERS WEEKLY

Vol. 26, No. 32

January 9, 2012

valawyersweekly.com

VIRGINIA'S Largest Verdicts of 2011

SECURITIES FRAUD

#8 \$9.85 million

Sanford v. SCG International LLC

Type of case: Securities Fraud

Court: U.S. District Court, Alexandria

Attorney: J. Chapman Petersen, Fairfax

Summary: A couple alleged that the Virginia Beach proprietor of a security company defrauded them of money they had received from the sale of a medical waste disposal building.

James F. Smith Jr. told the couple that through his company, SCG International, he could protect the \$12.5 million they had received by investing it in an offshore commercial enterprise. Instead, Smith used the money for various business and personal expenses. When repayment was due, Smith told the couple the money had been lost in the stock market.

U.S. District Judge Gerald Bruce Lee entered summary judgment for the couple on their breach of contract claim against the SCG and for Smith on the breach of contract claim against him. But Lee submitted the fraud claim to the jury, who awarded \$9.5 million in compensatory damages and \$350,000 in punitive damages.

During the collection process against the SCG, plaintiffs' attorney Chap Petersen found that Smith had given the company's interest to his brother, after testifying at trial that he was the sole owner. A fraudulent conveyance action has been filed, Petersen said.



PETERSEN