

Proskauer Attorneys Win over \$200 Million for Clients in Securities Fraud Decision

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June 27, 2000 (New York, NY) - A Dallas jury has awarded Stewart Rahr, the owner of Kinray Inc. in Queens, N.Y., a wholesale pharmaceutical supplier with more than \$1 billion in sales, and Continental Investment Corporation (CIC) , of Dallas, over \$200 million dollars in securities fraud damages.

Both Rahr and CIC, who were represented by attorneys from Proskauer Rose LLP, claimed that the chairman of the board of CIC, Dale Sterritt, and his father, Dick Sterritt, the owner of Sterritt Properties, which was the majority owner of CIC, used Rahr's investment dollars and other monies from CIC for personal gain.

The jury awarded Rahr his \$12 million investment, as well as \$83 million in punitive damages, and CIC \$113 million in damages.

Rahr and CIC were lead to believe that their monies were used to purchase property in Atlanta for a landfill operation. But an engineering report said that the property could not be used as a landfill, so instead, the \$12 million that Rahr invested and other monies from CIC were used to purchase real estate property in Atlanta at exorbitant prices, to give out personal loans and to buy gifts for friends of the Sterritts.

Malcolm Kelso, who was brought in by the Sterritts to derail the litigation, was also found libel for conspiracy by the jury.

"This case demonstrates why the federal securities laws were enacted," says Mark Davidson, senior counsel at Proskauer Rose LLP, who represented Rahr and CIC. "We believe that the Securities and Exchange Commission will use this case to send a message to the investment community that this type of fraud will not be tolerated."