

Judge orders billionaire Rennert, holding company to pay back \$213 mln

NEW YORK | BY JONATHAN STEMPEL

Aug 20 Billionaire investor Ira Rennert failed to persuade a federal judge to throw out a jury verdict finding him liable for looting his now-defunct magnesium company to build one of the country's most expensive homes, on the east end of Long Island, New York.

U.S. District Judge Alison Nathan in Manhattan on Thursday upheld all but \$1 million of a \$214 million award against the mining mogul and his holding company Renco Group Inc, and in favor of the trustee for bankrupt Magnesium Corp of America.

Rennert, 81, is worth \$6.1 billion, according to Forbes magazine.

A Manhattan jury in February found Rennert and Renco liable for \$118 million to the bankruptcy estate of Magnesium Corp, known as MagCorp, which sought protection from creditors in 2001.

Nathan later added \$96 million of interest, calculated at 6 percent a year from 2001, court records show.

In Thursday's decision, Nathan rejected Rennert's argument that the jury rendered an improper "compromise" verdict that did not reflect the facts or law they were supposed to consider.

"The court has every confidence that the jurors undertook their task with fidelity to the court's instructions," the judge wrote.

Nathan did throw out a \$1 million punitive damages award because it was not available under applicable Delaware law, and also dismissed an unjust enrichment claim. She dismissed family trusts set up by Rennert from the case because that was the only claim on which they were found liable.

Renco and Rennert are expected to appeal.

"A jury ruled MagCorp was solvent in every legal sense and that Mr. Rennert acted in good faith," Renco said in a statement. "The finding of liability is so obviously inconsistent with the jury's own ruling on the facts."

Lee Buchwald, the Magnesium Corp trustee, had sought 9 percent interest, and an overall award of nearly \$700 million to help repay creditors.

His lawyers had argued at trial that Rennert diverted money from Magnesium Corp to help fund construction of his 43,000-square-foot mansion with 21 bedrooms and 18 bathrooms on 65 oceanfront acres in Sagaponack, New York.

As of June 29, that property was valued at \$248.5 million, according to the Town of Southampton assessment roll.

A lawyer for the trustee did not immediately respond to requests for comment.

The case is Buchwald v Renco Group Inc et al, U.S. District Court, Southern District of New York, No. 13-07948. (Reporting by Jonathan Stempel in New York; Editing by Bill Rigby)