

DOW JONES, A NEWS CORP COMPANY ▼

DJIA ▲ 24640.90 0.56%

Nasdaq ▲ 6887.91 0.37%

U.S. 10 Yr ▲ 11/32 Yield 2.367%

Crude Oil ▼ 56.59 -0.96%

Euro ▲ 1.1790 0.41%

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.

<https://www.wsj.com/articles/jet-set-debt-collectors-join-a-high-stakes-game-hunting-the-superrich-1510070473>

U.S.

Jet-Set Debt Collectors Join a Lucrative Game: Hunting the Superrich

Private investigators spend millions, scour globe, chasing an estimated \$2 trillion in pending claims.



Dan Hall stands outside the London offices of Burford Capital Ltd. this fall. PHOTO: ROB STOTHARD FOR THE WALL STREET JOURNAL

By Margot Patrick

Nov. 7, 2017 11:01 a.m. ET

Dan Hall, a high-powered international debt-collector, was working late in the London offices of Burford Capital Ltd. when a colleague pointed to her computer screen and yelled, “Guys, I think they’re in Claridge’s right now!”

The screen showed an Instagram tableau from the luxury hotel: a fish reposed on Claridge’s distinctive green-striped china. Another photo showed three men having drinks, including Harry Sargeant III, toting a cigar.

For months, Mr. Hall had sought Mr. Sargeant, a 59-year-old American oilman who owed a Burford client \$28.8 million from a 2011 court judgment.

“Holy sh—,” Mr. Hall said, and the chase was on. The fish photo had been posted an hour earlier; the hotel was 3 miles away. Mr. Hall bolted outside and hailed a cab. En route, he called lawyers to meet him at the hotel with a freshly signed court order to put a freeze on Mr. Sargeant’s U.K. assets.

Mr. Hall, 37 years old, had spent close to \$10 million of his firm’s money on surveillance and legal work to try to collect the eight-figure judgment from Mr. Sargeant. Finally, it seemed, Mr. Hall had his man.

Many people win multimillion-dollar judgments in court. Collecting on them is another matter. Burford, Mr. Hall's employer, is part of a new generation of firms that chase assets of the superrich who are tardy on payments from judgments, arbitration awards and other financial obligations. In one measure of the potential market, The Global Arbitration Review, an industry journal, estimates there are about \$2 trillion in pending arbitration claims world-wide.



Screenshots of the Instagram feed that helped Dan Hall track down Harry Sargeant III during a 2015 trip to London. PHOTO: ROB STOTHARD FOR THE WALL STREET JOURNAL

These high-end collection services—which include litigation-funders like Burford, as well as hedge funds and other specialized investors—retrieve what is owed for a share. They are usually hired by people who lack the resources or don't want to use their own money to collect, even at a time when high-profile scandals are making it more difficult to hide assets around the globe.

"It's not like going to the casino and cashing in your chips," said Mr. Hall, who co-founded a judgment-enforcement firm bought by Burford in 2015. "After you go to court or an arbitration center, there's nowhere to cash in your paper."

Mohammad Al-Saleh hired Burford to help fund litigation in the dispute and then to collect after Mr. Sargeant, his former business partner, wouldn't pay the \$28.8 million judgment delivered by a jury in a Florida court.

Mr. Sargeant didn't want to pay because he saw the verdict as just one battle in a multi-front legal war with Mr. Al-Saleh, said Chris Kise, Mr. Sargeant's lawyer at Foley & Lardner LLP in Tallahassee, Fla. Mr. Sargeant had tried, unsuccessfully, to settle with Mr. Al-Saleh, the lawyer said.

Mr. Sargeant, who declined to comment, was convinced he could win his counterclaims against Mr. Al-Saleh in the U.S. and abroad, Mr. Kise said.

After getting out of the London taxi at Claridge's that day, Mr. Hall spotted Mr. Sargeant in the hotel bar. He perched by the entrance and waited for the lawyers to arrive with the court order.

Mr. Hall, after graduating from Oxford University, entered corporate law. He was the first from his working-class family to attend college and was attracted by the pay. He got bored, though, and started working for a private investigator.

The thrill of the chase hooked him, Mr. Hall said, along with the “crazy problem solving” needed to seize polo ponies or yachts from delinquent debtors.

Mr. Sargeant’s group sat a corner table at the bar. A Burford colleague of Mr. Hall’s slipped into a nearby seat and listened surreptitiously as the group talked about shopping for handmade men’s leather shoes.

Before long, Mr. Sargeant and his companions headed for the door. The lawyers still hadn’t arrived. Mr. Hall and his colleague left through another door, got in a taxi and told the driver to follow Mr. Sargeant’s car.

This account is based on thousands of pages of court filings and interviews with people involved in the dispute.

