

## Press Release

# Munsch Hardt Obtains \$10 MM Jury Verdict for Two Student Loan Servicing Companies

10.07.16

Munsch Hardt won a unanimous jury verdict for two student loan servicing companies, Higher Education Servicing Corporation (HESC) and New Mexico Educational Assistance Foundation (NMEAF), against Valtech Technologies, Inc. (Valtech), for breach of a Master Services Agreement (MSA) and various Statements of Work.

In 2007 HESC and NMEAF entered into a Master Services Agreement with Valtech. Under the terms of the agreement, Valtech was tasked with building a Web-based software system designed to streamline the origination and servicing of student loans. This software would enable the two companies to service more than 200,000 student loans in New Mexico and Texas alone, as well as market the software to other service providers around the country. Under the terms of the Master Services Agreement and the 4 accompanying Statements of Work, in return for the development of the software, Valtech would be paid more than \$13.5 million. HESC and New Mexico had an agreement that they would split these costs between the two companies.

After more than three years, Valtech failed to deliver a functional piece of software. Valtech claimed it was unable to produce the requested software because HESC and NMEAF kept changing the requirements and that they had developed a piece of the software on their own and that piece was conflicting with Valtech's programming. Valtech claimed that (a) it delivered a defect free software and (b) it was excused from performance because HESC and New Mexico had breached the agreements previously.

Following a two week trial, the jury ruled in favor of HESC and NMEAF on all accounts, awarding \$7.5 million in damages. With prejudgment interest and attorney fees, the judgment will be more than \$10 million.

"This software, if developed appropriately, would have been transformative. It had the potential to transform the student loan servicing industry. It certainly would have significantly benefitted Higher Education Services Corporation and New Mexico Education Assistance Foundation and the students that they serviced," said Phil Appenzeller, CEO of Texas-based Munsch Hardt and lead counsel for HESC and NMEAF. "I commend the hard work and due diligence of our clients and our legal team, as well as the thoughtfulness and attentiveness of our jury. We are thrilled with the outcome of the trial, and we look forward to a continued relationship with both companies."

The verdict was delivered on Oct. 7 (case no. DC-13-05947-C) in the 68th Judicial District Court in Dallas County. Munsch Hardt Shareholders Phil Appenzeller and Ross Parker represented HESC and NMEAF in the trial.

## Primary Contacts



**Phil Appenzeller**  
Dallas  
214.855.7542  
[pappenzeller@munsch.com](mailto:pappenzeller@munsch.com)



**Ross Parker**  
Dallas  
214.855.7511  
[rparker@munsch.com](mailto:rparker@munsch.com)

## Related Practices

Litigation