

## **\$1.5 Million Dollar Commercial Litigation Settlement**



### **\$1.5 Million Surety Settlement**

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Integrity Ins. Co. in Liquidation v. Sheldon Pollack: The Superior Court judge overseeing the liquidation of Integrity Insurance Company approved a \$1.5 million settlement Friday in the carrier's suit to collect on a 1990 default judgment against a Louisiana real estate developer/financier.

Gerald Derks of New Orleans had defaulted on a loan guarantee relating to construction of a Hilton Hotel in Las Cruces, N.M., according to Integrity's lawyer in the case, David Mazie. Integrity, the surety on the \$1.5 million note, was liable to the lender -- the Bank of Montreal -- for the full amount. In pursuing Derks for payment, Integrity learned of a \$19.95 million judgment Derks had obtained against the state of Michigan for condemnation of land on which he held oil, gas, and mineral rights. Integrity entered the default judgment in Michigan and obtained summary judgment from a Michigan court. But, says Mazie, a partner with Livingston's Nagel Rice & Dreifuss, Integrity was one of several creditors seeking to attach Derks' interest in the Michigan judgment. Eventually, a global settlement among all the creditors was reached.

Under the terms of the deal, approved Friday by Judge William Meehan in Hackensack, the state of Michigan pays Integrity \$1.8 million, consisting of exoneration of Integrity's debt to the Bank of Montreal as well as approximately \$300,000 for legal fees and expenses.

Derks was represented by George Peck, a partner with Detroit's Timmins & Inman, and former New Jersey Insurance Commissioner Kenneth Merin, of Peterson & Ross in Morristown. Merin was on vacation last week and could not be reached for comment. Peck did not return a telephone call to his Detroit office.

-- By Ronald J. Fleury