Opportunity knocks

Mr. Sargeant’s father, a former naval officer, started an asphalt-storage and shipping business in the 1980s, Sargeant Marine, that grew into one of the world’s largest. During the 1990s, after a decade flying jet fighters in the U.S. Marine Corps, Mr. Sargeant helped expand the family business.

In November 2003, Mr. Sargeant landed the first civilian plane in Baghdad just months after the U.S.-led invasion of Iraq. While there, he learned the U.S. military needed high-grade fuel for its bases, and that Jordan, Iraq’s next door neighbor, might provide a route.

To bid for U.S. Department of Defense contracts, Mr. Sargeant started a company with Mustafa Abu-Naba’a, a longtime business partner, and Mr. Al-Saleh, a childhood friend of Mr. Abu-Naba’a. Mr. Al-Saleh was married to the half-sister of the king of Jordan, whose approval would seal the deal.

With Mr. Sargeant’s military background and Mr. Al-Saleh’s ties to the king, their new company soon acquired Jordan’s permission to transport fuel into Iraq. U.S. military contracts quickly followed.

The operation was lucrative but dangerous. Tanker trucks collected fuel from Jordan’s Aqaba port and drove eight hours across the country to meet U.S. military convoys at the Iraq border. Insurgent gunfire sometimes turned fuel trucks into bombs. At least 17 drivers were killed over three years.

Before its last delivery in 2011, the venture had won \$3 billion in Defense Department contracts and made hundreds of millions of dollars in profits.

In Florida, Mr. Sargeant became a major Republican Party donor, hosting fundraisers at his 19,000 square-foot oceanfront house in Palm Beach County, Fla. He served as state finance chairman when Charlie Crist, a former fraternity brother at Florida State University, was elected governor.

Mr. Al-Saleh collected at least \$27 million in his partnership with Mr. Sargeant, court records said. In 2006, he learned Messrs. Sargeant and Abu-Naba’a had created another firm and had bid for contracts without him.

Two years later, Mr. Al-Saleh filed a lawsuit in Florida to collect what he alleged were lost profits. During a two-week trial in July 2011, Mr. Al-Saleh told the court he had been hoodwinked by his partners, who for a year arranged contracts through the second firm. When Mr. Al-Saleh sought his share of the proceeds, he testified, he was pushed out of the operation.

Mr. Kise said in a written statement to The Wall Street Journal that Jordan's King Abdullah II had ordered Mr. Sargeant to remove Mr. Al-Saleh from the business in 2007, an assertion Mr. Al-Saleh denied and which the trial judge didn't allow revealed to jurors. Jordan officials didn't respond to requests for comment.



U.S. Rep. and former Florida Gov. Charlie Crist meets King Abdullah of Jordan during an introduction in April 2011 by Harry Sargeant III. PHOTO: S.V. DATE/THE PALM BEACH POST/ZUMA PRESS

The Florida jury awarded Mr. Al-Saleh \$28.8 million—his share of the hidden contracts. Mr. Al-Saleh said in an interview that he “genuinely thought the judge would make [Mr. Sargeant] write a check within a couple of weeks.”

He didn't know that two days before the jury's decision, the ownership of Mr. Sargeant's Texas refinery was moved from Florida to Texas, giving it more protection from debt collectors.

Mr. Kise said a legal shift in Florida, not subterfuge, prompted the move. Florida laws, meanwhile, shielded Mr. Sargeant's home and family bank accounts. Two more courts affirmed the verdict, and Mr. Sargeant ran out of appeals.

After four years, an auction of guns and watches seized from Mr. Sargeant's home had yielded Mr. Al-Saleh just \$31,400.

Burford of London had helped finance Mr. Al-Saleh's Florida lawsuit in exchange for a piece of the judgment. Then it turned its attention to collecting.

Mr. Hall cataloged Mr. Sargeant's companies and studied the path of the fuel-contract money. His investigators sketched out Mr. Sargeant's lifestyle and business practices, using credit-card statements obtained by subpoena.

Mr. Sargeant vacationed in Aspen, the statements show, and he traveled overseas with an entourage that stayed in \$1,000-a-night hotels. Several times he had spent as much as \$10,000 for a suite of seats at Miami Dolphins games.

Mr. Sargeant sometimes traveled with Mr. Abu-Naba'a and Mr. Abu-Naba'a's son, an aspiring politician who last year lost a race for mayor of Santo Domingo, Dominican Republic. A Burford analyst began monitoring the son's Instagram account, which streamed selfies posed with celebrities, guns and race cars.

Mr. Hall found no obvious places in the U.S. to collect the \$28.8 million judgment from Mr. Sargeant. Much of the income from the military fuel contracts had been channeled to a company in the Netherlands, and then to other overseas companies, according to court records.

A few months into the job, Mr. Hall spotted an opportunity. Mr. Sargeant had been in a longrunning family feud over the asphalt business his father started. A dozen lawsuits had been settled, and Mr. Sargeant stood to collect \$52 million through a Texas holding company.

