

Bajjali attorney seeks response to judgment request

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An attorney representing the city of Joplin has said in a letter to the court that he will file an answer soon to an effort by the city's former master development firm to overturn a \$1.475 million judgment.

Joplin's outside attorney, Karl Blanchard, wrote in a Dec. 17 letter to Judge David Dally in Jasper County Circuit Court that he is preparing an answer that he expects to file by the end of the year.

His letter was in response to a letter dated Dec. 14 sent to the court by attorney Bill Fleischaker asking for a hearing on the motion he filed Nov. 1. Fleischaker's motion seeks to set aside a May decision to grant a default judgment because Wallace Bajjali Development Partners had not responded to a city lawsuit. Fleischaker represents Costa Bajjali, the president of what had been the city's master development firm.

The city and the Joplin Redevelopment Corp. early this year filed the lawsuit seeking a judgment against the Sugar Land, Texas, firm for walking away from its work in Joplin. Before disappearing, many of the projects that had been planned had stalled for various reasons.

The firm's chief executive officer, David Wallace, later filed bankruptcy in Texas. He left behind a debt to a Springfield trucking firm, New Prime Inc. or Prime Inc., for which the city had committed a collateral agreement promising to pay development fees directly to Prime instead of Wallace Bajjali to repay a loan. Wallace had obtained a letter of credit of \$5 million and lists the Prime debt in his bankruptcy.

The \$1.475 million is the approximate amount of a fee that had been in dispute between the city of Joplin and Wallace for development work on the project to build a new Joplin Public Library with a \$20 million grant from the federal Economic Development Administration. Wallace had laid initial plans for the project and the grant, but the EDA eventually declined to grant the money to a private developer, causing the city to take over the project.

The default judgment was granted May 13. Bajjali filed a motion June 12 asking for a new trial, contending he was not served notice of the lawsuit in order to file a response.

That motion was heard Aug. 19. Bajjali came to Joplin for that hearing and testified that the firm had hired a registered agent in Missouri to accept service of any legal documents or correspondence, but that the registered agent had returned it with a letter that it no longer had a valid address to send the court summons and lawsuit petition to the firm.

Bajjali testified that was because he was moving the office to another address at the time the court documents were sent.

Fleischaker argued on behalf of Bajjali that Wallace Bajjali had also been registered with the Missouri secretary of state as a Texas partnership doing business in Missouri but that attorneys for the city made no effort to serve Wallace Bajjali through the secretary of state.

The judge denied the motion for new trial. In his decision, he said it appeared to him that foreign businesses are required in Missouri to have a registered agent.

In the new motion to set aside the judgment, attorneys for Bajjali assert that he has a defense that merits further court consideration because the judge who granted the default judgment acted on the belief that Wallace Bajjali had been served notice of the lawsuit. The judge was never told that the city had not obtained service on the firm's partners to make them aware of the lawsuit, the new motion contends.

In August, Bajjali declined to comment on reporter questions, but Fleischaker said then that Wallace Bajjali's work to bring about a slate of Joplin tornado redevelopment projects failed because of interference from city officials. He said Bajjali wants to bring the city's lawsuit to trial so that he can tell his side of the story.

The appearance came a day after a stinging state audit report criticized the city's hiring of the Wallace Bajjali firm and questioned whether there were conflicts of interest involved in property transactions surrounding some of the proposed deals.

"The city has tried over and over again to demonize my client and blame all the mistakes that were made in the recovery efforts on my client," Fleischaker said, "but there were plenty of mistakes made on the city's side. All we're asking for is a trial and an opportunity for the people of Joplin to hear how the city of Joplin interfered with our client's ability" to carry out the work. "I think the public deserves to hear everything, not just one-sided comments by the auditor and one-sided comments by the city."

Settlement default

Wallace Bajjali Development Partners also defaulted on a \$1.6 million federal court settlement to its company investors only days before the firm closed up shop in Joplin.