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Jury Awards $2.1M in Houston Mall Dispute

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A Harris County jury last week awarded a Houston investor $2.1 million after ruling that a well-known local real estate developer illegally used him to secure the purchase of the West Oaks Mall in 2017.

In a 10-2 verdict rendered Friday, the jurors ruled that developer Sunil Mehta formed a partnership with investor Mohammed Ahmed when the two orally agreed to buy and develop the mall together, that Mehta breached that agreement when he cut Ahmed out of the deal and that Mehta was unjustly enriched by his fraud.

The verdict marks an important stepping stone on Ahmed's journey to recover on the partnership rights he says he's entitled to, his lawyers say. It also opens the door to an array of remedies available should the court decide to impose a constructive trust on the mall.

It also represents a plot-twist in the high-profile mall redevelopment, which received lots of positive press at the time for Mehta's commitment to revitalize the long-struggling West Oaks Mall.

"I am exceptionally proud that the jury has spoken, resoundingly, in favor of Mr. Ahmed on every claim asserted," said Peter Scaff, a partner in Bradley Arant Boult Cummings' Houston office. "The verdict is an important step towards the recognition and enforcement of the partnership rights and benefits that were promised to Mr. Ahmed and agreed upon prior to Mr. Mehta's acquisition of the West Oaks Mall in 2017."

Mehta's lawyers, Stephen Cagle and Katie Banks of Winstead's Houston office, did not immediately respond to a request for comment.

The dispute dates back to the summer of 2017, after a bidding process of the West Oaks Mall began. Mehta and his family-owned real estate investment company, Mehta Investments, were prospective buyers.

When it became apparent that Mehta would need to submit a cash offer to seal the deal, he sought out sources for funding and met

Ahmed, an investor and real estate developer in Houston. Instead of merely serving as a lender, Ahmed said he made it clear that he wanted to enter a partnership with Mehta to jointly buy and develop the mall together. The two reached a verbal agreement to do so, to which Ahmed said he was told would be memorialized in writing through a lawyer.

During another meeting they conducted while touring the mall, the two even decided on a 65/35 split of ownership, court documents say.

Unknown to Ahmed, Mehta continued to look for other funding sources, and even told the seller's agent that that he had secured the cash needed from his son, court documents say. When Mehta submitted the $10 million cash offer, the letter made no mention of Ahmed.

When the seller accepted the offer, it asked for proof of the cash Mehta had available. Ahmed said in court filings that Mehta asked his bank to submit a proof of funds letter that said he personally had the $10 million available, but the bank would not agree to that language. Instead, with both Mehta and Ahmed in the room, a representative with the bank suggested the letter say the "Mehta Group" to reflect the involvement of both men in the transaction.

After submitting the letter, Ahmed said, Mehta secretly found alternative financing, then told Ahmed he no longer wanted to pursue a partnership with him.

At the trial, which took place before Harris County District Judge Donna Roth, the jury granted Ahmed two awards of $586,000 for fraud and unjust enrichment, as well as $1 million for Mehta's breach of fiduciary duty to Ahmed.

Ahmed had also claimed Mehta failed to honor their agreement to jointly purchase and develop the Macy's store at the mall in a separate deal, but the jury declined to find Mehta had committed fraud or breach of fiduciary duty tied to the Macy's agreement.

Ahmed's predominantly Houston-based trial team at Bradley also included Marc Ayers, Phil Morgan, Jeff Davis, Mary Frazier, Marcus Miller and Andrew Bell.