Mr. Al-Saleh's lawyers sought a court order to freeze the money, arguing the holding company should be on the hook for Mr. Al-Saleh's award as an alter-ego of Mr. Sargeant—an extension of the man rather than a remote corporate entity. A Texas judge agreed to temporarily restrain \$21.8 million that could be traced to the military contracts from Iraq.

By then, Mr. Al-Saleh's claim had, with interest, grown to around \$38 million.

Closing in

Mr. Hall got a tip in fall 2015 that Mr. Sargeant was asked to clear out a deposit box at Claridge's because the hotel was discontinuing the service. Mr. Sargeant might store diamonds there, the tipster said.

When the Instagram feed of Mr. Abu-Naba'a's son showed Mr. Sargeant having lunch at Claridge's, a court order freezing as much as \$40 million in U.K. assets had already been drafted.

After leaving the hotel bar, Mr. Sargeant's group drove to a private club and went inside. Mr. Hall, who had followed him by taxi, loitered on a corner across the street. The lawyers arrived just as Mr. Sargeant emerged from the club, and they tried to hand him the court papers.

As the men scuffled, Mr. Sargeant ducked back into the club and the bouncers kept out the lawyers, Mr. Hall said. Mr. Kise, Mr. Sargeant's lawyer, said Mr. Sargeant returned to the club when he saw strangers rushing toward him.

Later, Mr. Hall and the lawyers sat in Claridge's marbled lobby, waiting to see if Mr. Sargeant would return. They were out of luck.

Confident that Mr. Sargeant was now in the net of a British court after the freeze order was served at Claridge's, the Farnborough airport and to Mr. Sargeant's lawyers, Mr. Hall went home.

The next day he woke up and looked at his phone to read messages. His stomach sank. The Claridge's box was empty.

The private plane that brought Mr. Sargeant to London also was gone. The airport staff had received the court order late and it went unnoticed. At dawn, the plane was cleared for takeoff.

It was, Mr. Hall said, “a bit of a body blow.”

Mr. Sargeant’s private jet was headed to Geneva, and Mr. Hall started calling lawyers and investigators in the Swiss city.

At Burford’s office in London’s financial district, an analyst worked through a list of five-star hotels, calling to ask if the Sargeant party had arrived. The Mandarin Oriental said it had. Mr. Hall assembled a surveillance team there.

Mr. Hall spent the day on the phone, trying without luck to get the plane grounded in Geneva for breaking the U.K. judge’s freeze order. A Swiss asset-recovery lawyer said there wasn’t a clear enough connection between Mr. Sargeant and the plane’s legal owner, a Delaware limited liability company.

For a couple of days, Mr. Sargeant visited commodity trading firms, shadowed by Mr. Hall’s investigators. Then he flew to the U.S.

Mr. Hall and the legal team kept trying to connect the ownership of the plane with Mr. Sargeant. They registered Mr. Al-Saleh’s claim with a Delaware court, then sought a freeze order there in July 2016.

A surveillance team tracked the plane’s visits to Aspen and Geneva that month, using public aircraft-positioning data and air-traffic audio files from Aspen. It turned out the plane had been sold a month earlier to a Florida company and leased back to the Delaware firm. The Delaware judge denied the request for a temporary restraining order.



Mohammad Al-Saleh at the Palm Beach County Courthouse in West Palm Beach, Fla., after a jury in 2011 awarded him a judgment in a contract dispute with Harry Sargeant III. PHOTO: RICHARD GRAULICH/THE PALM BEACH POST/ZUMA PRESS

Mr. Hall estimated that Mr. Sargeant had spent as much as \$10 million fighting Mr. Al-Saleh’s claim. Mr. Kise said the legal bills were a fraction of that.

In October 2016, Mr. Sargeant and Mr. Al-Saleh finally met in Miami for a court-ordered mediation session. Flanked by lawyers and a Burford representative, the two

men—stationed in separate rooms—hammered out a settlement: Mr. Al-Saleh would receive more than \$30 million, and he would drop all litigation.

Mr. Hall said Mr. Sargeant probably wanted to clear the claim that hung over him as he sought new business ventures. Mr. Sargeant's current business associates were also probably tired of getting subpoenas, Mr. Hall said.

Mr. Kise said he believed that Burford agreed to the settlement because the firm wanted to finally book its share of profit. Burford said it netted \$12 million.

Mr. Al-Saleh called the settlement a moral victory. He now splits his time between Palm Beach, London and Paris. His marriage to the king of Jordan's half sister broke down, he said.

"The only satisfying thing about this entire episode," Mr. Al-Saleh said, "is I beat them against all odds."

Appeared in the November 8, 2017, print edition as 'Jet-Set Debt Collectors Hunt Elusive Targets: the Superrich.'

Copyright ©2017 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.